



ATEN INTERNATIONAL CO., LTD.

# 2021 Annual Report

**Notice to readers**

*This English-version annual report is a translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

Publication: May 5, 2022

Market Observation Post System website : <http://mops.twse.com.tw/>

Company Website : <http://www.aten.com.tw/>



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## **2. Headquarters, Branch offices, and Factories**

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## **3. Common Share Transfer Agent and Registrar**

China Trust Commercial Bank

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## **4. Auditors**

Auditors : Po-Shu Huang / Chung-Shun Wu

Accounting Firm : KPMG

Address : 68F, Taipei 101 Tower, No. 7, Sec. 5, Xinyi Road, Taipei, Taiwan 110, ROC

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## **5. Overseas Securities Exchange : None**

## **6. Company Website**

ATEN's Website : <http://www.aten.com>

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## I. Report to Shareholders

Dear Shareholders,

Although in 2021 business enterprises throughout the world faced numerous challenges, such as supply chain disruption, rising transportation costs, congested ports, and the continuing impact of the COVID-19 pandemic, ATEN still managed to achieve impressive performance, thanks to a solid management strategy. In the vertically-integrated markets that ATEN has been focusing on - including smart manufacturing, government, education, and healthcare - the company has already seen a steady improvement in sales performance, and, as a result, ATEN posted consolidated net sales revenue of NT\$5,164 million, representing year-on-year growth of 7%, and a consolidated gross profit margin of 58.3%. Consolidated earnings after tax came to NT\$644 million, representing after-tax earnings per share (EPS) of NT\$5.33. Looking ahead to 2022, the potential for new COVID-19 variants to emerge creates significant uncertainty. ATEN will be doing its utmost to strengthen the company's fundamentals, build up its core technology, focus on R&D results that have strong potential for commercialization, and further enhance supply chain efficiency, so as to realize continued growth in profits and take the company to new heights of success.

With regard to product development, in the Professional Audio and Video Products segment, ATEN has responded to the dramatic growth in demand for hybrid office working by introducing contactless meeting solutions, live-streaming educational solutions and hybrid work-space solutions to meet the needs of different scenarios. We have also integrated our audio technology to provide an optimal audiovisual experience for remote collaborative working, overcoming the constraints of distance. In the IT Infrastructure Access Management segment, we provide remote control & monitoring (RCM) solutions, vertically integrating our smart manufacturing service model and architecture (which benefits from economies of scale) with the advantages provided by our ability to realize horizontal collaboration across product lines, to build a comprehensive smart manufacturing ecosystem that can help our customers in the manufacturing sector to implement a digital transformation. Our new-generation remote computer management solutions use open architecture to meet the needs of network extension, 4K video and high-speed performance, realizing safe, highly efficient management and control of both virtual and physical IT infrastructure. In the Green Energy Management Solutions and Rack Products segment, ATEN has positioned smart power distribution units (PDUs) as our main product category. With latching relay, USB interface and LCD monitoring unit hot-swap functionality, these products offer enhanced power management efficiency and convenience. ATEN is aggressively developing sales of wall-mounted and soundproof rack products, optimized for small spaces, to achieve both efficient equipment storage and effective use of space. In the Consumer Products segment, ATEN has launched a wide range of portable docking stations, to meet the needs of mobile workers. Responding to the emergence of new lifestyles that emphasize agility and remote operation, as well as to the growing demand for live streaming, ATEN provides professional creative solutions that are innovative, intuitive and easy to use, enabling users to easily create outstanding audiovisual works.

As regards our sales strategy, ATEN utilizes multiple sales channels. Besides continuing to strengthen sales through e-commerce channels, we have also been responding to the current trend toward virtual trade shows. Between May 31 and June 30, 2021, ATEN took part in the COMPUTEX 2021 Virtual exhibition (also known as the Taipei International Information Technology Show, COMPUTEX is one of the world's best-known computer and technology trade shows). In the 5G communications

and network products segment, ATEN offered customers outstanding product solutions for a wide range of applications, including control rooms, collaborative working spaces, remote management, data centers, small office / home office (SOHO), gaming peripherals and green energy. Over the course of the month, ATEN's virtual booth received more than 18,000 visitors, putting ATEN among COMPUTEX 2021 Virtual's top ten companies in terms of the number of visitors. On December 28 - 30, 2021, ATEN attended the SEMICON Taiwan 2021 international semiconductor exhibition, which is a major annual event in the semiconductor industry. During this exhibition, ATEN showcased a range of smart manufacturing and Internet of Things (IoT) solutions, including robotic process automation (RPA) solutions, RCM solutions, optical character recognition (OCR) solutions, and multi-view mode monitoring solutions for production lines, etc. ATEN's booth enabled customers to see for themselves how hi-tech manufacturers that are seeking to realize a digital transformation can use digital twin technology to enhance production line capacity. With regard to market development and sales strategy, ATEN is working to strengthen the closeness of collaboration with strategic partners, and provides application scenario-based education and training materials to effectively bring across the corporate value that we provide. We are striving to improve market penetration in key industries and increase our ability to guide how the market develops. By promoting the packaged sale of high-end KVM products, professional video and audio products, energy management and rack products, we are driving the expansion of sales in the data center and central control room market, and increasing the scale of projects. We are also responding to the new forms taken by business transactions in the "New Normal," by building up solid, diversified sales channels and enhancing the effectiveness of our sales efforts. Last year, ATEN won the COMPUTEX 2021 Best Choice Award, the Best of Show Award Grand Prize and Special Prize at Japan's Interop 2021, Japan's Good Design Award, and the Taiwan Excellence award, in a tribute to ATEN's commitment to innovation and strong innovation capabilities. As regards production strategy, our new production facility in Thailand that was established in 2020 is gradually ramping up its operations, and going forward we will be integrating the production technology and resources of our factories in Yangmei (Taiwan), China and Thailand to improve efficiency through more dynamic, flexible production scheduling, optimize our product mix and adjust production capacity as necessary, in order to enhance value-added in manufacturing and operations.

In terms of sustainable development, ATEN placed fifth in the Medium-sized Enterprises section of CommonWealth magazine's Corporate Citizenship Award, marking the 13th time that ATEN has won this award, which represents valued external recognition of ATEN's CSR and ESG efforts. ATEN has for many years now emphasized social participation. We established the ATEN Volunteer Club to encourage ATEN employees to get involved in activities that embody concern for society, and ATEN was honored in the 15th National Cultural Benefactor Awards organized by Taiwan's Ministry of Culture. ATEN has demonstrated longstanding concern for the physical and mental wellbeing of our employees. We encourage employees to achieve personal growth and undertake lifelong learning, and we have made a real effort to create a high-quality, employee-friendly workplace. In 2021, ATEN was once again honored as one of the Best Companies to Work for in Asia, and we also received Exercise Enterprise certification from the Sports Administration, Ministry of Education. 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 fulfill its responsibilities to society,

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 2021, ATEN was included in the Best Taiwan Global Brands for the fourth consecutive year. We have been marketing our products under the ATEN brand all over the world for more than 40 years, continuing to impress customers with the brand value of Simply Better Connections, and our inclusion in the Best Taiwan Global Brands represents ongoing recognition of ATEN's commitment to developing global markets and building an international brand. Going forward, ATEN will continue our efforts to not only enhance profitability but also contribute toward the realization of the United Nations’ 17 Sustainable Development Goals (SDGs), working together with other business enterprises throughout the world to help achieve sustainable development for the global village.

Chairman and President: Sun-Chung Chen

## **II. Company Profile**

### **2.1 Date of Incorporation: July 6<sup>th</sup>, 1979**

### **2.2 Key Milestone in the Company History:**

#### **1979**

- Initial establishment and registration of the Company as HOZN Automation Co., Ltd. with total paid-in capital NT\$2,000,000.

#### **1982**

- Introduced the first product – a central control series for home appliances to monitor and operate security sensors, lighting and power switches remotely.

#### **1984**

- Introduced DATA Switch BOX products.

#### **1986**

- Introduced first MP/MS series Auto Switch and Converter Series.

#### **1987**

- Introduced INDATA industrial Computer Series.

#### **1988**

- HOZN Automation Co., Ltd renamed as ATEN International Co., LTD.
- Started manufacturing of power supplies for computers.

#### **1991**

- Introduced ATEN Brand Products.
- Introduced ATEN ASIC CHIP.

#### **1992**

- Launched world's smallest printer buffer.
- Launched the first ATEN product AS251P.
- Launched AS-248 product series, printer switch - controlled via LAN.

#### **1995**

- Implemented Free Flow to increase the product capacity.

#### **1996**

- Obtained the ISO-9002 quality certification.
- Established U.S. subsidiary "ATEN TECHNOLOGY INC."

#### **1999**

- Registered as a public company.
- Invested in Topmost International Co., Ltd, a British Cayman Islands entity.
- Invested in Expand International Co., Ltd, a Niue entity, through subsidiary Topmost International Co., Ltd.
- Construction of factory in Shenzhen.

#### **2000**

- CS182/124/1016 received "Taiwan Excellence" award from the Ministry of Economic Affairs.

- Launched world's first USB KVM Switch at Comdex Fall exhibition in USA.
- Moved the Company's headquarters to 3rd floor, No. 125 Section 2, Datung Road, Sijhih City, Taipei, R.O.C.
- Developed the first 4-port USB 2.0 hub, and received the world's first USB 2.0 hub certification. USB Association uses ATEN's creation as USB testing standard.
- Established Belgium subsidiary "ATEN INFOTECH N.V."

#### **2001**

- CS428/9138 Matrix KVM Switch received "Taiwan Excellence" award from Ministry of Economic Affairs.
- Established Ching-Tang Education Foundation.
- Construction of new factory in Sijhih was completed and factory commenced operations.

#### **2002**

- ACS1714 and ACS1808 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Obtained the ISO-9001 quality certification.
- GreTai Securities Market approved the registration of the Company's shares under the classification of "Emerging Stock".

#### **2003**

- Listed in the Taiwan Stock Exchange.
- CEO Mr. Kevin Chen was recognized through the 2003 "Golden Merchant Award" given by the Ministry of Economic Affairs.

#### **2004**

- ATEN received "Industrial Technology Advancement" award from the Ministry of Economic Affairs.
- The Company was conferred the 2nd "Golden Root Award" by the Taiwan Industrial Technology Association.
- Established Japan subsidiary "ATEN JAPAN CO., LTD."

#### **2005**

- KM0432 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Acquired "Wellsyn Technology Inc." and obtained the key IPMI technology, enabling ATEN to enter the embedded solutions market.
- Launched the first wireless KVM solution – KW1000.

#### **2006**

- KL1116, KM0832 and KA9233 received "2006 Good Design Product Mark Award" (GD-Mark Award) from the Ministry of Economic Affairs.
- ATEN Named One of Asia's Best 200 under a Billion by Forbes.
- SMART magazine chose ATEN's CEO for inclusion in its "Three CEOs who will be Making Waves Over the Next Three Years."
- KL1116, KN2116 and CS1774 received "Taiwan Excellence" award from the Ministry of Economic

Affairs.

- Implemented ROHS production process.
- Awarded ISO-14001 certification.
- Established ATEN Europe Ltd.
- Established U.K. subsidiary “ATEN UK Ltd.”
- Established New Jersey - U.S. subsidiary “ATEN New Jersey Inc.”
- Established ATEN US Holdings Inc.

#### **2007**

- ATEN received “2007 Taiwan's Excellence in Corporate Social Responsibility” award from Common Wealth magazine.
- Established Korea subsidiary “ATEN ADVANCE CO.,LTD.”, later renamed “ATEN KOREA CO., LTD.” in 2009.
- KH98, KL9108/9116, CS52 Series and CS62DU & CS62D received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- ATEN Opened New R&D Headquarters, Expanded its R&D Team Scale.
- The KVM Switches CS62D/CS62DU and CS52 Series received ”2007 Good Design Product Mark Award” (GD-Mark Award) from the Ministry of Economics.
- Launched world’s first KVM Switch with IPMI-enabled function – KH98.
- The product KVM Switch KL9116 was given the "iF China Award".
- Launched world’s first DVI cable KVM Switch with audio - CS62DU/CS62D.
- Launched world's first 19-inch CAT5 Dual Rail Integrated LCD KVM Switch - KL1508 / KL1516.
- Established Foremost International Co., Ltd.
- Established Beijing - China subsidiary “ATEN China Co., Ltd.”

#### **2008**

- KE8220, CL5708/5716 and CS1782/1784 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Launched the first USB KVM Switch for Notebooks – CS661.
- Promote enterprise core value – Integrity, Caring, Ambition and Novelty.
- Established manufacturing factory in China “ATEN Foremost Co., Ltd”.

#### **2009**

- HDMI KVMP CS1792/CS1794 received ”2009 Good Design Product Mark Award” (GD-Mark Award) from the Ministry of Economic Affairs.
- Cat 5 video/audio splitter VS1504/1508 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- ATEN’s global patent portfolio grew to 668 patents and patent applications, of which 244 patents have already been granted. This puts ATEN in 86th place in the 2008 rankings of the Top 100 companies and research institutions in Taiwan with the largest number of patents, ahead of leading hi-tech enterprises such as TSMC and Lite-On.
- KN4140v won Computex 2009 “Best Choice Award” and Japan “Interop Tokyo Best Show Award”.

- ATEN Chairman Mr. Kevin Chen received an award from the King of Belgium in recognition of ATEN's outstanding contribution to business development and the company's technological achievements.
- ATEN received the "National Innovation and Creation Award" from the Ministry of Economic Affairs.
- Manager Today magazine ranked ATEN Chairman Kevin Chen as one of the 100 most outstanding managers in Taiwan.
- ATEN received the "2009 Taiwan's Excellence in Corporate Social Responsibility" award from Common Wealth magazine.
- ATEN built a new European Operations Center in Belgium as ATEN logistics center in Europe to expand business opportunities throughout the continent.

## **2010**

- CE790, KM0932, PN7212/PN7320 and CS1792/CS1794 received "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Announced the launch of VanCryst™ video products line to provide professional audio and video solutions to different industries.
- KL3116T received the "2010 Computex Taipei Design and Innovation Award."
- ATEN received the "2010 Taiwan Superior Brands Award" from the Bureau of Foreign Trade, Ministry of Economic Affairs.
- Subsidiary in Korea moved to an office building in Geumcheon-gu, Seoul with the establishment of a customer service center to step up local support services and strengthen its vantage as a market leader.
- ATEN received the "2010 Taiwan's Excellence in Corporate Social Responsibility" award from Common Wealth magazine.
- Established Moscow office in Russia.

## **2011**

- CM0264 received the "Taiwan Excellence" award from the Ministry of Economic Affairs.
- Japan subsidiary moved to a new building in Tokyo to integrate sales, marketing, technical support/customer service, warehousing and logistics business services.
- VM0808T won Computex 2011 "Best Choice Award."

## **2012**

- Announced the launch of NRGence™, a brand new "green energy" line of eco PDUs (Power Distribution Units), eco Sensors, and energy boxes. With the core concept of "Energy Intelligence", a complete green data center solution designed to optimize energy efficiency.
- ATEN released the first "ATEN Corporate Social Responsibility Report" which honestly unveils ATEN's accomplishments with regards to the status and programs on Corporate Social Responsibility.
- ATEN received the "2012 Taiwan's Excellence in Corporate Social Responsibility" award from Common Wealth magazine.
- ATEN won the 2012 Taiwan National Invention and Creation Award with its patented "Industrial Operation Console" technology issued by the Ministry of Taiwan's Economic Affairs.

- ATEN collaborated with National Taiwan University of Science and Technology to develop the "iListen", a software helping hearing-impaired people, has won both the 2012 Red Dot Communication Design Award and the 2012 Samsung Apps Contest championship.

#### **2013**

- VM0808H and EC1000 received the "Taiwan Excellence" award from the Ministry of Economic Affairs.
- EC2004 energy box won Computex 2013 "Best Choice Award" gold medal.
- KL1516Ai Over IP LCD KVM won Computex 2013 "d&i Award."
- ATEN released 2012 "ATEN Corporate Social Responsibility Report"
- ATEN received the "2013 Taiwan's Excellence in Corporate Social Responsibility" award from Common Wealth magazine, placing 3<sup>rd</sup> among top 50.

#### **2014**

- VE892 and CCVSR received the "Taiwan Excellence" award from the Ministry of Economic Affairs.
- ATEN released 2013 "ATEN Corporate Social Responsibility Report"
- ATEN received a rating of A++ (the highest level) in 2013 Information Disclosure and Transparency Ranking conducted by the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX)
- Received *CommonWealth* magazine's "Excellence in Corporate Social Responsibility" award (ranking 1<sup>st</sup> in the Medium-sized Enterprises section)
- Received a Gold Medal in New Taipei City Government's "Awards for Best Companies to Work For"
- Received awards as one of the "Top 10 Outstanding Enterprises" and "Top 10 Enterprises for Innovation and R&D" in the 16<sup>th</sup> Golden Peak Awards
- Received the Corporate Award for Standardization in the 15<sup>th</sup> National Standardization Awards organized by the Bureau of Standards, Metrology & Inspection, Ministry of Economic Affairs

#### **2015**

- Established Australia and New Zealand subsidiary (ATEN ANZ PTY Ltd.) in Sydney, Australia
- KE6940 received "Taiwan Excellence" award from the Ministry of Economic Affairs
- Included in the "2014 Best Taiwan Global Brands" list compiled by Interbrand
- Honored in the 3<sup>rd</sup> Taiwan Mittelstand Awards organized by the Ministry of Economic Affairs
- Received an A++ rating (the highest level) in the 2014 Information Disclosure and Transparency Ranking compiled by the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX)
- The ATEN Video Matrix Seamless Switch Series won the Communication Design Award at the Red Dot 2015 design awards
- Received *CommonWealth* magazine's "Excellence in Corporate Social Responsibility" award (ranking 2<sup>nd</sup> in the Medium-sized Enterprises section)
- ATEN released 2014 "ATEN Corporate Social Responsibility Report"

#### **2016**

- KN8164V and VM6404H received the “Taiwan Excellence” award from the Ministry of Economic Affairs.
- ATEN released the 2015 “ATEN Corporate Social Responsibility Report.”
- The 2015 “ATEN Corporate Social Responsibility Report” was examined and certified by the British Standards Institution (BSI), an independent certification body; this marked the first time that the ATEN CSR Report had received BSI certification.
- ATEN received CommonWealth magazine’s “Excellence in Corporate Social Responsibility” award (ranking 4<sup>th</sup> in the Medium-sized Enterprises section)
- Established Turkey subsidiary (ATEN INFO COMMUNICAION LIMITED LIABILITY COMPANY)

## **2017**

- CS782DP and VK2100 received the “Taiwan Excellence” award from the Ministry of Economic Affairs.
- Released the 2016 ATEN Corporate Social Responsibility Report.
- CS1924 and VM3200 received the Best Choice Award at Computex 2017.
- CV211 and VM3200 both received Best of Show Award at Interop Japan 2017.
- Received the Corporate Citizenship Award from CommonWealth magazine (placing second in the Medium-sized Enterprises category)
- KE8952 received Best of Show Award at IBC 2017 in the Netherlands.
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2017 Taiwan Top Global Brands.
- Established a new subsidiary in Poland, and new representative offices in India.

## **2018**

- CS1924, CV211, US7220 and VM3200 received the "Taiwan Excellence" award from the Ministry of Economic Affairs.
- VE8950 received Germany's Red Dot Design Award
- VE8950 received the Best Choice Award at Computex 2018.
- Released the 2017 ATEN Corporate Social Responsibility Report.
- Received the Corporate Citizenship Award from CommonWealth magazine (placing first in the Medium-sized Enterprises category)
- Received “Fitness-oriented Enterprise” certification from the Sports Administration, Ministry of Education
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2018 Taiwan Top Global Brands.

## **2019**

- CL3800 and VE8950 product series received the “Taiwan Excellence” award from the Ministry of Economic Affairs
- UH3234 received the Netherlands’ Hardware.Info Excellent Choice Award
- Established a new subsidiary in Romania

- UC9020 received the Best Choice Award at Computex 2019.
- CM1284 and CS724KM both received Japan's Interop Best of Show Award 2019
- Released the 2018 ATEN Corporate Social Responsibility Report.
- Received the Corporate Citizenship Award from CommonWealth magazine (placing third in the Medium-sized Enterprises category)
- Awarded Best Companies to Work For award by HR Asia
- UC9020 received Good Design Award of Japan
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2019 Taiwan Top Global Brands.

## **2020**

- UC9020 received the 2020 Future Best of Show Award from leading international media outlet Sound & Video Contractor
- US3342 received the 2020 Best of Show Award Grand Prize at the Interop exhibition in Japan
- RCM101A received the Best of Show Award at the 2020 Interop exhibition in Japan
- Published the 2019 ATEN Corporate Social Responsibility Report
- Established a new subsidiary in India: ATEN ADVANCE PRIVATE LIMITED (formerly ATEN's representative office in India)
- Received the Corporate Citizenship Award from CommonWealth magazine (placing fourth in the Medium-sized Enterprises category)
- ATEN was ranked among the 35 most valuable Taiwanese brands in the Interbrand 2020 Taiwan Top Global Brands.

## **2021**

- ATEN Thailand Plant officially begins mass production
- Establishment of the Mexican subsidiary: ATEN LATAM MEXICO S.A DE C.V.
- Published the 2020 ATEN Corporate Social Responsibility Report
- Won the Best Taiwan Global Brands Award presented by Interbrand
- Received the 2021 Exercise Enterprise certification from the Sports Administration, Ministry of Education
- Won the 2021 Excellence in Corporate Social Responsibility Award presented by CommonWealth Magazine
- Won the 2021 Best Companies to Work for in Asia Award presented by HR Asia
- UC8000 was recognized by the world-famous design award: Good Design Award
- UC9040 won the NAB 2021 Best in Market Award
- KE6940AiT, VK2200, and VM3250 won the "Taiwan Excellence" Award
- UC3022 received the 2021 Best Choice Award at Computex Cyberworld
- Passed the ISO 45001 Occupational Health and Safety Management Systems Certification

## **2022**

- Passed the ISO 14001 Environmental Management Systems Certification
- Won the Bronze prize in the 15th Annual Arts & Business Award presented by the Ministry of

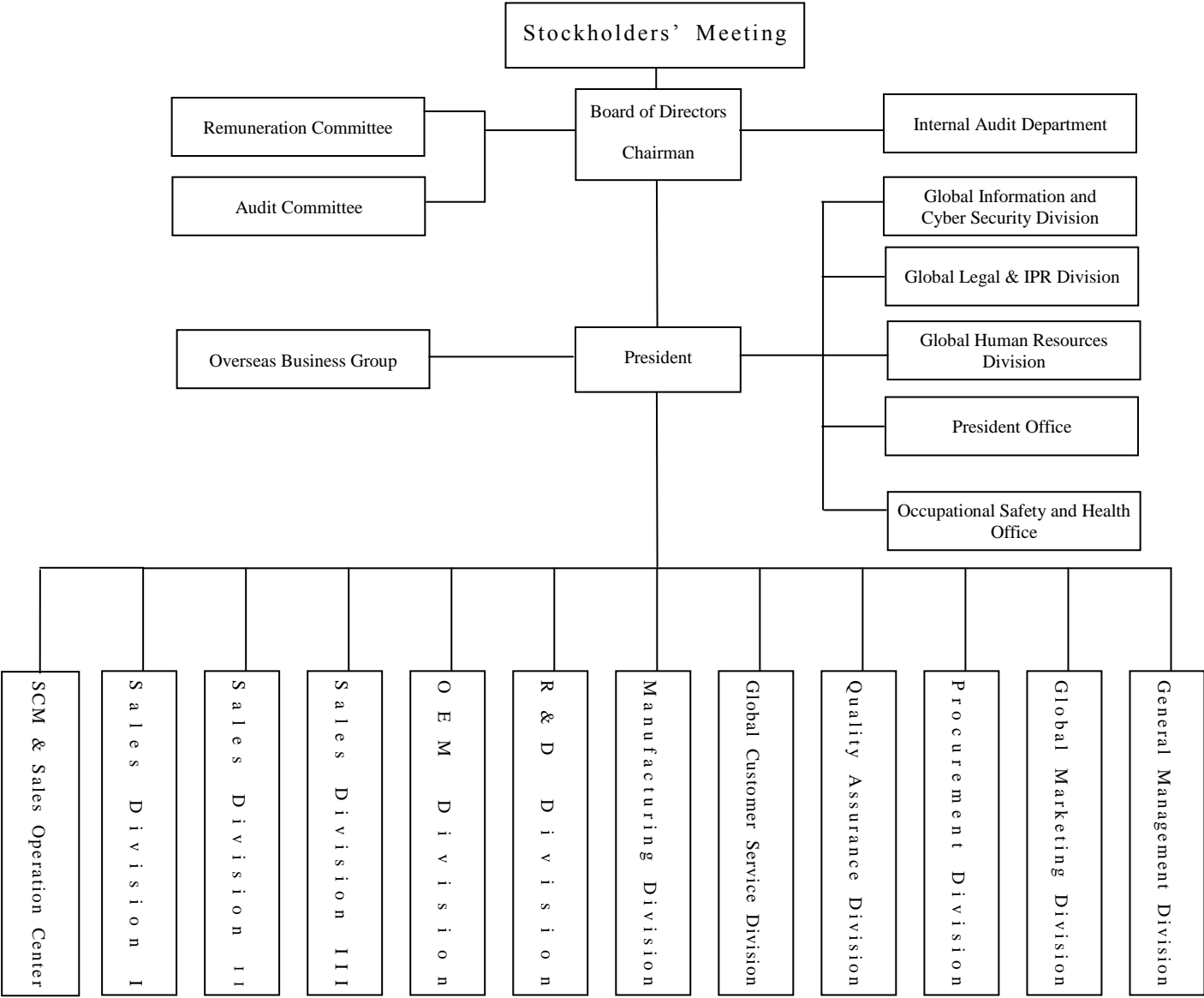
#### Culture

- Selected as a “TALENT, in Taiwan” of 2022 by Commonwealth Magazine
- UC8000 won the 2022 Innovative Product Awards presented by the world-renowned Sound & Video Contractor

# III. Corporate Governance Report

## 3.1 Company Organization

### 3.1.1 Organization Chart



### 3.1.2 Responsibilities of Individual Divisions and Departments

Unit	Responsibilities
President Office	Business plan implementation and integration; overall business strategy planning for ATEN and its subsidiaries; establishment and implementation of internal control systems.
Global Legal & IPR Division	Contract review and management, IP and litigation strategy and other legal matters.
Global Information and Cyber Security Division	<ul style="list-style-type: none"> <li>• MIS system planning, deployment and management.</li> <li>• Information system program development and maintenance.</li> <li>• Database and information security maintenance and management.</li> <li>• Software and hardware equipment appraisal, deployment and troubleshooting.</li> <li>• Provision of training and guidance for IT personnel.</li> <li>• Document flow management, and data maintenance and management.</li> </ul>
Global Human Resources Division	<ul style="list-style-type: none"> <li>• Formulation of human resources strategy; personnel system establishment and promotion.</li> <li>• Recruitment, appointments and dismissals, learning and development, compensation and benefit, performance review, promotion and transfer, incentives and punishments, etc.</li> <li>• Implementation and management of employee relationship operations (including labor-management consultative meetings, EAPs employee assistance project, etc.)</li> <li>• Compliance of labor law regulation, industry-wide human resources analysis and formulation of response strategies.</li> </ul>
Internal Audit Department	Internal control systems and implementation of auditing operations for ATEN and its subsidiaries.
Occupational Safety and Health office	<ul style="list-style-type: none"> <li>• Formulation of occupational injury prevention plans and emergency response plans, and provision of guidance to relevant departments with regard to plan implementation.</li> <li>• Employee health examination planning and employee health management.</li> <li>• Implementation of occupational health and safety education and training, supervision of occupational accident investigations, and processing of occupational accident statistics.</li> </ul>
Overseas Business Group	Supervision of overseas subsidiaries; plan and implementation of overseas sales configuration.
Sales Division I	Market development for Pan-Asian markets.
Sales Division II	Market development for Eastern European, Russia, and Turkey markets.
Sales Division III	Market development for Central America, South America, and South Africa markets.
OEM Division	OEM business development.
R&D Division	Hardware and software product design and development, industrial design, coordination of global R&D resources, upgrading of the R&D environment and R&D capability planning.
Manufacturing Division	Production and production process planning, continuing improvement, and strengthening of production technology capabilities.
Global Customer Service Division	Customer service, RMA maintenance, e-support platform, technique support, technique training and verification and solution consultation and execution.

Unit	Responsibilities
Quality Assurance Division	Handling of quality assurance, quality system etc.
SCM & Sales Operation Center	Import/export, logistic, payments and receipts, and inventory management etc.
Procurement Division	<ul style="list-style-type: none"> <li>• Purchasing of raw materials and components.</li> <li>• Identification of potential new suppliers, and supplier appraisal.</li> <li>• Purchasing monitoring and documentation management.</li> <li>• Production facility goods inward and billing operations.</li> </ul>
Global Marketing Division	<ul style="list-style-type: none"> <li>• Corporate image building, product marketing and brand development.</li> <li>• Brand and product strategy planning, market trends analysis and distribution channel strategy planning.</li> </ul>
General Management Division	<ul style="list-style-type: none"> <li>• General affairs, fixed asset purchasing, etc.</li> <li>• Cash flow management and financing planning, bank transactions, receipts and expenses, and short- and long-term investment management and consultation.</li> <li>• Compilation of managerial reports, compilation and analysis of financial statements, budget planning and analysis, tax and transfer pricing planning and implementation, and provision of advisory and planning support for accounting issues of subsidiaries.</li> <li>• Information disclosure, investor relations management, matters relating to board meetings and shareholders' meetings, and capital market operations.</li> <li>• Overall planning and implementing general affairs of overseas locations and subsidiaries.</li> </ul>

## 3.2 Directors and Management Team

### 3.2.1 Directors

2022.4.19

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	ROC	Sun-Chung Chen	Male 61~70	06/16, 2020	3	07/06, 1979	4,049,087	3.39%	4,049,087	3.39%	629,446	0.53%	0	0%	EMBA, Business Administration, National Taiwan University Electronic Engineer Department, Vanung University Factory Director, ATEN International R&D Manager, ATEN International	Note 1	Vice Chairman Senior Assistant Vice President	Shang-Jen Chen Sherry Tung	Sibling Spouse
Vice Chairman	ROC	Shang-Jen Chen	Male 61~70	06/16, 2020	3	07/06, 1979	6,789,342	5.68%	6,789,342	5.68%	2,390,970	2.00%	0	0%	Bachelor, Computer Science Department, National Chiao Tung University Director and President, ATECH Peripherals INC.	Note 2	Chairman and President Senior Assistant Vice President	Sun-Chung Chen Sherry Tung	Sibling Sibling in law
Director	ROC	Yung-Da Lin	Male 41~50	06/16, 2020	3	06/17, 2014	0	0%	3,000	0%	0	0%	0	0%	EMBA, International Business Management, National Taiwan University Master, Electronic Engineering Department, National Taiwan University Bachelor, Electronic Engineering Department, National Taiwan University Product Director, Aver Media R&D Director, Aver media	Note 3	None	None	None
Director	ROC	Kun-Yu Zhao	Male 61~70	06/16, 2020	3	06/16, 2020	1,440,561	1.21%	1,431,561	1.20%	20,000	0.02%	0	0%	Master, College of Public Health, National Taiwan University School of Medicine, National Yang-Ming University Deputy Director General, Health Promotion Administration, Ministry of Health and Welfare Director, Department of Public Health, Taoyuan County Family Physician	Note 4	None	None	None

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	ROC	Chen-Lin Kuo	Male 81~90	06/16, 2020	3	06/16, 2020	0	0%	0	0%	0	0%	0	0%	Bachelor, Business Department, National Taiwan University Master, Business Management Department, New Mexico Highlands University Specialist, Tax Reform Committee, Executive Yuan Deputy Director, Design Team, Fiscal Information Agency, Ministry of Finance Adjunct Associate Professor, Management Sciences Department, Tamkang University	None	None	None	None
Director	ROC	Shiu-Ta Liao	Male 71~80	06/16, 2020	3	06/16, 2020	1,807,897	1.51%	1,807,897	1.51%	2,216,879	1.86%	0	0%	Bachelor, Business Administration Department, Feng Chia University	Note 5	None	None	None
Director	ROC	Se-Se Chen	Female 71~80	06/16, 2020	3	06/16, 2020	1,261,416	1.06%	1,261,416	1.06%	0	0%	0	0%	Kai Ping Senior High School	None	None	None	None
Independent Director	ROC	Wei-Jen Chu	Male 71~80	06/16, 2020	3	06/14, 2005	0	0%	0	0%	0	0%	0	0%	Master, Accounting Department, National Chengchi University PhD, Management of Jinan University in Guangzhou Commissioner, CPA Professional Liability of Auditing Examination Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Think Tank Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Professional Education Committee, National Federation of CPA Associations of the R.O.C. Executive Director, National Federation of CPA Association of the R.O.C. Senior Partner of Candor Taiwan CPAs Executive Director, Taipei CPA Association Executive Supervisor, Taipei CPA Association Commissioner, Discipline Committee, Taiwan Provincial CPA Association Adjunct Instructor, Fu Jen Catholic University Adjunct Instructor, Chinese Culture University	Note 6	None	None	None

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	ROC	Chung-Jen Chen	Male 51~60	06/16, 2020	3	06/17, 2013	0	0%	0	0%	0	0%	0	0%	PhD, Rensselaer Polytechnic Institute Associate Dean, Office of Research and Development, National Taiwan University Deputy Director, Department of Professional Education & Continuing Studies, National Taiwan University Associate Professor, Business Administration Department, National Taiwan University Associate Professor, Business Administration Department, National Cheng Kung University Assistant Professor, Business Administration Department, National Cheng Kung University Vice Engineer, CTCI	Note 7	None	None	None
Independent Director	ROC	Chun-Chung Chen	Male 51~60	06/16, 2020	3	06/15, 2017	0	0%	0	0%	0	0%	0	0%	PhD, International Business Administration, University of Texas at Dallas Associate Professor, International Business Department, National Taiwan University Associate Professor, International Business Department, Yuan Ze University Assistant Professor, International Business Department, National Chi Nan University	Note 8	None	None	None

Note 1: Simultaneously act as the Chairman and President of the following companies: ATEN INTERNATIONAL CO., LTD., ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., I/O MASTER INC., ATEN RESEARCH INC.,

IOGEAR INC., ATEN CANADA TECHNOLOGIES INC.

Chairman and Secretary of FOREMOST INTERNATIONAL CO., LTD.

Simultaneously act as the Chairman of the following companies: Xiufeng Elementary School Education Foundation, ATEN US HOLDING INC., ATEN EUROPE LTD., ATEN UK LTD., ATEN INFOTECH N.V., ATEN JAPAN CO., LTD., ATEN KOREA CO., LTD, ATEN ANZ PTY. LTD., ATEN POLAND SP. Z O.O., TOPMOST INTERNATIONAL CO., LTD., EXPAND INTERNATIONAL CO., LTD., ATEN COMPUTER PRODUCTS CO., LTD., ATEN CHINA CO., LTD, ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN ROMANIA S.R.L, ATEN ADVANCE PRIVATE LIMITED, ATEN LATAM MEXICO S.A DE C.V.

Simultaneously act as the Director of the following companies: VISIONTOP CO., LTD., RCM FULLY AUTOMATION CO., LTD.

Representative of ATEN INFO COMMUNICATION LLC.

Note 2: Chairman and President of VISIONTOP CO., LTD., Director of ATECH PERIPHERALS INC., Chairman of the Ching-Tang Education Foundation

Note 3: Senior Vice President of ATEN INTERNATIONAL CO., LTD.

Chairman of RCM FULLY AUTOMATION CO., LTD.

Simultaneously act as the Director of the following companies: ATEN CHINA CO., LTD., ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., ATEN ANZ PTY. LTD., ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN KOREA CO., LTD, ATEN JAPAN CO., LTD, ATEN LATAM MEXICO S.A DE C.V.

Simultaneously act as Chairman and Secretary of ATEN UK LTD.

Secretary of ATEN EUROPE LTD

Note 4: Physician, Chu Kuang Clinic

Note 5: Consultant of Tatung Chinaware

Note 6: Partner of Candor Taiwan CPAs, Independent Director of International Games System Co., Ltd.

Note 7: Professor of Business Administration Department at National Taiwan University, Director of Center for Technology Policy and Industry Development at National Taiwan University, Independent Director of USUN TECHNOLOGY CO., LTD., Independent Director of Solteam Incorporation

Note 8: Associate Professor of International Business Department at National Taiwan University, Independent Director of Alcor Micro Corporation Ltd.

Major shareholders of the institutional shareholders : Not Applicable

Major shareholders of the Company's major institutional shareholders : Not Applicable

3.2.2 Professional qualifications of directors and independence of independence directors

Criteria Name	Independent Director	Members of Audit Committee	Professional Qualifications and Experiences	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Sun-Chung Chen	—	—	Education : EMBA, Business Administration, National Taiwan University Electronic Engineer Department, Vanung University Experience : Factory Director, ATEN International R&D Manager, ATEN International Not a person to whom any conditions defined in Article 30 of the Company Act apply.	N/A	0
Shang-Jen Chen	—	—	Education : Bachelor, Computer Science Department, National Chiao Tung University Experience : Director and President, ATECH Peripherals INC. Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Yung-Da Lin	—	—	Education : EMBA, International Business Management, National Taiwan University Master, Electronic Engineering Department, National Taiwan University Bachelor, Electronic Engineering Department, National Taiwan University Experience : Product Director, Aver Media R&D Director, Aver media Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Kun-Yu Zhao	—	—	Education : Masters, College of Public Health, National Taiwan University School of Medicine, National Yang-Ming University Experience : Deputy Director General, Health Promotion Administration, Ministry of Health and Welfare Product Director, Director, Department of Public Health, Taoyuan County Family Physician Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Chen-Lin Kuo	—	—	Education : Master, Business Management Department, New Mexico Highlands University Bachelor, Business Department, National Taiwan University Experience : Specialist, Tax Reform Committee, Executive Yuan Deputy Director, Design Team, Fiscal Information Agency, Ministry of Finance Adjunct Associate Professor, Management Sciences Department, Tamkang University Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Shiu-Ta Liao	—	—	Education : Bachelor, Business Administration Department, Feng Chia University Experience : Supervisor, ATEN International Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0

Se-Se Chen	—	—	Education : Kai Ping Senior High School Experience : Supervisor, ATEN International Not a person to whom any conditions defined in Article 30 of the Company Act apply.		0
Wei-Jen Chu	V	V	Education : Master, Accounting Department, National Chengchi University PhD, Management of Jinan University in Guangzhou Experience : Commissioner, CPA Professional Liability of Auditing Examination Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Think Tank Committee, National Federation of CPA Associations of the R.O.C. Chief Commissioner, Professional Education Committee, National Federation of CPA Associations of the R.O.C. Executive Director, National Federation of CPA Association of the R.O.C. Senior Partner of Candor Taiwan CPAs Executive Director, Taipei CPA Association Executive Supervisor, Taipei CPA Association Commissioner, Discipline Committee, Taiwan Provincial CPA Association Adjunct Instructor, Fu Jen Catholic University Adjunct Instructor, Chinese Culture University Not a person to whom any conditions defined in Article 30 of the Company Act apply.	The independent directors of the Company are all in compliance with the provisions of article 3, paragraph 1, subparagraphs 1 to	1
Chung-Jen Chen	V	V	Education : PhD, Rensselaer Polytechnic Institute Experience : Associate Dean, Office of Research and Development, National Taiwan University Deputy Director, Department of Professional Education & Continuing Studies, National Taiwan University Associate Professor, Business Administration Department, National Taiwan University Associate Professor, Business Administration Department, National Cheng Kung University Assistant Professor, Business Administration Department, National Cheng Kung University Vice Engineer, CTCI Not a person to whom any conditions defined in Article 30 of the Company Act apply.	9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2
Chun-Chung Chen	V	V	Education : PhD, International Business Administration, University of Texas at Dallas Experience : Associate Professor, International Business Department, National Taiwan University Associate Professor, International Business Department, Yuan Ze University Assistant Professor, International Business Department, National Chi Nan University Not a person to whom any conditions defined in Article 30 of the Company Act apply.		1

### 3.2.3 Board Diversity Policy and Implementation Status

Article 20 of ATEN’s Corporate Governance Principles specifies a diversity policy in relation to the members of the Board of Directors, stipulating that the Board should include members with different professional backgrounds, of different genders, and with different work experience, etc. All Board members are required to have a specialist background in different areas, such as finance, accounting, industry-specific expertise, etc. ATEN’s Board of Directors consists of ten directors. There are three independent directors, accounting for 30% of all directors. Female directors account for 10% of all directors; there is one director in the 41 – 50 age range, two directors in the 51 – 60 age range, three directors in the 61 – 70 age range, three directors in the 71 – 80 age range, and one director in the 81 – 90 age range. Directors with industry-specific expertise and business management expertise include Chairman Sun-Chung Chen (Kevin Chen), Vice Chairman Shang-Jen Chen, Director Yung-Da Lin, Director Chen-Lin Kuo, Director Se-Se Chen, Director Shiu-Ta Liao, Director Kun-Yu Zhao. Independent Director Wei-Jen Chu is a Partner and Honorary Director at Candor Taiwan CPAs, with a strong specialist background in accounting. Independent Director Chung-Jen Chen is the Professor at the College of Management, National Taiwan University, as well as holding the positions of Director of the Center for Technology Policy and Industry Development at National Taiwan University, while Independent Director Chun-Chung Chen is Associate Professor at the Graduate Institute of International Business at National Taiwan University. Both of them have a strong specialist background in business and finance. For further information please refer to section 3.2.1 director. Among all directors, Chairman , Sun-Chung Chen, and Vice Chairman, Shang-Jen Chen, are relative within the second degree of kinship, other directors are not spouse, relative within the second degree of kinship. In order to reinforce the corporate governance the number of independent directors will be increased from three members to four members.

### 3.2.4 Management Team

2022.4.19

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	ROC	Sun-Chung Chen	Male	09/15, 1982	4,049,087	3.39%	629,446	0.53%	0	0%	EMBA, Business Administration, National Taiwan University Electronic Engineer Department, Vanung University Factory Director, ATEN International R&D Manager, ATEN International	Note 1	Senior Assistant Vice President Vice Chairman	Sherry Tung Shang-Jen Chen	Spouse Sibling
Sr. Vice President, President Office	ROC	Yung-Da Lin (Concurrently)	Male	10/01, 2018 Note 2	3,000	0%	0	0%	0	0%	EMBA, International Business Management, National Taiwan University Master, Electronic Engineering Department, National Taiwan University Bachelor, Electronic Engineering Department, National Taiwan University Product Director, Aver Media R&D Director, Aver media	Note 3	None	None	None
Sr. Vice President, Research & Development Division		Yung-Da Lin													
Sr. Vice President, Global Marketing Division		Yung-Da Lin (Concurrently)													

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice President, Manufacturing Division	ROC	Tim Chiang	Male	02/13, 2019	0	0%	0	0%	0	0%	Master, Mechanical Engineering Department, National Taiwan University Bachelor, Mechanical Engineering Department, National Taiwan University Vice President, Technology Manufacture Center, Advantech Manufacturing Director, ADLINK /ASUS	Note 4	None	None	None
Sr. Assistant Vice President, Global Human Resources Division	ROC	Elizabeth Anlen Wang	Female	03/01, 2016	154,524	0.13%	0	0%	0	0%	Master, Institute of Industrial Engineering, National Taiwan University PMLBA, National Taiwan University EMBA, Business Administration, National Taiwan University HR Director/ Manager, ATEN International Aske HR D. Manager/ TI-US / NBC-US National Youth Commission, Executive Yuan, overseas talent with a master's degree or higher: Practical training course for human resources management	None	None	None	None
Sr. Assistant Vice President, General Management Division	ROC	Jian-Nan Chen	Male	05/15, 2017	9,000	0.01%	0	0%	0	0%	EMBA, National Cheng Chi University Bachelor, Economic Department, National Cheng Chi University Assistant Vice President, Finance Division, Unitech Deputy Manager, Finance department, Wan Hai Lines LTD. Manager and HQ representative, Finance Department, Wan Hai Lines LTD.(Germany / USA)	Note 5	None	None	None
Sr. Assistant Vice President, Sales Division 2	ROC	Lanie Chen	Male	07/01, 2019	0	0%	27,000	0.02%	0	0%	Bachelor, Computer Science Department, National Chiao Tung University President, Interactive Sensing LTD. President, Russia and CIS Region, Advantech Sales Manager, Europe/America/Africa/India Market, Advantech Sales Manager, East China and South China Market, Advantech	Note 6	None	None	None
Sr. Assistant Vice President, Research & Development Division	ROC	Sean Huang	Male	10/01, 2019	10,330	0.01%	0	0%	0	0%	EMBA, National Cheng Chi University Master, Computer Science and Information Engineering, National Chung Cheng University Project Manager, Sampo Ya Kai Information Assistant Manager, Wellsyn Senior Manager, R&D Center-1, ATEN International	None	None	None	None
Sr. Assistant Vice President, Procurement Division	ROC	Sherry Tung	Female	03/01, 2022 Note 7	629,446	0.53%	4,049,087	3.39%	0	0%	Electronic Engineer Department, Vanung University Manager, Procurement Division, ATEN International	Note 8	President Vice Chairman	Sun-Chung Chen Shang-Jen Chen	Spouse Sibling in law

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President, Overseas Business Group	ROC	Jack Chen	Male	03/01, 2010	0	0%	0	0%	0	0%	Bachelor, Business Management Department, Chinese Culture University Managing Director, ATEN Infotech N.V. Sales Supervisor, Kou Feng Industrial British Subsidiary	Note 9	None	None	None
Assistant Vice President, Sales Division 1	ROC	Mike Chiang	Male	05/16, 2018	9,000	0.01%	0	0%	0	0%	EMBA, National Cheng Chi University Bachelor, International Business Department, Tamkang University Director, Platform Application Development Division, Aopen President, Asia Pacific and Middle East Region, Aopen Director, Asia Pacific Sales Department, Acer Supervisor, Electronic Sales Section, Sampo	Note 10	None	None	None
Assistant Vice President, Global Customer Service Division	ROC	Max Huang	Male	04/07, 2021	7,700	0.01%	0	0%	0	0%	Masters, Department of Statistics, National Cheng Kung University Department of Mathematics, National Central University Senior Manager, Global Customer Service Department, ASUSTeK Computer Inc. Purchasing Manager, Zinwell Corporation	None	None	None	None
Assistant Vice President, Pro AV Product Center	ROC	Frank Chang	Male	06/01, 2014	5,000	0.00%	17,000	0.01%	0	0%	MBA, The City University of New York Bachelor, Electrical Engineering Department, National Tsing Hua University Senior Product Manager, MAGNETOX (TAIWAN) INC. Product Manager, Acer/Wistron Engineer, HP (Taiwan) Engineer, Twinhead International Corp.	None	None	None	None
Assistant Vice President, System Application Design Center	ROC	Thomas Chang	Male	09/21, 2015	0	0%	5,000	0.00%	0	0%	EMBA, Information Management, National Taiwan University Bachelor, Statistics Department, Tamkang University Chief Technology Officer, RD Center, AREC Inc Director, Network Television Business Center, AverMedia	Note 11	None	None	None
Assistant Vice President, Marketing & Promotion Center	ROC	Bowei Lai	Male	11/14, 2016	0	0%	0	0%	0	0%	MBA, Leeds University Bachelor, Mass Communication Department, Fu Jen Catholic University Director, Electrical Marketing, Posiflex Senior Manager, Marketing Department, PChome & Skype Manager, Technology Development Department, NewSoft Technology Corporation	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President, Quality Assurance & Logistics Division	ROC	Michael Tseng	Male	03/21, 2017	0	0%	0	0%	0	0%	Master, Business Management Department, Fu Jen Catholic University Bachelor, Electrical Engineering Department, National Taiwan University Director, PQM, Asus Office director of the general manager's office at Starpro in Thailand, part of the Ting Hsin International Group Senior Manager, QA, AmTRAN Manager, OA, BenQ	None	None	None	None
Assistant Vice President, OEM Division	ROC	George Lee	Male	05/27, 2019	0	0%	0	0%	0	0%	Master, Computer Information Systems , Southern Hampshire University Bachelor, Computer Information Systems , Southern Hampshire University Civil Engineering Department, Minghsin University of Science and Technology Sales Manager, Askey Computer Corp. Manager, Marine Harvest Manager, CED/ODM/BD, Aver Media	None	None	None	None
Assistant Vice President, Global Legal & IPR Division	ROC	Hank Kwuo	Male	10/01, 2019	0	0%	0	0%	0	0%	Master of Law, Boston University Bachelor, Law Department, Chinese Culture University Textile Engineering Department, Vanung University Assistant Vice President, Legal Division, Foxlink Senior Manager, Legal Department, LITE-ON Technology Director, Corporate Affairs Unit, Microsoft Taiwan CEO, Movie and Recording Copyright Protection Foundation	None	None	None	None
Assistant Vice President, Internal Audit Department	ROC	Candy Liao	Female	06/01, 2020	2,629,097	2.20%	0	0%	0	0%	Department of Electrical Engineering, National Taipei Institute of Technology Assistant Manager, Manager, and Senior Manager, Internal Audit Office, ATEN International	Note 12	None	None	None
Assistant Vice President, Global Information and Cyber Security Division	ROC	Gary Lee	Male	03/24, 2021	0	0%	7,853	0.01%	0	0%	Masters, Institute of Computer Science and Information Engineering, National Chung Cheng University Department of Computer Science, National Chiao Tung University Senior Manager, IT Department, LITE-ON Technology Corporation Manager, Corporation Business Division, Microsoft Taiwan Project Manager, Technology Research Institute, Institute for Information Industry	None	None	None	None

Note 1: Simultaneously act as the Chairman and President of the following companies: ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., I/O MASTER INC., ATEN RESEARCH INC., IOGEAR INC., ATEN CANADA TECHNOLOGIES INC.

Chairman and Secretary of FOREMOST INTERNATIONAL CO., LTD.

Simultaneously act as the Chairman of the following companies: Xiufeng Elementary School Education Foundation, ATEN US HOLDING INC., ATEN EUROPE LTD., ATEN UK LTD., ATEN INFOTECH N.V., ATEN JAPAN CO., LTD., ATEN KOREA CO., LTD., ATEN ANZ PTY. LTD., ATEN Poland Sp. z o.o., TOPMOST INTERNATIONAL CO., LTD., EXPAND INTERNATIONAL CO., LTD., ATEN COMPUTER PRODUCTS CO., LTD., ATEN CHINA CO., LTD, ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN ROMANIA S..R.L, ATEN ADVANCE PRIVATE LIMITED

Simultaneously act as the Director of the following companies: VISIONTOP CO., LTD., RCM FULLY AUTOMATION CO., LTD., ATEN LATAM MEXICO S.A DE C.V.

Representative of ATEN INFO COMMUNICATION LLC.

Note 2: Yung-Da Lin, Sr. Vice President, held the concurrent position of Sr. Vice President in President Office on Feb 17, 2021.

Note 3: Chairman of RCM FULLY AUTOMATION CO., LTD.

Simultaneously act as the Director of the following companies: ATEN CHINA CO., LTD., ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC., ATEN ANZ PTY. LTD., ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., ATEN KOREA CO., LTD, ATEN JAPAN CO., LTD, ATEN LATAM MEXICO S.A DE C.V.

Chairman and Secretary of ATEN UK LTD.

Secretary of ATEN EUROPE LTD.

Note 4: Executive Director of EXPAND ELECTRONICS CO., LTD

Note 5: Simultaneously act as the Director and CFO of the following companies: ATEN TECHNOLOGY, INC., ATEN NEW JERSEY INC.

Simultaneously act as the Director of the following companies: ATEN UK LTD., ATEN JAPAN CO., LTD., ATEN KOREA CO., LTD., ATEN CHINA CO., LTD., HONG YUAN CO., LTD., HONG ZHENG CO., LTD. , ATEN LATAM MEXICO S.A DE C.V.

Simultaneously act as the Supervisor of the following companies: EXPAND ELECTRONICS CO., LTD, RCM FULLY AUTOMATION CO., LTD.

CFO of IOGEAR INC.

Note 6: Director of Aten Romania S..R.L

Note 7: Sherry Tung was promoted as senior assistant vice president on March 1, 2022.

Note 7: Chairman of Xiufeng High School Education Foundation and LEADCOM TECHNOLOGY CO., LTD.

Director of VISIONTOP CO., LTD. and The Ching-Tang Education Foundation

Note 8: Secretary and Managing Director of ATEN INFOTECH N.V.

Note 9: Director of Aten Advance Private Limited

Note 10: Executive Director of ATEN FOREMOST CO., LTD.

Note 11: Simultaneously act as the Supervisor of the following companies: Aten Korea Co., Ltd, Aten Japan Co., Ltd, ATEN CHINA CO., LTD, ATECH PERIPHERALS INC., HONG YUAN CO., LTD. HONG ZHENG CO., LTD., VISIONTOP CO., LTD., ATEN FOREMOST CO., LTD.

3.2.5 Remuneration of Directors, President, and Vice Presidents

A. Remuneration of Directors

2021.12.31; Unit: NTD thousand

Title	Name	Remuneration				Amount and Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	Relevant Remuneration Received by Directors Who are Also Employees				Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)	Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or from Parent Company				
		Base Compensation (A)	Severance Pay (B)	Directors Compensation(C)	Allowances (D)		Salary, Bonuses, and Allowances (E)	Severance Pay (F)	Employee Compensation (G)							
		The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements		The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements			Cash	Stock		
Chairman	Sun-Chung Chen	0/0	0/0	9,236/	4,200/	13,436 ; 2.11%	13,945/	205/	11,083/	0/0	38,669 ; 6.07%	0				
Vice Chairman	Shang-Jen Chen															
Director	Yung-Da Lin			9,236	4,200											
Director	Chen-Lin Kuo												/	13,945	205	11,083
Director	Shiu-Ta Liao												13,436 ; 2.11%			
Director	Se-Se Chen															
Director	Kun-Yu Zhao															
Independent Director	Wei-Jen Chu	0/0	0/0	2,309/	1,800/	4,109 ; 0.64%	0/0	0/0	0/0	0/0	4,109 ; 0.64%	0				
Independent Director	Chung-Jen Chen			2,309	1,800	/										
Independent Director	Chun-Chung Chen					4,109 ; 0.64%										
<p>1. Please elaborate on the payment policy, system, standard, and structure of remuneration for Independent Directors, and the correlation between factors such as the responsibility and risk assumed, and time invested in thereby, and the amount paid thereto. For each year, the Company's net income before tax before deducting remuneration to employees and directors 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 for an amount not more than 2% of the balance. Remuneration is approved by remuneration committee and board of directors. The policy is subject to the participation and contribution of directors to the company operation.</p> <p>2. In addition to the information disclosed in the table above, the remuneration received by the Directors for services offered to all companies in the financial report of the most recent year (such as acting as consultants for employees who are not subordinates thereto): None</p>																

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-	-	-
NT\$1,000,000~ NT\$1,999,999	Yung-Da Lin, Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen	Yung-Da Lin, Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen	Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen	Chen-Lin Kuo, Shiu-Ta Liao, Se-Se Chen, Kun-Yu Zhao, Wei-Jen Chu, Chung-Jen Chen, Chun-Chung Chen
NT\$2,000,000 ~ NT\$3,499,999	Shang-Jen Chen	Shang-Jen Chen	-	-
NT\$3,500,000 ~ NT\$4,999,999	Sun-Chung Chen	Sun-Chung Chen	Shang-Jen Chen	Shang-Jen Chen
NT\$5,000,000 ~ NT\$9,999,999	-	-	Yung-Da Lin	Yung-Da Lin
NT\$10,000,000~ NT\$14,999,999	-	-	-	-
NT\$15,000,000 ~ NT\$29,999,999	-	-	Sun-Chung Chen	Sun-Chung Chen
Total	10	10	10	10

B. Remuneration of the President and Vice Presidents

Title	Name	Salary(A)	Severance Pay (B)	Bonuses and Allowances (C)	Employee Compensation (D)		Amount and Ratio of total compensation (A+B+C+D) to net income (%)	Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements	The company/All companies in the consolidated financial statements		The company/All companies in the consolidated financial statements	
					Cash	Stock		
President	Sun-Chung Chen	11,520/ 11,520	102/ 102	4,778/ 4,778	12,231/ 12,231	0/0	28,631 ; 4.49% / 28,631 ; 4.49%	0
Senior Vice President	Yung-Da Lin							
Vice President	Tim Chiang							
Vice President	William Kao(Note)							

Note : Vice president, William Kao, resigned in February 2021.

Range of Remuneration

Range of Remuneration	Name of the President and Vice Presidents	
	Total of (A+B+C+D)	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	-	-
NT\$2,000,000 ~ NT\$3,499,999	William Kao	William Kao
NT\$3,500,000 ~ NT\$4,999,999	Tim Chiang	Tim Chiang
NT\$5,000,000 ~ NT\$9,999,999	Yung-Da Lin	Yung-Da Lin
NT\$10,000,000~ NT\$14,999,999	-	-
NT\$15,000,000 ~ NT\$29,999,999	Sun-Chung Chen	Sun-Chung Chen
Total	4	4

C. Employee Compensation Paid to Managers

2021.12.31 ; Unit: NTD thousand

	Title	Name	Stock Compensation Amount	Cash Compensation Amount	Total	Ratio of Total Amount to Net Income (%)
Manager	President	Sun-Chung Chen	0	27,322	27,322	4.29%
	Senior Vice President	Yung-Da Lin				
	Vice President	Tim Chiang				
	Senior Assistant Vice President	Elizabeth Anlen Wang				
	Senior Assistant Vice President	Jian-Nan Chen				
	Senior Assistant Vice President	Lanie Chen				
	Senior Assistant Vice President	Sean Huang				
	Senior Assistant Vice President	Sherry Tung				
	Assistant Vice President	Jack Chen				
	Assistant Vice President	Frank Chang				
	Assistant Vice President	Thomas Chang				
	Assistant Vice President	Bowei Lai				
	Assistant Vice President	Michael Tseng				
	Assistant Vice President	Mike Chiang				
	Assistant Vice President	George Lee				
	Assistant Vice President	Hank Kwuo				
	Assistant Vice President	Candy Liao				
	Assistant Vice President	Gary Lee				
Assistant Vice President	Max Huang					

3.2.4 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

A. The ratio of total remuneration paid by the Company in the parent company during the past 2 fiscal years to directors, supervisors, president, and vice president:

	Ratio of remuneration to net income (%)			
	2021		2020	
	Parent company	All consolidated subsidiaries	Parent company	All consolidated subsidiaries
Directors	2.75%	2.75%	1.85%	1.85%
President and Vice president	4.49%	4.49%	2.47%	2.47%

Note: 2021 profit proposal which will be paid in 2022 is proposed and approved by the BOD. The ratio of remuneration to net income is estimated.

B. The policies, standards, and portfolios of the payment of remuneration for the Directors, the procedures for determining remuneration, and the correlation with business performance.

- a. The remuneration that the company pays to directors includes travel allowance and remuneration for directors in the form of earnings distribution. Payment of travel allowance is based on the normal standard in the industry. Payment of remuneration for directors in the form of earnings distribution is based on Article 24 of the company's Articles of Incorporation, which stipulates that: "Each year, 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." The amount of payment is proposed by the Remuneration Committee and approved by the Board of Directors. The Company uses "Director Remuneration Calculation and Payment Guideline" and "Rules for Board of Directors Performance Assessments" as the basis of evaluation. Evaluation criteria include level of participation in company operations, grasp of the Company goal and project mission, the value of contribution, understanding of director responsibilities, director's training and continuous education, attendance of board of directors meeting, and industry payment standards are also taken into consideration.
- b. Managers :
  - i. Managers' remuneration standard is based on the Company's human resource development strategy and manager remuneration policy.
  - ii. The structure of remuneration include fixed salary, 3 holiday bonus, performance bonus, employee bonus, the annual changes to the salaries, and managers' related welfare.
  - iii. The amount of fixed salary is based on managers' duty(education degree, work experience, profession, rank and responsibilities, and special certification).

- iv. The amount of variable compensation is linked to the formula set by the performance appraisal guideline, which is paid in accordance with group performance appraisal, individual performance appraisal, annual goal achievement status, and contribution to the company's overall operation.
- v. The Company participates in the annual survey of compensation and welfare market in the industry overseas and domestically. The Company takes the survey and industry standard into consideration to designate the principle and regulation for the company's annual remuneration (fixed salary / variable compensation), which must be approved by the Remuneration Committee and then submitted to the Board of Directors for approval.
- c. The amount of payment is proposed by the Remuneration Committee and approved by the Board of Directors. Remuneration for directors and senior managers must be approved by the Remuneration Committee and then submitted to the Board of Directors for approval, so future operational risk has already been reduced to a minimum in this regard.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Operation of Board of Directors

In 2021, the Board of Directors had held 6 meetings (A), the attendance of which is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Sun-Chung Chen	6	0	100	
Vice Chairman	Shang-Jen Chen	6	0	100	
Director	Yung-Da Lin	6	0	100	
Director	Shiu-Ta Liao	6	0	100	
Director	Se-Se Chen	6	0	100	
Director	Chen-Lin Kuo	6	0	100	
Director	Kun-Yu Zhao	2	0	33	
Independent Director	Wei-Jen Chu	6	0	100	
Independent Director	Chung-Jen Chen	6	0	100	
Independent Director	Chun-Chung Chen	6	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
  - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Meeting date and Session	Agenda and Later procedure	Matters referred to in Article 14-3 of the Securities and Exchange Act	Independent directors have object or other opinions
2021.1.27 1 <sup>st</sup> time of Year 2021	1. Approved to revise the internal control system.	✓	None
	Opinions of independent directors : NA. The Company's means of processing the opinions of independent directors : NA. Resolution result : Approved by all attending directors.		
2021.3.9 2 <sup>nd</sup> time of Year 2021	1. Approved 2020 internal control system statement. 2. Approved the distribution of 2020 directors and supervisors remuneration. 3. Approved to revise the internal control system. 4. Amendments to Procedures of Acquisition or Disposal of Assets.	✓	None
	Opinions of independent directors : NA. The Company's means of processing the opinions of independent directors : NA. Resolution result : Approved by all attending directors.		
2021.5.5 3 <sup>rd</sup> time of Year 2021	1. Approved to revise the internal control system.	✓	None
	Opinions of independent directors : NA. The Company's means of processing the opinions of independent directors : NA. Resolution result : Approved by all attending directors.		
2021.9.9 5 <sup>th</sup> time of Year 2020	1. Approved to acquire the real estate.	✓	None
	Opinions of independent directors : NA. The Company's means of processing the opinions of independent directors : NA. Resolution result : Approved by all attending directors.		
2021.11.6 6 <sup>th</sup> time of Year 2021	1. Approved to revise 2021 annual audit plans. 2. Approved 2022 annual audit plans.	✓	None
	Opinions of independent directors : NA.		

The Company's means of processing the opinions of independent directors : NA.  
 Resolution result : Approved by all attending directors.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors:  
 None.

2. Directors' implementation on the avoidance of interest-related motions:

- (1) On January 27, 2021, the board of directors passed proposals for a year-end bonus for managers, a performance bonus for the second half of the year, a performance appraisal, and salary adjustments for the year. Directors with a conflict of interest recused themselves, and the chair passed the proposals by consulting the rest of the attending directors.
- (2) On August 6, 2021, the board of directors passed proposals for employee compensation and a performance bonus for the first half of the year. Directors with a conflict of interest recused themselves, and the chair passed the proposals by consulting the rest of the attending directors.

3. Implementation Status of Board Evaluations:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2021/1/1-2021/12/31	The Board of Directors, individual directors, and functional committees(Audit Committee and Remuneration Committee)	1. Internal self-evaluation by the Board of Directors 2. Self-assessment by directors	(1) Board performance evaluation: A. Level of participation in company operations B. The quality of Board decisions C. Board composition and structure D. Appointment of directors and their continued development E. Internal control. (2) Individual director performance evaluation: A. Grasp of company targets and missions B. Understanding of the director's role and responsibilities C. Level of participation in company operations D. Internal relationship management and communication E. Director's specialty and continued development F. Internal control. (3) Functional committee performance evaluation: A. Participation in company operations

- |  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  | <ul style="list-style-type: none"> <li>B. Understanding of the responsibilities of functional committees</li> <li>C. Improvement of the decision-making quality of functional committees</li> <li>D. Composition of functional committees, and member selection</li> <li>E. Internal control.</li> </ul> |
|--|--|--|--|--|

The company’s Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the performance of the board of directors at least once every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the board of directors in January 2022, and reported the results to the Board of Directors on March 8, 2022.

The 2021 performance evaluations of the board of directors were conducted via questionnaire. With ten directors completing the self-evaluation in writing separately, the final evaluation results are as follows:

Board performance evaluation: The board performance evaluation items consist of 5 elements and 45 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the BOD takes responsibilities of supervising corporation strategy, major operation, and risk management, and implement internal control system. The overall operation is smooth and complies with the management requirements of the company, which effectively enhances the competency of the Board of Directors.

Individual director performance evaluation: individual director performance evaluation items consist of 6 elements and 23 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that directors gave the positive comments on the efficiency and effect of all items application.

4. Measures taken to strengthen the functionality of the board:

- (1) ATEN evaluates the level of independence of the company auditor on an annual basis. The evaluation items include: Confirming that the auditor does not have any relationship of financial interest or business relationship with the Company that might affect his or her independence; confirming that the auditor has not, within the last two years, served as a director, supervisor or managerial officer of the Company or in any position that would enable him or her to exercise significant influence over auditing matters; confirming that the auditor has not held a managerial position relating to Company decision-making; confirming that the auditor has not been employed by the Company in another role on a regular basis and in receipt of a fixed salary; confirming that the auditor has not been pressured by the Company’s management to make inappropriate decisions in regard to auditing policy or make inappropriate disclosure; confirming that the auditor has no borrower or lender relationship with any of the Company’s affiliates; confirming that the auditor has not provided auditing services to the Company for more than seven consecutive years; confirming that the auditor and the auditing team have submitted an auditor’s independence certificate. The auditor’s independent appraisal report for FY2021 was approved by the Board of Directors on March 8, 2022.
- (2) Set up Audit Committee in 2020 in order to reinforce the implementation of board of directors.
- (3) Formulate Board of Directors performance appraisal rules.

- (4) Establish a tip-off mailbox for reporting misbehavior.
- (5) Enhance information disclosure transparency and timely disclosure: The Company announces important news material information in both Chinese and English at the same time and voluntarily prepares English versions of the shareholders' meeting notice, the meeting agenda, meeting minutes, and the annual report, and uploads relevant information to the Market Observation Post System to further protect the interests of foreign investors.
- (6) ATEN has purchased liability insurance on behalf of its directors to strengthen operation and protect directors.

### 3.3.2 Operation of Audit Committee or Supervisors

#### A. Operation of Audit Committee

##### Annual Operation Summary

Audit financial report: The Board of Directors has prepared the Company's 2020 and the second quarter of 2021 Business Report, Financial Statements, and Earnings Distribution Proposal. ATEN International Financial Statements have been audited and certified by KPMG and an audit and review report relating to the Financial Statements has been issued respectively. 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.

Assessment of the effectiveness of the internal control system: The Audit Committee assesses the effectiveness of the Company's internal control system policies and procedures, and reviews the Company's internal audit department, certified public accountants, and the management's periodic reports.

A total of 6(A) Audit Committee meetings were held in 2021. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Independent Director	Wei-Jen Chu	6	0	100	
Independent Director	Chung-Jen Chen	6	0	100	
Independent Director	Chun-Chung Chen	6	0	100	

##### Other mentionable items:

1. If any of the following circumstances occur, the dates of Audit Committee meetings, sessions, contents of motion, objection or expression of reservation by independent directors about resolutions, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Audit Committee Meeting date and Session	Agenda and Later procedure	Matters referred to in Article 14-5 of the Securities and Exchange Act

<p>2021.1.25 1<sup>st</sup> time of Year 2021</p>	<p>1. Approved to revise the internal control system. 2. Approved internal audit operations report.</p>	<p>✓</p>
<p>Objection or expression of reservation by independent directors about resolutions : NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee : Approved by all attending directors on BOD.</p>		
<p>2021.3.4 2<sup>nd</sup> time of Year 2021</p>	<p>1. Approved 2020 internal control system statement. 2. Approved the distribution of 2020 directors and supervisors remuneration. 3. Approved to revise the internal control system. 4. Amendments to Procedures of Acquisition or Disposal of Assets. 5. Approved 2020 Business Report and Financial Statements. 6. Approved the Fiscal 2020 Earnings Distribution Proposal. 7. Approved internal audit operations report.</p>	<p>✓</p>
<p>Objection or expression of reservation by independent directors about resolutions : NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee : Approved by all attending directors on BOD.</p>		
<p>2021.4.27 3<sup>rd</sup> time of Year 2021</p>	<p>1. Approved to revise the internal control system. 2. Approved internal audit operations report.</p>	
<p>Objection or expression of reservation by independent directors about resolutions : NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee : Approved by all attending directors on BOD.</p>		
<p>2021.8.3 4<sup>th</sup> time of Year 2021</p>	<p>1. Approved 2021 Q2 business report and consolidated financial statements. 2. Approved the earning distribution proposal for 2021 Q2. 3. Approved internal audit operations report.</p>	
<p>Objection or expression of reservation by independent directors about resolutions : NA Audit committee resolution result: Approved by all attending members. The Company's means of processing the opinions of the audit committee : Approved by all attending directors on BOD.</p>		
<p>2021.9.9 5<sup>th</sup> time of Year 2021</p>	<p>1. Approved to acquire the real estate.</p>	
<p>Objection or expression of reservation by independent directors about resolutions : NA Audit committee resolution result: Approved by all attending members.</p>		

	The Company's means of processing the opinions of the audit committee : Approved by all attending directors on BOD.
2021.11.2 6 <sup>th</sup> time of Year 2021	<ol style="list-style-type: none"> <li>1. Approved to revise 2021 annual audit plans.</li> <li>2. Approved 2022 annual audit plans.</li> <li>3. Approved internal audit operations report.</li> </ol>
	<p>Objection or expression of reservation by independent directors about resolutions : NA</p> <p>Audit committee resolution result: Approved by all attending members.</p> <p>The Company's means of processing the opinions of the audit committee : Approved by all attending directors on BOD.</p>

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors : None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) There are channels for direct communication between the company's independent directors, the company's chief internal auditor and the external auditor, and the overall state of communication is very good. On the basis of the annual audit plan and actual implementation status, the chief internal auditor reports to the Audit Committee at its quarterly meetings, and engages in interaction with the independent directors. The chief internal auditor also engages in necessary communication with the independent directors in the form of periodic written reports. The external auditor attends meetings of the Audit Committee, and engages in communication and interaction with the independent directors at least once a year in regard to issues relating to the financial statements, financial matters, tax matters, and internal controls. The important content of the communication and interaction that the independent directors engage in with the company's financial managers, accounting managers, chief internal auditor and external auditor during meetings of the Audit Committee is recorded in the minutes of the Audit Committee meetings.

(2) Communications between the independent directors and CPAs

Date	Meeting	Communication Matters	Result
2021.3.4	Audit Committee	The external auditor reports to the independent directors regarding 2020 financial statements of the parent company and consolidated group.	Approved
2021.8.3	Audit Committee	The external auditor reports to the independent directors regarding 2021 Q2 financial statements of the parent company and consolidated group.	Approved

(3) Communications between the independent directors and the Company's chief internal auditor

Date	Meeting	Communication Matters	Result
2021.01.25	Audit Committee	Internal audit report	Approved
2021.03.04	Audit Committee	<ol style="list-style-type: none"> <li>1. Approved 2020 internal control system statement.</li> <li>2. Internal audit report</li> </ol>	Approved
2021.04.27	Audit Committee	Internal audit report	Approved
2021.08.03	Audit Committee	Internal audit report	Approved

2021.11.02	Audit Committee	1. Approved to revise 2021 annual audit plan. 2. Approved 2022 annual audit plan. 3. Internal audit report	Approved
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(4) Audit Committee performance evaluation :

The company’s Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the performance of functional committees at least once every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the Audit Committee in January 2022, and reported the results to the Board of Directors on March 8, 2022.

The 2021 performance evaluations of the Audit Committee were conducted via questionnaire. With three independent directors completing the self-evaluation in writing separately, the final evaluation results are as follows:

The “Audit Committee Performance Self-Assessment Questionnaire” consisting of 5 elements and 22 assessment items, as self-assessed by 3 members.

- A. Participation in company operations(4 items) : Positive comments given by all members.
- B. Understanding of the responsibilities of audit committee(5 items) : Positive comments given by all members.
- C. Improvement of the decision-making quality of audit committee(7 items) : Positive comments given by all members.
- D. Composition of audit committee and member selection(3 items) : Positive comments given by all members.
- E. Internal control(3 items) : Positive comments given by all members.

The entire assessment results show that all of the 3 members gave the positive comments on all of the elements.

The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the overall operation of the Audit Committee is smooth and complies with the management requirements of the company, which effectively enhances the competency of the Board of Directors.

B. Operation of Supervisors’ Attendance of the Board Meetings : None

### 3.3.3 Operation of Remuneration Committee

#### A. Remuneration Committee members

2021/12/31

Title	Criteria		Professional Qualification and Experience	Professional Qualification	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
	Name				
The Convener Independent Director	Wei-Jen Chu		For further information please refer to section 3.2.1 directors and 3.2.2 Professional qualifications of directors.	The independent directors of the Company are all in compliance with the provisions of article 6, paragraph 1, subparagraphs 1 to 9 of " Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange ".	1
Others	Chen-En Ko		Emeritus Professor, Accounting Department, National Taiwan University		3
Others	Yen-Jung Lee		Professor, Accounting Department, National Taiwan University		0
Independent Director	Chung-Jen Chen		For further information please refer to section 3.2.1 directors and 3.2.2 Professional qualifications of directors.		2
Independent Director	Chun-Chung Chen		For further information please refer to section 3.2.1 directors and 3.2.2 Professional qualifications of directors.		1

#### B. The operation of Remuneration Committee

There are 5 members in the Remuneration Committee. The committee term begins from 2020/07/10 to 2023/06/15. A total of 2 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Convener	Wei-Jen Chu	2	0	100	
Committee Member	Chen-En Ko	2	0	100	
Committee Member	Yen-Jung Lee	2	0	100	
Committee Member	Chung-Jen Chen	2	0	100	

Committee Member	Chun-Chung Chen	2	0	100
Other mentionable items:				
1. The discussion of the remuneration committee and the handling of the company's opinions:				
Meeting date and Session	Agenda and Later procedure	Resolution Result	The handling of the Company's opinion	
2021.1.25 1 <sup>st</sup> time of Year 2021	<ul style="list-style-type: none"> <li>1. Approved the proposed ratio for the distribution of remuneration for directors of 2021.</li> <li>2. Approved the proposed ratio for the distribution of remuneration for employees of 2021.</li> <li>3. Approved the amendments to "Regulation of Domestic and Overseas Business Management."</li> <li>4. Approved the amendments to "Regulation of Employee Performance Appraisal Management."</li> <li>5. Approved the amendments to "Regulations Governing Management of Employee Leave Requests and Overtime."</li> <li>6. Approved the proposed performance bonus for managers for the second half of 2020.</li> <li>7. Approved 2020 year-end bonus paid to managers.</li> <li>8. Approved the 2020 performance appraisal result for managers and the proposed changes to the salaries of managers for 2021.</li> </ul>	Approved by all committee members.	Proposed to BOD and approved by all attendant directors	
2021.8.3 2 <sup>nd</sup> time of Year 2021	<ul style="list-style-type: none"> <li>1. Approved the amendments to "Regulation of Domestic and Overseas Business Management."</li> <li>2. Approved the proposed performance bonus for managers for the first half of 2021.</li> <li>3. Approved employee compensation paid to managers in 2020.</li> </ul>	Approved by all committee members.	Proposed to BOD and approved by all attendant directors	
2. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.				
3. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.				
4. Scope of duties:				
(1) Periodically reviewing this Charter and making recommendations for amendments.				

- (2) Establishing and periodically reviewing the performance assessment standards, the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers of this Corporation.
- (3) Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved and setting the contents and amounts of their individual compensation.

5. Remuneration Committee performance evaluation :

The company's Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the performance of functional committees at least once every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the Remuneration Committee in January 2022, and reported the results to the Board of Directors on March 8, 2022.

The 2021 performance evaluations of the Remuneration Committee were conducted via questionnaire. With five members completing the self-evaluation in writing separately, the final evaluation results are as follows:

The "Remuneration Committee Performance Self-Assessment Questionnaire" consisting of 5 elements and 20 assessment items, as self-assessed by 5 members.

- A. Participation in company operations(4 items) : Positive comments given by all members.
- B. Understanding of the responsibilities of remuneration committee(3 items) : Positive comments given by all members.
- C. Improvement of the decision-making quality of remuneration committee(7 items) : Positive comments given by all members.
- D. Composition of remuneration committee and member selection(3 items) : Positive comments given by all members.
- E. Internal control(3 items) : Positive comments given by all members.

The entire assessment results show that all of the 5 members gave the positive comments on all of the elements.

The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the overall operation of the Remuneration Committee is smooth and complies with the management requirements of the company, which effectively enhances the competency of the Board of Directors.

3.3.4 Corporate Governance Implementation Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the Reason for any such Departure

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
(1). Has the Company formulated and disclosed corporate governance principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	■		The Company has formulated Corporate Governance Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has disclosed these Corporate Governance Principles for the benefit of related parties on the Market Observation Post System (MOPS) and on the Company's official website: <a href="https://www.aten.com.tw/">https://www.aten.com.tw/</a> .	No significant departure.
(2). Shareholder structure and shareholders' rights A. Has the Company formulated internal operating procedures for handling shareholder suggestions, complaints, disputes and lawsuits, and are such matters handled in accordance with these internal operating procedures?	■		The Company has established a spokesperson system and an investor relations department, which is responsible for handling shareholders' queries and suggestions; the Company's website also has an investor relations contact window which can be used by shareholders to submit queries or search for relevant information.	No significant departure.
B. Maintenance of the list of major shareholders who exercise effective control over the Company, including details of who has final ownership over	■		Handled by the Company's shareholder affairs personnel. In accordance with the requirements of Article 25 of the Securities and Exchange Act, the Company reports to the Market Observation Post System (MOPS) on a monthly basis any changes in the number of shares held by the Company's directors, supervisors, managerial officers and	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
these major shareholders.			shareholders holding more than ten percent of the total shares of the Company.	
C. Establishment by the Company of risk control methods and firewalls with respect to affiliates.	■		The Company has drawn up Operational Procedures for Affiliates and Affiliate Transactions, Procedures for the Management of Subsidiaries, along with other relevant procedures and regulations, and has implemented them properly, thereby ensuring effective risk control and firewall function operation with respect to affiliates.	No significant departure.
D. Has the Company formulated internal rules that prohibit Company personnel from using market information that is not yet in the public domain for the purpose of buying or selling securities?	■		The Company has formulated Operational Procedures for the Management of Important Internal Information and the Prevention of Insider Trading, and prohibits Company personnel from using market information that is not yet in the public domain for the purpose of buying or selling securities; the rules in question have been disclosed for the benefit of related parties on the Company's official website: <a href="https://www.aten.com.tw/">https://www.aten.com.tw/</a>	No significant departure.
(3) Organization and responsibilities of the Board of Directors				
A. Has the Board of Directors formulated a diversity policy and concrete management goal regarding its composition, and is this diversity policy being implemented?	■		Article 20 of ATEN's Corporate Governance Principles specifies a diversity policy in relation to the members of the Board of Directors, stipulating that the Board should include members with different professional backgrounds, of different genders, and with different work experience, etc. All Board members are required to have a specialist background in different areas, such as finance, accounting, industry-specific expertise, etc. ATEN's Board of Directors consists of ten directors. There are three independent directors, accounting for 30% of all directors. Female directors account for 10% of all	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			<p>directors; there is one director in the 41 – 50 age range, two directors in the 51 – 60 age range, three directors in the 61 – 70 age range, three directors in the 71 – 80 age range, and one director in the 81 – 90 age range. Directors with industry-specific expertise and business management expertise include Chairman Sun-Chung Chen (Kevin Chen), Vice Chairman Shang-Jen Chen, Director Yung-Da Lin, Director Chen-Lin Kuo, Director Se-Se Chen, Director Shiu-Ta Liao, Director Kun-Yu Zhao. Independent Director Wei-Jen Chu is a Partner and Honorary Director at Candor Taiwan CPAs, with a strong specialist background in accounting. Independent Director Chung-Jen Chen is the Professor at the College of Management, National Taiwan University, as well as holding the positions of Director of the Center for Technology Policy and Industry Development at National Taiwan University, while Independent Director Chun-Chung Chen is Associate Professor at the Graduate Institute of International Business at National Taiwan University. Both of them have a strong specialist background in business and finance. In order to reinforce the corporate governance the number of independent directors will be increased from three members to four members.</p>	
B. In addition to the compensation committee and audit committee that are required by law, has the Company voluntarily established any other type of	■		<p>In April 2012, ATEN’s Corporate Social Responsibility (CSR) Policy Statement and Institution and Management System were approved by the Board of Directors, with the Corporate Social Responsibility Management Committee being designated as the highest CSR management body within the company. Every year, project implementation results</p>	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
functional committee?			and future forecasts and plans are submitted to the CSR Management Committee for review, with the CSR Management Committee in turn reporting to the Board of Directors	
C. Has the Company formulated Board of Directors performance appraisal rules and appraisal methods, and is performance appraisal implemented on a regular basis every year? Has the Company submitted the results of performance assessments to the board of directors and used them as reference in determining compensation for individual directors, their nomination and additional office term?	■		<p>The company's Board of Directors passed the Rules for Board of Directors Performance Assessments on May 5, 2021, stipulating that the Board of Directors should evaluate the performance of the board of directors at least once every year. The internal evaluation shall be conducted at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Rules. The company completed the performance evaluation of the board of directors in January 2022, and reported the results to the Board of Directors on March 8, 2022.</p> <p>The items subject to evaluation for the members of the board (either self-evaluation or peer-review) include: (1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls. (2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls. (3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the</p>	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			<p>decision-making quality of functional committees, composition of functional committees, and member selection and internal control.</p> <p>The 2021 performance evaluations of the board of directors were conducted via questionnaire. With ten directors completing the self-evaluation in writing separately, the final evaluation results are as follows:</p> <p>Board performance evaluation: The board performance evaluation items consist of 5 elements and 45 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that the BOD takes responsibilities of supervising corporation strategy, major operation, and risk management, and implement internal control system. The overall operation is smooth and complies with the management requirements of the company, which effectively enhances the competency of the Board of Directors.</p> <p>Individual director performance evaluation: individual director performance evaluation items consist of 6 elements and 23 assessment items. The evaluation results ranged from Most Excellent (5) to Excellent (4), indicating that directors gave the positive comments on the efficiency and effect of all items application.</p> <p>The results of the performance evaluation shall be submitted to the board of directors for reference in considering the salary and compensation for each individual director and nomination for continued service as a director.</p>	

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
D. Regular appraisal of the independence of the Company auditor.	■		ATEN evaluates the level of independence of the company auditor on an annual basis. The evaluation items include: Confirming that the auditor does not have any relationship of financial interest or business relationship with the Company that might affect his or her independence; confirming that the auditor has not, within the last two years, served as a director, supervisor or managerial officer of the Company or in any position that would enable him or her to exercise significant influence over auditing matters; confirming that the auditor has not held a managerial position relating to Company decision-making; confirming that the auditor has not been employed by the Company in another role on a regular basis and in receipt of a fixed salary; confirming that the auditor has not been pressured by the Company's management to make inappropriate decisions in regard to auditing policy or make inappropriate disclosure; confirming that the auditor has no borrower or lender relationship with any of the Company's affiliates; confirming that the auditor has not provided auditing services to the Company for more than seven consecutive years; confirming that the auditor and the auditing team have submitted an auditor's independence certificate. The auditor's independent appraisal report for FY2021 was approved by the Board of Directors on March 8, 2022.	No significant departure.
(4). Has the TWSE/TPEX listed company been equipped with competent and appropriate numbers of corporate governance personnel,	■		On May 5, 2020, the company's Board of Directors approved the appointment of Senior Assistant Vice President Jian-Nan Chen, the company's chief financial officer, as corporate governance manager, to be responsible for matters relating to corporate	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?			governance. The main responsibilities of corporate governance personnel are to protect shareholders' interests and treat shareholders fairly, provide directors and supervisors the information needed to carry out their duties, provide assistance to ensure compliance with laws and regulations, handle matters related to audit committee's meetings, board of directors' meetings and shareholders' meetings in accordance with the law (6 board of directors' meetings, 6 audit committee meetings, and 1 annual general meeting have been held in 2021), handle company registrations and amendments to such registrations, prepare the minutes for the board of directors' meetings and shareholders' meetings, arrange trainings for directors and supervisors (2 courses were arranged in 2021), hold investor conferences (4 online conferences were held in 2021) and participate in investment forums on an ad hoc basis(2 online conference was invited to attend in 2021), at which financial information is distributed and investors can receive non-financial information, and which establishes a diverse communication channel with investors, etc. Details of the development and training activities undertaken by ATEN's corporate governance manager in FY2021 are shown in the appended table.	
(5). Has the Company established channels for communication with stakeholders, and has the Company established a dedicated section for stakeholders on its corporate website, and	■		The Company has established channels for communication with stakeholders via its corporate website, providing customers, consumers, investors, suppliers and other stakeholders with methods for communicating with the Company, so as to be able to gain a better understanding of stakeholders' expectations and needs; the Company also	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
does the Company respond appropriately to stakeholders' concerns regarding the Company's CSR activities?			provides appropriate response mechanisms for handling issues of concern to stakeholders. The company's website: <a href="https://www.aten.com/tw/zh/aten-info/csr/page-stakeholders/">https://www.aten.com/tw/zh/aten-info/csr/page-stakeholders/</a>	
(6). Has the Company appointed a dedicated shareholder affairs agent to handle shareholder affairs?	■		The Company has appointed CTBC transfer agency division to handle shareholder affairs on the Company's behalf.	No significant departure.
(7). Information Disclosure A. Establishment of a Company website, and disclosure of financial and corporate governance information.	■		The Company already discloses relevant information on its website.	No significant departure.
B. Other methods of disclosure adopted by the Company.	■		The Company has appointed dedicated personnel to be responsible for the collection and disclosure of relevant information, and has established a spokesperson system. The information disclosed at investor presentations is also disclosed on the Company website: <a href="https://www.aten.com/tw/zh/aten-info/investor-relations/investor-event/">https://www.aten.com/tw/zh/aten-info/investor-relations/investor-event/</a> .	No significant departure.
C. Does the Company announce and report the annual financial report as early as possible within two months after the end of the fiscal year, and announce and report the first, second and third quarter	■		The Company has already announced its interim financial reports and information on the revenue for each month. For details on the operation status of each month, the revenue announcement calendar has been disclosed in the financial information section of the investor relations section on the company's website: <a href="https://www.aten.com/tw/zh/aten-info/investor-relations/financial-information/">https://www.aten.com/tw/zh/aten-info/investor-relations/financial-information/</a>	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
financial reports and the operating status of each month as early as possible before the required deadlines?				
(8). Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	■		<p>A. Employees' rights: ATEN implements protection of employees' rights in accordance with the provisions of the <i>Labor Standards Law</i> and ATEN's own internal regulations.</p> <p>B. Concern for employees: ATEN is committed to providing its employees with a safe, healthy working environment. Besides providing employees with annual health examinations, ATEN has also established a Medical Office, with a full-time Occupational Health Nurse, and has retained the services of a doctor to provide consulting services. ATEN organizes health promotion activities and education and training activities on a regular basis, implements health management, and arranges various types of health consulting services, including special clinics.</p> <p>C. Investor relations: Besides making public announcements of the company's important operational and financial information on the Market Observation Post System (MOPS) as required by law, ATEN has also established an Investor Relations Contact Window to handle matters relating to disclosure and investor relations, etc., thereby enhancing overall transparency. The ATEN corporate website also includes an Investor Relations section where information relating to corporate governance, company finances and operations is posted for the reference of investors.</p>	No significant departure.

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			<p>D. Supplier relations and stakeholder relations: Supplier relations and stakeholder relations are handled in accordance with the relevant regulations. Purchasing agreements are signed with suppliers, to safeguard the legal rights of both parties. The Company undertakes supplier assessment, and implements occasional supplier audits, as well as arranging supplier meetings to help build consensus regarding collaboration between the Company and its suppliers. In accordance with customers' requirements and with international regulations, the Company requires that suppliers do not use or manufacture materials that contain restricted, environmentally-harmful substances, and strives to realize "green" production, in line with the principles of environmental protection.</p> <p>E. Development and training for directors: Besides encouraging directors to undergo training programs provided by relevant organizations, ATEN also proactively arranges lectures, held after the conclusion of board meetings, at which specially invited experts discuss relating issues. Directors' record of attendance at board meetings is made public on MOPS, as are the development and training activities undertaken by directors. Details of the development and training activities undertaken by ATEN's directors in FY2021 are shown in the appended table.</p> <p>F. Risk management policy and risk measurement criteria implementation status: ATEN has formulated a risk management policy and risk assessment criteria, and has drawn</p>	

Item	Implementation Status			Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO	Summary	
			<p>up relevant systems and control mechanisms with respect to the major types of operational risk, including financial and accounting controls, and risk evaluation and control measures for sales operations, production operations, computerized data management etc., with the aim of strengthening overall risk control capability.</p> <p>G. Customer feedback strategy implementation status: The company proactively collects customer feedback, and analyzes and studies customer needs, so as to be able to upgrade service quality and offer appropriate solutions. The company's efforts in this area include the annual implementation of a global customer satisfaction survey, the weekly implementation of an after-sales service satisfaction survey, and the integration of customer satisfaction into the company's adoption of ISO-compliant operation, so as to strengthen management, enhance efficiency, and ensure effective quality control, while also establishing appropriate auditing and follow-up mechanisms. The company has also established channels for bi-directional, diversified customer communication. These include the eService online service platform, the ATEN Partner Portal, the ATEN Support Center, the insertion of a feedback form in product packaging, and the inclusion of a customer feedback section in each of our regional websites, etc. In this way, we are able to ensure that customers' needs are met within the shortest possible timeframe.</p> <p>H. Purchasing of insurance for directors : ATEN has purchased liability insurance on</p>	

Item	Implementation Status			Summary	Any Departure of such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	YES	NO			
				behalf of its directors.	
<p>(9). Please outline the improvements that the Company has made in regard to the most recent Corporate Governance Evaluation Results published by the Taiwan Stock Exchange Corporate Governance Center, along with details of the priority items and measures to implement in regard to areas where improvements have not yet been made.</p> <p>In the FY2021 Corporate Governance Evaluation Results, ATEN ranked in the top 21% - 35% band of TSE-listed companies. Recent improvements implemented include: The Company set up Audit Committee in 2020 and has established the regulation of Self-Evaluation or Peer Evaluation of the Board of Directors. The board performance evaluation shall be conducted and reported to BOD regularly every year. The Company shall determinate an individual director's remuneration and nomination for reelection based on the evaluation results of his or her performance., the establishment of a tip-off mailbox for reporting misbehavior by independent directors directors(<a href="mailto:supervisor@aten.com">supervisor@aten.com</a>). The company has established channels for communication between employees, shareholders and other stakeholders and the independent directors, to enable the independent directors to promptly identify possible issues at the company. Areas that the company will be working to strengthen in the future include: Adding an additional independent director to the existing three independent directors; and incorporating a clear stipulation into the company's regulations governing assessment of the performance of the Board of Directors stating that external evaluation must be performed at least three times a year.</p>					

Appended Table : Continuing Education /Training of Directors and Corporate Governance Manager in 2021

Title	Name	Date	Host	Training Title	Duration	Training hours of Current year
Chairman	Sun-Chung Chen	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	6
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
Vice Chairman	Shang-Jen Chen	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	6

Title	Name	Date	Host	Training Title	Duration	Training hours of Current year
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
Director	Yung-Da Lin	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	9
		Oct. 27	Taiwan Securities & Futures Institute	2021 "Insider Trading Compliance Seminar"	3	
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
Director	Chen-Lin Kuo	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	6
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
Director	Shiu-Ta Liao	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	6
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
Director	Se-Se Chen	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	6
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
Director	Kun-Yu Zhao	Sep. 1	Financial Supervisory Commission, R.O.C.	The 13th Annual Taipei Corporate Governance Forum (Morning + Afternoon)	6	6
Independent Director	Wei-Jen Chu	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	6
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
Independent Director	Chung-Jen Chen	May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	6
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	

Title	Name	Date	Host	Training Title	Duration	Training hours of Current year
Independent Director	Chun-Chung Chen	Jan. 14	Taiwan Association of Board Governance	General Shareholders' Meetings, Management Rights, and Stock Right Strategies	3	26
		May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	
		Sep. 1	Financial Supervisory Commission, R.O.C.	The 13th Annual Taipei Corporate Governance Forum (Morning section and Afternoon section)	6	
		Sep. 16	Taiwan Corporate Governance Association	Hostile Takeovers, Analysis of the Feuds for Management Rights, and Corporate Countermeasures	3	
		Oct. 5	Taiwan Corporate Governance Association	Corporate Sustainable Development - External Innovation	2	
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	
		Dec. 22	Taiwan Corporate Governance Association	The 17th Annual (2021) Corporate Governance Summit-Realization of ESG, Implementation of Governance, and Sustainable Development	6	
Corporate Governance Manager	Jian-Nan Chen	Mar. 23	Taiwan Corporate Governance Association	Legal Compliance and Reminding Matters for BOD and Shareholders' Meeting	3	15
		Mar. 26	Accounting Research and Development Foundation	Legal Liabilities and Actual Case Analysis for Trade Secret Protection	3	
		Mar. 26	Accounting Research and Development Foundation	IFRS Latest Policy Development and Financial Statements/Supervisory Laws and Regulation	3	
		May 5	Taiwan Investor Relations Institute	Competency and Authority of Functional Committees	3	
		Nov. 5	Taiwan Investor Relations Institute	The Impact of the Post-Pandemic World and US-China Relations on the Global Economy	3	

3.3.5 Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? <sup>3</sup>	■		In April 2012, ATEN’s Corporate Social Responsibility (CSR) Policy Statement and Institution and Management System were approved by the Board of Directors, with the Corporate Social Responsibility Management Committee being designated as the highest CSR management body within the company. This will assist the company with the promotion of sustainable development. Through institutionalized operations, the Commissioner of the CSR Sustainable Development Committee convenes a meeting every month to discuss and implement related matters; furthermore, project implementation results and forecasts and plans are submitted to the CSR Management Committee for review, with the CSR Management Committee in turn reporting to the Board of Directors. The 2021 sustainable development implementation was reported the Board of Directors on November 5, 2021.	None
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	■		<p>I. The information disclosed by the company covers the sustainable development results of major operations centers between January 2021 and December 2021. The Headquarters and the production facilities in Xizhi correspond to the boundaries for risk assessment.</p> <p>II. The CSR Management Committee has discussed and assessed material ESG issues based on the material principles of the sustainability report, and has taken actions on risk management to lower the impact of risks. The relevant risk management actions are as follows:</p> <p>1. In terms of environment:</p> <p>(1) Utilizing a systematic environmental management and acquiring the ISO 14001 Environmental Management System Certification to effectively reduce the impact of pollution on the environment.</p> <p>(2) Completing the ISO 14064-1 inspection on the inventory and reporting of greenhouse gas emissions and the approval of a third-party corporation review. Measures of carbon reduction</p>	None

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>were taken based on the inventory results to effectively reduce carbon emissions.</p> <p>2. In terms of society:</p> <p>(1) Passed the ISO 45001 Occupational Health and Safety Management Systems Certification to ensure workplace safety for our colleagues.</p> <p>(2) Work safety education and trainings are held every year to raise awareness of emergency response and personal safety management measures among employees.</p> <p>(3) The company complies with government regulations and the RoHS Directive of the European Union, and does not use hazardous substances in its products.</p> <p>(4) To ensure the quality of customer services, customer service hotlines and websites were established to strengthen the relationship with customers.</p> <p>3. In terms of corporate governance:</p> <p>(1) The company independently develops products and applies for patents to ensure the company's interests.</p> <p>(2) Continuing education of the latest legal policies and systems are planned and arranged for directors annually.</p> <p>(3) Different communication channels, including website, email, and telephone, have been provided for communicating with stakeholders.</p>	
<p>3. Environmental issues</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	■		<p>Head office, Taiwan Xizhi factory, and China factories have established an environmental management system based on the ISO 14001 standard. The company complies with all relevant laws and regulations, and implements pollution prevention measures. It has created a first-class working environment, and works to safeguard employees’ physical and mental wellbeing. The company strives to fulfill its social responsibilities</p>	None

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			and its environmental protection obligations. Furthermore, the Head Office and the Taiwan Xizhi Factory have been conducting greenhouse gas emission inventories in accordance with ISO 14064-1 and have passed the reviews of a third-party organization every year since 2016. The effectiveness of emission reduction measures has been tracked and disclosed in the sustainability report and the company’s website ever since. <a href="https://www.aten.com/tw/zh/aten-info/csr/reports/">https://www.aten.com/tw/zh/aten-info/csr/reports/</a>	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	■		<p>The company proactively promotes energy saving measures, introduces power saving equipment, and establishes manufacturing process control mechanisms to reduce the energy loss during the manufacturing process in addition to the promotion of efficiency enhancement solutions. The power consumption in 2021 was 4,894 kWh, an increase of 6.3% compared to the 4,602 kWh in 2021. This was mainly due to the addition of equipment for new warehouses at the Taiwan Xizhi Factory. Going forward, we will continue to focus on the monitoring of management solution enhancement.</p> <p>To ensure that manufacturing processes and products both meet the standards of RoHS, REACH, and the environmental requirements of customers, the company constantly focuses on the updates of these international regulations and requests the compliance of its supply chain partners to co-reduce the impact of products on the environment, including the recycling of materials, the utilization of renewable energy to manufacture products, and the reduction of pollution during the manufacturing processes.</p> <p>The environmental management system of the company has been promoting the “Green Product Design” environmental management solution every year since 2017, to research, develop, and design products based on four aspects, including an easy-to-disassemble design, the choice of materials, energy consumption, and the level of impact to the environment. This is our commitment to environmental protection.</p>	None

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Abstract Explanation										
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	■		<p>The company has established the Corporate Social Responsibility Team, which regularly holds cross-departmental meetings every month, to focus on and evaluate the present and future potential risks climate change imposes on corporations. The Chairman has stated in the Environmental Sustainability, Energy Sustainability, and Green Sustainable Product Management Policy of the company that adapting to climate change is the responsibility of the company, in order to achieve sustainable operations.</p> <p>The company continues to monitor climate change trends and to consider appropriate response measures. In accordance with ISO 14064-1, the company implements a greenhouse gas inventory on an annual basis, and has received certification for this based on auditing by a third-party certified organization. The company continues to monitor greenhouse gas emissions and work towards the goal of reducing them.</p>	None									
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	■		<p>1. Greenhouse gas management:</p> <p>The company is committed to reducing its energy consumption and greenhouse gas emissions. For this reason, it has established internal inventory mechanisms in accordance with ISO 14064-1, and has proactively conducted voluntary greenhouse gas emission inventories, continually established energy conservation plans, and enhanced the utilization of energy to achieve carbon dioxide reductions and lessen their overall impact to the environment. The company and the Taiwan Xizhi Factory have completed the annual ISO 14064-1 category 1 and 2 inventories and the third-party certifications in May 2021. The greenhouse gas emissions (unit: tons CO<sub>2</sub>e) in the past years are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Category 1</th> <th>Category 2</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>99.4842</td> <td>2342.4496</td> </tr> <tr> <td>2021</td> <td>223.8882</td> <td>2491.5510</td> </tr> </tbody> </table>	Year	Category 1	Category 2	2020	99.4842	2342.4496	2021	223.8882	2491.5510	None
Year	Category 1	Category 2											
2020	99.4842	2342.4496											
2021	223.8882	2491.5510											

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Abstract Explanation										
			<p>Total greenhouse gas emissions of categories 1 and 2 in 2021 amounted to 2,715.43 tons CO<sub>2</sub>e, mainly attributed to the electricity emissions of category 2, which accounted for 91.76% of the total emissions, followed by the fuel emissions of category 1 used for manufacturing processes and public systems, which accounting for 8.24% of the total emissions.</p> <p>In 2021, the company installed solar panels on the rooftops of the Taiwan Xizhi Factory with capacity set at 170 kWp. In December 2021, grid-connected electricity equipment was initiated, allowing the company to sell the generated electricity to Taipower to reduce electricity bills and reduce the emission of greenhouse gases at the same time.</p> <p>2. Water resource management: Although the manufacturing processes of the company do not need water, seeing how climate change and global warming have caused water resource deficiencies, the company has focused on water resource conservation and environmental protection issues, and started saving water in every day processes, making the best use of the water resources available. The total amount of water used by the company in the past two years (unit: kL) is as follows:</p> <table border="1" data-bbox="748 1177 1700 1374"> <thead> <tr> <th>Year</th> <th>Total Water Consumption</th> <th>Total Water Consumption (kL)/ Revenue of Parent Company (Unit: NT million)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>22485.10</td> <td>6.86</td> </tr> <tr> <td>2021</td> <td>19878.43</td> <td>5.91</td> </tr> </tbody> </table>	Year	Total Water Consumption	Total Water Consumption (kL)/ Revenue of Parent Company (Unit: NT million)	2020	22485.10	6.86	2021	19878.43	5.91	
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Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Abstract Explanation										
			<p>The specific method of the company on water conservation is replacing water faucets with “water saving label” faucets and post the “save water” slogan next to the faucets as a reminder to our colleagues. In the spirit of increasing income and reducing expenditure, the company has promoted the concept of water conservation among colleagues and reduced the consumption of water resources.</p> <p>3. Waste recycling: Waste recycling management is the company's first priority for green production. The company produces no hazardous industrial waste, and recycles tin dross and cardboard boxes through professional and certified contractors, who turn them into various renewable products for other industries. The statistics (unit: kg) of the company’s waste in the past two years are as follows:</p> <table border="1" data-bbox="853 890 1597 1038"> <thead> <tr> <th>Year</th> <th>Tin Dross</th> <th>Cardboard Boxes</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>1244.1</td> <td>40602</td> </tr> <tr> <td>2021</td> <td>925.5</td> <td>42380</td> </tr> </tbody> </table> <p>The company has shown a longstanding commitment to the reduction of waste. Not only has it provided employees with produced waste management education, but has also put signs and slogans of trash assortment in factories to promote trash assortment.</p> <p>Every year, the company compiles statistics on its greenhouse gas emissions, water consumption, electricity usage, and total weight of waste generated, and uses these statistics as a basis for formulating management</p>	Year	Tin Dross	Cardboard Boxes	2020	1244.1	40602	2021	925.5	42380	
Year	Tin Dross	Cardboard Boxes											
2020	1244.1	40602											
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Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			mechanisms and for ongoing improvement. All relevant information is disclosed in the company’s annual CSR Report.	
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	■		<p>ATEN International Co., LTD. (“ATEN”) complies with local laws and regulations in all countries and regions where we operate, and upholds the human rights of all workers. We identify and support the spirit and principle disclosed in international human rights standards such as The International Bill of Human Rights, The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and Ten Principles of The United Nations Global Compact. We also align our actions with the Responsible Business Alliance Code of Conduct. To undertake our corporate social responsibility, we treat each worker with dignity and respect, and forbid any violation of human rights. View ATEN Human Rights Policy(<a href="https://assets.aten.com/webpage/shared/CSR/human-rights-policy/human-rights-policy_EN.pdf">https://assets.aten.com/webpage/shared/CSR/human-rights-policy/human-rights-policy_EN.pdf</a>)</p> <ul style="list-style-type: none"> <li>● Provide a safe and healthy work environment.</li> <li>● Any form of discrimination based on geographical, racial, ethnic or background, language, social class, ancestry, religion, physical disability, gender, sexual orientation, pregnancy, marital status, union membership, appearance, age, political orientation or other distinguishing characteristics is prohibited. Everyone has the right to be treated equally without any discrimination and different treatment.</li> <li>● Ensure fair salary and treatment, and never provide employees with wages and insurance below the minimum required by local applicable laws.</li> <li>● We abide by local laws for minimum age labor and forbid child labor in any circumstance.</li> <li>● Prohibit forced labor, and all employment is voluntary.</li> <li>● Provide a communication friendly environment and implement an open-style management system.</li> <li>● Assist employee to reach physical/mental healthiness and work-life balance.</li> </ul>	None

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<ul style="list-style-type: none"> <li>● Establish a comprehensive Personal Information Protection Management Policy to protect privacy and rights of our employees and customers.</li> <li>● Regularly review and assess relevant practices to improve our implementation.</li> </ul>	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	■		<p>The company participates in a professional industry-wide compensation survey on an annual basis and provides generous salary and variable bonuses to ensure that salaries and benefits remain competitive in terms of the market for human resources. The bonuses that the company provides include: Year-end bonus, Mid-Autumn Festival and Dragon Boat Festival bonuses, performance-based bonuses and sales bonuses (with the amount of bonus awarded being calculated based on the work performance of the individual employee and the company’s operational performance in that year), profit sharing for employees(with the amount of bonus awarded being calculated based on the work performance of the individual employee and the company’s operational performance in that year), bonuses for patents, bonuses for long-standing employees, recruitment recommendation bonuses, etc. The company provides generous salaries and benefits, including leave that is superior to the industry average and to statutory requirements, enabling employees to achieve an appropriate work-life balance. The types of leave available include: maternity/paternity leave which is superior to the industry average and to statutory requirements, pregnancy checkup leave (available for both male and female employees), paid birthday leave, paid volunteering leave, flexible leave based on position held, compensatory leave for participation in company activities, etc. The welfare system and protections that the company provides ensure that every employee is able to appreciate the company’s generous welfare provision and its heartfelt concern for employees. The welfare system includes Labor Insurance and National Health Insurance coverage, as well as pension fund allocations, group insurance, group insurance for parents and other family members (optional), travel insurance for employees posted overseas or traveling on business overseas, accident insurance, overseas emergency rescue service,</p>	None

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																																				
	Yes	No	Abstract Explanation																																																																					
			<p>childbirth allowances (NT\$120,000 per child), presentation of birthday gifts in person by the Chairman on employees’ birthdays, allowances for domestic and overseas holiday travel, gifts of money to mark traditional festivals, birthdays, marriages and funerals, etc.</p> <p>The Company’s male and female employee information.</p> <table border="1"> <thead> <tr> <th colspan="7">HQ Employee</th> </tr> <tr> <th rowspan="2">Gender</th> <th colspan="2">Direct employees</th> <th colspan="2">Indirect employees</th> <th colspan="2">Total</th> </tr> <tr> <th>Number</th> <th>Ratio</th> <th>Number</th> <th>Ratio</th> <th>Number</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>96</td> <td>13.79%</td> <td>219</td> <td>31.47%</td> <td>315</td> <td>45.26%</td> </tr> <tr> <td>Male</td> <td>8</td> <td>1.15%</td> <td>373</td> <td>53.59%</td> <td>381</td> <td>54.74%</td> </tr> <tr> <td>Total</td> <td>104</td> <td>14.94%</td> <td>592</td> <td>85.06%</td> <td>696</td> <td>100.00%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="5">HQ Senior Management Team</th> </tr> <tr> <th rowspan="2">Gender</th> <th colspan="2">Number</th> <th rowspan="2">Total</th> <th rowspan="2">Ratio</th> </tr> <tr> <th>Sr. Assistant Vice President</th> <th>Vice President</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>3</td> <td>0</td> <td>3</td> <td>16.67%</td> </tr> <tr> <td>Male</td> <td>13</td> <td>2</td> <td>15</td> <td>83.33%</td> </tr> <tr> <td>Total</td> <td>16</td> <td>2</td> <td>18</td> <td>100.00%</td> </tr> </tbody> </table>	HQ Employee							Gender	Direct employees		Indirect employees		Total		Number	Ratio	Number	Ratio	Number	Ratio	Female	96	13.79%	219	31.47%	315	45.26%	Male	8	1.15%	373	53.59%	381	54.74%	Total	104	14.94%	592	85.06%	696	100.00%	HQ Senior Management Team					Gender	Number		Total	Ratio	Sr. Assistant Vice President	Vice President	Female	3	0	3	16.67%	Male	13	2	15	83.33%	Total	16	2	18	100.00%	
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(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	■		<p>To guard against occupational accidents and protect employees’ health and safety, the company carries out the following activities on a regular basis pursuant to the requirements of the Occupational Safety and Health Act and other relevant legislation:</p> <p>1. Occupational safety and health education and training: In accordance with the occupational safety and</p>	None																																																																				

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>health education and training regulations, all new employees, serving officer, and employees responsible for performing specific tasks must undergo a specified number of hours of education and training. The occupational safety office implements an annual education and training curriculum in accordance with statutory requirements, and also implements health promotion activities and arranges lectures on relevant topics.</p> <p>2. Working environment assessment: In accordance with the Regulations on Implementation of Working Environment Monitoring, the company implements regular inspection and testing of hazardous items and the concentration levels of toxic substances in the working environment, and ensures that they are within permitted limits. The company also manages employee exposure to hazardous substances by the classification of employees into groups according to levels of exposure.</p> <p>3. Regular health inspections for employees: The company’s provision in this area is superior that required by law, with annual health check-ups, and health management performed by occupational nurses.</p> <p>4. The company has an occupational safety office. The occupational safety personnel ensure adherence to relevant regulations pursuant to the Occupational Safety and Health Act. Regarding occupational nursing staff, the company employs one full-time nurse and one doctor employed on a contracted, part-time basis to make factory visits. The occupational nursing staff hold regular health promotion activities, implement health management, and hold clinics to provide health advice.</p> <p>5. The company’s Head Office and factories all have security personnel on-site, and the company has also installed CCTV and access management systems to facilitate effective access control and ensure the personal safety of all company employees.</p> <p>6. In accordance with the provisions of the Fire Services Act, besides implementing regular fire prevention equipment safety inspections and reporting, the company also collaborates with the local fire</p>	

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>department on the holding of regular evacuation drills and fire safety education and training.</p> <p>7. The company has formulated an occupational safety and health management system. It was awarded ISO 45001 and TOSHMS certification in late 2019, and was re-certified in 2021.</p> <p>8. According to statistics, the company had a total of one occupational injury in 2021, which was a traffic accident that involved one person, setting the ratio for the number of injured personnel due to occupational disasters at 0.1 based on the total number of employees by the end of 2021. And in terms of measures on the prevention of accidents, the company has promoted the traffic safety education to enhance the road safety awareness of our colleagues.</p>	
(4) Does the company provide its employees with career development and training sessions?	■		In line with current trends in development strategy, organizational design strategy and strategic education and training development, the company has established an education and training road-map based around three core elements (annual thematic training, continued development, and new employee cultivation) and three broad occupational function categories (managerial functions, specialist functions, and core functions), as well as self-directed growth activities. For more details about training and cultivation plans, see the Employee-Management Relations section in Chapter 5 (Overview of Operations).	None
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	■		The company complies with the Personal Data Protection Act (PDPA) of 2015 and with the Implementation Rules for the PDPA of 2016. The company has established a Personal Data Management Promotion Team headed by the Chairman, and strives to ensure that all employees fulfill the company's obligations in terms of safeguarding customers' data and privacy protection, by means such as the formulating and dissemination of personal data management rules, comprehensive form and record management, ongoing awareness-raising, and having employees sign pledges to fulfill their obligations in relation to data security, etc. In line with the company's existing globalization strategy, the company's customer service network extends to include all of the company's overseas business locations, and a Global Customer Service Division	None

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>has been established at the company's headquarters to integrate all customer service resources, ensure that customer service is timely and professional, and build a sustainable relationship with customers. The company has also established channels for bi-directional, diversified customer communication, including: eService (<a href="http://eservice.aten.com">http://eservice.aten.com</a>), the company's unified online service platform, integrates a range of customer services, including eSupport, GRMA, Partner Portal, FAQ, Troubleshooting, Hot key list, and rapid product repair/replacement, etc., providing customers all over the world with more convenient, timely, comprehensive after-sales service without time-zone problems. eService makes it possible to respond to customers' needs and provide them with support within the shortest possible time-frame.</p> <p>The ATEN brand is marketed all over the world, and the company's management team strives to ensure compliance with all applicable laws and regulations in each country that the company operates in. The company also pays close attention to relevant government policies and laws relating to market development in each region that the company operates in, including anti-trust laws (unfair competition laws), financial reporting process and internal controls, insider trading restrictions, intellectual property rights and the safeguarding of confidential information, etc. The company strictly prohibits unlawful competitive behavior and unfair trading practices, and strives to encourage fair, law-abiding market development strategies and behavior, both at the company itself and at its international subsidiaries around the world. While working to develop global markets, the company also works to instill the company's business philosophy, which emphasizes freedom and fair competition, in each region.</p>	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If	■		<p>1. The company evaluates new suppliers in accordance with the Supplier Assessment Rules and takes social engagement, gender equality, employee welfare and policies, and satisfaction surveys into consideration for the evaluation of corporate social responsibility. In terms of environmental protection, the company also takes work environment, waste management, personnel safety, greenhouse gas</p>	None

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
so, describe the results.			<p>management, and RoHS hazardous substance management into consideration for the environmental protection and health evaluation to audit the actual actions taken by suppliers. In 2021, the company evaluated a total of 27 new suppliers. The company also complies with the provisions of international environmental legislation and customers’ requirements, working together with suppliers to implement the ongoing promotion of “green” production and enhance “green” competitiveness.</p> <p>2. The company treats its suppliers as partners and continuously enhances their awareness in sustainable development, inviting manufacturers to respond to policies of global sustainability together to gradually achieve sustainable development. The company regularly or irregularly conducts on-site audits and visits to assist suppliers in the implementation of corporate sustainable operations, enhances suppliers’ awareness on sustainable development, and shares its core values and business philosophy to help suppliers integrate these concepts into their corporate cultures and grow together with the company.</p>	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	■		Starting with the company's 2015 Corporate Social Responsibility (CSR) Report, every year the CSR Report’s materiality, responsiveness and inclusiveness is reviewed by an independent and impartial third-party organization in accordance with the AA1000AS Assurance Standard, and the body in question issues an independent assurance opinion. When compiling the 2021 CSR Report, the company followed the latest GRI Standards, adopted the latest assurance standards, and had the Report audited by a third-party assurance body.	None
<p>6. Describe the difference, if any, between actual practice and sustainable development principles, if the company has implemented such principles based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:</p> <p>With the aim of realizing corporate social responsibility and promoting economic, environmental, and social sustainable development, in November 2016, the company’s Board of Directors approved the company's new Corporate Social Responsibility Code of Practice, which was later amended into the Sustainable Development Code of Practice by the Board of</p>				

Evaluation Item	Implementation Status			Deviations from “ Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
Directors in March 2022, under the suggestions of the competent authority. This Code has been incorporated into the company’s management and operations, with no deviations from the Code up until the present time.				
7. Other useful information for explaining the status of sustainable development practices: By integrating multi-faceted capabilities, including the ATEN Corporate Social Responsibility Management Committee, the ATEN CSR Sustainable Development Committee, the ATEN Volunteer Club and the Ching-Tang Education Foundation, the company is able to demonstrate concern, assistance, and support for various issues, and use its capabilities as a business enterprise to promote sustainable development. In 2021, the ATEN Volunteer Club organized 21 volunteering activities, with a total of 1,461 instances of employee and external stakeholder participation, focusing on areas such as support for senior citizens, helping members of disadvantaged groups, safeguarding the environment in the local community, etc.				

3.3.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs (1)Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as	■		The company has formulated Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which are disclosed on the company's website. The policies and practices that the company uses to maintain business integrity and the commitment by the Board of Directors and the managerial officers to actively implement these policies are stipulated in the documents referred to above.	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
well as the active commitment of the Board of Directors and management towards enforcement of such policy?				
(2)Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	■		To realize the establishment of a corporate culture that emphasizes business integrity and to drive healthy corporate development, the Board of Directors approved the formulation of the Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which clearly stipulate measures for preventing unethical conduct, the related operational procedures, and the penalties for violations, etc.	None
(3)Does the company provide clearly the operating procedures, code of	■		The company’s Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct also clearly stipulate that the company’s Directors, managers	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			and employees are prohibited from giving or receiving bribes, and are prohibited from making illegal political contributions, etc. There were no violations of these stipulations in FY 2021.	
2.Fulfill operations integrity policy (1)Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	■		Before engaging in business transactions with agents, suppliers, customers or other business transaction partners, the company evaluates whether the business transaction partner in question has any record of illegality, or any record of unethical conduct.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while	■		In accordance with the provisions of the Procedures for Ethical Management and Guidelines for Conduct, the President Office has been given responsibility for the performance of ethical management related promotion and implementation. The President Office actively promotes ethical management, and reports annually on implementation status to the Board of Directors. The President Office has already reported to the Board of Directors on ethical management promotion and implementation on November 5, 2021 when reporting on Sustainable related work in FY 2021. The company has formulated Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which include, for example, the following stipulation: When a Director	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
overseeing such operations?			submits a proposal to the Board of Directors, if there is any potential conflict of interest in relation to the Director or a corporate body which that Director represents, then the Director in question may not participate in discussion of or voting on that proposal, and must recuse themselves when voting takes place.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	■		The company has formulated Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which include, for example, the following stipulation: When a Director submits a proposal to the Board of Directors, if there is any potential conflict of interest in relation to the Director or a corporate body which that Director represents, then the Director in question may not participate in discussion of or voting on that proposal, and must recuse themselves when voting takes place.	None
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to	■		The company has established accounting and internal control systems. Internal auditing personnel perform regular audits, and compile audit reports which are submitted to the Board of Directors.	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
perform the audits?				
(5)Does the company regularly hold internal and external educational trainings on operational integrity?	■		Integrity is one of the company's core values. Integrity-related lectures and training courses are held every year, and integrity is a required subject in the training provided for new employees, in order to ensure that all employees understand and adhere to principles of ethical behavior. In addition, internal or external training is arranged every year for the staff of key units - including internal auditing, finance and accounting, and the investor relations and capital markets department, as well as Directors and Supervisors - so that they can clearly appreciate the company’s commitment to ethical management and the consequences of unethical conduct.	None
3.Operation of the integrity channel (1)Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	■		In accordance with the provisions of the Corporate Governance Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, the company lists several e-mail addresses on the company’s website that can be used by different types of stakeholders for reporting violations. These include: These include the Reporting E-mail Address ( <a href="mailto:supervisor@aten.com">supervisor@aten.com</a> ), which constitutes a channel for communication between employees, shareholders and other stakeholders and the company’s Independent Directors, to enable the Independent Directors to promptly identify possible issues at the company. All e-mails sent to this address are received and properly handled by the company's three Independent Directors. Furthermore, in order to provide a channel for other types of stakeholders to communicate with the company, the company has also established the <a href="mailto:atencorp@aten.com">atencorp@aten.com</a> e-mail address, which the President Office uses to receive the views expressed	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			regarding the company by various types of stakeholder. The company has also commissioned various independent external organizations such as an Employee Assistance Program (EAP) to provide additional channels for communication with the company for employees and their family members. Matters reported via these channels are handled in accordance with the relevant procedures by the President Office and the Global Human Resources Division.	
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	■		The company’s Procedures for Ethical Management and Guidelines for Conduct stipulates standard operating procedures for investigating reported cases and related confidentiality.	None
(3) Does the company provide proper whistleblower protection?	■		The company’s Procedures for Ethical Management and Guidelines for Conduct stipulates that personnel handling reported cases must provide a written declaration that they will maintain confidentiality with respect to the identity of the reporting person and the content of the report. The company also undertakes to protect persons who have submitted reports from suffering any improper treatment as a result.	None
4.Strengthening information disclosure (1) Does the company disclose its ethical corporate management	■		In order for the company to build a corporate culture based around ethical management, and to achieve sound, healthy development, the company’s Board of Directors has approved the Corporate	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
policies and the results of its implementation on the company’s website and MOPS?			Governance Best Practice Principles, which are disclosed in the Investor Relations section of the company's website at <a href="https://www.aten.com/tw/zh/aten-info/investor-relations/corporate-governance/company-rules/">https://www.aten.com/tw/zh/aten-info/investor-relations/corporate-governance/company-rules/</a> .	
<p>6. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>The Company has formulated Corporate Governance Best Practice Principles, which prohibit unethical conduct, the taking or receiving of bribes, the provision of unlawful political contributions, and the giving or receiving of inappropriate gifts, entertainment or other inappropriate benefits, etc. The relevant policies have been posted on the company's website and on the Market Observation Post System (MOPS) for the reference of stakeholders. No discrepancies have been found.</p>				
<p>7. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>Integrity is the first of the company’s four core corporate values. The company strives to act with integrity in relation to all stakeholders, and to implement transparent corporate governance. The company has formulated Corporate Governance Best Practice Principles and a Code of Ethical Conduct, which Directors and employees are required to observe. Besides working to maximize benefits for both the company and its investors, the company has also consistently maintained a corporate philosophy that emphasizes giving back to society. The company has for many years now been actively involved in environmental protection and in realizing sustainable development for the local community, and has sought to establish itself as a model for good corporate citizenship that makes a positive contribution to society.</p>				

3.3.7 Disclose the inquiry methods if the company has established a Corporate Governance Code of Conduct and other relevant regulations.

About the regulations that set up by the Company, please refer to the Company’s official website:

<https://www.aten.com/tw/zh/aten-info/investor-relations/corporate-governance/company-rules/>

3.3.8 Other important information which is sufficient to understand corporate governance operation status must also be disclosed

In order to enhance corporate governance and facilitate compliance with amendments to the law, we have completed the formulation and amendments to the “Corporate Governance

Best Practice Principles”, “Rules for Board of Directors Performance Assessments”, “Rules Governing the Election of Directors”, “Sustainable Development Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, and “Procedures for Ethical Management and Guidelines for Conduct”. This Company also formulated the “Code of Ethical Conduct” to govern the ethics of the stakeholders of the Company. In addition, in order to establish a strong mechanism for the handling and disclosure of material inside information, this Company formulated the “Procedures for Handling Material Inside Information” and management procedures for the prevention of insider trading. The above rules have been announced on the Company’s website and the internal website of the Company for reference by investors and employees.

### 3.3.9 Statement of Declaration of Internal Control

Date: March 8, 2022

Based on the findings of a self-assessment, ATEN INTERNATIONAL CO., LTD. (ATEN) states the following with regard to its internal control system during the year 2021:

1. ATEN's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and ATEN takes immediate remedial actions in response to any identified deficiencies.
3. ATEN evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each criteria further contains several items. For more information on the abovementioned items, please refer to the Regulations.
4. ATEN has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of such evaluation, ATEN believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2021 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, timeliness and transparency in financial reporting, and compliance with relevant regulatory requirements, have reasonably and efficiently achieved the aforementioned objectives.
6. This statement is an integral part of ATEN's annual report for the year 2020 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was passed by the Board of Directors Meeting of the Company held on March 8 2022, with none of the 10 attending Directors expressed dissenting opinions, and the remainder all affirming the content of this Statement.

ATEN INTERNATIONAL CO., LTD.

Chairman: Sun-Chung Chen

President: Sun-Chung Chen

3.3.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements.

None

### 3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

#### a. Major Resolutions of Board Meetings

Meeting date and Session	Major Resolution
2021.1.27 1 <sup>st</sup> time of Year 2021	<ol style="list-style-type: none"> <li>1. Approved the bank credit for HQ and subsidiaries.</li> <li>2. Approved to authorize the top supervisor of the financial unit to implement the risk management of hedge product transaction.</li> <li>3. Approved 2021 business plan.</li> <li>4. Approved the amendment to "Internal Control System."</li> <li>5. Approved the amendments to "Ethical Corporate Management Best Practice Principles," "Regulation of Domestic and Overseas Business Trip," "Regulation of Employee Performance Appraisal Management," and "Regulations Governing Management of Employee Leave Requests and Overtime."</li> <li>6. Approved the proposed ratio for the distribution of remuneration for directors and the distribution of remuneration for employees of 2021.</li> <li>7. Approved 2020 year-end bonus paid to managers in January, 2021.</li> <li>8. Approved the proposed performance bonus for managers for the second half of 2020 to be distributed in 2021.</li> <li>9. Approved the 2020 performance appraisal result for managers and the proposed changes to the salaries of managers for 2021.</li> </ol>
2021.3.9 2 <sup>nd</sup> time for Year 2021	<ol style="list-style-type: none"> <li>1. Reported the communication between the accountant and the corporate governance units.</li> <li>2. Reported 2020 board performance evaluation.</li> <li>3. Approved 2020 Business Report and Financial Statements.</li> <li>4. Resolved to hold 2021 annual general shareholders' meeting.</li> <li>5. Approved the matters related to the acceptance of agenda item proposals by the shareholders for the 2021 annual general meeting.</li> <li>6. Approved the amendments to "Regulations Governing Procedure for Board of Directors Meetings", "Procedures of Acquisition or Disposal of Assets" and "Rules of Procedure for Shareholders Meetings."</li> <li>7. Approved the amendment to "Internal Control System."</li> <li>8. Approved assessments regarding the independence of the certifying accountant for this Company.</li> </ol>

Meeting date and Session	Major Resolution
	9. Approved 2020 Statement of Declaration of Internal Control. 10. Approved the Fiscal 2020 Earnings Distribution Proposal. 11. Approved the distribution of 2020 compensation for directors, supervisors, and employees.
2021.5.5 3 <sup>rd</sup> time of Year 2021	1. Reported 2021 Q1 consolidated financial statements. 2. Approved the bank credit for subsidiaries. 3. Approved the amendments to “Self-Evaluation or Peer Evaluation of the Board of Directors” and “Guidelines for the Adoption of Codes of Ethical Conduct.” 4. Approved the amendment to “Internal Control System.” 5. Approved the earning distribution proposal for 2021 Q1.
2021.8.6 4 <sup>th</sup> time of Year 2021	1. Reported liability insurance on behalf of its directors, supervisors, and significant staffs. 2. Reported the plan of intellectual property management. 3. Reported the risk management of information security. 4. Approved the bank credit for subsidiaries. 5. Approved 2021 Q2 business report and consolidated financial statements. 6. Approved the earning distribution proposal for 2021 Q2. 7. Approved to revise the date of 2021 annual general shareholders’ meeting. 8. Approved the amendment to “Regulation of Domestic and Overseas Business Trip.” 9. Approved the proposed performance bonus for managers for the first half of 2021. 10. Approved 2020 employee compensation paid to managers in 2021.
2021.9.9 5 <sup>th</sup> time of Year 2021	1. Approved to acquire the real estate.
2021.11.5 6 <sup>th</sup> time of Year 2021	1. Reported 2021 Q3 consolidated financial statements. 2. CSR work report. 3. Approved to revise 2021 annual audit plan. 4. Approved 2022 annual audit plan. 5. Approved the closure of the India office’s bank account. 6. Approved the amendment to “Procedures for Ethical Management and Guidelines for Conduct.” 7. Approved the earning distribution proposal for 2021 Q3. 8. Approved the bank credit for subsidiaries.

Meeting date and Session	Major Resolution
2022.1.25 1 <sup>st</sup> time of Year 2022	<ol style="list-style-type: none"> <li>1. Approved the bank credit for HQ and subsidiaries.</li> <li>2. Approved 2022 business plan.</li> <li>3. Approved the amendment to “Internal Control System.”</li> <li>4. Approved the proposed ratio for the distribution of remuneration for directors and the distribution of remuneration for employees of 2022.</li> <li>5. Approved the amendments to “Regulation of Remuneration Management” and “Regulations Governing Management of Employee Leave Requests and Overtime.”</li> <li>6. Approved 2021 year-end bonus paid to managers in January, 2022.</li> <li>7. Approved the proposed performance bonus for managers for the second half of 2021 to be distributed in 2022.</li> <li>8. Approved the 2021 performance appraisal result for managers and the proposed changes to the salaries of managers for 2022.</li> </ol>
2022.3.8 2 <sup>nd</sup> time for Year 2022	<ol style="list-style-type: none"> <li>1. Reported the communication between the accountant and the corporate governance units.</li> <li>2. Reported 2021 board performance evaluation.</li> <li>3. Report for the investment and launch of Mexico subsidiary.</li> <li>4. Approved 2021 Business Report and Financial Statements.</li> <li>5. Approved the Fiscal 2021 Earnings Distribution Proposal.</li> <li>6. Approved assessments regarding the independence of the certifying accountant for this Company.</li> <li>7. Approved 2021 Statement of Declaration of Internal Control.</li> <li>8. Approved the amendments to “Procedures of Acquisition or Disposal of Assets,” “Articles of Incorporation,” and “Sustainable Development Best Practice Principles.”</li> <li>9. Approved the amendment to “Internal Control System.”</li> <li>10. Approved the bank credit for subsidiaries.</li> <li>11. Approved the distribution of 2021 compensation for directors and employees.</li> <li>12. Resolved to hold 2022 annual general shareholders’ meeting.</li> <li>13. Approved the matters related to the acceptance of agenda item proposals by the shareholders for the 2022 annual general meeting.</li> </ol>

**b. Important Resolutions of the 2021 Shareholders’ General Meeting**

(1) Recognize 2020 business report and financial statement.

Resolution: Approved by the 2021 shareholders’ meeting.

(2) Recognize the Fiscal 2020 Earnings Distribution Proposal.

Resolution: Approved to distribute cash dividends amounting to NT\$657,091,413 (NT\$5.5 per share) to shareholders. The base date of distribution of the second quarter was November 25, 2020, with a cash dividend of NT\$298,677,915 (NT\$2.5 per share); the dividend distribution date was December 16, 2020. The base date of distribution of the fourth quarter was July 28, 2021, with a cash dividend of NT\$358,413,498

(NT\$3 per share), and the dividend distribution date was August 18, 2021.

(3) Amendment to “Rules of Procedure for Shareholders Meetings.”

Plan implementation status: Passed resolution, implemented in accordance with the amended “Rules of Procedure for Shareholders Meetings.”

(4) Amendment to “Procedures of Acquisition or Disposal of Assets.”

Plan implementation status: Passed resolution, implemented in accordance with the amended “Procedures of Acquisition or Disposal of Assets” and disclosed on the company website after the amendment of “Procedures of Acquisition or Disposal of Assets”.

3.3.12 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.

None.

3.3.13 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, corporate governance personnel, and principal research and development officer.

None.

### 3.4 Information Regarding the Certified Company’s Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Period Covered by CPA’s Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Po-Shu Huang	Chung-Shun Wu	2021.01.01~ 2021.12.31	3,600	740 (Remarks)	4,340	Tax Audit and Review annual report

3.4.1 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

3.4.2 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: None.

### 3.5 Replacement of CPA : None

### 3.6 Where the company's chairperson, general manager, or any managerial officer in

**charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None**

**3.7 Changes in shares held, transferred, and pledged by directors, supervisors, managers, and major shareholders holding over 10% of outstanding shares in the most recent year and up to the publication of the annual report:**

3.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2021		As of Apr. 19, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Sun-Chung Chen	-	-	-	-
Vice Chairman	Shang-Jen Chen	-	-	-	-
Director/ Sr. Vice President	Yung-Da Lin	3,000	-	-	-
Director	Kun-Yu Chao	-	-	-	-
Director	Shiu-Ta Liao	-	-	-	-
Director	Se-Se Chen	-	-	-	-
Director	Chen-Lin Kuo	-	-	-	-
Independent Director	Wei-Jen Chu	-	-	-	-
Independent Director	Chung-Jen Chen	-	-	-	-
Independent Director	Chun-Chung Chen	-	-	-	-
Vice President	Tim Chiang	-	-	-	-
Sr. Assistant Vice President	Elizabeth Anlen Wang	-	-	-	-
Sr. Assistant Vice President	Jian-Nan Chen	-	-	-	-
Sr. Assistant Vice President	Lanie Chen	-	-	-	-
Sr. Assistant Vice President	Sean Huang	-	-	-	-
Sr. Assistant Vice President	Sherry Tung	-	-	-	-

Title	Name	2021		As of Apr. 19, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Assistant Vice President	Candy Liao	(9,000)	-	-	-
Assistant Vice President	Jack Chen	-	-	-	-
Assistant Vice President	Frank Chang	-	-	-	-
Assistant Vice President	Thomas Chang	-	-	-	-
Assistant Vice President	Bowei Lai	-	-	-	-
Assistant Vice President	Michael Tseng	-	-	-	-
Assistant Vice President	Mike Chiang	9,000	-	-	-
Assistant Vice President	George Lee	-	-	-	-
Assistant Vice President	Hank Kwuo	-	-	-	-
Assistant Vice President	Gary Lee	-	-	-	-
Assistant Vice President	Max Huang	6,650	-	-	-

3.7.2 Shares Trading with Related Parties: None.

3.7.3 Shares Pledge with Related Parties: None.

### 3.8 Relationship among the Top Ten Shareholders.

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Shang-Jen Chen	6,789,342	5.68%	2,390,970	2.00%	0	0%	Li-Yue Pan Jin-Tang Chen Ren Liao Sun-Chung Chen	Spouse Father Mother Brother	-
Jin-Tang Chen	6,449,352	5.40%	4,131,796	3.46%	0	0%	Ren Liao Shang-Jen Chen Sun-Chung Chen Li-Yue Pan	Spouse Son Son Daughter in Law	-

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Capital Securities Nominee Limited	4,569,277	3.82%	0	0%	0	0%	None	None	-
Ren Liao	4,131,796	3.46%	6,449,352	5.40%	0	0%	Jin-Tang Chen Sun-Chung Chen Shang-Jen Chen Li-Yue Pan	Spouse Son Son Daughter in Law	-
Sun-Chung Chen	4,049,087	3.39%	629,446	0.53%	0	0%	Jin-Tang Chen Ren Liao Shang-Jen Chen Li-Yue Pan	Father Mother Brother Sister in Law	-
Yuan-Qiao Co., Ltd.	4,000,000	3.35%	0	0%	0	0%	None	None	-
Representative: Qing-Qing Lin	0	0%	0	0%	0	0%	None	None	-
Huei-Jyuan Liao	3,326,331	2.78%	0	0%	0	0%	-	-	-
Yu-Li Liao (Candy Liao)	2,629,097	2.20%	0	0%	0	0%	None	None	-
Li-Yue Pan	2,390,970	2.00%	6,789,342	5.68%	0	0%	Shang-Jen Chen Jin-Tang Chen Ren Liao Sun-Chung Chen	Spouse Father in Law Mother in Law Brother in Law	-
Mei-Xing Lin	2,216,879	1.86%	0	0%	0	0%	None	None	-

Note 1: The top ten shareholders shall be listed in full; corporate shareholder shall list its name and the names of its proxy separately.

Note 2: The calculation of the shareholding percentage refers to the percentage of shares held in his/her/its own name, or under the name of his/her/its spouse, children under twenty (20) years of age, or others.

Note 3: The relationship between above-listed juristic person shareholders and natural person shareholders shall be disclosed pursuant to the regulations governing the preparation of financial reports of the issuer.

### 3.9 The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company.

As of Mar. 31, 2022; Unit: Shares/%

Affiliated Enterprises Note 1	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ATEN COMPUTER PRODUCTS CO., LTD.	4,299,998	99.999%	2	0.001%	4,300,000	100%
ATEN RESEARCH INC.	2,840	95%	0	0%	2,840	95%

Affiliated Enterprises Note 1	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
VISIONTOP CO., LTD.	6,472,066	59.58%	2,203,392	20.28%	8,675,458	79.87%
ATECH PERIPHERALS INC.	10,000,000	100%	0	0%	10,000,000	100%
TOPMOST INTERNATIONAL CO., LTD.	700,000	100%	0	0%	700,000	100%
ATEN TECHNOLOGY, INC.	0	0%	8,672,084.37	99.11%	8,672,084.37	99.11%
ATEN INFOTECH N.V.	58,343	99.998%	1	0.002%	58,344	100%
ATEN JAPAN CO., LTD.	1,600	100%	0	0%	1,600	100%
ATEN US HOLDINGS INC.	9,380,000	100%	0	0%	9,380,000	100%
FOREMOST INTERNATIONAL CO. LTD.	2,180,628	100%	0	0%	2,180,628	100%
EXPAND INTERNATIONAL CO., LTD.	0	0%	689,965	100%	689,965	100%
ATEN EUROPE LTD.	0	0%	1,069,000	100%	1,069,000	100%
ATEN NEW JERSEY INC.	0	0%	800,000	100%	800,000	100%
ATEN UK LTD.	0	0%	650,000	100%	650,000	100%
ATEN KOREA CO., LTD.	0	0%	102,000	85%	102,000	85%
ATEN CHINA CO., LTD	Note 2	30%	Note 2	70%	Note 2	100%
ATEN FOREMOST CO., LTD	—	—	Note 2	100%	Note 2	100%
I/O MASTER INC.	0	0%	700,000	100%	700,000	100%
ATEN CANADA TECHNOLOGIES INC.	0	0%	300	100%	300	100%
IOGEAR INC.	0	0%	10	100%	10	100%

Affiliated Enterprises Note 1	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
EXPAND ELECTRONICS CO., LTD	—	—	Note 2	100%	Note 2	100%
HONG ZHENG CO., LTD.	1,600,000	100%	0	0%	1,600,000	100%
HONG YUAN CO., LTD.	1,600,000	100%	0	0%	1,600,000	100%
ATEN ANZ PTY. LTD.	3,500,000	100%	0	0%	3,500,000	100%
RCM FULLY AUTOMATION CO., LTD.	780,000	26%	2,220,000	74%	3,000,000	100%
ATEN INFO COMMUNICATION LLC.	2,000	100%	0	0%	2,000	100%
ATEN POLAND SP. Z O.O.	20,000	100%	0	0%	20,000	100%
ATEN ROMANIA S.R.L.	,000	100%	0	0%	80,000	100%
ATEN ADVANCE PRIVATE LIMITED	2,200,000	100%	0	0%	2,200,000	100%
ATEN LATAM MEXICO S.A DE C.V.	5,148,000	99%	52,000	1%	5,200,000	100%

Note 1: The Company's long-term investment under equity method.

Note 2: ATEN CHINA CO., LTD, ATEN FOREMOST CO., LTD, and EXPAND ELECTRONICS CO., LTD are limited liability Companies which do not issue stocks.

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### A. Issued Shares

As of Apr. 19, 2022

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1979.06	10	200,000	2,000,000	200,000	2,000,000	Capitalization by cash	-	
1982.04	10	400,000	4,000,000	400,000	4,000,000	Capitalization by cash	-	
1983.01	10	800,000	8,000,000	800,000	8,000,000	Capitalization by cash	-	
1984.06	10	1,500,000	15,000,000	1,500,000	15,000,000	Capitalization by cash	-	
1987.09	10	3,000,000	30,000,000	3,000,000	30,000,000	Capitalization by cash	-	
1988.10	10	4,000,000	40,000,000	4,000,000	40,000,000	Capitalization by cash	-	
1990.05	13	10,000,000	100,000,000	10,000,000	100,000,000	Capitalization by cash	-	
1990.08	13	15,097,360	150,973,600	15,097,360	150,973,600	Capitalization by cash	-	
1996.08	15	19,871,700	198,717,000	19,871,700	198,717,000	Capitalization by cash 10,000,000 Capitalization by earning 37,743,400	-	
1999.09	10	25,833,210	258,332,100	25,833,210	258,332,100	Capitalization by earning 59,615,100	-	
2000.09	10	40,000,000	400,000,000	33,889,173	338,891,730	Capitalization by earning 77,499,630 Capitalization by employee stock bonus 3,060,000	-	Note 1
2001.08	10	40,000,000	400,000,000	39,423,549	394,235,490	Capitalization by earning 50,833,760 Capitalization by employee stock bonus 4,510,000	-	Note 2
2002.08	65	120,000,000	1,200,000,000	62,272,571	622,725,710	Capitalization by cash 39,884,250 Capitalization by earning 177,405,970 Capitalization by employee stock bonus 11,200,000	-	Note 3
2003.07	10	120,000,000	1,200,000,000	73,113,457	731,134,570	Capitalization by earning 93,408,860 Capitalization by employee stock bonus 15,000,000	-	Note 4
2004.07	10	120,000,000	1,200,000,000	81,974,803	819,748,030	Capitalization by earning 73,113,460 Capitalization by employee stock bonus 15,500,000	-	Note 5
2005.07	10	120,000,000	1,200,000,000	87,497,694	874,976,940	Capitalization by earning 40,228,910 Capitalization by employee stock bonus 15,000,000	-	Note 6
2005.09	10	120,000,000	1,200,000,000	88,021,194	880,211,940	Exercise of employee stock options 5,235,000	-	
2005.12	10	120,000,000	1,200,000,000	88,074,694	880,746,940	Exercise of employee stock options 535,000	-	
2006.03	10	120,000,000	1,200,000,000	88,097,194	880,971,940	Exercise of employee stock options 225,000	-	

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2006.06	10	120,000,000	1,200,000,000	88,102,194	881,021,940	Exercise of employee stock options 50,000	-	
2006.07	10	120,000,000	1,200,000,000	96,229,806	962,298,060	Capitalization by earning 51,948,120 Capitalization by employee stock bonus 29,328,000	-	Note 7
2006.09	10	120,000,000	1,200,000,000	96,420,556	964,205,560	Exercise of employee stock options 1,907,500	-	
2007.01	10	120,000,000	1,200,000,000	96,490,306	964,903,060	Exercise of employee stock options 697,500	-	
2007.04	10	120,000,000	1,200,000,000	96,521,056	965,210,560	Exercise of employee stock options 307,500	-	
2007.04	10	120,000,000	1,200,000,000	96,526,056	965,260,560	Exercise of employee stock options 50,000	-	
2007.07	10	120,000,000	1,200,000,000	96,586,056	965,860,560	Exercise of employee stock options 600,000	-	
2007.09	10	120,000,000	1,200,000,000	104,856,859	1,048,568,590	Capitalization by earning 48,263,030 Capitalization by employee stock bonus 31,000,000 Exercise of employee stock options 3,445,000	-	Note 8
2008.02	10	120,000,000	1,200,000,000	104,935,609	1,049,356,090	Exercise of employee stock options 787,500	-	
2008.05	10	120,000,000	1,200,000,000	104,991,359	1,049,913,590	Exercise of employee stock options 557,500	-	
2008.07	10	150,000,000	1,500,000,000	105,013,609	1,050,136,090	Exercise of employee stock options 222,500	-	
2008.08	10	150,000,000	1,500,000,000	112,291,190	1,122,911,900	Capitalization by earning 52,775,810 Capitalization by employee stock bonus 20,000,000	-	Note 9
2008.10	10	150,000,000	1,500,000,000	112,320,940	1,123,209,400	Exercise of employee stock options 297,500	-	
2009.01	10	150,000,000	1,500,000,000	110,320,940	1,103,209,400	Cancellation of treasury stock 20,000,000	-	
2009.08	10	150,000,000	1,500,000,000	119,471,166	1,194,711,660	Capitalization by earning 77,224,660 Capitalization by employee stock bonus 52,969,930	-	Note 10

Note 1: Tai. Chai. Chen. I. Tzi. No. 47783 Letter dated June 5, 2000

Note 2: Tai. Chai. Chen. I. Tzi. No. 131089 Letter dated May 21, 2001

Note 3: Tai. Chai. Chen. I. Tzi. No. 0910131615 Letter dated June 11, 2002

Note 4: Tai. Chai. Chen. I. Tzi. No. 0920121869 Letter dated May 19, 2003

Note 5: Tai. Chai. Chen. I. Tzi. No. 0930118821 Letter dated May 11, 2004

Note 6: FSC. S. I. Tzi No. 0940125412 Letter dated June 24, 2005

Note 7: FSC. S. I. Tzi No. 0950127657 Letter dated June 30, 2006

Note 8: FSC. S. I. Tzi No. 0960034407 Letter dated July 5, 2007

Note 9: FSC. S. I. Tzi No. 0970033039 Letter dated July 2, 2008

Note 10: FSC. S. Far. Tzi No. 0980033254 Letter dated July 3, 2009

B. Type of Stock

As of Apr. 19, 2022; Unit: Share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	119,471,166	30,528,834	150,000,000	-

C. Shelf Registration Related Information: Not applicable.

4.1.2 Status of Shareholders

As of Apr. 19, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	4	53	126	10,537	10,720
Shareholding (shares)	0	1,669,000	8,131,456	15,535,119	94,135,591	119,471,166
Percentage	0.00%	1.40%	6.81%	13.00%	78.79%	100.00%

4.1.3 Shareholding Distribution Status

As of Apr. 19, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	1,911	342,742	0.29%
1,000-5,000	7,016	14,180,402	11.87%
5,001-10,000	921	7,036,085	5.89%
10,001-15,000	284	3,585,399	3.00%
15,001-20,000	166	3,016,238	2.52%
20,001-30,000	141	3,558,213	2.98%
30,001-40,000	81	2,868,036	2.40%
40,001-50,000	38	1,706,763	1.43%
50,001-100,000	79	5,525,906	4.63%
100,001-200,000	24	3,259,149	2.73%
200,001-400,000	14	3,799,909	3.18%
400,001-600,000	14	7,001,490	5.86%
600,001-800,000	7	4,981,476	4.17%
800,001-1,000,000	4	3,555,742	2.98%
1,000,001 or over	20	55,053,616	46.07%
Total	10,720	119,471,166	100.00%

## 4.1.4 List of Major Shareholders

As of Apr. 19, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Shang-Jen Chen	6,789,342	5.68%
Jin-Tang Chen	6,449,352	5.40%
Capital Securities Nominee Limited	4,569,277	3.82%
Ren Liao	4,131,796	3.46%
Sun-Chung Chen	4,049,087	3.39%
Yuan-Qiao Co., Ltd.	4,000,000	3.35%
Huei-Jyuan Liao	3,326,331	2.78%
Yu-Li Liao	2,629,097	2.20%
Li-Yue Pan	2,390,970	2.00%
Mei-Xing Lin	2,216,879	1.86%

## 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item		2022Q1	2021	2020	
Market Price per Share (Note 1)	Highest	82.70	93.10	94.30	
	Lowest	80.00	80.10	71.00	
	Average	81.37	84.38	85.30	
Net Worth per Share (Note 2)	Before Distribution	38.19	39.19	40.07	
	After Distribution	—	—	—	
Earnings per Share	Weighted Average Shares (thousand shares)	119,471	119,471	119,471	
	Earnings Per Share (Note 3)	1.14	5.33	12.55	
Dividend Per Share	Cash Dividend	—	5.20	5.50	
	Stock dividend without compensation	From retain earnings	0	0	0
		From capital surplus	0	0	0
	Accrued undistributed dividend (Note 4)	0	0	0	
Return on Investment	Price / Earnings Ratio (Note 5)	—	15.83	6.80	
	Price / Dividend Ratio (Note 6)	—	16.23	15.51	
	Cash Dividend Yield Rate (Note 7)	—	6.16%	6.45%	

Note 1 : List the highest and lowest price of the common stocks in that year, and the average market price for that year is calculated based on the transaction values and transaction amounts.

Note 2 : Use the number of circulated shares at the end of the year as the base, then the dividend distributed determined in the meeting of board of directors or the coming year's stockholders' meeting.

Note 3 : If there is any retroactive adjustment from the stock dividend without compensation, then it should list earning per share on before and after adjustment.

Note 4 : If the equity investment has constraint that limits the undistributed dividend for that year and it is cumulated until to later profitable year. Then it should disclose the cumulative undistributed dividend up to that year.

Note 5 : P/E = current year average share price at closing / earnings per share.

Note 6 :  $P/C$  = current year average share price at closing / cash dividend per share.

Note 7 :  $C/P$  = cash dividend per share / current year average share price.

#### 4.1.6 Dividend Policy and Implementation Status

##### A. Dividend Policy

Article 25 of “the Articles of Incorporation”:

The Company will consider the business environment and stage of growth for the Company, respond to future financing needs and long-term financial planning and satisfy shareholders’ needs for cash flow and distribution. The Company will distribute 30% of the distributable surplus as dividends for shareholders, among which, the Company shall distribute no less than 10% of its current dividends in cash. These ratios may be raised in the future where earnings and available capital are higher.

##### B. Dividend distributions proposed at the most recent shareholders' meeting

On August 6, 2021 and March 8, 2022, the Board of Directors approved the distribution of a cash dividend of NTD 2.3 per share in the second quarter of FY 2021 and a cash dividend of NTD 2.9 per share in the fourth quarter of FY 2021, giving a total cash dividend distribution of NTD 5.2 per share in FY 2021. In the case where the Company subsequently makes a stock repurchase, affecting the number of outstanding shares, thus changing the stock dividend ratio for shareholders, it is proposed that the board of directors be fully authorized to handle relevant matters. However, such a distribution proposal has yet to be approved by the shareholders’ meeting.

C. If a material change in dividend policy is expected, provide an explanation: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

#### 4.1.8 Compensation of Employees, Directors and Supervisors

##### A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation

Article 24 of “the Articles of Incorporation”:

For this year, the Company's net income before tax before deducting remuneration to employees and directors 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 for an amount not more than 2% of the balance.

Employees’ remuneration and directors’ and supervisors’ remuneration may be distributed in the form of cash or stocks, subject to a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting. Those receiving employee remuneration in stocks or cash include employees of subordinate companies meeting certain criteria.

The Company's annual earnings at the end of the fiscal year shall be first subject to taxation, reimbursement of previous losses, followed by a 10% provision for statutory earnings reserve and special reserve by law or reversal. The board of directors shall draft distribution proposals for any remainder and submit such proposals for approval at the shareholders' meeting.

The dividends and bonus which shall be distributed by the company, all or part of the statutory earnings reserve and capital surplus, when distributed in cash, shall be done by a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.

C. Distribution of Compensation of Employees, Directors and Supervisors for 2021 Approved in the Board of Directors Meeting

##### (1) Recommended Distribution of Compensation of Employees and Directors:

The estimated amount for employee compensation and directors’ compensation is NTD 129,874,405 and NTD 11,544,392, respectively, which is all distributed in cash. There is no discrepancy between that amount

and the estimated figure for the fiscal year these expenses are recognized.

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

D. The actual distribution of employee and director compensation for the previous fiscal year:

- (1) Compensation for employee: The actual distribution compensation amount for employee for the previous fiscal year 2020 is NTD 181,580,462, which is identical with the amount that BOD approved.
- (2) Compensation for director and supervisor: The actual distribution compensation amount for director and supervisor for the previous fiscal year 2020 is NTD 21,789,655, which is identical with the amount that BOD approved.

4.1.9 Buyback of Treasury Stock: None.

**4.2 Bonds: None.**

**4.3 Preferred Shares: None.**

**4.4 Global Depository Receipts: None.**

**4.5 Employee Stock Options: None.**

**4.6 New Restricted Employee Shares: None.**

**4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.**

**4.8 Financing Plans and Implementation: None.**

## V. Operational Highlights

### 5.1 Business Activities

#### 5.1.1 Scope of Business

##### A. Main Activities

- a. Designing, manufacturing and selling of IT infrastructure access management solution products.
- b. Designing, manufacturing and selling of professional A/V products.
- c. Designing, manufacturing and selling of intelligence energy management solution products.
- d. Designing, manufacturing and selling of various types of resource sharing devices.
- e. Designing, manufacturing and selling of interface converters, extenders and splitters.

##### B. Major Product Lines and Contributions to Total Consolidated Sales

Unit: NT\$ thousands

Item	Year	2021		2010	
		Amount	Ratio (%)	Amount	Ratio (%)
IT Infrastructure Access Management Solution Products		3,164,373	61.28%	2,940,354	60.96%
Video Products		848,283	16.43%	797,163	16.53%
Other Products		1,151,035	22.29%	1,086,097	22.52%
Total		5,163,691	100.00%	4,823,613	100.00%

##### C. Products and Services Provided by the Company

Since its establishment in 1979, ATEN has dedicated itself to the development of different types of connector, controller and management devices, in line with our vision of “Simply Better Connections” and our goal of creating value for industry and for society as a whole. Thanks to many years of hard work, ATEN is now able to provide a comprehensive range of “total solutions” that encompass IT Infrastructure Access Management Solutions, Professional Audio & Video Product Solutions, and Green Energy Solutions.

In the IT Infrastructure Access Management Solutions segment, ATEN provides comprehensive solutions that help customers to manage PCs, servers, networking equipment, data storage devices, power splitters and other IT equipment more efficiently. Besides our core KVM switch (for simultaneous control of multiple computers from a single or multiple sets of keyboard, video monitor and mouse) product line, ATEN also offers LCD KVM switches, multi-port matrix switch products and video extenders. ATEN is thus able to provide total solutions for the remote, centralized management of large control rooms and data centers. ATEN’s IP based KVM, Over-IP PDU and IP based serial signal management devices are integrated using centralized management software with freeze screen management function; ATEN’s solutions are both powerful and easy to use.

Since 2008, ATEN has been developing the professional audio/video systems product line. The VanCryst product range includes video switches, video splitters, video extenders and video converters that support a variety of different interfaces. For large-scale medium- and high-end audio and video applications, the

VanCryst range offers multi-port matrix switches and long-range extenders. With superb image quality enhancement function and easy-to-use remote management software, ATEN’s VanCryst products constitute a simple, innovative solution.

In addition, over the past few years ATEN has been working actively to secure participation in international certification and technology alliances, so as to ensure that ATEN products provide a high level of compatibility with other world-leading brands, thereby helping ATEN itself to confirm its position as a leading player in the global professional audio/video solutions market. Having rolled out a series of high-end, modularized matrix solutions and control systems, ATEN has become one of only a handful of Taiwanese companies to establish itself within the high-end professional audio/video solutions segment, competing on an equal footing with leading international corporations.

In 2012, ATEN launched the “green energy” product line, with “Energy Intelligence” as its core vision. NRGence comprises a series of environmentally-friendly control room solutions that help to optimize energy usage.

Other ATEN product lines include USB hubs, USB extenders, and many different types of interface converters, extenders, splitters, switches, etc. ATEN products support the latest interfaces, including USB Type-C and Thunderbolt 3, etc., meeting users' needs for high-speed data transmission.

In 2019, the UC9020 StreamLIVE™ HD multipurpose live streaming machine was officially launched. This product is a simple multipurpose live streaming solution mainly targeting professional live streaming, commercial promotions, video conferences, small-scale exhibitions, lectures and academic conferences. Apart from receiving the COMPUTEX 2019 Best Choice Award, it went on to receive the Good Design Award of Japan, which is considered a world-class design award, thus symbolizing ATEN International’s first successful move into the live streaming equipment business.

#### D. New Products and Services Currently Being Developed

<p>Development of a range of high-performance KVM matrix system products for use in the management and integration of KVM equipment for control room applications.</p>	<ol style="list-style-type: none"> <li>(1) Integration of KVM-over-IP extender and matrix management software.</li> <li>(2) Flexible extension and control for independent network computer access, using Cat 5e/6 network cabling or SPF fiber optic receiver module connection to 10Gb Ethernet, to support remote management over long distances.</li> <li>(3) Provision of highest 5120x1440 @ 60Hz, 5120x2880 @ 30Hz, and 4096x2160 @ 60 Hz high-resolution imaging, ensuring vivid colors and sharp images even with "dense" static images.</li> <li>(4) Intuitive, easy-to-use multifunction video walls.</li> <li>(5) Unique rapid switching technology that is exclusive to ATEN, allowing immediate switching between different resolutions to support video surveillance and other surveillance applications.</li> <li>(6) Provision of powerful user authorization functions and interconnected device centralized management functions for enterprises and government agencies that need high levels of security, along with the provision of</li> </ol>
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	long-distance transmission solutions for encrypted data.
Development of the new-generation Prosumer KVM series of products, targeting True 4K resolution, mixed-signal and multi-screen office applications.	<ul style="list-style-type: none"> <li>(1) In-depth and wide-ranging research to support the development of Prosumer KVM series products with True 4K high-resolution, superior image quality, superior 120Hz/144Hz sound quality.</li> <li>(2) Coordinated development of hybrid solutions for computers using the USB-C and DisplayPort interface and for computers using the USB-C and HDMI interface.</li> <li>(3) Coordinated development of power delivery technology to support the USB-C interface.</li> <li>(4) Coordinated development of Gen. 1 peripheral devices and audio devices for USB 3.1.</li> <li>(5) In-depth and wide-ranging research on multi-screen output.</li> </ul>
Development of a range of Secure KVM switch products that conform to the Protection Profile for Peripheral Sharing Device (PP PSD) international standard for KVM devices.	<ul style="list-style-type: none"> <li>(1) Awarded NIAP PP 4.0 international certification.</li> <li>(2) The physical circuit isolation and one-way data transmission design ensure complete separation of signals when using linked physical devices with different levels of security.</li> <li>(3) The proactive peripheral device filtering function ensures that operators cannot use data storage devices to steal data, or use abnormal signals to disrupt device operation.</li> <li>(4) First-class intrusion prevention and tamper protection design ensures that, even if a Secure KVM suffers malicious damage, data transmission to and from peripheral devices and other connected devices can be effectively interrupted and isolated.</li> <li>(5) Managers can use the Secure KVM's built-in overwrite-prevention data recording function to examine important incidents and operational data.</li> </ul>
Technical integration and application of consumer electronics on desktops and peripheral products for gaming consoles.	<ul style="list-style-type: none"> <li>(1) Development of USB 3.0/3.1 products.</li> <li>(2) Development of USB and Bluetooth products.</li> <li>(3) Development of computer/mobile phone/game controller switch products.</li> <li>(4) Coordinated development of DisplayPort/Thunderbolt/Type C products.</li> <li>(5) Research and development into the integration of applications for video and audio capturing on computers and phones, live streaming, and audio mixer.</li> </ul>
Integration and applications of Audio/ Video connector management products.	<ul style="list-style-type: none"> <li>(1) Development of 4K ultra high-definition, long-range broadcasting transmission products.</li> <li>(2) Development of 4K fiber-optic interface products.</li> <li>(3) Development of True 4K standard, medium-sized and large modular array products.</li> <li>(4) Development of 4K TV wall processor products.</li> <li>(5) Development of 4K Over IP online video management products.</li> </ul>

	<p>(6) Development of 4K / True 4K / HDBaseT products, including standard and wall plate equipped transmitter products.</p> <p>(7) 4K high-definition image rotation and overlay.</p> <p>(8) Optimization of operating and management software, including Web GUI enhancement and apps.</p> <p>(9) Developments of a True 4K seamless multi-function presentation matrix switch system.</p> <p>(10) Development of Dante products.</p>
Smart Control System.	<p>(1) Development of centralized control boxes.</p> <p>(2) Development of user interface software for control applications.</p> <p>(3) Development of design integration software tools.</p> <p>(4) Development of distributed control extension box products.</p> <p>(5) Development of software modules for environmental control applications.</p> <p>(6) Ongoing establishment of a device control database.</p> <p>(7) Development of wall plate equipped streamlined controller products.</p> <p>(8) Development of a platform for centralized global management of Audio/Video devices.</p> <p>(9) Development of Room Booking System(RBS).</p>
PE series electric power and green energy integration and applications.	<p>(1) Development of new-generation intelligence PDU and “green energy” sensors.</p> <p>(2) Undertaking R&amp;D work relating to the efficient use of energy.</p> <p>(3) Undertaking R&amp;D work relating to “green data center” overall cooling, ventilation, electric power and energy efficiency.</p>
EC series electric power and green energy integration and applications.	Development of data center environment monitoring and measurement tools for improving energy conservation.

### 5.1.2 An Overview of the Industry

#### A. The Current Status and Future Development of the Industry

As regards the current state of the IT infrastructure management industry, with the steady increase in computer and Internet usage, IT infrastructure has tended to become larger and more complex, leading to the emergence of an entire industry dedicated to meeting IT infrastructure management needs. From the point of view of the end user, the number of alternative products available is limited, so market demand has continued to grow steadily. The key factors affecting market growth can be summarized as follows:

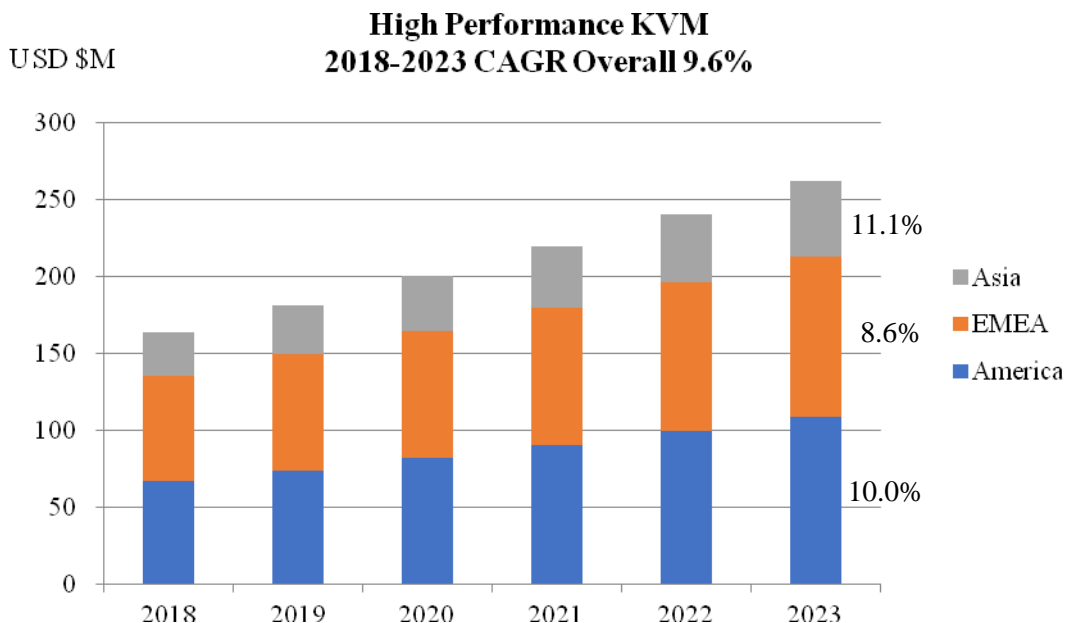
- a. Convenience: KVM products make it easy and convenient for IT managers to implement centralized control of multiple PCs and servers. KVM products facilitate the sharing of resources, help to save space, are easy to operate and reduce management costs, making for improved work efficiency.
- b. A global market: With business enterprises continuing to expand their global networks and establish new sites overseas, KVM products can be used to resolve issues affecting servers and related

- equipment on a real-time basis.
- c. Continuing investment in IT hardware: Companies all over the world continue to deploy new IT hardware; KVM products facilitate efficient management of corporate IT infrastructure.
  - d. The growth in the server market and the integration of server platforms: KVM products can be used to manage large numbers of servers. With the continued growth of the server market and the trend for companies to multiple entry-level servers instead of one powerful but very expensive sever, KVM products provide a way for firms to connect these multiple cost-effective servers, and facilitate more efficient server management.
  - e. Economic growth in Asia and in other emerging markets: The strong economic growth in Asia and in emerging markets in other parts of the world has led to a steady increase in demand for data management solutions both in the private sector and in government. KVM products can help both government agencies and business enterprises to implement efficient data management; as a result, demand for KVM products has been growing rapidly in Asia and in emerging economies elsewhere.
  - f. Demand deriving from the growth of the Internet: The emergence of the Internet has made it possible for IT personnel to manage servers remotely from any location. At the same time, falling product prices have made medium-sized enterprises more willing to purchase over-IP KVM products, which in turn has created higher profit margins for KVM product vendors.
  - g. Low-price personal computers: The prices of personal computers have been dropping fast following the Moore's law. Nowadays it is common for a person to own more than one computer, which indirectly boosts the demands for SOHO KVM switch. The A/V interface also shifts gradually from VGA analog interface to DVI/HDMI digital interface. Recently the A/V interface even tends to upgrade to DisplayPort and Type C.
  - h. Emergence of cloud computing: Cloud computing provides a brand new computational framework and enables users to enjoy convenient services anytime and anywhere. The emergence of cloud computing service is a major trend in recent years along with maturing software, hardware and transmission technology. The cloud computing infrastructure is essentially a large data center, which will have high demands for remote control products.
  - i. The Growing Importance of Information Security: With the dramatic growth of the Internet, exchanging information has become steadily more convenient. However, from the point of view of IT managers, protecting data security has become much more challenging. The restricted connectivity characteristic of KVM switch products means that adopting KVM devices can substantially enhance information security, preventing unnecessary online connections and reducing the risk of data leaks.
  - j. Demand for isolation of Intranets from the Internet: Due to information security considerations, government agencies need both Intranet servers and external Internet servers, to ensure the required separation between physical devices; this has stimulated the emergence of market demand for new applications in the Secure KVM market.
  - k. Emergence of Industry 4.0 and the Internet of Things (IoT): The "Industry 4.0" concept was first introduced in Germany in 2012, and has since become a major new trend in the advanced nations. The idea behind Industry 4.0 is to achieve seamless integration of IT technology, communications,

operating systems and manufacturing facilities, so as to stimulate the development of industrial automation and “smart” decision-making, thereby providing a safe, efficient, fast, highly-automated manufacturing environment that meets production and sales requirements. The growth of Industry 4.0 will create a whole new wave of demand for IT architecture management solutions.

- l. The widespread adoption of large-sized, high-resolution displays has stimulated growth in demand for High Performance KVM Switches: In the past, broadcasting and media firms - particularly in North America and Western Europe - have been the main customers for High Performance KVM Switches. Recently, however, there has been new growth in demand in the transportation sector, for example control room applications for airports and underground railway stations, and there has also been a shift away from analog switches towards Digital High Performance KVM Switches. This has stimulated rapid growth in demand in the High Performance KVM Switch market throughout the world.
- m. Remote working and teaching demands: Under the impact of climate change, globalization, unpredictable nature disasters are increasing day by day (such as wild fires, typhoons, epidemics, etc.). Adopting remote technology that is both convenient and safe have become a task and trend faced by governments and industries in various countries. Remote working and teaching technology can satisfy such demands anytime and anywhere, and it is also safe and cost-efficient.

Worldwide High performance KVM switches 2018-2023 Revenue Forecast



Source: 2019 KVM switches and serial consoles report, IHS Market

The professional Audio/Video equipment market is a new market that ATEN has been avidly developing since 2008. The major growth trends are as follows:

- a. The growth of professional AV applications: Demand for professional audiovisual equipment for

different applications and environments has been rising across a wide range of industries and sectors. Examples include public information systems for public transport operators, display systems for financial institutions, video-conferencing systems for all kinds of business enterprises, display systems for exhibition venues, medical imaging and public information systems for hospitals and clinics, display systems for sporting events, monitoring and information management systems for industrial environments, teaching systems for academic institutions, special systems for research institutes, and home movie theater systems. The adoption of professional audiovisual equipment can lead to dramatic improvements in efficiency; this trend has created significant new business opportunities for manufacturers of video products, such as ATEN.

- b. The growth of digital advertising: With the growth of the Internet, digital signage has come to play an increasingly important role in the advertising industry. This trend has created new opportunities for video products.
- c. Digitization of A/V contents and interface: The digitization of A/V contents and interface greatly enhances the quality of images and sound, and at the same time, increases user demands. As a result, A/V equipment suppliers are under pressure to replace the recoding, processing, storage, transmission and playing components every year, which however opens an excellent window of opportunity for new players to enter the market.
- d. The dramatic improvement in video and audio quality: Digitalization has been followed by a steady improvement in the quality of both audio and video. Video image resolution has evolved from SDTV to HDTV, Full HD, 3D, and now 4Kx2K · True 4K & 4K HDR, while audio quality has seen a progression from 2.1 systems to 5.1 and now to 7.1. The rapid pace of change has created significant business opportunities, in terms of demand for upgrading of existing audio/video equipment. It is worth mentioning that Japan has already adopted 8K ultra-HD resolution to broadcast the 2021 Tokyo Olympics, and upgraded the equipment of relevant industries at the same time. The HDMI Forum has formally announced the new HDMI 2.1 specification, which supports 8K UHD; this is currently a major driver of market growth.
- e. The global video wall market has continued to post double-digit annual growth rates. The Asia Pacific is the biggest regional market, and is the region forecasted to have the highest growth in the future. TV walls are not only being used in control centers anymore; they can also be seen at airports, broadcasting centers, and exhibitions in shopping centers, among other everyday life venues. Demand for video wall applications will constitute an important driver of growth for ATEN's professional audio/video product line in the future.
- f. Mobile devices are coming into increasingly widespread use, and their functionality has become more powerful and more wide-ranging; the ability to use mobile devices such as iPads, iPhones or Android Phones to control or operate complex professional audiovisual systems has become a major new driver of growth in the Audio/Video market. Besides substantially reducing overall cost, it can also provide a whole new user experience, with the potential to create new, expanded markets.
- g. According to the 2019 Lifesize Report, 78% of the enterprises conduct team meetings in the form of video conferences. Futuresource Consulting (2018) also pointed out that enterprises are looking for

new ways to create attractive and flexible physical and virtual working spaces to enhance interactions and collaborations between departments, as well as productivity and creativity. The technical importance of IT systems, interactive displays, video conferences, bring your own device (BYOD) presentation solutions, professional sound and environmental control systems are becoming more prominent. Traditional conference venues and classrooms also need updating and renovation, which would demand brand-new types of presentation switches.

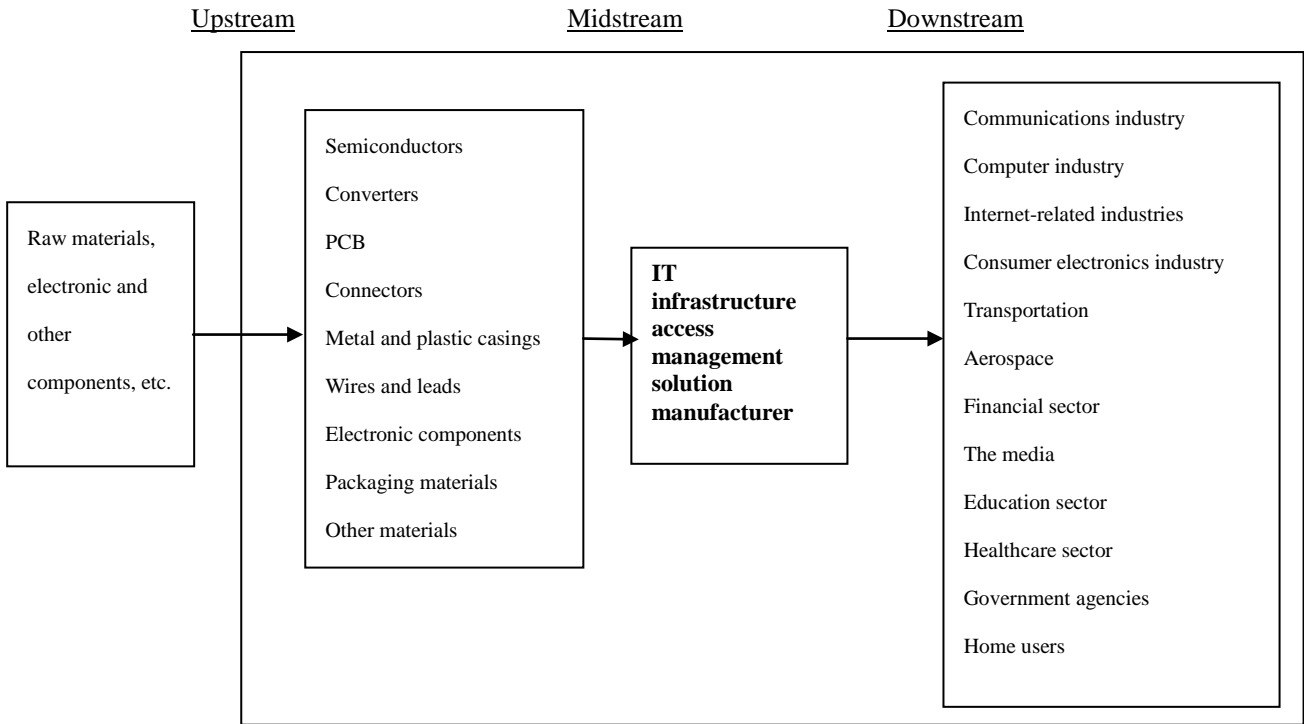
- h. Traditional professional video and audio systems are restricted by their transmission technology and are often unable to connect with one another. They become independent systems, which creates difficulties in terms of maintenance and management. After the introduction of IT transmission and management technology, a unified remote management platform becomes more feasible. For large enterprises or organizations, such solutions are becoming essential standards. For traditional professional video and audio equipment suppliers, the integration of video, audio and IT is a tough challenge but also presents new opportunities.
- i. The COVID-19 pandemic has brought dramatic changes to the lives of humanity as a whole, including changes in the way that people study and work. In the past, face-to-face communication and face-to-face teaching were very effective, but lockdown restrictions have made it difficult to continue with this approach. Remote communication and remote learning are not ideal, so business enterprises and schools have needed to develop new types of hybrid learning environments and meeting environments in order to effectively meet the demand for both remote and non-remote learning and communication. For a specialist provider of audiovisual products such as ATEN, this situation has presented both new challenges and new market opportunities.
- j. Standardization of professional video and audio products: Back in the analog days, each leading manufacturer had its own technology that others were unable to replicate, which secured their competition advantages. Following the digitization and IT-ization trends, barriers have gradually been broken. Standard specifications such as HDBaseT & Dante have gradually won the approval of the overall industry; in fact, many customers or tenders directly demand for these specifications. For traditional professional video and audio manufacturers, standardization is a great challenge as the differences among manufacturers have largely decreased; however, it is a great opportunity for new manufacturers as they get to quickly catch up with advanced manufacturers.

#### B. The Links between the Up-, Mid- and Downstream Segments of the Industry Supply Chain

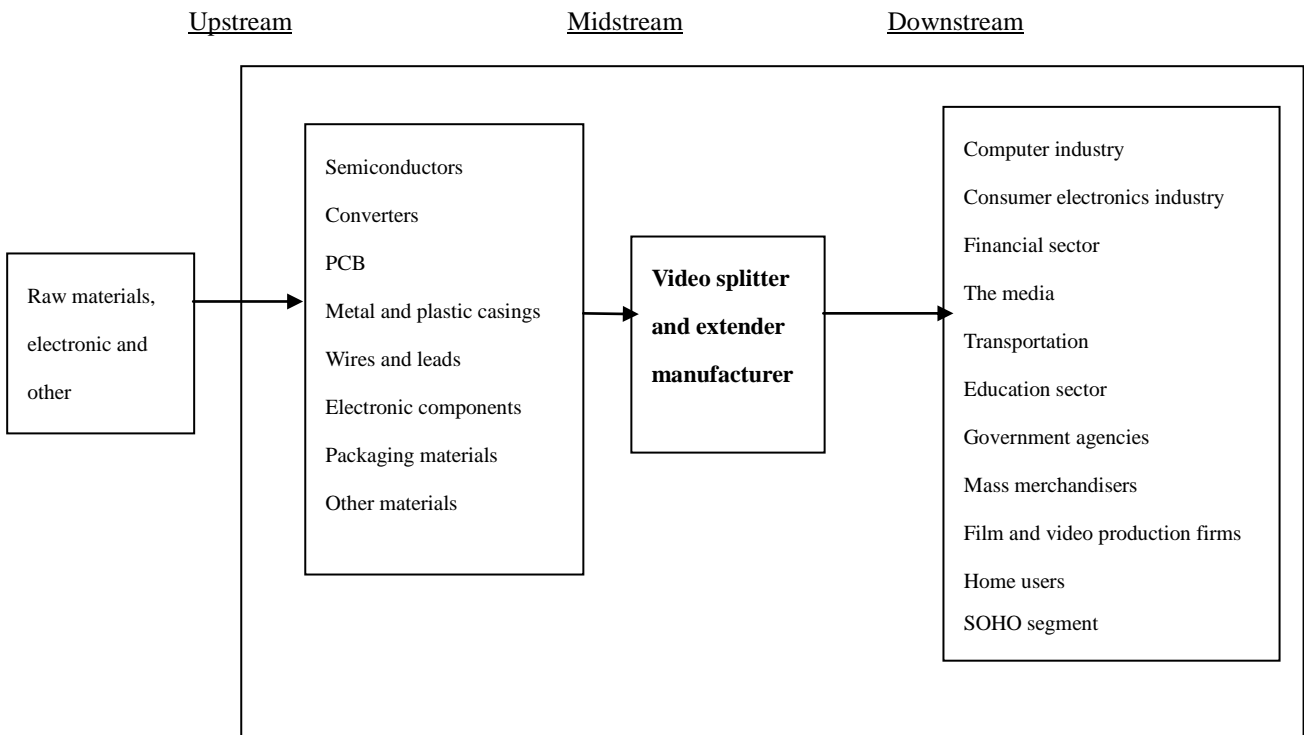
ATEN is engaged in the development, manufacturing and sale of It infrastructure access management solution products, professional audio/video products, green energy products and related products. Within the IT hardware industry as a whole, ATEN is located in the midstream segment. The upstream segment comprises suppliers of raw materials and components, including semiconductors, converters, connectors, PCB, metal and plastic casings, packaging materials etc. With its positioning in the midstream segment, ATEN provides KVM switches, video splitters and converters, USB hubs, and cross-platform converters and extenders to meet the different needs of customers in various different fields. The downstream segment includes the communications industry, the computer industry, Internet-related industries,

consumer electronics, transportation, aerospace, the financial sector, the media, education, healthcare, government administration, military applications, and home users. The relationship between the up-, mid- and downstream segments are shown in the figures below.

The Links in the IT Infrastructure Access Management Solution Manufacturing Industry



The Links in the Video Splitter and Extender Manufacturing Industry

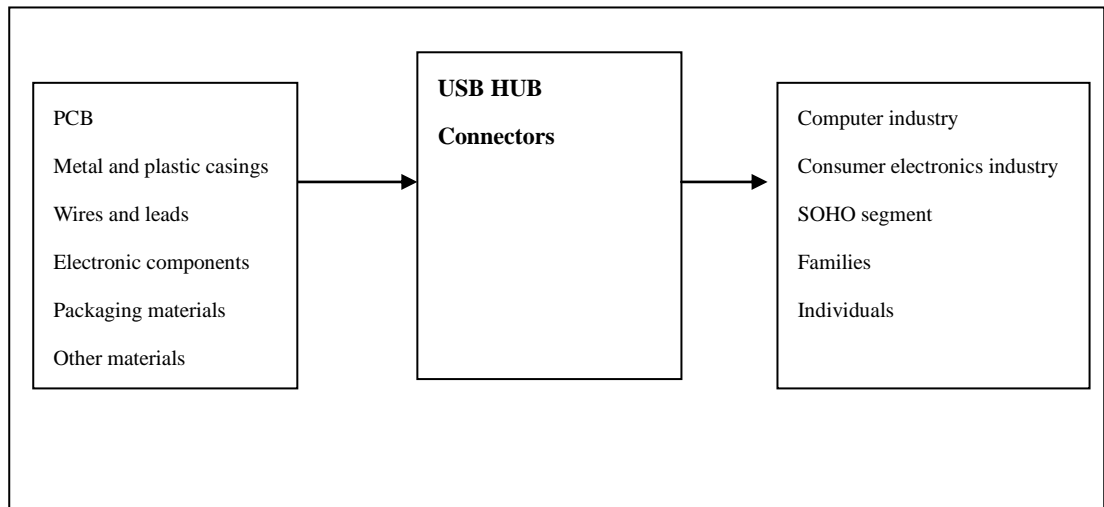


## The Links in the USB Hub and Connector Manufacturing Industries

Upstream

Midstream

Downstream



### C. The Development Trend of Products

#### a. High-end products as the main source of earnings

High-end products enjoy higher profit margins because higher technical factors in this segment. In the future, ATEN's high-end product lines will constitute the most important source of profits for the company.

#### b. Developing ATEN's professional audiovisual product line

ATEN has leveraged the outstanding video technology that the company has built up almost four decades to develop first-class specialist video solutions, expanding ATEN's target market to include not only control room applications but a much wider range of potential applications and customers. It is anticipated that, over the next few years, the new VanCryst product line will become a major revenue source for ATEN, alongside the company's existing high-end product lines.

#### c. Marketing focus

Whether in the high-end, mid-range or entry-level segments, manufacturers will be allocating more marketing resources to strengthen the distribution of their products. Whereas in the past product specifications and functions were the main focus of competition, in the future companies will be focusing more on intensive marketing, promotion and technical support.

#### d. Developing a wider range of distribution channels

For a variety of reasons – including changes in consumer purchasing behavior, the growth of the Internet, the expansion of the target market, etc. – the competition in IT hardware distribution has grown steadily more intense. At the same time, a wider range of distribution channels has emerged. Besides continuing to use our existing network of distributors, in the future ATEN will also be focusing on in-depth development of the system integrator segment, and will be striving to provide timely, efficient pre-sales and after-sales service.

e. Integrating networking and communications into product development strategy

With the rapid pace of change in information technology and networking, Internet and communications technology will be closely integrated into future product development strategies. ATEN will be working actively to keep pace with new trends in this area, and to achieve efficient integration of information security technology, etc.

f. ATEN will be working actively to grow its market share in the entry-level and mid-range product segments, while continue to develop the core technologies that underlie the company's development of high-end products. We will continue to make our products' user interfaces more user-friendly, and to strengthen product compatibility and stability, which will contribute to improved profitability.

g. Developing emerging markets

In the IT infrastructure access management solution industry, the rapidly growing emerging markets have a vital role to play in every manufacturer's global expansion plans. Currently, the fastest growth is being seen in the Asian and European markets. In the future, both long-established manufacturers and new entrants will need to focus heavily on developing the emerging markets, concentrating resources on these markets to grow market share.

h. Stepping up the promotion of smart power distribution units

In high-end applications, such as large data center, smart power distribution unit is also an important subsystem component in addition to the remote KVM management system, particularly under the current trend of energy saving and carbon reduction. ATEN's capability to provide those two important subsystems will be its competitive edge in the future.

i. Expanding into the industrial controller and production automation application segments

IT infrastructure access management solution products on the market are comprehensive in conventional IT applications, be it in the arena of SOHO, SMB, enterprise or data center. But they also have enormous potential in more specialized fields, such as industrial control and production automation. The capability to provide complete product line and custom-made service will be a huge advantage for launching into those new fields of application.

j. New demand in today's mobile era

In the period since the global financial crisis of 2008, innovation efforts in the information and communications technology (ICT) sector have mainly been concentrated in the mobile segment. Mobile applications have already evolved from simple communications tools into the business sphere and now into personal entertainment. New products and services are appearing all the time, creating new business opportunities; the biggest single challenge facing the IT sector today is to keep pace with this major trend towards mobility. As a leading provider of multi-computer management solutions, ATEN has allocated considerable resources towards exploiting this important trend.

k. Using ATEN's unique sales model to develop new business opportunities

Responding to the emergence of new types of market demand, ATEN has stepped up the integration of the three main product categories in which the company enjoys significant competitive advantages (KVM, professional audio/video solutions, and green energy solutions) to introduce unique AV meets IT cross-product-line integrated solutions that can meet all of a customer's needs in one solution. These

solutions can be tailored to meet the usage scenario needs of different industries, with an ability to create large-scale, diversified, hybrid solutions that reflects ATEN's solid, flexible solution integration capabilities.

- l. Opening Showrooms all over the worlds that provide an opportunity to experience the outstanding integration capabilities of ATEN products.

ATEN has been leading the way in the industry trend towards "AV meets IT." Besides launching integrated solutions, in 2017 ATEN's subsidiaries and partners began opening new Showrooms all over the world, to give potential customers the opportunity to experience the application environment of ATEN products for themselves. ATEN has already opened Showrooms in 30 countries, and will continue to add new locations in the future, so as to extend the company's sales footprint.

- m. Media and live streaming platforms are expanding quickly, and therefore the business opportunities for equipment suppliers are endless:

ATEN International taps into the market of content creation with its multipurpose live streaming device and video capturing device to satisfy the various content creation and live streaming demands of individual streamers, professional streamers, promotion for companies, small-scale exhibitions, lectures, academic conferences, etc, thus leading to new business opportunities.

#### D. The Competition for the Products

Compared to other computer product industry, the competitive situation for IT infrastructure access management solution market is rather stable. ATEN's main competitors in the KVM switch market include VERTIV, Raritan and Belkin. The leading vendors, which possess extensive high-end KVM switch product technology, have tended to focus on the enterprise and networking segments of the market, while the smaller firms product mainly mid-range and entry-level products. Intense competition and the continued expansion of the leading vendors have created a situation where the top three vendors hold combined global market share of almost 50%. The remainder is divided between a multitude of smaller vendors. The most important change of KVM competitors is that Avocent became a wholly-owned subsidiary of Emerson Electric Corporation in 2009, the department of Emerson Network Power became own new brand called VERTIV in 2016, and Raritan was merged by Legrand in mid-2015.

The Professional Audio/Video industry is somewhat conservative; most of ATEN's competitors in this market segment have adopted a very low-key approach. There are a handful of larger European and American companies, such as Extron, Crestron and Kramer, which have decades of experience in the Professional Audio/Video industry, and which have a comprehensive product line. These companies enjoy a high reputation in the system integrator (SI) and value-added retailer (VAR) channels, and are able to charge high prices for their products; they have established a solid leading position within the industry. One point worth noting is that in 2016 Harman, the parent company of leading manufacturer AMX, was acquired by Samsung; it remains to be seen how this will affect the sector's development.

The Professional Audio/Video industry is characterized by a high concentration level, with a handful of first-tier manufacturers dominating the lion's share of the market; overall, competition is not particularly intense. Individual manufacturers emphasize different aspects in their products, so there is a significant

degree of differentiation between the various manufacturers' products. This differentiation reduces the potential for competing on price, and as a result, there is relatively little price competition between the first-tier manufacturers.

Besides the first-tier manufacturers, there are also many medium-sized and smaller firms in the Professional Audio/Video industry, many of which are strong in a particular region or a particular industry segment niche. As these medium-sized and small manufacturers generally have relatively low technology and service capabilities, and often lack marketing experience, they are forced to rely on selling their products via distributors (as opposed to supplying SIs and VARs directly). The degree of differentiation between the medium-sized and smaller firms is significantly less pronounced, and price competition is consequently more intense.

### 5.1.3 A Review of the Company's Technology and its Research and Development Work:

#### A. Research & Development expense:

Unit: NT\$ thousands

Year	2022Q1	2021	2020
R & D expense	125,487	493,622	489,644
R & D expense/Net Revenue(%)	10.2%	9.6%	10.1%

#### B. Technology and Products Successfully Developed during the most Recent Fiscal Year.

ATEN has always attached great emphasis to research and development, allocating a sizable budget to R&D each year. A dedicated R&D division has overall responsibility for R&D operations, working actively to develop new products for the company and help it to strengthen and diversify its product line. ATEN's core technologies – including Over-IP server management and digital audio/video signal management – have been successfully integrated into all of the company's product lines. Some of the key achievements in R&D include:

- a. Integration and applications of IT Infrastructure Management solutions for Data Center.
- b. Integration and applications of air traffic and control center.
- c. Development of Prosumer KVM Series products.
- d. Integration and applications of live stream products, computer peripheral products and video game peripheral products.
- e. Integration and applications of Audio& Video signal extending, switch, streaming, format conversion, compression, and recognition.
- f. Integration and applications of multifunction presentation switch products: business presentation/distance conference/interactive learning environment.
- g. Industrial Control and Data Communication series product integration and applications.
- h. Smart control system.
- i. Development, integration and application of Intelligence Power Distribution Units (eco PDU) and Green Energy management software.
- j. Solution of automation product line.

- k. Development of core software, firmware, hardware, and intellectual property core.
- l. Development of Secure KVM and NIAP certification.

#### 5.1.4 Long- and Short-term Business Development Plans

##### A. Short-term plans:

###### a. Marketing

- (a). In the enterprise-class segment, ATEN will continue to provide reliable, streamlined, high-performance solutions that offer high value for money, developing an expanded range of applications for many different industry environments, and building on the competitiveness that ATEN already enjoys in its four main product lines and dig out vertically-integrated markets in an in-depth manner. In the consumer product segment, ATEN will be focusing on understanding users' needs, strengthening user feedback and the user experience, achieving product differentiation, and incorporating unique innovation into new products to enhance value-added, while at the same time working to raise the barriers to replication and imitation of ATEN's products by rival firms, and striving to build brand value.
- (b). In the Professional Audio/Video product solutions market, product specifications are constantly evolving. ATEN will be working to meet demand for switching between different interfaces and for interoperability, providing intuitive, user-friendly graphical user interfaces (GUIs), and making the simplification of complex controller operating systems a core element in product design. In the IT infrastructure management segment, ATEN will continue to develop and launch new products that have higher resolution, higher efficiency and higher port density, while also optimizing the user experience. At the same time, ATEN will also be allocating resources to the development of integrated solution products to ensure its continued competitiveness.
- (c). As regards green energy management solutions, ATEN will be focusing on the development of products for data center electric power applications, providing a wide range of slim, "smart" power distribution unit (PDU) products to help customers improve the safety and efficiency of their electric power usage, and realize the goal of enhancing control room energy-saving performance. ATEN will also be providing flexible, customized services to meet the specific needs of medium-sized and large corporate customers.
- (d). ATEN will be working actively to establish localized marketing teams that can achieve greater proximity to the market and closely monitor customers' needs. ATEN will carefully evaluate the potential for establishing new service locations in countries with a large economy and strong growth potential, so as be able to develop direct communication links with these markets; ATEN will be working to develop a more comprehensive globalized network and reduce the systematic risk of single country, supported by the effective integration of regional logistics hubs, in order to strengthen overall service provision capability.

- (e). ATEN will optimize its marketing organization, integrate marketing communication efficiency, improve market communication, and enhance the online and offline marketing contents of technologies, products, and solutions to increase brand value and differentiation, expanding its influence.
- (f). New showrooms will be established through collaboration with ATEN's subsidiaries and distributors, and ATEN will be stepping up its implementation of regional conferences and training programs, so as to enhance the competitive advantage that ATEN products enjoy, raise the level of brand recognition, and boost sales of high-end products. In addition, faced with the "New Normal" resulting from the COVID-19 pandemic, ATEN will be making even greater efforts to build a distribution channel experience that seamlessly integrates the virtual and the physical. Remote experience initiatives will make it possible for people to experience ATEN's high-end products and solutions regardless of where they are located.
- (g). ATEN will use successful marketing cases to increase its brand awareness, design application cases and video marketing, and build a pre-sale consultant team as well as a database of successful cases to add more sales experience for and improve the professional competency of Solution Selling.
- (h). ATEN will be planning the introduction of a distribution partner loyalty scheme and a brand-new online product training platform to facilitate the building up of a network of first-rate distribution partner, which in turn will help to enhance customer satisfaction and customer loyalty.
- (i). In the post-pandemic "New Normal" era, ATEN will introduce CRM campaigns to improve digital marketing and online/offline automatic integration. Other than expanding the existing online shop, ATEN will also continue to strengthen its social media operations, and will make use of online virtual expos, online partner talks, scenario-based video content, videos explaining how to use ATEN products, and review videos by Internet influencers, to further strengthen consumers' and partner companies' understanding of ATEN's product applications and brand.
- (j). ATEN will be using webinars on specific themes to strengthen product training provision for business partners, and will be using application scenario-based solution presentations to attract potential customers.
- (k). ATEN will be strengthening its brand identity, utilizing a brand color convergence plan and corporate identification system planning to realize ongoing standardization, organization and systematization of the company's corporate management strategy, marketing strategy and visual design, so that ATEN can enjoy a uniform identity in global markets.
- (l). ATEN will be strengthening its share of voice (SOV) through strategic PR campaigns with regional and inter-regional news releases, distribution of devices for testing, and release of feature articles targeting specific industries through the marketing team, the PR team, and our agents in various regions, thereby aiming to increase the popularity of our brand and our products.

- (m). ATEN will be integrating ATL and BTL market resources, taking consumer needs as the starting point, and establishing an Omni-channel experience with consistent brand communication, to provide consumers with a seamless experience across different channels.
  - (n). ATEN will be conducting analysis to identify key industries that have significant growth potential in the “New Normal,” and will implement industry-specific solutions with new, digitalized case studies of successful applications, to more efficiently reach new customers in the new era of rapidly accelerating digitalization.
  - (o). ATEN will conduct an in-depth benchmark analysis on its competition status in the industry and the market to better grasp market trends and the marketing strategies of its competitors, and adjust its marketing strategy accordingly.
  - (p). ATEN will build instant comment/feedback channels for its customers, so as to adjust the interaction and cooperation with customers at any time, improve customer service satisfaction, and increase the success rate of project opportunities.
- b. Production strategy
- (a). Strengthening ATEN’s TQM quality assurance system, and enhancing the level of customer satisfaction with the quality aspect of PLCS (Product Life Cycle Service).
  - (b). Working actively to improve production processes, adding new automated testing and inspection equipment and reducing lead times, so as to cut costs and boost competitiveness.
  - (c). Implementing enhanced employee education to develop multi-skilled employees, so as to shorten the learning curve when ramping up to volume production of new products.
  - (d). In line with the principle of comparative advantage, ATEN will be utilizing an international division of labor in its production activities, striving for flexible, efficient coordination of its Taiwan-based and China-based production and outsourcing capacity; this will enable ATEN both to reduce its production costs and spread risk more effectively.
- c. New product R&D strategy:
- (a). Stepping up development and integration of Pro-AV products: True 4K & 8K technique development.
  - (b). Development of presentation switch products: multi-in-one presentation matrix switch and new presentation products with live stream function.
  - (c). Strengthening both the depth and breadth of ATEN’s over-IP product development activities: 4K Over-IP.
  - (d). Developing new, modular, multi-platform, many-to-many, multi-port high-end products.
  - (e). Make headway into industrial control applications based on existing core technology.
  - (f). Large-size video management software to provide users with reliable management tool; Developing new management software for large-sized Audio/Video equipment, to provide equipment managers with reliable management tools; developing video central management platform.
  - (g). Development of new generation smart PDU and sensors.
  - (h). Continuing to optimize product user interfaces on the basis of consumers’ views and user

experience.

- (i). Develop new star products in line with market demands.
- (j). Room Booking System (RBS).
- (k). Developing industrial speakers to meet the acoustical layout of large audiovisual environments.

d. Management strategy:

- (a). Achieving the right balance between R&D, marketing, manufacturing and administration.
- (b). Comprehensive employee welfare planning to care for ATEN employees and their dependents; this will also help to attract outstanding human talent to join the company.
- (c). Reinforcement of globalized IT systems to integrate group resources and enhance overall operational efficiency.
- (d). Implementing ongoing process improvement to enhance global collaboration and managerial efficiency.
- (e). Emphasizing effective implementation of the internal control system, giving due weight to both the pursuit of earnings growth and the prevention of improper activity.
- (f). ATEN will ensure a sound financial structure, strive to realize growth in both sales revenue and profits, and generate the maximum possible benefits for shareholders.
- (g). ATEN will develop key industry and vertical market applications, and provide customers with corresponding solutions to maximize product value.
- (h). ATEN will perfect the operational functions of its existing overseas sales points and implement matrix management, taking both operational risks and cost control into account during the process of developing local markets.
- (i). ATEN will work to strengthen and diversify its marketing channels, using digital channels and social media to realize customer proximity, and implementing Customer to Business (C2B) with customer needs as the core element in the company's sales strategy.
- (j). ATEN will construct a PSI Ecosystem of high quality to provide comprehensive solution training and sales planning, leading to a win-win situation for both ATEN and its partners.
- (k). ATEN will enhance its production efficiency, logistics allocation, and cash flow recovery capabilities; in addition, the company will timely adjust to the changes brought by the pandemic, supply chain shortages, and geopolitical conflicts.

B. Long-term plans:

a. Marketing

- (a). ATEN will be paying close attention to market development trends and focusing on product innovation, working actively to develop robust, specialized technology in line with ATEN's positioning as a specialist provider of total solutions. In the future, ATEN will continue to strengthen the combination of product customization capabilities supporting small volume production of a wide variety of different products with highly flexible manufacturing capabilities, so as to enhance both the depth and breadth of the industry segments and applications that ATEN caters to, thereby enabling ATEN to provide customers with optimal

solutions characterized by enhanced value.

- (b). ATEN will make effective use of customer relationship management (CRM) system data to provide customized services, targeting marketing automation and MarTech data analytics, and enhance customer satisfaction and loyalty through personalized designs and marketing to improve the overall service quality and build long-term partnerships with customers.
- (c). ATEN will be expanding its ODM/OEM business, striving to keep its finger on the pulse of the market, and helping to guide the development and adoption of innovative new technologies.
- (d). In brand operations, ATEN will optimize the proxy distribution system and develop more system integrators to reinforce distribution co-marketing in order to instantly grasp the needs of terminal customers, to expand sales for private brands, and to perfect the marketing models.
- (e). To meet the diverse needs of different customer segments, ATEN will be making effective use of digital marketing and the integration of global e-commerce service resources, providing e-tailer partners with rich content for product promotion on online platforms, and strengthening targeted marketing and advertising campaigns tailored to specific market segments to enhance ATEN's overall marketing performance; ATEN will also be working to boost brand recognition in individual regional markets and establish convenient transaction channels, as well as effective platforms for communication with consumers, in order to realize synergy from the integration of physical and virtual channels.
- (f). ATEN will be developing comprehensive localized product marketing, distribution channel management, logistical services and sales promotion capabilities at all ATEN business locations throughout the world, so as to maximize ATEN's brand value.
- (g). ATEN will be striving constantly for excellence in service quality, providing timely advanced replacement services for specific models, which can effectively reduce the amount of time and money lost as a result of equipment breakdown.
- (h). ATEN will be using product line specific educational webinars and online e-learning content to train internal sales personnel, and will be strengthening pre-sales skills, and utilizing comprehensive pre-sales, sales and post-sales services to enhance the quality of service that customers receive.
- (i). ATEN will be creating a unified partner portal that integrates the three key functions of the downloads center, B2B online services and the support center, so as to further speed up the bi-directional flow of information.
- (j). ATEN will be using a Customer to Business (C2B) marketing approach, implementing customer surveys to develop a better understanding of customers' latent needs and areas of dissatisfaction, and strategically strengthening the company's product and service capabilities and its front-line service capability
- (k). ATEN will be making effective use of marketing technology to identify customers' preferences, gain a better understanding of customer profiles and needs, and provide

customized marketing and sales services, so as to enhance both customer value and corporate value, and enhance brand loyalty and sales opportunities, ATEN will improve personalized sales services and marketing communication efficiency through long-term big data analysis.

- (l). ATEN will be utilizing its new, optimized corporate identification system, as well as brand-related promotional activities, to realize ongoing enhancement of brand awareness and brand trust, so as to get more customers adopting and recommending ATEN products.
- (m). ATEN will establish a membership mechanism to build long-term and stable customer groups as well as to enhance customer loyalty. The collection of personal data and the provision of customized services based on customer needs not only largely reduces the costs to acquire customers, but also opens the door for precision marketing by finding out the actual needs of customers.

b. Production strategy

- (a). ATEN will be drawing up work order production plans to meet order requirements and implementing batch production, order request handling and delivery from stock, while also boosting production capacity, in order to ensure customer satisfaction with regard to delivery times.
- (b). ATEN will be working to cultivate multi-skilled factory operatives and implementing rotation of mid-level managers, so as to strengthen the development of specialist skills and management capabilities.
- (c). ATEN will be strengthening its flexible manufacturing capabilities and production line scheduling, enhancing its ability to manufacture a wide range of products in small volumes, and reducing unit production costs, to strengthen overall competitiveness.
- (d). Advancing the concept of the TQM (Total Quality Management) and smart manufacturing management system; this will be supported by the purchasing of new production line automation equipment to enhance production efficiency and improve quality.
- (e). ATEN will be implementing visual management, using kanban board visualization tools and transparent, timely Shop Floor Information System (SFIS) messaging to realize quality objectives and efficient management goals.
- (f). The new plant in Thailand is expected to start mass production in 2021. Apart from increased productivity, the new plant also diversifies the risk of production, which was previously concentrated in Taiwan and Mainland China.

c. New product R&D strategy:

- (a). Ongoing development of core video technologies.
- (b). Development and deployment of embedded software.
- (c). Aggressive development of FPGA module and ASIC materials.
- (d). An ongoing drive to develop new, higher-end products.
- (e). Adoption of User-centered Design to help ensure the best possible customer experience.
- (f). Applying for patents (for ATEN's independently developed technologies) both in Taiwan

and overseas, to protect intellectual property rights.

(g). Research and development of AI technique products.

d. Management strategy:

- (a). Striving to develop short-, medium- and long-term core technological capabilities, while also integrating key technologies for cross-sectoral products, accelerating development of new products and new technologies, and optimizing integrated solutions that utilize ATEN products, so as to provide users with a better experience, and enhance value-added and brand loyalty.
- (b). Implementing ongoing expansion of global operations and service facilities, enhancing market competitiveness and providing localized service, with the aim of building a more comprehensive global network.
- (c). Utilizing the latest information technology to establish e-enabled management that facilitates collaborative operation integrating different value chains, to enhance overall organizational performance. Also, using big data management to speedily provide managerial decision-makers with the information they need to stay abreast with current developments and make optimal decisions.
- (d). Utilizing continuous improvement of internal management processes and of production efficiency to achieve an enhancement of overall organizational efficiency and reduction of costs and expenses, committing to maintaining core advantage, thereby enhancing ATEN's earnings performance and creating maximum value for society, customers, employees and shareholders.
- (e). Strengthening corporate governance to fulfill ATEN's responsibilities to stakeholders, and continuing to strengthen ATEN's CSR efforts, so that we can "give back" to society.
- (f). Not being complacent about ATEN's status as an industry leader in both technology and products, and continuing to tap into new industries and markets with new applications to stimulate overall operational growth, in line with the product application needs of individual industries.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

#### A. Shipment Destinations for Products

unit:%

<b>Shipment Destinations</b>	<b>2021</b>	<b>2020</b>
America	24	25
Asia	40	39
Europe	21	22
Other regions	2	2
Domestic sales	13	12

## B. Market Share

According to data presented in a survey of the global KVM market, ATEN is a market leader in the networked KVM switch market for data center applications, and has developed many innovative new products for the High Performance KVM switch and Secure KVM switch markets, which are forecast to have high growth in the future. There is thus considerable scope for a further increase in ATEN's overall market share.

## C. The Outlook for Market Supply and Demand and Growth

Judging from the current state of the global IT infrastructure access management solution market, data center central management solution still constitute the KVM market mainstream, and represent the main driver of growth. In the past, North America was by far the largest market for data center central management solution. However, with the rapid pace of development of the Internet and the advances that have been achieved in technology, there has recently been significant growth in demand for KVM switches in Asia and Europe, particularly from government agencies and financial institutions. With the consumer and enterprise-class KVM markets more or less saturated, demand for replacement of existing KVM switches is derived mainly from the upgrading of interface specifications. There has been a gradual shift away from analog VGA interface towards HDMI or DisplayPort interface, which can provide users with better, more stable image quality.

Traditionally, the main source of demand for KVM switch vendors has been for the use of KVM switches in control rooms and data centers, where they are used in server connection and management solutions. This market segment will continue to grow steadily over the next few years, but the growth will be relatively slow. Given the expected trends in terms of technology development and markets, there are two areas where stronger growth is likely to be seen. Due to the integration of Pro AV and Infrastructure access management solution products and the widespread of large-sized, high-resolution displays, high performance KVM brings strong demand in the application such as broadcasting TV industry and transportation control room. Also, European and America government and defense agencies request the demand of secure KVM with international certification because of the information security and privacy protection. For these two potential sales momentums, ATEN has already allocated considerable resources towards technology and product development, and will be rolling out a series of related products and solutions.

Data compiled by leading market research firm IOTA shows that the global Professional Audio/Video equipment market is an extremely large one, and covers a very wide range of different product and applications. Examination of the shares of the total global Professional Audio/Video equipment market held by individual regions (Table 1) shows that the Asia Pacific market is the largest regional market, accounting for 35% of the total global market, followed by the North America region with 32%. As regards the shares of the market held by different types of customer (Table 2), corporate customers account for the largest share of the overall Professional Audio/Video market with 20% of the total, followed by venues and events, media and entertainment, and governmental and military. IOTA also forecast that the Professional Audio/Video segment would post a CAGR of 4.7% over the period 2017 - 2022, and that overall market size would grow by an additional US\$52 billion during

this period.

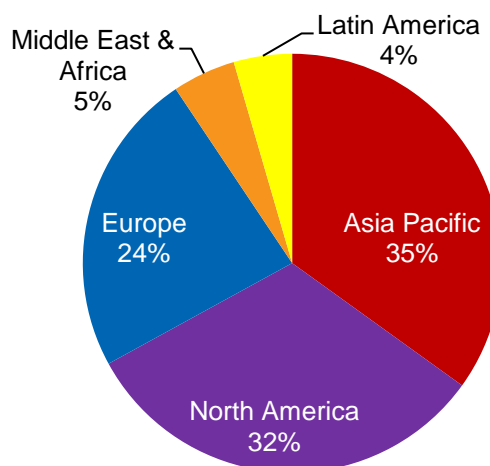
The Professional Audio/Video sector encompasses a wide range of sub-industries (see Table 3), but can be broadly divided into two main categories: products and services. The main product types include: Display devices, projectors, monitors, control systems, signal management and transmission equipment, lighting equipment, etc. Services include: design, installation, customization, stage installation, etc. Currently, the main focus in ATEN's Professional Audio/Video product line is on two broad areas: Signal Management & Processing, and Control Systems.

COVID-19 has had a dramatic impact on the Pro AV sector, which started in the first quarter of 2020, and is expected to continue until the end of 2021 before gradually easing off. Immigration restrictions and lockdown measures have transformed people's lifestyles, and have also affected how industries operate. According to the AVIXA Recession Roadmap, the worst-affected sectors have been the corporate sector, entertainment, tourism, travel, and retailing, while the impact on the public sector, education and the healthcare sector has been much less pronounced.

According to Avixa's 2021 IOTA Report, the overall output value of the professional audiovisual industry peaked in 2019 and drastically decreased by 17% in 2020 due to the impact of the COVID-19 pandemic. In 2021, the overall output value slightly increased 8%, and it is estimated that the compound annual growth rate for 2022 to 2026 will reach 7.2%, returning to a normal growth trend.

In terms of regions, the Indo-Pacific was the first region affected by COVID-19, yet it will have one of the highest growth rates in the future, followed by North America and Europe. Looking at different industries, entertainment, tourism, travel, and retail industries have been tremendously impacted by the COVID-19 pandemic, yet these industries will also recover early and have higher growth rates. On the other hand, corporate, government, education, and healthcare sectors will have modest growth rates.

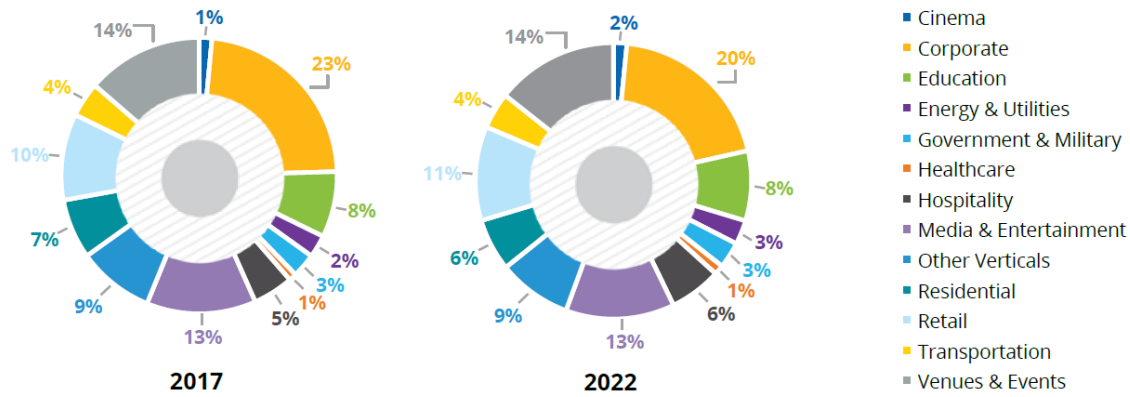
Table 1: Global Pro-A/V Market Category by Region



Source: IOTA report 2017

Table 2: Global Pro-A/V Market Category by Industry

Global Sales Revenue Share by Industry - 2017 vs. 2022

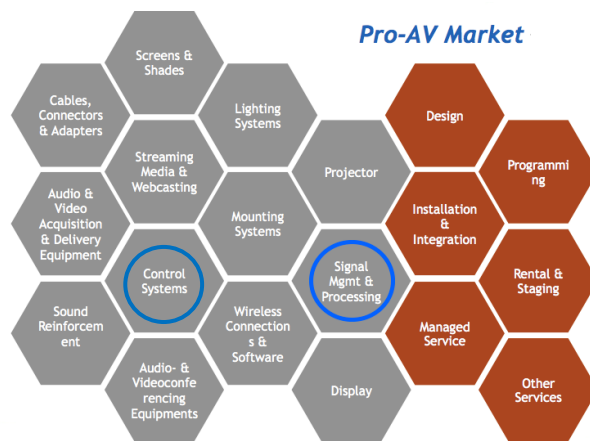


Source: IHS Markit

© 2017 IHS Markit

Source: IOTA report 2017

Table 3: Global Pro-A/V Market Category by Product and Service



D. The Company’s Competitive Niche

- a. An outstanding R&D team whose constant innovation and technological breakthroughs enable ATEN to enjoy the advantage of being the market leader.
- b. The ability to offer total solutions for remote management, backed up by a comprehensive high-end, mid-range and entry-level product line, along with the ability to implement customized production of a wide range of different products in small volumes, enabling ATEN to meet the needs of different customers and different market segments.
- c. A global marketing and sales strategy supported by expert international marketing talent and comprehensive, localized distribution networks, along with mechanisms to facilitate rapid response to changes in the market.
- d. Manage our self-owned brand, the quality, reliability, excellent user experience and the standard of the overall service have widely received good reviews from the market.
- e. A global patent strategy, with aggressive action against piracy to safeguard the company’s

intellectual property rights.

f. Using "AV meets IT" integrated solutions to meet the needs of the global IT management and Professional Audio/Video markets.

E. Positive and Negative Factors for the Future Development, and the Company's Response to Such Factors.

a. Positive factors:

- (a). ATEN has been developing its KVM product line for over 10 years, and the "ATEN" brand enjoys a first-class reputation throughout the global market.
- (b). ATEN has won numerous major awards, has established a strong international brand, and strengthens the brand identification.
- (c). ATEN has been refining its sales and localized service strategies for individual regions, establishing a solid foundation for achieving further revenue growth in the future.
- (d). Focusing on niche market and steadily expanding diversified product application scope, with a gradual expansion from IT infrastructure access management solution towards Pro-A/V, intelligent PDU product solution, USB products, creating the foundation needed to drive revenue and earnings growth in the future.
- (e). First-class, highly-experienced R&D and production technology teams.
- (f). High-end core technology capabilities that include IC design, hardware, monitoring software/firmware, video networked communications, etc., and applying for patent to protect intellectual property.
- (g). A business philosophy based on integrity and practical, down-to-earth management.
- (h). Ongoing corporate social responsibility (CSR) initiatives that are helping to strengthen the company's public image.
- (i). Harmonious collaborative relationships with partner companies and outstanding customer quality.
- (j). Ongoing cultivation and recruitment of outstanding human talent.
- (k). Sound financial underpinnings.
- (l). Bringing new production facilities on-line, and introducing automated equipment, to increase flexibility in production capacity scheduling.

b. Negative factors:

- (a). Economic growth in various regions differs and geopolitical risks exist
- (b). Fluctuations in the exchange rates of various currencies have profound impacts on sales and profits.
- (c). The emergence of new competitors.
- (d). Consumers' lack of product knowledge.
- (e). Piracy and intellectual property violations.
- (f). Covid-19 pandemic factor.
- (g). IC components shortage.

(h).Russia and Ukraine conflict

c. Measures that can be adopted to address the negative factors:

- (a). ATEN's globalized market development strategy will ensure that ATEN will not be unduly affected by fluctuations in any given market or single country, thereby reducing systematic risk. At the same time, developing products for a wider range of industries and applications will help to spread systemic risk relating to the business cycle in individual industries, and will facilitate the optimization of production and sales management, thereby reducing the generation of idle inventory.
- (b). ATEN's finance and strategy departments will undertake ongoing monitoring of exchange rate fluctuations for the main currencies in which ATEN receives payment, and will evaluate how market prices can be expected to move, thereby making it possible to adjust product prices as needed; in addition, ATEN will make effective use of financial tools to hedge against the risk of foreign exchange loss.
- (c). In response to the continuing increase in the number of competitor firms in the medium- and low-end segment of the KVM market, ATEN will be leveraging its first-class product development and R&D capabilities to achieve a higher level of differentiation and customized service and enhance product quality and customer experience, thereby avoiding being dragged into vicious price competition. Providing efficient maintenance and repair service, and superior customer service in general, will also help ATEN to differentiate itself from price-slashing competitors. In addition, an enhanced ability to provide solutions and create added value can prevent price competition.
- (d). By establishing showrooms in major cities throughout the world, and by utilizing marketing and sales promotion methods that include the use of case studies of successful adoption of ATEN products in particular industries, ATEN can make it easier for potential customers – including system integrators, ordinary business enterprises, government agencies and individual consumers – to gain a greater understanding of company products and application environment, while spreading awareness of the benefits that ATEN devices offer in terms of being energy-saving, environmentally-friendly, space-saving, and enhancing overall control room performance.
- (e). Strengthen inspections for counterfeit products and prevent infringements, in order to actively protect the sales rights of patented products.
- (f). As coexisting with COVID-19 has become the global trend, countries are opening up their borders and taking less intense measures for disease prevention, meaning that cross-regional customer visits and sales events are also about to be restored. During the pandemic, ATEN has used remote communication and online marketing channels to overcome the various obstacles and communicate directly with customers. The company is also using more diversified sales methods to develop new sales channels that are different from the single channels of the past. Going forward, ATEN will continue to grasp the pandemic situation and disease prevention regulations in the regions where its

subsidiaries are located worldwide and implement reporting mechanisms to ensure a safe office environment for all employees.

(g). It is estimated that the parts shortage problem will not be alleviated until the second of half of the year. And for that, ATEN already initiated contingency measures last year and re-designed the products that were highly short on parts. At the same time, ATEN also actively communicated with customers and utilized optimal allocation of production capacities and material flows of production facilities around the globe to ensure that customers could receive the products they needed as soon as possible, minimizing the impact of parts shortage.

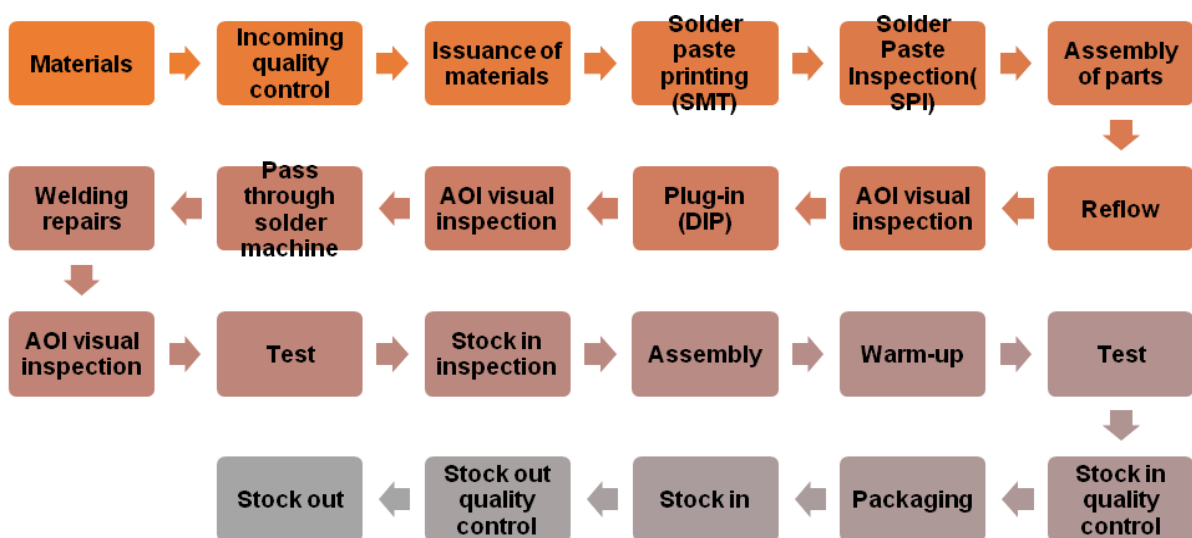
(h). The Russian invasion of Ukraine in February has directly impacted the sales of ATEN in Russia and Eastern Europe. Facing short to mid-term uncertainties, ATEN has not only reinforced delivery control in the region to ensure the collection of customer payments, but also complied with the latest consensus and requirements of Taiwan, Russia, and international countries to secure the maximum profit of the company.

### 5.2.2 Major products' important applications and their manufacturing process

#### A. Major products' important applications

- (a). KVM switch: Use a set of terminal equipment to control multiple computers, multiple terminals controlled by one computer, and signal extension and conversion functions for terminal equipment.
- (b). Professional video and audio products: Include video switches, splitters, extenders, matrix switches and converters: Used to display multiple high resolution images on one high resolution display, or transmit the image from one or multiple displays to the corresponding application solutions in multiple locations.
- (c). USB SERIES: Can be used with any equipment that has universal serial bus (USB) functionality, to connect more equipment that have USB interfaces.

#### B. Manufacturing Process:



### 5.2.3 State of the major materials suppliers

Material Item	Supplier	Supply Status
IC	KORYO	Normal
LCD Panel	ACMEPOINT	Normal
Cable Accessories	YIH FONE	Normal

### 5.2.4 Suppliers and Customers that Have Accounted for 10% or More of ATEN's Total Purchasing or Total Sales during Either of the Last Two Years

A. Suppliers that have accounted for 10% or more of ATEN's total consolidated purchasing during either of the last two years:

Unit: NT\$ thousands

2022Q1			2021			2020		
Name	Amount	Percentage of total annual purchasing (%)	Name	Amount	Percentage of total annual purchasing (%)	Name	Amount	Percentage of total annual purchasing (%)
NA			NA			NA		
Total Purchasing	466,030	-	Total Purchasing	1,576,062	-	Total Purchasing	1,411,292	-

The Company's consolidated suppliers(excluding ATEN manufacturing subsidiaries) scattered around the world. There is no single supplier that has accounted for 10% or more of ATEN's total consolidated purchasing during either of the last two year.

B. Customers that have accounted for 10% or more of ATEN's total consolidated sales during either of the last two years:

Unit: NT\$ thousands

2022Q1			2021			2020		
Name	Amount	Percentage of total annual sales (%)	Name	Amount	Percentage of total annual sales (%)	Name	Amount	Percentage of total annual sales (%)
NA			NA			NA		
Total Net Sales	1,232,664	-	Total Net Sales	5,163,691	-	Total Net Sales	4,823,613	-

The Company's consolidated customers(excluding ATEN subsidiaries) scattered around

the world. There is no single customer that has accounted for 10% or more of ATEN's total consolidated customer during either of the last two year.

### 5.2.5 Production Volume and Production Value for the Last Two Years

Units: pieces / NT\$ thousands

Product Line	2021			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
IT Infrastructure Access Management Solution Products	1,124,753	1,004,553	1,039,112	1,157,220	1,070,569	959,298
Video Products	340,376	333,467	243,075	313,154	301,622	231,797
Other	1,026,220	872,478	145,030	1,098,268	992,003	192,970
Total	2,491,349	2,210,498	1,427,217	2,568,642	2,364,194	1,384,065

### 5.2.6 Sales Volume and Value for the Last Two Years

Units: pieces / NT\$ thousands

Product Line	2010				2020			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
IT Infrastructure Access Management Solution Products	45,043	230,207	782,810	2,934,166	47,575	187,940	812,154	2,752,414
Video Products	20,232	69,257	282,452	779,026	16,781	55,025	256,067	742,137
Other	99,583	352,013	1,284,108	799,021	68,742	326,758	1,293,434	759,339
Total	164,858	651,478	2,349,370	4,512,213	133,098	569,723	2,361,655	4,253,890

## 5.3 Employees

The number of ATEN Group employees, their average years of service, average age and education levels

Year		As of March 31, 2022	2021	2020
Numbers of employees	Managerial and sales personnel	906	912	965
	R&D personnel	273	276	286
	Production line workers	309	300	367
	Total	1488	1488	1618
Average age		39.44	39.29	36.87
Average length of service		7.02	6.97	5.96
Education	Ph.D.	0.3%	0.3%	0.2%

Year		As of March 31, 2022	2021	2020
	Masters	18.2%	18.9%	18.5%
	Bachelor's Degree	48.5%	48.2%	46.7%
	Senior High School	14.4%	14.7%	15%
	Below Senior High School	18.6%	17.9%	19.7%

Note: The number of overseas and local product line workers accounted for 20.77% of total group employee.

## 5.4 Disbursements for Environmental Protection:

5.4.1 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The Company produces products such as KVM switches, professional audio/video products, and USB series products. The Company is focused on product design, development, processing, quality control, etc. The processes do not generate environmental pollution, thus there are no pollution-related environmental issues. As of the printing date of the annual report, in 2021 there were no incidents where the company incurred losses from or paid compensation for pollution incidents.

## 5.5 Labor Relations:

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

A. Employee benefit plan:

Labor insurance, health insurance and regular health inspections

3 holiday bonus and performance bonus

Employee Welfare Committee

Bonus system stipulated in the Articles of Incorporation

Employee trips

Employee meals

Employee breastfeeding room and first aid

Maternity subsidy: NT\$120,000 for one child

Paid birthday leave

Volunteer leaves

B. Employee training:

One of the key factors in ATEN's success has been an employee development

strategy that emphasizes continuous learning. The company's Education and Training Regulations stipulate that: Every year, an education and training plan will be submitted, based on the company's strategy and annual goals, and a specified percentage of the company's sales revenue in the previous fiscal year will be allocated as the education and training budget for that year. Taking into account the company's expectations and individual employees' functions and career development needs, the company will provide employees with learning opportunities and resources in a planned, systematic manner. In line with current trends in organizational design strategy and in strategic education and training development, the company has established an education and training road-map based around three core elements (annual thematic training, continued development, and new employee cultivation) and three broad occupational function categories (managerial functions, specialist functions, and core functions), as well as self-directed growth activities. Besides retaining the original grade-based and function-based educating and training system and new employee cultivation plan, this road-map also incorporates an annual key areas training plan that is linked to strategic performance, and leading indicator based vocational training. In addition, in order to ensure the sustainable development of the company, ATEN has introduced the Bullpen Project: MA/MT. Students who are in their final year at graduate school in science and engineering related subjects at leading Taiwanese or international universities are invited to participate in the project, in which they undergo several months of intensive training, and are then assigned to appropriate units based on their performance in written and oral examinations. Recently, ATEN also established an Operational Training Center, to undertake systematic cultivation of managerial talent, both in Taiwan and overseas.

Education and training results in FY2021 were as shown in the table below:

Course Categories	The Number of Courses	The Number of Training employee	Training Hours	Expense (Unit: NTD)
Managerial Function	12	191	356	1,176,008
Specialist function	318	4575	7218.1	
Core Function	86	1904	2511.2	
Self-Directed Growth	13	1017	1287	
New Employee Cultivation	19	192	537	
Online Course	100	3116	4899.2	
合計	548	10995	16808	

Note : The average number of instances of training per person was approximately 18, and the

average hours of training per person were around 24 hours.

(In 2021, due to the impact of the COVID-19 pandemic, the company implemented flexible working schedules as a response to the level 3 alert of the government; in addition, many non-virtual training courses had to be temporarily canceled for safety reasons, and the company switched over to using online, digital training for some training courses, resulting in the reduction of overall training costs. The number of e-learning/e-training courses created by the company as well as the total training hours of these courses have also reached record highs in the last three years.)

C. Retirement systems:

The Company established a retirement system and Business Entity Supervisory Committee of Labor Retirement Reserve in accordance with the Labor Standards Act, and in accordance with the Labor Standards Act, for the older system, 2% of the total monthly salary is reserved as a labor pension; furthermore, in accordance with Article 56 of the Labor Standards Act, the difference is allocated and deposited into designated accounts with the Bank of Taiwan. For the new labor retirement system, from July 1, 2005, in accordance with the provisions of the Labor Pension Act, 6% of the total wages insured will be reserved for the labor pension.

D. Labor-management agreements:

The Company will regularly convene labor-management meetings to maintain the channels of communication between labor and management.

- 5.5.2 List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

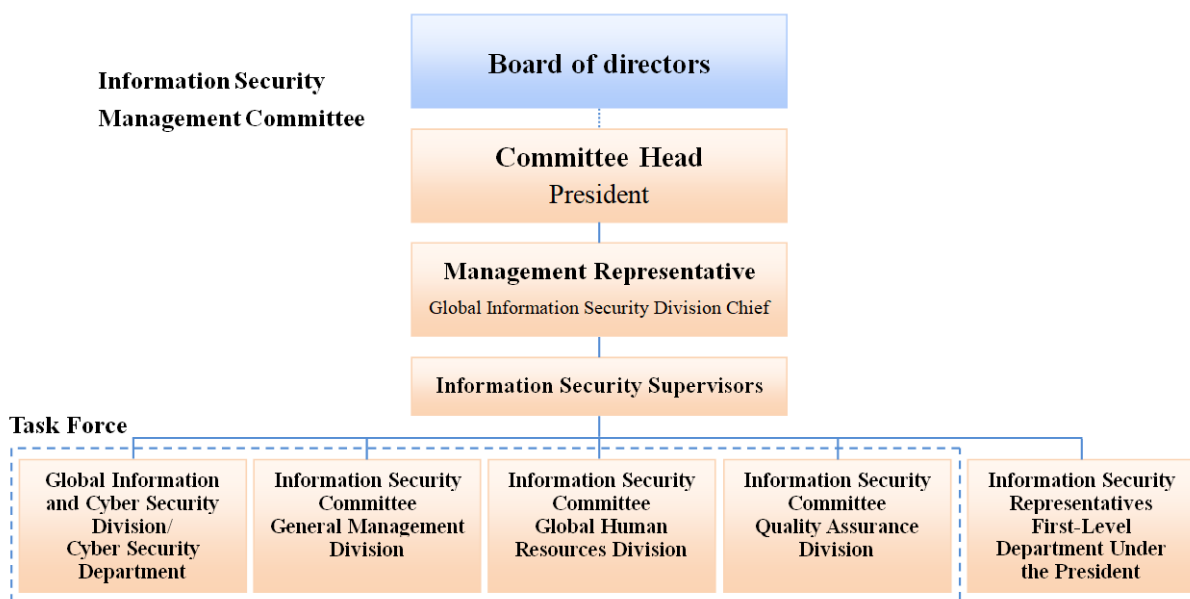
The relationships between labor and management had always been harmonious. In recent years, no losses have been incurred from disputes between labor and management. Furthermore, the company has been a recipient of the HR Asia Best Companies to Work for in Asia awards for the second time, and has won first prize in New Taipei City's Award for Best Companies to Work For in New Taipei City. In 2022, the company was once again one of the 100 corporations in Taiwan to have passed the "TALENT in Taiwan Six Indicators (corporate meaning and value, diversity and tolerance, organizational communication, rewards and benefits, physical and mental health, and talent growth) for Taiwanese Talent Sustainability" of Commonwealth Magazine

## **5.6 Cyber Security Management**

- 5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. The cyber security risk management framework

- The interdepartmental Information Security Management Committee of the company assigns the President as the Committee Head, who assigns the Global Information Security Division Chief as the management representative for the planning and promotion of information security policies and management regulations. The Chief of Global Information Security Division reports to the Committee Head and manages information security supervisors to coordinate with the General Management Division, the Global Human Resources Division, the Quality Assurance Division, and the Cyber Security Department to form a task force that is responsible for the establishment and implementation of management regulations. Each first-level department under the President assigns an information security representative to participate in the discussions to establish management regulations. The representatives relay the comments of their respective departments and assist in the promotion of regulations upon approval. With these measures, the effectiveness of information security management of the company is secured.
- The Information Security Management Committee is responsible for the establishment as well as the periodic reviews and corrections of information security management policies and management regulations.
- The Information Security Management Committee convenes review meetings regularly to ensure the smooth operation of management mechanisms and reports to the Board of Directors every year.



2. The cyber security policies

**“Risk management through legal and regulatory compliance, reinforcing risk protection and response measures, archiving and backing up sensitive documents: everyone is responsible for information security”**

- To ensure the confidentiality, integrity, and availability of the company's information as well as the regulation compliance of the management systems and procedures,
- ATEN reinforces its information protection capability and strengthens its core information communication system from four major aspects: organization, personnel, procedure, and technology to ensure continuous operations.
- ATEN regularly responds to the internal and external changes of information security and reviews the effectiveness of its risk management measures and information security incident response handling procedures.
- ATEN implements the protection of sensitive information and the backup/recovery of data to avoid information assets being misused, tampered, and damaged by human negligence, intentional conduct, or natural disasters, which in turn affects the normal operation of its business and results in the loss of company rights and competitiveness.
- ATEN properly protects the information and privacy of its customers regardless of the region or country they are located at, and whether or not relevant legislation exists in these regions.
- Colleagues should properly participate in the education and trainings held by the company to increase their information security awareness and personal protection capabilities.

To further enhance information security management, the company introduced ISO 27001 in the fourth quarter of 2021 and built the Information Security Management System (ISMS). The company estimates to be ISO 27001 certified in 2022. Through the establishment and implementation of the ISMS, ATEN will continue to enhance its daily management of information security and its abnormal incident response capability to protect its information assets and ensure its competitiveness.

### 3. Concrete management programs

#### (1). Information security awareness education and training

Regularly implementing education and trainings on information security, and recording online education and training courses to increase colleagues' knowledge in information security and help them make the right choices.

#### (2). Information system security management

- A. Installing anti-virus software on the company's servers, personal computers, and laptops, and automatically updating virus codes and regularly reviewing their update status.
- B. Delivering patches for security vulnerabilities to the company's servers, personal computers, and laptops in a timely manner to ensure the completion of security patches.
- C. Installing information security models in the email system, including trash mail filtering,

malicious email detection, and email backup for auditing to increase overall email information security.

- D. Conducting data backup for application systems and databases every day that complies with the 3/2/1 data backup principle (3 copies of backup, 2 types of storage media, 1 copy of off-site storage) in addition to implementing system data recovery drills every year and monitoring the results of daily backup to ensure data storage security.
- E. In terms of the company's flash drive information control, an asset management system is used to restrict employees. Employees are not allowed to use personal storage devices and are only allowed to use company assets and registered flash drives to ensure the security of classified information of the company.
- F. Each department removes their administrator rights, uses legal software authorized by the company, and complies with relevant regulations. Any unauthorized software that is irrelevant to the business cannot be installed to ensure the regulation compliance of company software authorization and reduce the risks of viruses and spyware due to the use of illegal software.
- G. Carefully assessing the possible security risks beforehand and signing the appropriate information security confidentiality agreements with manufacturers when outsourcing information system businesses.

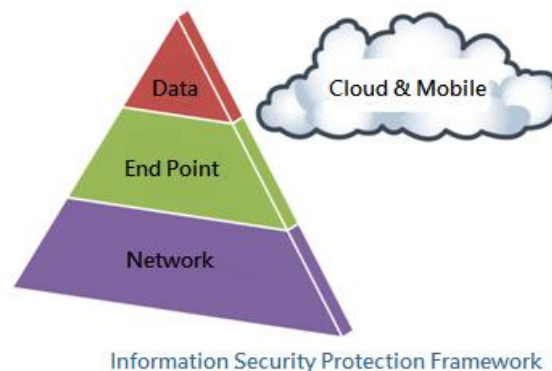
(3). Network security management

- A. The external service application system of the company utilizes fire walls to isolate itself from the Internet and limit the access end to block malicious connections. Abnormal connection reports are also reviewed regularly.
- B. The external network of the company has seven layers of fire walls that filter all packets and traffic and block all traffic that poses threats to the security of the network. Anomaly reports are also reviewed and analyzed regularly.
- C. Installing network behavior control equipment to the external network and ban employees from connecting to external services that are not related to work such as cloud storage spaces, emails, social networks, instant messengers, and streaming media.
- D. Controlling private wireless networks and 4G signals in the internal office areas of the company to avoid company data from leaking out via personal wireless devices and blocking illegal external wireless devices.
- E. Controlling employees' personal computers, and detecting and blocking computer devices that are not authorized by the company to avoid personal equipment connecting to the company network and stealing confidential data of the company.
- F. Building internal fire walls and successfully protecting important information of the company's departments, preventing external hacker attacks and controlling application program access.

G. Managing the behavior of sharing data with external sources via company laptops to avoid employees from carrying out laptops and leaking important classified information of the company.

(4). System access control

- A. For new hires, personnel adjustments, and employment terminations, applications must be filed on the system to notify the Global Information and Cyber Security Division to add new users, adjust or delete the access rights of employees.
- B. Accounts and passwords must be set for information systems, and the setting of user passwords should comply to the required length and complexity of the security principles. Users should also change their system passwords regularly.
- C. Based on their work demands, users log in to the internal application system and apply for IT services, the relevant supervisors review the applications, and the Global Information and Cyber Security Division sets the system access rights for users.
- D. In terms of the establishment and maintenance of systems for manufacturers, the scope of system access rights should be drawn out, and the granting of long-term system accounts and passwords should be prohibited. The access rights of short-term or temporary system accounts and passwords for manufacturers based on the actual operational needs should be immediately terminated after use. Users should log in to the system to apply for these short-term or temporary accounts and passwords.



(5). Information security sustainable operations and management

- A. The Information Security Management Committee has been established to formulate and promote information security policies and management regulations, discuss information security issues and countermeasures, and require employee compliance to maintain the company's information security.
- B. It is estimated that the company will pass the ISO 27001:2013 certification in 2022, which will further reinforce its information security management system, ensuring the security of information assets for the company and customers.

- C. In the event of information security incidents, contingency protocols should be followed and the relevant department supervisors and personnel of the information security department should be informed to conduct appropriate handling and fast recovery operations.
- D. The Global Information and Cyber Security Division regularly assesses the possibilities of information security risks leading to damages, and joins the appropriate information security insurance if necessary to reduce the risks and losses generated by information security incidents.

#### 4. Investments in resources for cyber security management

The company has built a defensive information security protective mechanism to avoid the suspension of business due to information security issues, ensuring the continuous operation of its operations and effectively supporting its operational performance.

From the perspective of defense levels of information security, defense levels can be divided into network, endpoint, data, and cloud. Information security-related resources invested in the strengthening of each level include:

- The establishment of a second fire wall, wireless hotpoint blockage, connection blockage of non-ATEN computers, reinforcement of encryption certificates, and establishment of network monitor boards and a WFH connection structure that complies with information security regulations.
- Implementing software patches and the management of monitor boards at servers and user ends, controlling the data sharing among endpoints to stop viruses from spreading, and establishing failover cluster structures for important system services to ensure the availability of services.
- Implementing 3/2/1 backup operations and establishing monitor boards. Implementing disaster recovery drills and establishing monitor boards. Managing USB data export and sent emails. Planning for the introduction of sensitive information protection platforms.
- Initiation of cloud-based WAF

The ongoing ISO27001 project of the company reinforces the management systems of information security, and a vulnerability scanning is scheduled to be executed by manufacturers in 2022 to improve the high-risk factors in test results, continuously enhancing the quality of information security protection through the improvement of measures.

- 5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts there from, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None major significant cyber security incidents.

### **5.7 Important Contracts: None.**

## VI. Financial Information

### 6.1 Condensed Balance Sheets for the Past 5 Fiscal Years

#### 6.1.1 Condensed Consolidated Balance Sheet

Unit: NT\$ thousands

Item		2022Q1	2021	2020	2019	2018	2017
Current assets		4,231,111	4,204,302	4,765,316	4,052,847	4,638,222	3,445,070
Property, plant and equipment		2,602,844	2,586,485	2,210,053	2,000,424	1,994,459	2,024,879
Intangible Assets		9,473	10,314	13,680	2,756	2,756	2,756
Other assets		485,389	491,728	503,266	599,938	409,627	479,542
Total assets		7,328,817	7,292,829	7,492,315	6,655,965	7,045,064	5,952,247
Current liabilities	Before distribution	2,299,407	2,051,859	2,109,612	1,897,008	2,074,856	1,882,630
	After distribution		Note 2	2,749,145	2,834,838	3,038,303	2,546,914
Non-Current liabilities		467,126	497,173	531,762	428,812	383,789	350,619
Total liabilities	Before distribution	2,766,533	2,549,032	2,641,374	2,325,820	2,458,645	2,233,249
	After distribution		Note 2	3,280,907	3,263,650	3,422,092	2,897,533
Total Equity attributable to shareholders of the parent company	Before distribution	4,499,542	4,682,270	4,787,234	4,246,888	4,496,883	3,617,887
	After distribution		Note 2	4,154,037	3,315,013	3,541,114	2,960,796
Common Stock		1,194,711	1,194,711	1,194,711	1,194,711	1,194,711	1,194,711
Capital Surplus		316,963	316,963	316,963	345,634	343,149	387,157
Retained Earnings	Before distribution	3,188,656	3,399,506	3,399,776	2,833,688	3,066,318	2,130,064
	After distribution	(200,788)	Note 2	2,766,579	1,901,813	2,110,549	1,472,973
Other equity			(228,910)	(124,216)	(127,145)	(107,295)	(94,045)
Treasury stock			-	-	-	-	-
Non-controlling interests	Before distribution	62,742	61,527	63,707	83,257	89,536	101,111
	After distribution		Note 2	57,371	77,302	81,858	93,918
Total equity	Before distribution	4,562,284	4,743,797	4,850,941	4,330,145	4,586,419	3,718,998
	After distribution		Note 2	4,211,408	3,392,315	3,622,972	3,054,714

Notes: 1.Data for 2017 – 2021 has all been audited by a certified public accountant.

2. Pending for BOD resolution.

## 6.1.2 Condensed Balance Sheet - Parent Company only

Unit: NT\$ thousands

Item		2021	2020	2019	2018	2017
Current assets		2,650,727	3,209,275	3,046,607	2,364,224	2,243,798
Property, plant and equipment		1,992,647	1,683,422	1,606,811	1,589,054	1,599,341
Intangible assets		-	-	-	-	-
Other assets		1,617,740	1,487,081	1,083,664	2,164,131	1,284,233
Total assets		6,261,114	6,379,778	5,737,082	6,117,409	5,127,372
Current liabilities	Before distribution	1,260,901	1,318,280	1,272,815	1,351,246	1,266,561
	After distribution	Note 2	1,951,477	2,204,690	2,307,015	1,923,652
Non-Current liabilities		317,943	274,264	217,379	269,280	242,924
Total liabilities	Before distribution	1,578,844	1,592,544	1,490,194	1,620,526	1,509,485
	After distribution	Note 2	2,225,741	2,422,069	2,576,295	2,166,576
Common Stock		1,194,711	1,194,711	1,194,711	1,194,711	1,194,711
Capital Surplus		316,963	316,963	345,634	343,149	387,157
Retained Earnings	Before distribution	3,399,506	3,399,776	2,833,688	3,066,318	2,130,064
	After distribution	Note 2	2,766,579	1,901,813	2,110,549	1,472,973
Other equity		(228,910)	(124,216)	(127,145)	(107,295)	(94,045)
Total equity	Before distribution	4,682,270	4,787,234	4,246,888	4,496,883	3,617,887
	After distribution	Note 2	4,154,037	3,315,013	3,541,114	2,960,796

Notes: 1.Data for 2017 – 2021 has all been audited by a certified public accountant.

2. Pending for BOD resolution.

## 6.2 Condensed Income Statements for the Past 5 Fiscal Years

### 6.2.1 Condensed Consolidated Income Statement

Unit: NT\$ thousands

Item	2022Q1	2021	2020	2019	2018	2017
Net Sales	1,232,664	5,163,691	4,823,613	5,032,719	5,173,010	4,947,321
Gross profit	725,248	2,155,200	2,839,280	3,038,461	3,043,680	2,924,660
Operating profit	174,404	805,373	608,350	776,334	830,114	886,183
Non-operating income and expenses	4,970	62,818	1,084,968	121,410	1,026,856	60,798
Net income before tax	179,374	868,191	1,693,318	897,744	1,856,970	946,981
Income from Continuing Operations	136,338	644,298	1,501,978	726,620	1,587,751	738,194
Income (Loss) from Discontinued Operations	-	-	-	-	-	-
Net income	136,338	644,298	1,501,978	726,620	1,587,751	738,194
Other comprehensive income (loss), net of tax	28,615	(111,909)	4,565	(21,932)	3,471	(32,817)
Total comprehensive income	164,953	532,389	1,506,543	704,688	1,591,222	705,377
Net income attributable to shareholders of the parent company	135,616	637,313	1,499,268	723,133	1,576,132	726,748
Net income attributable to non-controlling interests	722	6,985	2,710	3,487	11,619	11,446
Total comprehensive income attributable to shareholders of the parent company	163,738	528,233	1,504,231	703,289	1,580,030	693,747
Total comprehensive income attributable to non-controlling interests	1,215	4,156	2,312	1,399	11,192	11,630
EPS (NT\$)	1.14	5.33	12.55	6.05	13.19	6.08

Notes: 1. The data for 2017 – 2021 has all been audited by a certified public accountant.

## 6.2.2 Condensed Income Statement - Parent Company only

Unit: NT\$ thousands

Item	2021	2020	2019	2018	2017
Net Sales	3,366,103	3,277,611	3,478,432	3,589,610	3,365,672
Gross profit	1,790,273	1,723,959	1,918,158	1,908,890	1,799,248
Operating profit	681,879	521,075	726,469	636,753	687,550
Non-operating income and expenses	138,735	1,091,360	154,950	1,094,311	194,319
Net income before tax	820,614	1,612,435	881,419	1,731,064	881,869
Income from Continuing Operations	637,313	1,499,268	723,133	1,576,132	726,748
Income (Loss) from Discontinued Operations	-	-	-	-	-
Net income	637,313	1,499,268	723,133	1,576,132	726,748
Other comprehensive income (loss), net of tax	(109,080)	4,963	(19,844)	3,898	(33,001)
Total comprehensive income	528,233	1,504,231	703,289	1,580,030	693,747
EPS (NT\$)	5.33	12.55	6.05	13.19	6.08

Notes: 1.The data for 2016 – 2020 has all been audited by a certified public accountant.

## 6.3 The Name of the Certified Public Accountant and the Auditor's Opinion

Year	Name of CPA Firm	Name of CPAs	Auditor's opinions
2021	KPMG	Po-Shu Huang / Chung-Shun Wu	Unqualified opinion
2020	KPMG	Po-Shu Huang / Chung-Shun Wu	Unqualified opinion
2019	KPMG	Po-Shu Huang / Yong-Sheng Wang	Unqualified opinion
2018	KPMG	Lin Wu / Yong-Sheng Wang	Unqualified opinion
2017	KPMG	Lin Wu / Yong-Sheng Wang	Unqualified opinion

## 6.4 Financial Analyses for the Past 5 Fiscal Years

### 6.4.1 Consolidated Financial Ratios for the last 5 years

Item		2022Q1	2021	2020	2019	2018	2017
Financial structure	Debt ratio (%)	38	35	35	35	35	38
	Ratio of Long-term fund to Property, plant and equipment asset (%)	193	203	244	238	249	201
Liquidity Ratios	Current ratio (%)	184	205	226	214	224	183
	Quick ratio (%)	129	150	173	157	169	135
	Times interest earned (times)	50	50	81	31	102	66
Operating ratios	Receivables turnover (turns)	6.23	6.30	6.91	7.41	7.18	7.48
	Receivables turnover days	59	58	53	49	51	49
	Inventory turnover (turns)	1.88	2.12	1.99	1.95	2.27	2.55
	Payables turnover (turns)	4.58	5.47	5.41	4.66	4.51	4.79
	Inventory turnover days	194	172	183	187	161	143
	Property, plant and equipment asset turnover (turns)	1.92	2.15	2.29	2.52	2.57	2.44
	Total assets turnover (turns)	0.68	0.70	0.68	0.73	0.80	0.85
Profitability ratios	Return on assets (%)	7.62	8.91	21.47	10.96	24.66	12.82
	Return on equity (%)	11.72	13.43	32.72	16.30	38.23	19.87
	Pre-tax Income to Paid-in Capital Ratio (%)	60.06	72.67	141.73	75.14	155.43	79.26
	Profit ratio (%)	11.06	12.48	31.14	14.44	30.69	14.92
	Earnings per share (NT\$)	1.14	5.33	12.55	6.05	13.19	6.08
Cash flow	Cash flow ratio (%)	1	107	16	37	7	44
	Cash flow adequacy ratio (%)	76	80	51	65	76	90
	Cash flow reinvestment ratio (%)	0.58	25.75	-9.76	-4.67	-9.25	2.58
Leverage	Degree of operating leverage	1.32	2.47	2.91	2.51	2.44	2.16
	Degree of financial leverage	1	1	1	1	1	1
Please explain the reasons of changes in financial ratio for the past two years (No needs for analysis if change of financial ratio is less than 20%)							
1. Liquidity Ratios: Profits in FY2020 had a larger increase in comparison to FY2021 due to the disposals of non-operating long-term investments, causing a decrease in the interest coverage ratio.							
2. Profitability ratios: Earnings in FY2020 increased more than those in FY2021 due to a larger amount of non-operating long-term investment disposal in FY2020, causing decreases in the return on assets ratio, rate of return on equity, profit before tax to paid-in capital ratio, net profit margin, and EPS.							
3. Cash flow: The cash inflow from operating activities increased in FY2021 due to the purchase of land, the establishment of plants, the conversion to fixed deposits, and the redemption of currency funds, resulting in the increase in cash flow ratio, cash flow adequacy ratio, and cash flow							

reinvestment ratio.

6.4.2 Financial Ratios for the last 5 years - Parent Company only

Item	2021	2020	2019	2018	2017	
Financial structure	Debt ratio (%)	25	25	26	26	29
	Ratio of Long-term fund to Property, plant and equipment asset (%)	251	301	278	300	241
Liquidity Ratios	Current ratio (%)	210	243	239	175	177
	Quick ratio (%)	167	208	200	140	149
	Times interest earned (times)	338	374	193	345	191
Operating ratios	Receivables turnover (turns)	4.99	4.62	4.78	5.93	6.14
	Receivables turnover days	73	79	76	62	59
	Inventory turnover (turns)	3.37	3.44	3.39	4.20	4.52
	Payables turnover (turns)	5.58	5.82	5.36	5.94	5.76
	Inventory turnover days	108	106	108	87	81
	Property, plant and equipment asset turnover (turns)	1.83	1.99	2.18	2.25	2.10
	Total assets turnover (turns)	0.53	0.54	0.59	0.64	0.65
Profitability ratios	Return on assets (%)	10.11	24.80	12.26	28.10	14.19
	Return on equity (%)	13.46	33.19	16.54	38.85	20.10
	Pre-tax Income to Paid-in Capital Ratio (%)	68.69	134.96	73.78	144.89	73.81
	Profit ratio (%)	18.93	45.74	20.79	43.91	21.59
	Earnings per share (NT\$)	5.33	12.55	6.05	13.19	6.08
Cash flow	Cash flow ratio (%)	157	28	98	37	79
	Cash flow adequacy ratio (%)	109	81	95	91	98
	Cash flow reinvestment ratio (%)	24.93	-10.50	6.15	-3.11	7.34
Leverage	Degree of operating leverage	2.14	2.60	2.09	2.39	2.12
	Degree of financial leverage	1	1	1	1	1

Please explain the reasons of changes in financial ratio for the past two years (No needs for analysis if change of financial ratio is less than 20%)

1. Liquidity Ratios: The current assets decreased in FY2021 due to the redemption of currency funds to purchase land and establish plants, resulting in the decrease in quick ratio.
2. Profitability ratios: Earnings in FY2020 increased more than those in FY2021 due to a larger amount of non-operating long-term investment disposal in FY2020, causing decreases in the return on assets ratio, rate of return on equity, profit before tax to paid-in capital ratio, net profit margin, and EPS.
3. Cash flow: The cash inflow from operating activities increased in FY2021 due to the purchase of land, the establishment of plants, the conversion to fixed deposits, and the redemption of currency funds, resulting in the increase in cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio.

## 6.5 Audit Committee's Report in the Most Recent Year

ATEN International Co., LTD.

### The Audit Committee Review Report

The Board of Directors has prepared the Company's 2021 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.

The 2022 General Shareholders Meeting of ATEN International Co., LTD.

ATEN International Co., LTD.

Chairman of the Audit Committee : Wei-Jen Chu

March 3, 2022

**6.6 Consolidated Financial Statement for the Most Recent Fiscal Year.**

Refer to the attachment 1.

**6.7 Financial Statements of the Parent Company for the Most Recent Fiscal Year.**

Refer to the attachment 2.

**6.8 If the Company or its affiliates have experienced financial difficulties in the most recent year and up to the publication of the annual report, the annual report shall explain how the difficulties affected the Company's financial situation: None.**

## VII. Review of Financial Conditions, Operating Results, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2021	2020	Difference	
				Amount	%
Current Assets		4,204,302	4,765,316	(561,014)	(11.77)
Property, Plant and Equipment		2,586,485	2,210,053	376,432	17.03
Goodwill		10,314	13,680	(3,366)	(24.61)
Other Assets		491,728	503,266	(11,538)	(2.29)
Total Assets		7,292,829	7,492,315	(199,486)	(2.66)
Current Liabilities		2,051,859	2,109,612	(57,753)	(2.74)
Non Current Liabilities		497,173	531,762	(34,589)	(6.50)
Liabilities		2,549,032	2,641,374	(92,342)	(3.50)
Equity attributable to Shareholders of the Company		4,682,270	4,787,234	(104,964)	(2.19)
Common Stock		1,194,711	1,194,711	0	0.00
Capital Surplus		316,963	316,963	0	0.00
Retained Earnings		3,399,506	3,399,776	(270)	(0.01)
Other Equity Interest		(228,910)	(124,216)	(104,694)	84.28
Treasure Stock		0	0	0	0.00
Non-Controlling Interests		61,527	63,707	(2,180)	(3.42)
Total Equity		4,743,797	4,850,941	(107,144)	(2.21)

Analysis on changes:

1. The decrease in intangible assets compared to the previous year was mainly due to the amortization of patents, trademarks, and customer relationships in accordance with the standards bulletin.
2. The decrease in other equity was mainly due to the difference in foreign exchange rates, causing the increase of exchange differences in financial statements of foreign operating organizations

### 7.2 Analysis of Operation Results

Unit: NT\$ thousands

Item	Year	2021	2020	Difference	
				Amount	%
Operating Revenue		5,163,691	4,823,613	340,078	7.05
Operating Costs		2,155,200	1,984,333	170,867	8.61
Gross Profit		3,008,491	2,839,280	169,211	5.96
Operating Expenses		2,203,118	2,230,930	(27,812)	(1.25)
Operating Profit		805,373	608,350	197,023	32.39
Non- Operating Income and Expenses		62,818	1,084,968	(1,022,150)	(94.21)
Net Income Before Tax		868,191	1,693,318	(825,127)	(48.73)

Less: Income Tax Expense	223,893	191,340	32,553	17.01
Net Income After Tax	644,298	1,501,978	(857,680)	(57.10)

Analysis on changes:

1. The revenue increase in FY2021 and the higher operating expenses in FY2020 have led to the increase in operating profits.
2. In FY2020, the disposals of non-operating long-term investments were profitable, causing profits in FY2021 to decrease in comparison to FY2020, resulting in the decrease of non-operating income, net income before tax, and net income after tax

## 7.3 Analysis of Cash Flow

### 7.3.1 Liquidity Analysis within the last 2 years

Unit: NT\$ thousands

Item	Year	2021	2020	YoY %
Cash flow ratio (%)		107	16	562%
Cash flow adequacy ratio (%)		80	51	58%
Cash flow reinvestment ratio (%)		25.75	-9.76	-364%

Analysis on change:

The cash inflow from operating activities increased in FY2021 due to the purchase of land, the establishment of plants, the conversion to fixed deposits, and the redemption of currency funds, resulting in the increase in cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio.

### 7.3.2 Cash Liquidity Analysis for Next Year

Unit: NT\$ thousands

Cash Balance-Beginning	Estimated Annual Net Cash Flow from Operating Activities	Estimated Annual Cash Outflow	Cash Balance(Deficit)	Contingency plans for Insufficient cash	
				Investment Plan	Financial Plan
1,565,739	258,908	(679,599)	1,145,048	-	-

Analysis on changes:

Operating activities: In consideration of profitability and operating expenses, for the cash flow from operating activities, it is expected that an incoming cash flow of NT\$258,908 thousand will be generated.

Investing activities: Including investment income and fixed asset procurement.

Financing activities: Including paying cash dividend, employee remuneration, and director remuneration.

## 7.4 Major Capital Expenditure Items

### 7.4.1 The impact of material capital expenditure on financial business in the most recent year.

Unit: NT\$ thousands

Project	Actual or intended financing	Actual or intended completion date	Total funds needed	Actual or intended use of funds		
				2022	2023	2024
Fixed Assets	Operating fund	2022	158,805	158,805	-	-

#### 7.4.2 Expected benefits:

In recent years, the investments of the fixed assets of the company mainly include the expenses used for the building of offices in factories, molds, and research and development of the equipment, which effectively increase the company's research and development abilities and productivity technology, allowing a more comprehensive development of the Group.

### 7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year:

The company takes on the strategy of cautious reinvestment under the premise of pursuing sustainable and stable development of its core business for further growth. In order to develop the local market and expand the market scale, ATEN is actively establishing domestic and overseas manufacturing facilities, sales offices, and product showrooms, while collaborating with industries and forming strategic alliances to focus on realizing vertical integration of its core business, and is carefully evaluating reinvestment or merger and acquisition to enhance operational, financial, and market opportunities.

### 7.6 Analysis of Risk Management of the Most Recent Year and up to the Publication of the Annual Report

7.6.1 The effect upon the company's profit (loss) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

#### A. The effect of interest rate fluctuations

Unit: NT\$ thousands

Item	Year	2021	2020
Interest Income		1,675	3,475
Interest Expense		17,744	21,186
Net Income		644,298	1,501,978
(Interest Income-Interest Expense) / Net Income		-2.49%	-1.18%

ATEN has consistently maintained a healthy financial structure, with dedicated personnel responsible for close interaction with ATEN's banks. The company makes effective use of a range of financial tools to reduce the risk associated with interest rate fluctuations. For the last two years, ATEN's net interest income amounted to less than 2.5% of the company's consolidated net income; the impact of interest rate fluctuations on the company has thus been very limited.

#### B. The effect of exchange rate fluctuations

1. ATEN's products are heavily oriented towards the export market, with exports accounting for 90% of total sales in 2019 and 2020. Prices for export sales are normally calculated in U.S. dollars, and as imported materials account for only a small share of total materials costs, ATEN does not benefit from the "natural

hedging” effect. Exchange rate fluctuations can thus have a significant impact on the company’s operations. The impact of exchange rate loss on the company’s consolidated sales revenue and profits in 2020 and 2021 are outlined below:

Unit: NT thousands

Item	2021	2020
Gain on foreign Exchange, Net (1)	-8,700	-4,470
Net Income before Tax (2)	868,191	1,693,318
Net Income (3)	5,163,691	4,823,613
(1)/(2)	-1.00%	-0.26%
(1)/(3)	-0.17%	-0.09%

2. The response measures to be taken

- a. Careful recording the exchange rate at the time which receivables and payments are made into the account, and using forward contracts for hedging purposes. ATEN maintains close contacts with its banks, and collects information relating to exchange rate movements, enabling the company to keep its finger on the pulse of exchange rate movements, thereby avoiding, or at least minimizing, exchange rate risk.
- b. In accordance with ATEN’s Procedures for the Acquisition and Disposal of Assets, the company reviews its foreign exchange positions twice a month. ATEN is constantly monitoring market fluctuations, so as to be able to adjust its hedging strategy as necessary.

C. The effect of changes in the inflation rate

ATEN constantly monitors market price movements, and maintains close relations with both suppliers and customers. As a result, in 2020 and 2021, ATEN has not suffered any serious impact from inflation.

7.6.2 The company’s policy regarding high-risk investments, highly leveraged investments, loan to other parties, endorsement, guarantees, and derivatives transactions; the main reasons for the profit/losses generated thereby; and response measures to be taken in the future.

- A. The Company did not engage in high-risk, high-leverage investment or make loans to others in 2021.
- B. The great majority of the Company’s business transactions are denominated in foreign currency. To hedge against exchange rate risk, the Company engaged in forward exchange transactions with banks with good credit ratings for hedging purpose so as to minimize our exchange rate exposure.

7.6.3 R&D work to be carried out in the future, and future expenditures expected for R&D work.

Unit: NT thousands

R&D Plans	Current Progress	Further Expenditure Required	Expected completion schedule
Development of the new-generation KVM matrix system products for use in the management and integration of KVM equipment for control room applications.	Ongoing	140,000	Q3, 2022

R&D Plans	Current Progress	Further Expenditure Required	Expected completion schedule
Development of the new-generation Prosumer KVM series of products, targeting True 4K resolution, mixed-signal and multi-screen office applications.	Ongoing	51,000	Q3, 2022
Development of a range of Secure KVM switch products that conform to the Protection Profile for Peripheral Sharing Device (PP PSD) international standard for KVM devices.	Ongoing	32,000	Q3, 2022
Technical integration and application of consumer electronics on desktops and peripheral products for gaming consoles.	Ongoing	55,000	Q2, 2022
Integration and applications of Audio/ Video connector management products.	Ongoing	130,000	Q3, 2022
Smart Control System.	Ongoing	50,000	Q3, 2022
PE series electric power and green energy integration and applications.	Ongoing	46,000	Q4, 2022
EC series electric power and green energy integration and applications.	Ongoing	8,000	Q3, 2022

7.6.4 Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

With relevant departments doing their jobs competently and supporting one another, the company is highly adaptive to the development of domestic and foreign political and financial situations as well as the changes in the law. For example, the company took immediate and effective measures in financial, personnel, and business issues as a response to the Russian invasion of Ukraine, reducing the impacts of the war. Also, in regard to the continuing problem of the COVID-19 pandemic, which has had a severe impact on the global economy and on the lives of ordinary people throughout the world, as soon as the disease began to spread, ATEN and its overseas sales and production divisions immediately implemented appropriate response measures in line with the policies adopted by local governments, so as to keep the impact on the company's operations to a minimum. As a result, none of the major domestic or international policy decisions and legal and regulatory changes of the past fiscal year had a significant material impact on ATEN's finances or sales.

7.6.5 Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

ATEN specializes in the development, manufacturing and sale of network management and computer peripheral devices. The company uses its participation in exhibitions, trade shows and conferences to obtain information about the industry of which it is part and to keep up-to-date with the latest market news. Today, when the pace of change in technology is so rapid, demand for electronic equipment is rising steadily, which has helped to boost demand for ATEN's KVM switches, Pro-AV, industrial controller, and consumer products.

ATEN's outstanding technology and high competitiveness, coupled with a business development strategy that emphasizes innovation, will help ATEN to achieve even more impressive results and biggest profit for shareholders in the future.

In order to strengthen information security management, ATEN has adopted the most rigorous information security requirements and established a set of information security protection systems to monitor and support the company's operations. However, the company still has to face the challenge of having its IT systems subjected to online attacks from external sources. Common threats include distributed denial of service (DDoS) attacks, ransomware, social engineering, etc.

Viewed in terms of risk assessment, the use of illegal methods by external hackers to penetrate ATEN's internal networks and systems has the potential to disrupt the company's day-to-day operations. In the event of an online attack, important corporate data might be stolen or leaked from the company's systems, or might be tampered with, destroyed or lost, which could result in delays or stoppages in sales and service provision, could impact the new product R&D process, and might lead to temporary factory shutdowns, etc. If a malicious hacker attack occurred, ATEN's intellectual property or other confidential information might be examined; for example, this might include data belonging to customers or other stakeholders, or employees' personal data, etc.

To reduce the above-mentioned risks, ATEN continues to refine its corporate governance system from the perspective of information security, and continues to strengthen its defensive capabilities. ATEN has adopted the ISO 27001 information security management framework, with content that includes network safety, information operating procedures, physical and environmental security, access control, information asset management, password management, information security incident management, vulnerability assessment, data back-up, etc. The company has also formulated a business continuity plan, performs regular post-disaster recovery simulations and drills, and implements an annual review of safety policies and management procedures and system safety measures to ensure their suitability and effectiveness, thereby strengthening the overall information security capabilities of the ATEN Group as a whole.

In addition, with regard to personal data protection, in order to ensure compliance with the requirements of Taiwan's Personal Data Protection Act, the EU's General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and other international privacy legislation, ATEN has established a personal data protection unit, has established internal management procedures for the collection, processing and use of personal data, and implements safety management and systematization for the handling of electronic files that contain personal data, with the aim of reducing, to the maximum possible extent, the risks associated with the collection, processing and use of personal data.

#### 7.6.6 Effect on the company's crisis management of changes in the company's corporation image, and measures to be taken in the future.

ATEN has always implemented corporate governance and used its core operational capabilities to realize its corporate social responsibility. Following the core values of "Integrity, Caring, Ambition, and Novelty," ATEN leads its management team and employees, and is able to take the concerns of stakeholders (e.g., shareholders, employees, customers, suppliers, the government, and social media) into consideration in all

aspects of its business operations. Other than continuously making good profits in its core business and sharing these profits with shareholders and employees, ATEN also hopes to exert its corporate influence and bring positive energy for more stakeholders.

The various types of awards ATEN has received over the years include: “Best Taiwan Global Brands,” “Best Companies to Work for in Asia Award,” “Taiwan Mittelstand Award,” “Excellence in Corporate Social Responsibility Award” by Commonwealth magazine, “Corporate Governance Evaluation,” “Best Companies to Work for,” “Taiwan Excellence Award,” “Excellent Corporate Volunteering Team of New Taipei City Award,” and “Exercise Enterprise Certification,” etc., which highlight the emphasis and efforts ATEN puts on its corporate image, inspiring all personnel to take sustainable development as the goal, and continue to march toward co-existing and co-thriving with the global society. As a result, in the past fiscal year and up until the time of publication of this report, no risks had emerged that had any significant impact on the company’s corporate image.

7.6.7 Expected benefits and possible risk associated with any merger and acquisitions, and mitigation measures being or to be taken.

ATEN has not undertaken any merger or acquisition activity in 2020, or in 2021 (up until the present time).

7.6.8 Expected benefits and possible risk associated with any plant expansion and mitigation measures being or to be taken.

ATEN carefully plans production capacity expansion and the capital expenditure of individual plants, in line with industrial development and market needs, so as to enhance productivity and sales revenue and gain better industrial position. Plant expansion is thus based on a careful evaluation process, and major capital expenditure items are submitted to the company's Board of Directors for approval, which takes into account the anticipated investment benefits and the possible risks.

7.6.9 Risk associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

ATEN’s consolidated suppliers and customers (excluding ATEN subsidiaries) scatter around the world. No single supplier and customer accounted for 10% or more of total consolidated purchases and sales, respectively. There is therefore no serious risk due to excessive customer concentration.

7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

Not applicable.

7.6.11 Effects of, risks relating to and response to changes in control over the Company.

Not applicable.

7.6.12 Litigious and non-litigious matters. List major litigious or administrative disputes that:(1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the price of the company's securities.

(1) HoeYa Technology Inc. filed lawsuits against the Company for the damage of the product that is under previous provisional attachment requested by the Company in August 2007 and August 2020 respectively. The Supreme Court reversed the judgment of the 2007 lawsuit against the Company in March 2020 and remanded to the Intellectual Property Court. In October 2021 the Intellectual Property Court dismissed the 2020 lawsuit brought by HoeYa Technology Inc. which HoeYa Technology Inc. filed an appeal accordingly. Both of the lawsuits were under the court proceedings. The Company has retained attorneys to handle the cases, which were still in progress as of the reporting date.

(2) YiFeng Technology Co., Ltd. filed lawsuit against the Company for the damage of the product that is under previous provisional attachment requested by the Company in September 2019. The Company has retained attorney to handle the case. The Company received the judgment in favor of the Company from the court in June 2021. YiFeng Technology Co., Ltd. filed an appeal on July 5, 2021, which were still in progress as of the reporting date.

7.6.13 Other important risks, and mitigation measures being or to be taken: None

## **7.7 Other Important Matters: None.**

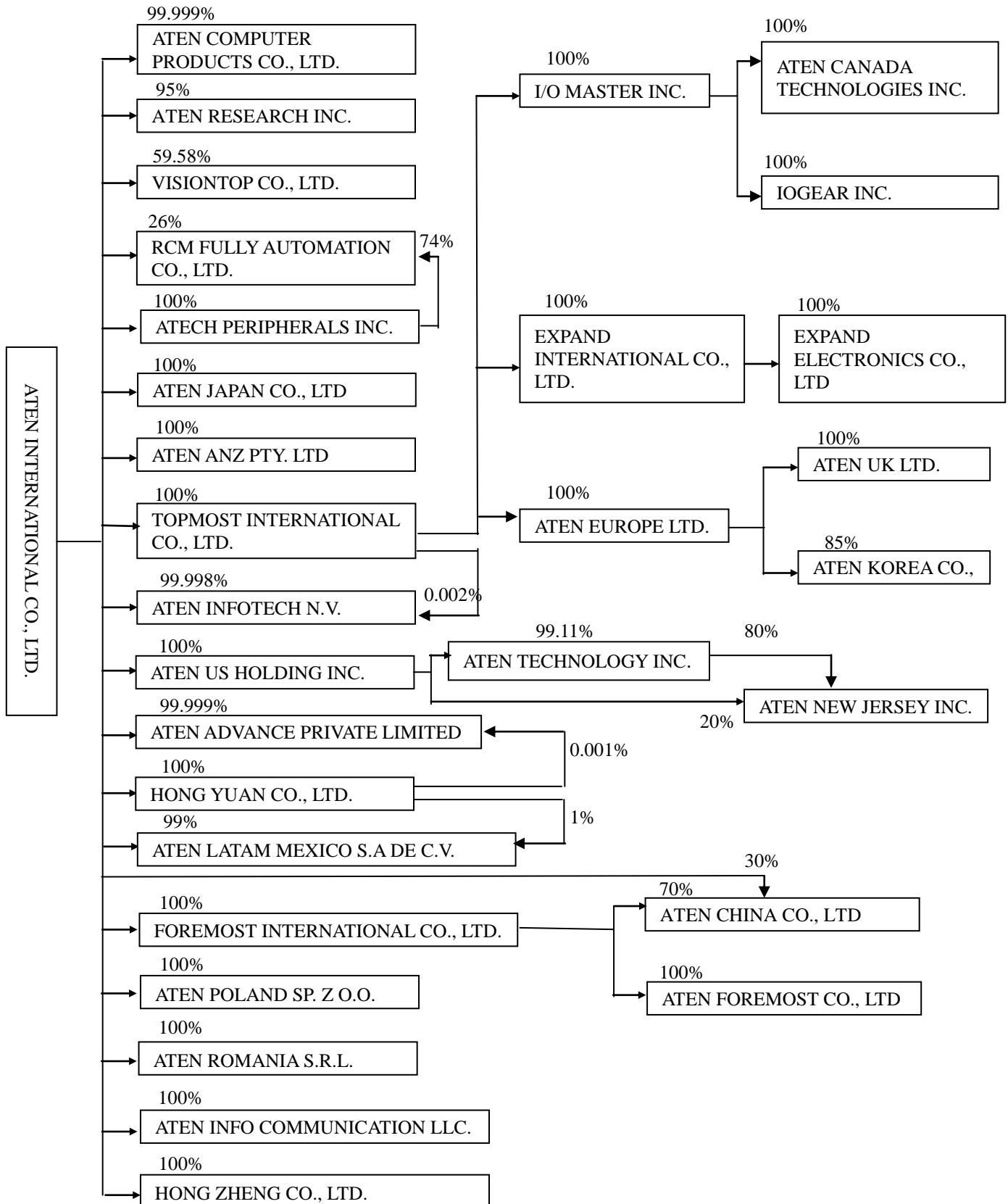
## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 8.1.1 Consolidated business report

##### A. Affiliated Enterprises

As of Mar. 31, 2022



## B. Basic Information of Affiliated Enterprises

As of Mar. 31, 2022

Company Name	Date of Establishment	Address	Paid-in capital	Major businesses or products
ATEN COMPUTER PRODUCTS CO., LTD.	1990.10	No.369/31 Village 6th , Bowin Sub-district , Srilacha District , Chonburi Province , Thailand.	412,000,000 baht	Manufacturing and trading of electronic peripheral products
ATEN RESEARCH INC.	1990.09	15365 Barranca Parkway, Irvine, CA 92618, U.S.A.	US\$598,000	Trading of electronic peripheral products
VISIONTOP CO., LTD.	1970.12	No.15, Ln. 30, Xinjiang N. Rd., Sijhih Dist., New Taipei City, Taiwan 221, ROC	NT\$108,624,000	Special printing
ATECH PERIPHERALS INC.	1999.06	6F., No.133, Sec. 2, Datung Rd., Sijhih District., New Taipei City 221, Taiwan	NT\$100,000,000	Trading of electronic peripheral products
TOPMOST INTERNATIONAL CO., LTD.	1999.07	Scotia Centre, 4th Floor, P.O. Box2804, George Town, Grand Cayman, Cayman Islands.	US\$700,000	General investment
EXPAND INTERNATIONAL CO., LTD.	1999.07	Suite 11, Level 2 Niamall, Saleufi Samoa	US\$689,965	General investment
ATEN TECHNOLOGY, INC.	1996.03	15365 Barranca Parkway, Irvine, CA 92618, U.S.A.	US\$8,749,563	Trading of electronic peripheral products
ATEN INFOTECH N.V.	2000.11	Mijnwerkerslaan 34, 3550 Heusden-Zolder, BELGIUM	EUR\$1,250,000	Trading of electronic peripheral products
ATEN JAPAN CO., LTD	2004.03	ATEN Bldg. 8-4, Minami-senju 3-chome, Arakawa-ku, Tokyo 116-0003 Japan	¥80,000,000	Trading of electronic peripheral products
ATEN EUROPE LTD.	2006.05	466 Malton Avenue Slough, Berkshire SL1 4QU, UK	GBP\$1,069,000	General investment
ATEN UK LTD.	2006.05	466 Malton Avenue Slough, Berkshire SL1 4QU, UK	GBP\$650,000	Trading of electronic peripheral products
ATEN US HOLDING INC.	2006.11	2711 CENTERVILLE ROAD SUITE400,WILMINGTON,DELAWARE 19808, USA	US\$9,380,000	General investment
ATEN NEW JERSEY INC.	2006.08	15365 Barranca Parkway, Irvine, CA 92618, U.S.A.	US\$800,000	Trading of electronic peripheral products
ATEN KOREA CO., LTD	2007.03	153-801 B-dong 303 ho, 60-5 Gabeul Grate Valley, Gasan-dong, Geumcheon-gu, Seoul, Korea	Won \$1,200,000,000	Trading of electronic peripheral products

Company Name	Date of Establishment	Address	Paid-in capital	Major businesses or products
FOREMOST INTERNATIONAL CO., LTD.	2007.04	St James Court, Suite 308, St Denis Street, Port Louis, Republic of Mauritius	US\$ 2,180,628	General investment
ATEN CHINA CO., LTD	2007.11	18/F, Tower A, Horizon International Tower, No. 6, Zhichun Road, Haidian District Beijing, China 100088	RMB \$12,000,000	Trading of electronic peripheral products
ATEN FOREMOST CO., LTD	2008.01	No.5 Luotian Industrial Park, Songgang Street Baoan District Shenzhen China	HK\$7,500,000	Manufacturing and trading of electronic peripheral products
I/O MASTER INC.	1999.03	OFFSHORE CHAMBERS, P.O. BOX217, APIA, SAMOA	US\$ 700,000	General investment
ATEN CANADA TECHNOLOGIES INC.	1998.09	#101-11784 Hammersmith Way, Richmond, B.C. V7A 5E3 Canada	CAD\$ 100	Research development
IOGEAR INC.	2001. 03	15365 Barranca Parkway, Irvine, CA 92618, U.S.A.	US\$ 100	Trading of electronic peripheral products
EXPAND ELECTRONICS CO., LTD.	2011.11	Building 184, Yanluo Road, Luotian Community, Songgang Subdistrict, Bao'an District, Shenzhen	RMB\$ 15,000,000	Manufacturing of electronic peripheral products
HONG ZHENG CO., LTD.	2011.7	6F., No.137, Sec. 2, Datung Rd., Sijhih District., New Taipei City 221, Taiwan	NT\$ 16,000,000	General investment
HONG YUAN CO., LTD.	2011.7	6F., No.137, Sec. 2, Datung Rd., Sijhih District., New Taipei City 221, Taiwan	NT\$ 16,000,000	General investment
ATEN ANZ PTY. LTD.	2015.5	Suite 2 level 1 394 Lane Cove Rd, Macquarie Park NSW 2113	AUD\$ 3,500,000	Trading of electronic peripheral products
RCM FULLY AUTOMATION CO., LTD.	2016.4	2F., No. 143, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	NT\$ 30,000,000	Trading of electronic peripheral products
ATEN INFO COMMUNICATION LLC.	2016.10	Bestepe Mah. Yasam Cad.,Neorama Is Merkezi 13-A/ 76, Yenimahalle Ankara	TRY\$ 2,000,000	Trading of electronic peripheral products
ATEN POLAND SP. Z O.O.	2017.10	Libra Business Center ul. Gottlieba Daimlera 2., Warsaw, Poland	PLN\$ 1,000,000	Trading of electronic peripheral products
ATEN ROMANIA S.R.L	2019.4	Voluntari City, 10 Soseaua Bucuresti – Nord Street, Global City Business Park, Building O13, 6th floor, Ilfov County, Bucharest, Romania	RON\$ 800,000	Trading of electronic peripheral products

Company Name	Date of Establishment	Address	Paid-in capital	Major businesses or products
ATEN ADVANCE PRIVATE LIMITED	2020.7	No 67-68, 2nd Floor Sudhev Complex S Karjyappa Road Basavanagudi Bangalore Ka 560004, India	INR\$ 22,000,000	Trading of electronic peripheral products
ATEN LATAM MEXICO S.A DE C.V.	2021.12	Plaza Polanco, Calle Jaime Balmes No. 11, Torre B, 2F (201FA, 201FB), Colonia Polanco, Alcaldia Miguel Higalco, CDMX, CP 11510	Peso 5,200,000	Trading of electronic peripheral products

C. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control:  
None.

D. The industries covered by the business operated by the affiliates overall.

Company Name	Scope of Business	Business Connection with other Affiliated Enterprises
ATEN COMPUTER PRODUCTS CO., LTD.	Trading and manufacturing of electronic equipment	Expand the Company's product line and the Company's customer.
ATEN RESEARCH INC.	Trading of electronic equipment	Not related
VISIONTOP CO., LTD.	Specialized printing	Not related
ATECH PERIPHERALS INC.	Trading of electronic equipment	The Company's customer and invest RCM FULLY AUTOMATION CO., LTD.
TOPMOST INTERNATIONAL CO., LTD.	Investing	Invest EXPAND INTERNATIONAL CO., LTD. , I/O MASTER INC., ATEN EUROPE LTD.
EXPAND INTERNATIONAL CO., LTD.	Investing	Invest EXPAND ELECTRONICS CO., LTD.
ATEN TECHNOLOGY INC.	Trading of electronic equipment	The Company's customer and invest ATEN NEW JERSEY INC.
ATEN INFOTECH N.V.	Trading of electronic equipment	The Company's customer.
ATEN JAPAN CO., LTD.	Trading of electronic equipment	The Company's customer.
ATEN EUROPE LTD.	Investing	Invest ATEN UK LTD. and ATEN KOREA CO., LTD.
ATEN UK LTD.	Trading of electronic equipment	The Company's customer.
ATEN US HOLDINGS INC.	Investing	Invest ATEN TECHNOLOGY INC. and ATEN NEW JERSEY INC.
ATEN NEW JERSEY INC.	Trading of electronic equipment	The Company's customer.
ATEN KOREA CO., LTD.	Trading of electronic equipment	The Company's customer.
FOREMOST INTERNATIONAL	Investing	Invest ATEN CHINA CO., LTD. and

Company Name	Scope of Business	Business Connection with other Affiliated Enterprises
CO., LTD.		ATEN FOREMOST INTERNATIONAL CO., LTD.
ATEN CHINA CO., LTD.	Trading of electronic equipment	The Company's customer.
ATEN FOREMOST INTERNATIONAL CO., LTD.	Trading and manufacturing of electronic equipment	Expand the Company's product line and the Company's customer.
I/O MASTER INC.	Investing	Invest ATEN CANADA TECHNOLOGIES INC. and IOGEAR INC.
ATEN CANADA TECHNOLOGIES INC.	Research and development center	The Company's research and development center
IOGEAR INC.	Trading of electronic equipment	DBA (doing business as) Aten Technology Inc.
EXPAND ELECTRONICS CO., LTD.	Manufacturing of electronic equipment	Expand the Company's product line
HONG ZHENG CO., LTD.	Investing	Not related
HONG YUAN CO., LTD.	Investing	Not related
ATEN ANZ PTY. LTD.	Trading of electronic equipment	The Company's customer.
RCM FULLY AUTOMATION CO., LTD.	Trading of electronic equipment	Customer of ATECH PERIPHERALS INC.
ATEN INFO COMMUNICATION LLC.	Trading of electronic equipment	The Company's customer.
ATEN POLAND SP. Z O.O.	Trading of electronic equipment	The Company's customer.
ATEN ROMANIA S.R.L	Trading of electronic equipment	The Company's customer.
ATEN ADVANCE PRIVATE LIMITED	Trading of electronic equipment	The Company's customer.
ATEN LATAM MEXICO S.A DE C.V.	Trading of electronic equipment	The Company's customer.

E. Directors, supervisors and presidents of affiliates and subsidiaries.

As of Mar. 31, 2022; Unit: share; %

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
ATEN COMPUTER PRODUCTS CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	4,299,998	99.999%
ATEN RESEARCH INC.	Chairman/President	Sun-Chung Chen (ATEN International Representative)	2,840	95%
VISIONTOP CO., LTD.	Chairman/President	Shang-Jen Chen	1,719,592	15.83%

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Director	ATEN International	6,472,066	59.58%
		ATEN International Representative: Sun-Chung Chen	414,600	3.82%
	Director	ATEN International	6,472,066	59.58%
		ATEN International Representative: Sherry Tung	69,200	0.64%
	Supervisor	Candy Liao	58,000	0.53%
ATECH PERIPHERALS INC.	Chairman	Sun-Chung Chen (ATEN International Representative)	10,000,000	100%
	Director	Shang-Jen Chen (ATEN International Representative)		
	Director	Yung-Da Lin (ATEN International Representative)		
	Supervisor	Candy Liao (ATEN International Representative)		
TOPMOST INTERNATIONAL CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	700,000	100%
EXPAND INTERNATIONAL CO., LTD.	Chairman	Sun-Chung Chen (TOPMOST INTERNATIONAL CO., LTD. Representative)	689,965	100%
ATEN TECHNOLOGY INC.	Chairman/President	Sun-Chung Chen (ATEN US HOLDINGS INC. Representative)	8,672,084.37	99.11%
	Director	Jian-Nan Chen/ Yung-Da Lin (ATEN US HOLDINGS INC. Representative)		
ATEN INFOTECH N.V.	Chairman	Sun-Chung Chen (ATEN International Representative)	58,343	99.998%
	President	Jack Chen (ATEN International Representative)		
ATEN JAPAN CO.,LTD	Chairman/Director	Sun-Chung Chen (ATEN International Representative)	1,600	100%
	President/ Director	Hans Deng(ATEN International Representative)		
	Director	Jovi Jhan/ Tomoyuki Tsuji /Jian-Nan Chen/Sean Ho/ Yung-Da Lin (ATEN International Representative)		

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Supervisor	Candy Liao(ATEN International Representative)		
ATEN US HOLDINGS INC.	Chairman	Sun-Chung Chen (ATEN International Representative)	9,380,000	100%
ATEN NEW JERSEY INC.	Chairman/President	Sun-Chung Chen (ATEN US HOLDINGS INC. Representative)	160,000	20%
	Director	Jian-Nan Chen/ Yung-Da Lin (ATEN TECHNOLOGY INC. Representative)	640,000	80%
ATEN EUROPE LTD.	Chairman	Sun-Chung Chen (TOPMOST INTERNATIONAL CO., LTD. Representative)	1,069,000	100%
ATEN UK LTD.	Chairman	Sun-Chung Chen (ATEN EUROPE LTD. Representative)	650,000	100%
	Director	Jian-Nan Chen (ATEN EUROPE LTD. Representative)		
	Director	Yung-Da Lin (ATEN EUROPE LTD. Representative)		
FOREMOST INTERNATIONAL CO., LTD.	Director	Sun-Chung Chen (ATEN International Representative)	2,180,628	100%
ATEN KOREA CO., LTD.	Chairman	Sun-Chung Chen (ATEN EUROPE LTD. Representative)	102,000	85%
	Director	Yung-Da Lin 、 Jian-Nan Chen (ATEN EUROPE LTD. Representative)		
	President/Director	Harvy Kao (ATEN EUROPE LTD. Representative)		
	Director	Hyung-Beom Kim	18,000	15%
	Supervisor	Candy Liao (ATEN EUROPE LTD. Representative)	102,000	85%
ATEN CHINA CO., LTD	Chairman	Sun-Chung Chen (ATEN International Co., LTD. Representative)	-	30%
	Director	Yung-Da Lin (Foremost International Co., Ltd. Representative)	-	70%

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Director	Jian-Nan Chen (Foremost International Co.,Ltd. Representative)		
	Supervisor	Candy Liao (Foremost International Co., Ltd. Representative)		
ATEN FOREMOST CO., LTD	Executive Director /President	Thomas Chang (Foremost International Co., Ltd. Representative)	-	100%
	Supervisor	Candy Liao (Foremost International Co., Ltd. Representative)		
I/O MASTER INC.	Chairman/President	Sun-Chung Chen (TOPMOST INTERNATIONAL CO., LTD. Representative)	700,000	100%
ATEN CANADA TECHNOLOGIES INC.	Chairman/President	Sun-Chung Chen (I/O Master Inc. Representative)	300	100%
IOGEAR INC.	Chairman/President	Sun-Chung Chen (I/O Master Inc. Representative)	10	100%
EXPAND ELECTRONICS CO., LTD	Executive Director	Tim Chiang (Expand International Co., Ltd. Representative)	-	100%
	Supervisor	Jian-Nan Chen (Expand International Co., Ltd. Representative)		
HONG ZHENG CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	1,600,000	100%
	Director	Yung-Da Lin (ATEN International Representative)		
	Director	Jian-Nan Chen (ATEN International Representative)		
	Supervisor	Candy Liao (ATEN International Representative)		
HONG YUAN CO., LTD.	Chairman	Sun-Chung Chen (ATEN International Representative)	1,600,000	100%
	Director	Yung-Da Lin (ATEN International Representative)		

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Director	Jian-Nan Chen (ATEN International Representative)		
	Supervisor	Candy Liao (ATEN International Representative)		
ATEN ANZ PTY. LTD.	Chairman	Sun-Chung Chen(ATEN International Representative)	3,500,000	100%
	Director	Yung-Da Lin(ATEN International Representative)		
	Director	David Masters	0	0%
RCM FULLY AUTOMATION CO., LTD.	Chairman	Yung-Da Lin (ATEN International Representative)	780,000	26%
	Director	Sun-Chung Chen (ATEN International Representative)		
	Director	Johnny Wang (ATECH PERIPHERALS INC. Representative)	2,220,000	74%
	Supervisor	Jian-Nan Chen	0	0%
ATEN INFO COMMUNICATION LLC.	Legal Representative	Sun-Chung Chen (ATEN International Representative)	2,000	100%
ATEN POLAND SP. Z O.O.	Chairman	Sun-Chung Chen (ATEN International Representative)	20,000	100%
ATEN ROMANIA S.R.L	Chairman	Sun-Chung Chen (ATEN International Representative)	80,000	100%
	Director	Lanie Chen (ATEN International Representative)		
	Director	Bogdan Mihalcea (ATEN International Representative)		
ATEN ADVANCE PRIVATE LIMITED	Chairman	Sun-Chung Chen (ATEN International Representative)	2,199,999	99.999%
	Director	Mike Chiang (ATEN International Representative)		
	Director	Vittal M Salunke (ATEN International Representative)		
ATEN LATAM MEXICO S.A DE C.V.	Chairman	Sun-Chung Chen (ATEN International Representative)	5,148,000	99%

Company Name	Title	Name or Representative	Shareholdings	
			Shares	Shareholdings %
	Director	Yung-Da Lin(ATEN International Representative)		
	Director	Jian-Nan Chen (ATEN International Representative)		

#### F. Operational Performance of Affiliated Enterprises

As of Dec. 31, 2021; Unit: NT\$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Stockholders' Equity	Net Sales	Operating Income	Net Income	EPS (NT\$)
ATEN COMPUTER PRODUCTS CO., LTD.	392,097	318,544	16,112	302,432	16,748	(33,014)	(36,954)	(8.59)
ATEN RESEARCH INC.	16,309	82	0	82	0	(103)	(170)	(56.86)
VISIONTOP CO., LTD.	108,624	167,010	63,210	103,800	106,422	405	967	0.09
ATECH PERIPHERALS INC.	100,000	410,912	242,128	168,784	628,947	46,668	39,955	3.99
TOPMOST INTERNATIONAL CO., LTD.	22,183	524,119	0	524,119	0	(255)	31,253	44.65
EXPAND INTERNATIONAL CO., LTD.	21,383	323,545	0	323,545	0	(34)	(4,850)	(7.03)
ATEN TECHNOLOGY, INC.	267,204	547,193	447,582	93,424	916,325	(26,299)	36,980	4.26
ATEN INFOTECH N.V.	54,197	279,398	201,998	77,400	612,847	14,767	10,311	176.73
ATEN JAPAN CO., LTD.	25,105	323,738	177,683	146,055	510,659	66,263	42,720	26,700
ATEN EUROPE LTD.	67,279	174,150	5,350	168,800	0	(1,988)	33,212	31.07
ATEN UK LTD.	37,922	64,370	61,713	2,657	100,732	802	57	0.09
ATEN US HOLDING INC.	287,083	101,060	0	101,060	0	(140)	36,687	3.91
ATEN NEW JERSEY INC.	26,118	28,477	615	27,862	275	(779)	(1,298)	(1.62)
ATEN KOREA CO., LTD	34,811	275,736	150,834	124,902	455,998	54,394	40,466	337.22

Company Name	Capital	Total Assets	Total Liabilities	Stockholders' Equity	Net Sales	Operating Income	Net Income	EPS (NT\$)
FOREMOST INTERNATIONAL CO., LTD.	69,730	78,146	0	78,146	0	(115)	(8,403)	(3.85)
ATEN CHINA CO., LTD	56,924	232,711	163,469	69,242	497,033	(3,892)	(4,945)	Note
ATEN FOREMOST CO., LTD	29,315	77,327	48,036	29,291	166,140	(5,470)	(4,862)	Note
I/O MASTER INC.	9,782	38,515	7,457	31,058	0	(41)	2,450	3.50
ATEN CANADA TECHNOLOGIES INC.	3	59,556	21,165	38,391	96,704	4,040	2,490	8,300
EXPAND ELECTRONICS CO., LTD	67,184	377,670	253,459	124,211	759,144	(6,861)	(7,456)	Note
HONG ZHENG CO., LTD.	16,000	43,955	52	43,903	0	(9)	125	0.08
HONG YUAN CO., LTD.	16,000	47,957	52	47,905	0	(17)	127	0.08
IOGEAR INC.	3	3	0	3	0	0	0	0.00
ATEN ANZ PTY. LTD.	77,350	63,815	29,895	33,920	62,372	(16,384)	(16,583)	(8.39)
RCM FULLY AUTOMATION CO., LTD.	30,000	72,494	54,019	18,475	94,755	2,633	4,106	1.37
ATEN INFO COMMUNICATION LLC.	17,683	1,586	545	1,041	7,508	(354)	(212)	(106)
ATEN POLAND SP. Z O. O.	8,295	26,247	18,627	7,620	71,792	774	748	37.4
ATEN ROMANIA S.R.L	5,839	10,750	3,511	7,239	9,897	1,346	1,314	16.43
ATEN ADVANCE PRIVATE LIMITED	9,030	9,042	499	8,543	5,862	645	512	0.23

Note: Limited Company

### 8.1.2 Consolidated financial statement

#### **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of ATEN INTERNATIONAL CO., LTD. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, ATEN INTERNATIONAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ATEN INTERNATIONAL CO., LTD.

Chairman: Sun-Chung Chen

Date: March 8, 2022

8.1.3 Consolidated business report: None.

**8.2 Private Placement Securities in the Most Recent Years and up to the Publication of the Annual Report: None.**

**8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.**

**8.4 Other Matters That Require Additional Description: None.**

**8.5 Situations Might Materially Affect Shareholders' Equity or the Price of the Company's Securities: None.**

# **Attachment 1**

## **Consolidated Financial Statements**

**ATEN INTERNATIONAL CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

**Address: 3rd Floor, No. 125, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City,  
Taiwan, R.O.C.**

**Telephone: (02)8692-6789**

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.

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## Representation Letter

The entities that are required to be included in the combined financial statements of ATEN INTERNATIONAL CO., LTD. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, ATEN INTERNATIONAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ATEN INTERNATIONAL CO., LTD.

Chairman: Sun-Chung Chen

Date: March 8, 2022



安侯建業聯合會計師事務所  
KPMG

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## 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, 2021 and 2020, 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 of December 31, 2021 and 2020, 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 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 for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year end December 31, 2021. 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, 2021 and 2020, 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 remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Po-Shu Huang and Chung-shun Wu.

KPMG

Taipei, Taiwan (Republic of China)  
March 8, 2022

#### **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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>									
11xx <b>Current assets:</b>					21xx <b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 1,565,739	22	941,902	13	2100 Short-term borrowings (notes 6(k) and 8)	\$ 541,731	7	781,779	10
1110 Financial assets at fair value through profit or loss – current (note 6(b))	606,829	9	1,933,163	26	2322 Current portion of long-term borrowings (notes 6(k) and 8)	5,012	-	5,608	-
1120 Financial assets at fair value through other comprehensive income – current (note 6(c))	6,941	-	5,116	-	2120 Financial liabilities at fair value through profit or loss – current (note 6(b))	696	-	7,858	-
1140 Contract assets – current (note 6(r))	8,678	-	1,532	-	2150 Notes payable	2,146	-	1,873	-
1150 Notes receivable, net (notes 6(d) and (r))	8,282	-	9,574	-	2170 Accounts payable	432,706	6	350,867	5
1170 Accounts receivable, net (notes 6(d) and (r))	862,120	12	758,222	10	2219 Other payable (note 6(s))	571,739	8	610,934	8
1200 Other receivables (note 6(e))	17,150	-	1,906	-	2230 Current tax liabilities	257,803	4	192,811	3
130x Inventories(note 6(f))	1,021,449	14	1,013,610	14	2250 Provisions – current (note 6(l))	25,680	-	25,277	-
1410 Prepayments	92,720	1	67,644	1	2280 Current lease liabilities (note 6(m))	101,947	1	62,373	1
1470 Other current assets	14,394	-	32,647	-	2399 Other current liabilities	112,399	2	70,232	1
<b>Total current assets</b>	<b>4,204,302</b>	<b>58</b>	<b>4,765,316</b>	<b>64</b>	<b>Total current liabilities</b>	<b>2,051,859</b>	<b>28</b>	<b>2,109,612</b>	<b>28</b>
15xx <b>Non-current assets:</b>					25xx <b>Non-Current liabilities:</b>				
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(c))	21,617	-	24,780	-	2540 Long-term borrowings (notes 6(k) and 8)	5,014	-	53,891	1
1600 Property, plant and equipment (notes 6(h), 7, 8 and 9)	2,586,485	35	2,210,053	29	2560 Non-current tax liabilities	89,550	1	52,212	1
1755 Right-of-use assets (note 6(i))	180,389	3	168,172	2	2570 Deferred income tax liabilities (note 6(o))	177,909	3	174,539	2
1780 Intangible assets(note 6(j))	10,314	-	13,680	-	2580 Non-current lease liabilities (note 6(m))	84,894	1	111,891	1
1840 Deferred income tax assets (note 6(o))	152,944	2	170,886	3	2645 Net defined benefit liabilities – non current (note 6(n))	90,318	1	93,730	1
1915 Prepayments for equipment	2,145	-	4,815	-	2670 Deposits received	730	-	1,115	-
1920 Refundable deposits	26,816	-	27,784	-	2670 Other non-current liabilities	48,758	1	44,384	1
1980 Other financial assets – non-current (notes 8 and 9)	105,546	2	106,511	2	<b>Total non-current liabilities</b>	<b>497,173</b>	<b>7</b>	<b>531,762</b>	<b>7</b>
1990 Other non-current assets	2,271	-	318	-	<b>Total liabilities</b>	<b>2,549,032</b>	<b>35</b>	<b>2,641,374</b>	<b>35</b>
<b>Total non-current assets</b>	<b>3,088,527</b>	<b>42</b>	<b>2,726,999</b>	<b>36</b>	<b>Equity attributable to shareholders of the company (note 6(p)):</b>				
					3110 Common stock	1,194,711	16	1,194,711	16
					3200 Capital surplus:				
					3210 Additional paid-in capital	316,913	4	316,913	4
					3250 Donated assets received	50	-	50	-
						316,963	4	316,963	4
					3300 Retained earnings:				
					3310 Legal reserve	1,493,727	20	1,465,181	19
					3320 Special reserve	189,465	3	145,188	2
					3350 Unappropriated retained earnings	1,716,314	24	1,789,407	24
						3,399,506	47	3,399,776	45
					3400 Other equity interest:				
					3410 Financial statements translation differences for foreign operations	(211,146)	(3)	(107,158)	(1)
					3420 Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(17,764)	-	(17,058)	-
						(228,910)	(3)	(124,216)	(1)
					<b>Total equity attributable to shareholders of the company</b>	<b>4,682,270</b>	<b>64</b>	<b>4,787,234</b>	<b>64</b>
					36xx <b>Non-controlling interests</b>	<b>61,527</b>	<b>1</b>	<b>63,707</b>	<b>1</b>
					3xxx <b>Total equity</b>	<b>4,743,797</b>	<b>65</b>	<b>4,850,941</b>	<b>65</b>
1xxx <b>Total assets</b>	<b>\$ 7,292,829</b>	<b>100</b>	<b>7,492,315</b>	<b>100</b>	2-3xxx <b>Total liabilities and equity</b>	<b>\$ 7,292,829</b>	<b>100</b>	<b>7,492,315</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

(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, 2021 and 2020

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

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (note 6(r))</b>	\$ 5,163,691	100	4,823,613	100
5000	<b>Operating costs (notes 6(f), (h), (i), (m), (n) and (s))</b>	<u>2,155,200</u>	<u>42</u>	<u>1,984,333</u>	<u>41</u>
5900	<b>Gross profit</b>	<u>3,008,491</u>	<u>58</u>	<u>2,839,280</u>	<u>59</u>
6000	<b>Operating expenses (notes 6(d), (h), (i), (j), (m), (n), (s) and 7):</b>				
6100	Selling expenses	1,221,588	24	1,230,751	25
6200	Administrative expenses	487,707	9	512,333	11
6300	Research and development expenses	493,622	10	489,644	10
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>201</u>	<u>-</u>	<u>(1,798)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>2,203,118</u>	<u>43</u>	<u>2,230,930</u>	<u>46</u>
6900	<b>Operating profit</b>	<u>805,373</u>	<u>15</u>	<u>608,350</u>	<u>13</u>
7000	<b>Non-operating income and expenses (notes 6(g), (m) and (t)):</b>				
7100	Interest income	1,675	-	3,475	-
7010	Other income	98,368	2	40,200	-
7020	Other gains and losses	(19,481)	-	1,056,906	22
7050	Finance costs	(17,744)	-	(21,186)	-
7060	Share of profit of associates accounted for under equity method	<u>-</u>	<u>-</u>	<u>5,573</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>62,818</u>	<u>2</u>	<u>1,084,968</u>	<u>22</u>
7900	<b>Profit from continuing operations before tax</b>	868,191	17	1,693,318	35
7950	<b>Less: Income tax expenses (note 6(o))</b>	<u>223,893</u>	<u>5</u>	<u>191,340</u>	<u>4</u>
	<b>Net income</b>	<u>644,298</u>	<u>12</u>	<u>1,501,978</u>	<u>31</u>
8300	<b>Other comprehensive income (notes 6(g), (o) and (p)):</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(5,557)	-	2,475	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,338)	-	(259)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(1,699)</u>	<u>-</u>	<u>461</u>	<u>-</u>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(5,196)</u>	<u>-</u>	<u>1,755</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(106,713)	(2)	2,679	-
8370	Share of other comprehensive income of associates accounted for using equity method	-	-	131	-
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>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(106,713)</u>	<u>(2)</u>	<u>2,810</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>(111,909)</u>	<u>(2)</u>	<u>4,565</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 532,389</u>	<u>10</u>	<u>1,506,543</u>	<u>31</u>
8600	<b>Net income attributable to:</b>				
8610	Shareholders of the parent	\$ 637,313	12	1,499,268	31
8620	Non-controlling interests	<u>6,985</u>	<u>-</u>	<u>2,710</u>	<u>-</u>
		<u>\$ 644,298</u>	<u>12</u>	<u>1,501,978</u>	<u>31</u>
8700	<b>Total comprehensive income attributable to:</b>				
8710	Shareholders of the parent	\$ 528,233	10	1,504,231	31
8720	Non-controlling interests	<u>4,156</u>	<u>-</u>	<u>2,312</u>	<u>-</u>
		<u>\$ 532,389</u>	<u>10</u>	<u>1,506,543</u>	<u>31</u>
	<b>Basic earnings per share (in New Taiwan dollars) (note 6(q))</b>				
9750	Basic earnings per share	<u>\$ 5.33</u>		<u>12.55</u>	
9850	Diluted earnings per share	<u>\$ 5.25</u>		<u>12.30</u>	

See accompanying notes to consolidated financial statements.

(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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity interest			Total equity attributable to owners of parent	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	Total			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
<b>Balance at January 1, 2020</b>	\$ 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	-	-	193,564	-	(193,564)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	37,893	(37,893)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(931,875)	(931,875)	-	-	-	(931,875)	(5,955)	(937,830)
Changes in equity of associates accounted for using equity method	-	885	-	-	-	-	-	-	-	885	-	885
Net income	-	-	-	-	1,499,268	1,499,268	-	-	-	1,499,268	2,710	1,501,978
Other comprehensive income	-	-	-	-	2,034	2,034	3,188	(259)	2,929	4,963	(398)	4,565
Total comprehensive income	-	-	-	-	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	-	(29,556)	-	-	-	-	-	-	-	(29,556)	-	(29,556)
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(3,339)	(3,339)	-	-	-	(3,339)	-	(3,339)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,907)	(15,907)
<b>Balance at December 31, 2020</b>	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
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	28,546	-	(28,546)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	44,277	(44,277)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(633,197)	(633,197)	-	-	-	(633,197)	(6,336)	(639,533)
Net income	-	-	-	-	637,313	637,313	-	-	-	637,313	6,985	644,298
Other comprehensive income	-	-	-	-	(4,386)	(4,386)	(103,988)	(706)	(104,694)	(109,080)	(2,829)	(111,909)
Total comprehensive income	-	-	-	-	632,927	632,927	(103,988)	(706)	(104,694)	528,233	4,156	532,389
<b>Balance at December 31, 2021</b>	\$ 1,194,711	316,963	1,493,727	189,465	1,716,314	3,399,506	(211,146)	(17,764)	(228,910)	4,682,270	61,527	4,743,797

See accompanying notes to consolidated financial statements.

(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, 2021 and 2020**

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

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Net income before tax	\$ 868,191	1,693,318
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss		
Depreciation expense	210,521	160,769
Amortization expense	3,366	2,243
Impairment loss (reversal of impairment loss) determined in accordance with IFRS9	201	(1,798)
Interest expenses	17,744	21,186
Interest income	(1,675)	(3,475)
Dividend income	(532)	(230)
Share of profit of associates accounted for under equity method	-	(5,573)
Losses on disposal of property, plant and equipment	1,249	352
Property, plant and equipment transferred to expenses	31	272
Gains on disposal of investments accounted for using equity method	-	(1,062,042)
Long-term borrowings transferred to other income	(62,861)	-
Prepayments for equipment transferred to expenses	433	-
Losses on lease modification	2	-
Total adjustments to reconcile profit and loss	<u>168,479</u>	<u>(888,296)</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	1,326,334	(342,156)
Contract assets	(7,146)	(1,532)
Notes receivable	1,292	(1,107)
Accounts receivable	(104,069)	(136,394)
Other receivable	(15,244)	1,219
Inventories	(6,838)	(27,808)
Prepayments	(25,076)	(2,239)
Other current assets	18,253	(99)
Total changes in operating assets, net	<u>1,187,506</u>	<u>(510,116)</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	(7,162)	6,489
Notes payable	273	(2,075)
Accounts payable	81,839	(26,544)
Other payable	(39,195)	101,641
Provisions	403	487
Other current liabilities	42,631	5,734
Net defined benefit liabilities	(8,969)	(562)
Other non-current liabilities	(643)	6,340
Total changes in operating liabilities, net	<u>69,177</u>	<u>91,510</u>
Total changes in operating assets / liabilities, net	<u>1,256,683</u>	<u>(418,606)</u>
Total adjustments	<u>1,425,162</u>	<u>(1,306,902)</u>
Cash provided by operating activities	2,293,353	386,416
Dividends received	532	230
Payment of income tax	(97,510)	(45,343)
<b>Net cash provided by operating activities</b>	<u>2,196,375</u>	<u>341,303</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,000)
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	918,133
Proceeds from disposal of investments accounted for under equity method	-	205,688
Acquisition of property, plant and equipment	(528,685)	(293,968)
Proceeds from disposal of property, plant and equipment	1,483	566
Decrease (increase) in refundable deposits	968	(9,984)
Acquisition of intangible assets	-	(13,167)
Decrease in other financial assets — non-current	965	10,655
Decrease (increase) in other non-current assets	(1,953)	231
Decrease (increase) in prepayments for equipment	(4,552)	2,091
Interest received	1,675	3,475
<b>Net cash provided by (used in) investing activities</b>	<u>(530,099)</u>	<u>820,720</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(236,775)	77,445
Proceeds from long-term debt	31,178	32,243
Repayment of long-term borrowings	(15,165)	(5,608)
Decrease in deposits received	(385)	-
Payment of lease liabilities	(101,847)	(69,039)
Cash dividends paid	(639,533)	(937,830)
Acquisition of ownership interests in subsidiaries	-	(19,246)
Interest paid	(17,744)	(21,186)
<b>Net cash used in financing activities</b>	<u>(980,271)</u>	<u>(943,221)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(62,168)</u>	<u>(18,620)</u>
<b>Increase in cash and cash equivalents for the period</b>	<u>623,837</u>	<u>200,182</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>941,902</u>	<u>741,720</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,565,739</u>	<u>\$ 941,902</u>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

ATEN INTERNATIONAL CO., LTD. (the “Company”) was incorporated on July 6, 1979, under the laws of the Republic of China (ROC). The Company and its subsidiaries (the Group) are mainly engaged in the manufacturing and trading of computer peripheral equipment, manufacturing of wired and wireless communication equipment, and manufacturing of electronic modules and parts.

**(2) Approval date and procedures of the consolidated financial statements**

These consolidated financial statements were approved by the Board of Directors and published on March 8, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies have been applied consistently throughout the presented periods in the financial statement.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC.

- (b) Basis of preparation

- (i) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary of the significant accounting policies).

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency using the exchange rates on reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries included in the consolidated financial statements

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
The Company	TOPMOST INTERNATIONAL CO., LTD. (TOPMOST)	Investing	100 %	100 %	
The Company	ATEN JAPAN CO., LTD. (ATEN JAPAN)	Trading of computer peripheral products	100 %	100 %	
The Company	ATEN US HOLDINGS INC. (ATEN US)	Investing	100 %	100 %	
The Company	FOREMOST INTERNATIONAL CO., LTD. (FOREMOST)	Investing	100 %	100 %	
The Company	ATEN INFOTECH N.V. (ATEN INFOTECH)	Trading of computer peripheral products	100 %	100 %	
The Company	ATECH PERIPHERALS INC. (ATECH PERIPHERALS)	Manufacturing and trading of computer peripheral products	100 %	100 %	
The Company	ATEN RESEARCH INC. (ATEN RESEARCH)	Trading of computer peripheral products	95 %	95 %	
The Company	ATEN COMPUTER PRODUCTS CO., LTD. (ATEN COMPUTER)	Manufacturing of computer peripheral products	100 %	100 %	
The Company	VISIONTOP CO., LTD. (VISIONTOP)	Specialized printing	60 %	60 %	

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
The Company	HONG JHENG TECHNOLOGY CO., LTD. (HONG JHENG)	Investing	100 %	100 %	
The Company	HONG YUAN CO., LTD. (HONG YUAN)	Investing	100 %	100 %	
The Company	ATEN ANZ PTY LTD. (ATEN ANZ)	Trading of computer peripheral products	100 %	100 %	
The Company	RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	Trading of computer peripheral products	26 %	26 %	
The Company	ATEN INFO COMMUNICAION LIMITED LIABILITY COMPANY (ATEN TURKEY)	Trading of computer peripheral products	100 %	100 %	
The Company	ATEN POLAND SP Z.O. O. (ATEN POLAND)	Trading of computer peripheral products	100 %	100 %	
The Company	ATEN ROMANIA S.R.L. (ATEN ROMANIA)	Trading of computer peripheral products	100 %	100 %	
The Company	ATEN ADVANCE PRIVATE LIMITED	Trading of computer peripheral products	100 %	100 %	Note 2
TOPMOST	EXPAND INTERNATIONAL CO., LTD. (EXPAND)	Investing	100 %	100 %	
TOPMOST	ATEN EUROPE LIMITED (ATEN EUROPE)	Investing	100 %	100 %	
TOPMOST	I/O MASTER INC. (I/O MASTER)	Investing	100 %	100 %	
The Company & FOREMOST	ATEN CHINA CO., LTD. (ATEN CHINA)	Trading of computer peripheral products	100 %	100 %	Note 1
FOREMOST	ATEN FOREMOST INTERNATIONAL CO., LTD. (ATEN FOREMOST)	Manufacturing and trading of computer peripheral products	100 %	100 %	
EXPAND	EXPAND ELECTRONIC CO., LTD. (EXPAND ELECTRONIC)	Manufacturing of computer peripheral products	100 %	100 %	
ATEN EUROPE	ATEN UK LIMITED (ATEN UK)	Trading of computer peripheral products	100 %	100 %	
ATEN EUROPE	ATEN KOREA CO., LTD. (ATEN KOREA)	Trading of computer peripheral products	85 %	85 %	
ATEN US	ATEN TECHNOLOGY INC. (ATEN TECHNOLOGY)	Trading of computer peripheral products	99 %	99 %	Note 3
ATEN US & ATEN TECHNOLOGY	ATEN NEW JERSEY INC. (ATEN NEW JERSEY)	Trading of computer peripheral products	99 %	99 %	Note 3
I/O MASTER	ATEN CANADA TECHNOLOGIES INC. (ATEN CANADA)	Research and development	100 %	100 %	
I/O MASTER	IOGEAR, INC.(IOGEAR)	Trading of computer peripheral products	100 %	100 %	
A TECH PERIPHERALS	RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	Trading of computer peripheral products	74 %	74 %	

Note 1: On March 2020, the Company acquired all of ATEN CHINA's non-controlling interests at the price of \$19,246 thousand, thereby increasing the Company's consolidated shareholding percentage from 70% to 100%.

Note 2: The subsidiary was established on July 22, 2020.

Note 3: On May 2020, ATEN US increased its capital investment in ATEN TECHNOLOGY by \$6,000 thousand USD, thereby increasing ATEN US's ownership percentage of ATEN TECHNOLOGY from 97% to 99% and the consolidated shareholding percentage of ATEN NEW JERSEY from 98% to 99%.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (i) an investment in equity securities designated as at fair value through other comprehensive income;
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualifying cash flow hedges to the extent that the hedges are effective.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amount of money. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose should be recognized as cash equivalent.

(g) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as Financial assets measured at amortized cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL).

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Subsequent to initial recognition, inventories are measured at the lower of cost or net realizable value and the cost of inventories is based on the standard cost principle. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. The differences between standard and actual costing are fully classified as operating costs. When the cost of inventories is higher than the net realizable value, the inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for under equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group from the date that significant influence commences until the date that in significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of its associates and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the changes in ownership interests of its associates in 'capital surplus' in proportion to its ownership interests.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Land improvements	3 years
Buildings	2~61 years
Machinery equipment	3~10 years
Other equipment	1~12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases of office equipment and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Patents	3~5 years
2) Trademarks	3 years
3) Customer relationships	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment – Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group is mainly engaged in the manufacture and trading of computer peripheral products. The Group recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract and the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of electronic components in the contractual period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(1).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Construction contracts

The Group enters into contracts to management of IT infrastructure. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract.

The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For variable considerations, the Group estimates the amount of variable consideration using the most likely amount. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Government grants

The Group recognizes an unconditional government grant as other income or there is reasonable assurance that it will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(r) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

When computing diluted earnings per share, all potential share are considered outstanding shares for the current period; therefore, both profit attributable to ordinary shareholders and outstanding shares should be adjusted for the impact of potential shares. Employee bonuses in the form of stock of the Company are accounted for as potential shares.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding significant influence of associates

Although the Group has less than 20% of the voting or potential voting rights in Aspeed Technology Inc. (Aspeed) on December 31, 2019, the Group still has significant influence over it since the Group has the authority to assign one director to the board of Aspeed to make decision regarding its financial and operating policies. However, the Group had disposed its entire shares in Aspeed in 2020, resulting in the Group to lose significant influence over it.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash and cash equivalents	\$ 60,774	4,221
Saving deposits and foreign currency deposits	941,853	794,278
Checking deposits	29,219	25,905
Time deposits	<u>533,893</u>	<u>117,498</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 1,565,739</u></u>	<u><u>941,902</u></u>

Please refer to note 6(u) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Mandatorily measured at fair value through profit or loss—current:		
Derivative instruments not used for hedging	\$ 4,209	1,825
Non-derivative financial assets	<u>602,620</u>	<u>1,931,338</u>
Total	<u><u>\$ 606,829</u></u>	<u><u>1,933,163</u></u>
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial liabilities held for trading—current:		
Derivative instruments not used for hedging	<u><u>\$ 696</u></u>	<u><u>7,858</u></u>

For the amount of financial assets and liabilities remeasured at fair value through profit or loss, please refer to note 6(t).

As of December 31, 2021 and 2020, the Group has not provided any aforementioned financial assets as collateral.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Group reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial instruments on December 31, 2021 and 2020 .

Mandatorily measured at fair value through profit or loss financial assets – Forward contract:

<b>December 31, 2021</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 3,019 /	EUR/NTD	2022.01.12~2022.03.25
	NTD 96,537		
Forward exchange sold	USD 11,046 /	USD/NTD	2022.01.04~2022.03.25
	NTD 307,152		
Forward exchange sold	JPY 169,500 /	JPY/NTD	2022.01.19~2022.02.18
	NTD 41,344		
Forward exchange sold	GBP 230 /	GBP/NTD	2022.01.19~2022.02.18
	NTD 8,733		
Forward exchange sold	USD 1,500 /	USD/CNY	2022.01.06~2022.02.23
	CNY 9,606		
Forward exchange sold	AUD 403 /	AUD/NTD	2022.01.05~2022.01.28
	NTD 8,310		
Forward exchange purchased	USD 800 /	USD/KRW	2022.02.24
	KRW 947,202		
<b>December 31, 2020</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	USD 3,300 /	USD/NTD	2021.01.04~2021.03.08
	NTD 95,199		
Forward exchange sold	USD 1,950 /	USD/CNY	2021.01.05~2021.02.03
	CNY 12,901		

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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Held-for-trading financial liabilities — Forward contract:

<b>December 31, 2021</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 838 /	EUR/NTD	2022.01.05~2022.03.23
	NTD 26,236		
Forward exchange sold	USD 2,000 /	USD/NTD	2022.02.18~2022.04.01
	NTD 55,310		
Forward exchange sold	JPY 88,000 /	JPY/NTD	2022.02.18
	NTD 21,129		
Forward exchange sold	GBP 301 /	GBP/NTD	2022.02.18~2022.03.21
	NTD 11,112		
Forward exchange sold	USD 500 /	USD/CNY	2022.02.14
	CNY 3,196		
Forward exchange sold	AUD 387 /	AUD/NTD	2022.03.07~2022.04.06
	NTD 7,676		
Forward exchange purchased	USD 1,900 /	USD/KRW	2022.01.27~2022.02.24
	KRW 2,265,147		

<b>December 31, 2020</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 3,538 /	EUR/NTD	2021.01.08~2021.03.17
	NTD 120,115		
Forward exchange sold	USD 6,300 /	USD/NTD	2021.02.05~2021.04.30
	NTD 178,268		
Forward exchange sold	JPY 162,000 /	JPY/NTD	2021.01.20~2021.02.19
	NTD 44,044		
Forward exchange sold	GBP 316 /	GBP/NTD	2021.01.20~2021.03.22
	NTD 11,908		
Forward exchange sold	AUD 417 /	AUD/NTD	2021.02.05~2021.04.07
	NTD 8,652		
Forward exchange purchased	USD 2,000 /	USD/KRW	2021.01.27~2021.02.25
	KRW 2,207,622		

For credit risk and market risk please refer to note 6(u).

(c) Financial assets at fair value through other comprehensive income

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic) — current	<b>\$ 6,941</b>	<b>5,116</b>
Unlisted stocks (domestic) — non-current	<b>\$ 21,617</b>	<b>24,780</b>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) Equity investments at fair value through other comprehensive income

The Group held equity instrument investment for long-term strategic purposes, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

- (ii) For credit risk and market risk, please refer to note 6(u).

- (iii) The Group did not hold any collateral for the collectible amounts.

- (d) Notes and accounts receivable and other receivables

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes receivable	\$ 8,282	9,574
Accounts receivable, net	863,457	759,388
Less: allowance for impairment	1,337	1,166
	<b><u>\$ 870,402</u></b>	<b><u>767,796</u></b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables on December 31, 2021. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses as of was determined as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 755,085	0%	-
0 to 30 days past due	101,480	0%	-
31 to 60 days past due	14,369	0%	-
61 to 90 days past due	20	0%	-
91 to 120 days past due	248	0%	-
121 to 180 days past due	92	0%	-
More than 360 days past due	445	100%	445
	<b><u>\$ 871,739</u></b>		<b><u>445</u></b>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2020		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 695,380	0%	-
0 to 30 days past due	60,947	0%	-
31 to 60 days past due	4,203	0%	-
61 to 90 days past due	4,621	0%	-
91 to 120 days past due	30	0%	-
121 to 180 days past due	69	0%	-
181 to 360 days past due	343	0%	-
More than 360 days past due	3,369	30%~100%	1,166
	<b>\$ 768,962</b>		<b>1,166</b>

The movement in the allowance for accounts receivable was as follows:

	2021	2020
Balance at January 1	\$ 1,166	3,042
Impairment losses recognized (reversed)	201	(1,798)
Foreign exchange gain (losses)	(30)	(78)
Balance at December 31	<b>\$ 1,337</b>	<b>1,166</b>

As of December 31, 2021 and 2020, the bank has priority claim over the Group's accounts receivable amounting to \$162,006 thousand and \$152,996 thousand, respectively.

(e) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	\$ 18,150	2,906
Less: Loss allowance	1,000	1,000
	<b>\$ 17,150</b>	<b>1,906</b>

As of December 31, 2021 and 2020, the Group had no other receivable that were past due but not impaired.

(f) Inventories

The components of the Group's inventories were as follows:

	December 31, 2021	December 31, 2020
Finished goods	\$ 610,979	674,745
Work in process	98,204	120,111
Raw material	312,266	218,754
	<b>\$ 1,021,449</b>	<b>1,013,610</b>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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Due to the decrease in the net realizable value of inventories, the Group recognized the inventory pricing loss as cost of goods sold. The amounts are as follows:

	<u>2021</u>	<u>2020</u>
Losses on decline in market value of in inventory	\$ 21,834	11,196
Losses on physical inventory, net	668	684
Losses on scrapping of inventory	<u>16,577</u>	<u>11,751</u>
Total	<u>\$ 39,079</u>	<u>23,631</u>

As of December 31, 2021 and 2020, the bank has priority claim over the Group's inventories amounting to \$250,728 thousand and \$365,139 thousand, respectively.

(g) Investments accounted for under equity method

The Group's investments in associate entities accounted for under equity method, which are not individually significant, were as follows. Such financial information is included in the consolidated financial statements of the Group.

	<u>2020</u>
Attributable to the Group:	
Income from continued operation	\$ 5,573
Other comprehensive income	<u>68</u>
Total comprehensive income	<u>\$ 5,641</u>

The Group disposed its entire shares in Aspeed Technology Inc. in 2020, resulting in the Group to lose significant influence over it. Thereafter, the disposal proceeds, less associated costs, amounted to \$1,123,821 thousand, in which a gain on disposal of \$1,062,042 thousand was recognized under other gains and losses in the Consolidated Statement of Comprehensive Income, including the amount previously recognized in other comprehensive income related to the associates and the amount reclassified to profit or loss from paid-in capital.

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2021	\$ 1,332,061	7,534	825,014	235,888	383,924	157,171	2,941,592
Additions	305,448	-	111,089	56,817	51,162	9,186	533,702
Disposals	-	-	-	(8,586)	(11,234)	-	(19,820)
Reclassification	-	-	119,433	29,616	4,938	(146,473)	7,514
Effect of changes in exchange rates	(14,313)	(317)	(34,069)	(1,954)	(11,249)	(10,702)	(72,604)
Balance at December 31, 2021	<u>\$ 1,623,196</u>	<u>7,217</u>	<u>1,021,467</u>	<u>311,781</u>	<u>417,541</u>	<u>9,182</u>	<u>3,390,384</u>
Balance at January 1, 2020	\$ 1,332,483	7,538	769,772	181,768	350,153	22,112	2,663,826
Additions	-	-	6,168	48,258	50,033	194,752	299,211
Disposals	-	-	-	(2,770)	(19,195)	-	(21,965)
Reclassification	-	-	45,603	8,002	5,816	(59,693)	(272)
Effect of changes in exchange rates	(422)	(4)	3,471	630	(2,883)	-	792
Balance at December 31, 2020	<u>\$ 1,332,061</u>	<u>7,534</u>	<u>825,014</u>	<u>235,888</u>	<u>383,924</u>	<u>157,171</u>	<u>2,941,592</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Land	Land improvements	Buildings	Machinery	Other equipment	Construction in progress and testing equipment	Total
Depreciation:							
Balance at January 1, 2021	\$ -	6,269	306,229	157,370	261,671	-	731,539
Depreciation	-	188	32,642	24,140	51,139	-	108,109
Disposal	-	-	-	(7,239)	(9,849)	-	(17,088)
Reclassification	-	-	-	-	(9)	-	(9)
Effect of changes in exchange rates	-	(168)	(9,696)	(525)	(8,263)	-	(18,652)
Balance at December 31, 2021	<u>\$ -</u>	<u>6,289</u>	<u>329,175</u>	<u>173,746</u>	<u>294,689</u>	<u>-</u>	<u>803,899</u>
Balance at January 1, 2020	\$ -	6,072	280,544	143,532	233,254	-	663,402
Depreciation	-	199	24,026	15,563	48,965	-	88,753
Disposal	-	-	-	(2,348)	(18,699)	-	(21,047)
Effect of changes in exchange rates	-	(2)	1,659	623	(1,849)	-	431
Balance at December 31, 2020	<u>\$ -</u>	<u>6,269</u>	<u>306,229</u>	<u>157,370</u>	<u>261,671</u>	<u>-</u>	<u>731,539</u>
Carrying value:							
December 31, 2021	<u>\$ 1,623,196</u>	<u>928</u>	<u>692,292</u>	<u>138,035</u>	<u>122,852</u>	<u>9,182</u>	<u>2,586,485</u>
December 31, 2020	<u>\$ 1,332,061</u>	<u>1,265</u>	<u>518,785</u>	<u>78,518</u>	<u>122,253</u>	<u>157,171</u>	<u>2,210,053</u>
January 1, 2020	<u>\$ 1,332,483</u>	<u>1,466</u>	<u>489,228</u>	<u>38,236</u>	<u>116,899</u>	<u>22,112</u>	<u>2,000,424</u>

Please refer to note 8 for the information of the pledged property, plant and equipment, as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the bank has priority claim over the Group's property, plant and equipment amounting to \$9,622 thousand and \$13,678 thousand, respectively.

(i) Right-of-use assets

The Group leases its assets including its land, buildings, transportation equipment and other equipment. Information about leases, for which the Group is the lessee, is presented below:

	Land and buildings	Transportation equipment	Other equipment	Total
Cost:				
Balance at January 1, 2021	\$ 259,326	9,466	2,744	271,536
Additions	118,815	1,816	1,892	122,523
Disposal / Write-off	(24,639)	(302)	(175)	(25,116)
Effect of changes in foreign exchange rates	(11,983)	(645)	(58)	(12,686)
Balance at December 31, 2021	<u>\$ 341,519</u>	<u>10,335</u>	<u>4,403</u>	<u>356,257</u>
Balance at January 1, 2020	\$ 195,930	6,297	2,823	205,050
Additions	96,528	3,926	-	100,454
Write-off	(27,832)	(807)	-	(28,639)
Effect of changes in exchange rates	(5,300)	50	(79)	(5,329)
Balance at December 31, 2020	<u>\$ 259,326</u>	<u>9,466</u>	<u>2,744</u>	<u>271,536</u>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 99,041	2,852	1,471	103,364
Depreciation	98,442	2,671	1,299	102,412
Disposal / Write-off	(24,639)	(161)	(102)	(24,902)
Effect of changes in exchange rates	(4,782)	(189)	(35)	(5,006)
Balance at December 31, 2021	<u>\$ 168,062</u>	<u>5,173</u>	<u>2,633</u>	<u>175,868</u>
Balance at January 1, 2020	\$ 58,803	1,736	760	61,299
Depreciation	69,378	1,886	752	72,016
Write-off	(27,832)	(807)	-	(28,639)
Effect of changes in exchange rates	(1,308)	37	(41)	(1,312)
Balance at December 31, 2020	<u>\$ 99,041</u>	<u>2,852</u>	<u>1,471</u>	<u>103,364</u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Carrying value:				
December 31, 2021	\$ <u>173,457</u>	<u>5,162</u>	<u>1,770</u>	<u>180,389</u>
December 31, 2020	\$ <u>160,285</u>	<u>6,614</u>	<u>1,273</u>	<u>168,172</u>
January 1, 2020	\$ <u>137,127</u>	<u>4,561</u>	<u>2,063</u>	<u>143,751</u>

## (j) Intangible assets

The cost, amortization and impairment losses of the intangible assets of the Group were as follows:

	<u>Goodwill</u>	<u>Patent</u>	<u>Trademark</u>	<u>Customer relationship</u>	<u>Total</u>
Costs:					
Balance at January 1, 2021 (Balance at December 31, 2021)	\$ <u>105,814</u>	<u>2,384</u>	<u>4,857</u>	<u>5,926</u>	<u>118,981</u>
Balance at January 1, 2020	\$ 105,814	-	-	-	105,814
Additions	-	2,384	4,857	5,926	13,167
Balance at December 31, 2020	\$ <u>105,814</u>	<u>2,384</u>	<u>4,857</u>	<u>5,926</u>	<u>118,981</u>
Amortization:					
Balance at January 1, 2021	\$ 103,058	374	1,079	790	105,301
Amortization	-	561	1,620	1,185	3,366
Balance at December 31, 2021	\$ <u>103,058</u>	<u>935</u>	<u>2,699</u>	<u>1,975</u>	<u>108,667</u>
Balance at January 1, 2020	\$ 103,058	-	-	-	103,058
Amortization	-	374	1,079	790	2,243
Balance at December 31, 2020	\$ <u>103,058</u>	<u>374</u>	<u>1,079</u>	<u>790</u>	<u>105,301</u>
Carrying value:					
December 31, 2021	\$ <u>2,756</u>	<u>1,449</u>	<u>2,158</u>	<u>3,951</u>	<u>10,314</u>
December 31, 2020	\$ <u>2,756</u>	<u>2,010</u>	<u>3,778</u>	<u>5,136</u>	<u>13,680</u>
January 1, 2020	\$ <u>2,756</u>	-	-	-	<u>2,756</u>

## (i) Amortization Fee

The amortization fee for the intangible assets in 2021 and 2020 are recorded under operating expense in the Consolidated Statements of Comprehensive Income.

## (ii) Collateral

As of December 31, 2021 and 2020, none of the Group's intangible assets have been pledged as collateral.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Short-term and long-term borrowings

The details, terms and clauses of the Group's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	USD	1.99~2.00	2022	\$ 113,529
Secured loans	KRW	2.03~2.19	2022	46,259
Unsecured loans	USD	0.6~1.2	2022	137,698
Unsecured loans	EUR	0.90	2022	48,555
Unsecured loans	GBP	1.35	2022	20,519
Unsecured loans	JPY	1.7355	2022	30,063
Unsecured loans	CNY	2.9598~4.50	2022	89,108
Unsecured loans	TWD	1.00~1.22	2022	56,000
Total				<u><u>\$ 541,731</u></u>

<b>December 31, 2020</b>				
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	USD	2.22~2.33	2021	\$ 196,705
Secured loans	KRW	1.84~1.97	2021	91,259
Unsecured loans	USD	0.60~1.30	2021	229,490
Unsecured loans	AUD	0.67~1.14	2021	6,812
Unsecured loans	EUR	0.55~0.90	2021	71,854
Unsecured loans	GBP	1.40	2021	21,404
Unsecured loans	JPY	1.7082	2021	42,858
Unsecured loans	CNY	2.7484~3.5700	2021	96,397
Unsecured loans	TWD	1.14~1.55	2021	25,000
Total				<u><u>\$ 781,779</u></u>

As of December 31, 2021, and 2020, the unused credit facilities of the Group's short-term borrowings amounted to \$1,807,468 thousand and \$1,633,689 thousand, respectively.

(ii) Long-term borrowings

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	EUR	1.976	2023	<u><u>\$ 10,026</u></u>
Current				\$ 5,012
Non-current				5,014
Total				<u><u>\$ 10,026</u></u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2020</b>			
	<b>Currency</b>	<b>Interest rate (%)</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	EUR	1.976	2023	\$ 16,826
Secured loans	KRW	2.72	2022	10,430
Unsecured loans	USD	1.00	2022	32,243
Total				<b>\$ 59,499</b>
Current				\$ 5,608
Non-current				53,891
Total				<b>\$ 59,499</b>

For the risk information of the Group interest rate, foreign currency and liquidity risk, please refer to note 6(u).

In 2021 and 2020, the Group applied for loans from CTBC USA branch amounting to USD\$1,113 thousand and \$1,131 thousand, respectively. The Group met the epidemic relief requirement of USA government so the loans were forgiven and transferred to other income amounted to \$62,861 thousand in 2021.

(iii) Collateral of loans

The Group has mortgaged their assets as collateral of loans. Please refer to note 8.

(l) Provisions

	<b>Warranties</b>
Balance as of January 1, 2021	\$ 25,277
Provisions made during the year	23,465
Provisions used during the year	(23,062)
Balance as of December 31, 2021	<b>\$ 25,680</b>
Balance as of January 1, 2020	\$ 24,790
Provisions made during the year	28,655
Provisions used during the year	(28,168)
Balance as of December 31, 2020	<b>\$ 25,277</b>

In 2021 and 2020, provisions are mainly associated with the Group's business products, and are estimated based on the historical data and weighted average of all possibility of similar merchandises and services. Most of the warranty claims are expected to arise in the following year of the sale.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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(m) Lease liabilities

The Group's lease liabilities were as follow:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	\$ <u>101,947</u>	<u>62,373</u>
Non-current	\$ <u>84,894</u>	<u>111,891</u>

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>6,843</u>	<u>5,331</u>
Expenses relating to short-term leases	\$ <u>17,275</u>	<u>54,866</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>948</u>	<u>615</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>126,913</u>	<u>129,853</u>

(n) Employee benefits

(i) Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Present value of the defined benefit obligations	\$ 205,758	198,274
Fair value of plan assets	(115,440)	(104,544)
The net defined benefit liability	\$ <u>90,318</u>	<u>93,730</u>

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on the employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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The Group's Bank of Taiwan labor pension reserve account balance amounted to \$115,440 thousand (including pension payables in transit of \$8,350 thousand) at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligation at 1 January	\$ 198,275	203,736
Current service costs and interest	2,499	3,063
Remeasurements of the net defined benefit liability (asset)		
– Return on plan assets (excluding amounts included in net interest expense)	6,547	608
– Due to changes in financial assumption of actuarial (losses) gains	105	170
Benefits paid by the plan	<u>(1,668)</u>	<u>(9,303)</u>
Defined benefit obligation at 31 December	<u><u>\$ 205,758</u></u>	<u><u>198,274</u></u>

3) Movement of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets, January 1	\$ 104,544	107,367
Interest revenue	874	1,058
Remeasurements of the net defined benefit liability		
– Return on plan assets (excluding amounts included in net interest expense)	1,095	3,315
Contributions made	10,595	2,107
Benefits paid by the plan	<u>(1,668)</u>	<u>(9,303)</u>
Fair value of plan assets, December 31	<u><u>\$ 115,440</u></u>	<u><u>104,544</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 931	1,051
Net interest on the defined benefit liability	<u>694</u>	<u>954</u>
	<u><u>\$ 1,625</u></u>	<u><u>2,005</u></u>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2021</u>	<u>2020</u>
Operating costs	\$ 531	649
Selling expenses	280	362
Administration expenses	605	755
Research and development expenses	<u>209</u>	<u>239</u>
	<u>\$ 1,625</u>	<u>2,005</u>

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions at the reporting dates:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Discount rate	0.50%~1.00%	0.75%~1.00%
Future salary increases rate	2.50%~3.00%	2.50%~3.00%

The Group expects to make contributions of \$2,246 thousand to the defined benefit plans in the next year starting from the reporting date of 2021.

The weighted average duration of the defined benefit obligation is 10.8~11.5 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2021 and 2020, the present value of defined benefit obligation impact was as follow:

	<b>The impact on defined benefit obligation</b>	
	<u>Increase</u>	<u>Decrease</u>
December 31, 2021		
Discount rate (0.25%)	\$ (3,020)	3,135
Future salary increase rate (1.00%)	13,128	(11,557)
December 31, 2020		
Discount rate (0.25%)	(3,182)	3,309
Future salary increase rate (1.00%)	13,673	(11,925)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labour pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were \$53,336 thousand and \$58,788 thousand for 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(iii) Short-term employee benefit liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Paid annual leave (recorded under other payable)	<u>\$ 47,219</u>	<u>47,040</u>

(o) Income tax

(i) Income tax expenses

The amount of income tax for 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Current tax expense		
Current period	\$ 191,451	173,960
Adjustment for prior periods	<u>9,431</u>	<u>(18,072)</u>
	<u>200,882</u>	<u>155,888</u>
Deferred income tax expense		
Origination and reversal of temporary differences	<u>23,011</u>	<u>35,452</u>
Income tax expense from continuing operations	<u>\$ 223,893</u>	<u>191,340</u>

The amounts of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	\$ 1,067	(461)
Unrealized gains on equity instruments at fair value through other comprehensive income	<u>632</u>	<u>-</u>
	<u>\$ 1,699</u>	<u>(461)</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Net income before tax	\$ <u>868,191</u>	<u>1,693,318</u>
Income tax using the Company's domestic tax rate	\$ 173,638	338,664
Effect of tax rates differences in foreign jurisdiction	32,279	20,085
Adjustments according to tax law	3,202	3,401
Exempt of Securities Trading Income	(710)	(214,300)
Tax treaty rewards	(16,359)	(11,513)
Previous unrecognized tax losses	(1,570)	(844)
Current-year losses for which no deferred income tax asset was recognized	-	420
Underestimated (overestimated) of prior year's income tax	9,431	(18,072)
Overestimated (underestimated) of prior year's deferred income tax assets	(2,976)	17,198
5% surtax on undistributed earnings	34,700	-
Income basic tax	-	21,090
Others	<u>(7,742)</u>	<u>35,211</u>
Total	\$ <u>223,893</u>	<u>191,340</u>

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

The Deferred income tax assets that have not been recognized by the Group are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tax losses	\$ <u>6,254</u>	<u>13,342</u>

Under the income tax rate, tax losses can be carried forward for ten years to offset taxable income after permitted by domestic tax authority. Deferred income tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available, against which, the Group can utilize the benefits therefrom.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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As of December 31, 2021, the amount of tax losses from Visiontop Co., Ltd. and RCM Fully Automation Co., Ltd. is not yet recognized as deferred tax assets and their credit for the previous year is as follows:

<u>Year</u>	<u>Amount</u>	<u>Year of expiration</u>
2016	\$ 1,369	2026
2019	2,050	2029
2020	2,835	2030
	<u>\$ 6,254</u>	

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2021 and 2020 were as follows:

Deferred income tax assets:

	<u>Defined benefit plans</u>	<u>Unrealized profit from sales</u>	<u>Loss carryforward</u>	<u>Investment deduction</u>	<u>Others</u>	<u>Total</u>
<b>Balance at January 1, 2021</b>	\$ 15,646	80,880	3,952	11,513	58,895	170,886
Recognized in profit or loss	(1,752)	(12,811)	865	(11,513)	5,570	(19,641)
Recognized in other comprehensive income	1,067	-	-	-	632	1,699
<b>Balance at December 31, 2021</b>	<u>\$ 14,961</u>	<u>68,069</u>	<u>4,817</u>	<u>-</u>	<u>65,097</u>	<u>152,944</u>
<b>Balance at January 1, 2020</b>	\$ 16,073	84,417	52,781	-	53,906	207,177
Recognized in profit or loss	34	(3,537)	(48,829)	11,513	4,989	(35,839)
Recognized in other comprehensive income	(461)	-	-	-	-	(461)
<b>Balance at December 31, 2020</b>	<u>\$ 15,646</u>	<u>80,880</u>	<u>3,952</u>	<u>11,513</u>	<u>58,895</u>	<u>170,886</u>

Deferred income tax liabilities:

	<u>Foreign investment income accounted for using equity method</u>	<u>Others</u>	<u>Total</u>
<b>Balance at January 1, 2021</b>	\$ 120,628	53,911	174,539
Recognized in profit or loss	4,518	(1,148)	3,370
<b>Balance at December 31, 2021</b>	<u>\$ 125,146</u>	<u>52,763</u>	<u>177,909</u>
<b>Balance at January 1, 2020</b>	\$ 114,534	60,383	174,917
Recognized in profit or loss	6,094	(6,472)	(378)
<b>Balance at December 31, 2020</b>	<u>\$ 120,628</u>	<u>53,911</u>	<u>174,539</u>

(iii) Examination and Approval

The tax returns of the Company have been assessed by the tax authorities for all years through 2018.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the total value of nominal ordinary shares amounted to \$1,500,000, face value of each share is \$10, of which 150,000 thousand shares, 119,471 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Additional paid-in capital

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's articles of incorporation require that the Company's net earnings from the current year shall be used to offset prior years' deficits, pay income tax, provide 10% as legal reserve, provide or reverse a special reserve in accordance with Section 41 of the Securities. After the abovementioned appropriations, the distribution of the remaining earnings, if any, should be proposed by the board of directors and is subject to the stockholders' approval.

The Company's business cycle is in the constant growth stage. In consideration of the Company's future capital requirements, its long term financial plan and shareholders' satisfaction as to cash inflow, the Company's articles of incorporation stipulate that the board of directors may propose 30% or more of the distributable earnings as dividends, of which at least 10% should be distributed as cash dividends. However, such distribution depends on the current earnings and the capital condition, and is subject to the approval of stockholders.

1) Legal reserve

In accordance with the Company Act, when distributing the earnings, 10% should be set aside as legal reserve, until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special earnings reserve

In accordance with Ruling No.1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Earnings distribution

The Group's Board of Directors resolved to appropriate the 2021 earnings from July to December. These earnings were appropriated as follows:

	<b>2021</b>
	<b>July – December</b>
	<b>March 8, 2022</b>
Resolution Date of ATEN's Board of Directors	
Special earnings reserve	\$ <u>39,444</u>
Cash dividends to shareholders	\$ <u>346,466</u>
Cash dividends per share (NT\$)	\$ <u>2.9</u>

The Group's Board of Directors resolved to appropriate the 2021 earnings from January to June. These earnings were appropriated as follows:

	<b>2021</b>
	<b>January – June</b>
	<b>August 6, 2021</b>
Resolution Date of ATEN's Board of Directors	
Special earnings reserve	\$ <u>65,249</u>
Cash dividends to shareholders	\$ <u>274,784</u>
Cash dividends per share (NT\$)	\$ <u>2.3</u>

The Group's Board of Directors or shareholders resolved to appropriate the 2020 earnings from July to December and January to June. These earnings were appropriated as follows:

	<b>2020</b>	<b>2020</b>
	<b>July – December</b>	<b>January – June</b>
	<b>September 8,</b>	<b>August 11,</b>
	<b>2021</b>	<b>2020</b>
	<b>August 25, 2021</b>	<b>-</b>
Resolution Date of ATEN's Board of Directors		
Resolution Date of ATEN's shareholders		
Legal reserve	\$ <u>28,546</u>	<u>121,250</u>
Special earnings reserve	\$ <u>(20,972)</u>	<u>18,043</u>
Cash dividends to shareholders	\$ <u>358,413</u>	<u>298,678</u>
Cash dividends per share (NT\$)	\$ <u>3.0</u>	<u>2.5</u>

The Group's shareholders resolved to appropriate the 2019 earnings. These earnings were appropriated as follows:

	<b>2019</b>
	<b>June 16, 2020</b>
Resolution Date of ATEN's shareholders	
Legal reserve	\$ <u>72,314</u>
Special earnings reserve	\$ <u>19,850</u>
Cash dividends to shareholders	\$ <u>633,197</u>
Cash dividends per share (NT\$)	\$ <u>5.3</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iv) Other equities (net of tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2021	\$ (107,158)	(17,058)	(4,208)	(128,424)
Foreign exchange differences arising from foreign operations	(103,988)	-	(2,725)	(106,713)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(706)	-	(706)
Balance as of December 31, 2021	<u>\$ (211,146)</u>	<u>(17,764)</u>	<u>(6,933)</u>	<u>(235,843)</u>
Balance as of January 1, 2020	\$ (110,346)	(16,799)	(3,767)	(130,912)
Foreign exchange differences arising from foreign operations	3,120	-	(441)	2,679
Exchange differences on translation financial statements of foreign associates accounted for using equity method	68	-	-	68
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(259)	-	(259)
Balance as of December 31, 2020	<u>\$ (107,158)</u>	<u>(17,058)</u>	<u>(4,208)</u>	<u>(128,424)</u>

## (q) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for years ended December 31, 2021 and 2020 was as follows:

## (i) Basic earnings per share

	2021	2020
Net income attributable to ordinary shareholders of the Company	<u>\$ 637,313</u>	<u>1,499,268</u>
Weighted-average number of ordinary shares	<u>119,471</u>	<u>119,471</u>
Basic earnings per share (in NT dollars)	<u>\$ 5.33</u>	<u>12.55</u>

## (ii) Diluted earnings per share

	2021	2020
Net income attributable to ordinary shareholders of the Company	<u>\$ 637,313</u>	<u>1,499,268</u>
Weighted-average number of ordinary shares (basic)	119,471	119,471
Impact of potential common shares		
Effect of employee stock bonus	1,970	2,426
Weighted-average number of ordinary shares (diluted)	<u>121,441</u>	<u>121,897</u>
Diluted earnings per share (in NT dollars)	<u>\$ 5.25</u>	<u>12.30</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2021</b>		
	<b>Computer peripheral products</b>	<b>Other</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 1,108,801	-	1,108,801
Taiwan	557,550	106,422	663,972
Japan	653,548	-	653,548
Others	2,737,370	-	2,737,370
	<u>\$ 5,057,269</u>	<u>106,422</u>	<u>5,163,691</u>
Major product lines:			
IT infrastructure management solutions	\$ 3,164,373	-	3,164,373
Video products	848,283	-	848,283
Others	1,044,613	106,422	1,151,035
	<u>\$ 5,057,269</u>	<u>106,422</u>	<u>5,163,691</u>
	<b>2020</b>		
	<b>Computer peripheral products</b>	<b>Other</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 1,114,612	-	1,114,612
Taiwan	565,506	119,721	685,227
Japan	602,937	-	602,937
Others	2,420,837	-	2,420,837
	<u>\$ 4,703,892</u>	<u>119,721</u>	<u>4,823,613</u>
Major product lines:			
IT infrastructure management solutions	\$ 2,934,442	-	2,934,442
Video products	797,163	-	797,163
Others	972,287	119,721	1,092,008
	<u>\$ 4,703,892</u>	<u>119,721</u>	<u>4,823,613</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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## (ii) Contract balance

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Notes receivable	\$ 8,282	9,574	8,467
Accounts receivable, net	863,457	759,388	622,994
Less: allowance for impairment	<u>1,337</u>	<u>1,166</u>	<u>3,042</u>
Total	<u>\$ 870,402</u>	<u>767,796</u>	<u>628,419</u>
Contract assets	<u>\$ 8,678</u>	<u>1,532</u>	<u>-</u>

Please refer to note 6(d) for the disclosure of accounts receivable and its impairment.

## (s) Remuneration to employees, directors and supervisors

In accordance with the Company's articles, the net income before tax, after deducting the remuneration to employees, directors and supervisors, shall first be offset against any deficit, then 10%~16% will be distributed as employee remuneration and less than 2% will be allocated as directors' and supervisors' remuneration. The amounts of employee, directors' and supervisors' remuneration, to be distributed in cash or stock, should be decided in the board meeting, with two thirds of the board members attending the meeting, and over half of the attendees approving the amounts for distribution that are to be reported at the shareholders meeting. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Group who meet certain specific requirement.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$129,874 thousand and \$181,580 thousand, and directors' and supervisors' remuneration amounting to \$11,544 thousands and \$21,790 thousands, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

## (t) Non-operating income and expenses

## (i) Interest income

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	<u>\$ 1,675</u>	<u>3,475</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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## (ii) Other income

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 532	230
Other income— Other		
Compensation income	6,600	10,503
Subsidy income	62,861	-
Business tax refund income	5,804	-
Other income	<u>22,571</u>	<u>29,467</u>
Total other income	<u>\$ 98,368</u>	<u>40,200</u>

## (iii) Other gains and losses

	<u>2021</u>	<u>2020</u>
Losses on disposal of property, plant and equipment	\$ (1,249)	(352)
Gains on disposals of investment	-	1,062,042
Gains (losses) on foreign exchange	(41,230)	(13,163)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	32,530	8,693
Others gains and losses	<u>(9,532)</u>	<u>(314)</u>
Net other gains and losses	<u>\$ (19,481)</u>	<u>1,056,906</u>

## (iv) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense	<u>\$ 17,744</u>	<u>21,186</u>

## (u) Financial instruments

## (i) Credit risk

## 1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk amounted to \$3,221,040 thousand and \$3,808,958 thousand, respectively.

## 2) Concentration of credit risk

The Group did not have significant transaction with any individual customer in 2021 and 2020.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Secured loans	\$ 169,814	172,056	166,988	5,068	-	-	-
Unsecured loans	381,943	384,216	384,216	-	-	-	-
Notes and accounts payable	434,852	434,852	434,852	-	-	-	-
Other payables	571,739	571,739	571,739	-	-	-	-
Lease liabilities	186,841	192,816	106,064	51,268	26,119	9,337	28
Deposits received	730	730	730	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	696	696	696	-	-	-	-
	<u>\$ 1,746,615</u>	<u>1,757,105</u>	<u>1,665,285</u>	<u>56,336</u>	<u>26,119</u>	<u>9,337</u>	<u>28</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Secured loans	\$ 315,220	319,889	297,769	6,019	5,671	10,430	-
Unsecured loans	526,058	533,810	498,665	35,145	-	-	-
Notes and accounts payable	352,740	352,740	352,740	-	-	-	-
Other payables	610,934	610,934	610,934	-	-	-	-
Lease liabilities	174,264	181,537	66,289	58,804	32,718	23,726	-
Deposits received	1,115	1,115	1,115	-	-	-	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	7,858	7,858	7,858	-	-	-	-
	<u>\$ 1,988,189</u>	<u>2,007,883</u>	<u>1,835,370</u>	<u>99,968</u>	<u>38,389</u>	<u>34,156</u>	<u>-</u>

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Exchange rate risk

1) Exposure to exchange rate risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>December 31, 2021</b>			
Financial assets:			
Monetary items:			
USD	\$ 24,263	27.6900	671,850
JPY	264,539	0.2405	63,622
EUR	4,780	31.3257	149,750
CNY	23,672	4.3467	102,896
GBP	576	37.3067	21,507
Financial liabilities:			
Monetary items:			
USD	\$ 10,491	27.6900	290,505
CNY	23,685	4.3467	102,952
<b>December 31, 2020</b>			
Financial assets:			
Monetary items:			
USD	\$ 21,009	28.5080	598,925
JPY	172,895	0.2765	47,805
CNY	26,641	4.3817	116,733
EUR	4,060	35.0506	142,305
Financial liabilities:			
Monetary items:			
USD	\$ 12,637	28.5080	360,256
CNY	27,587	4.3817	120,878

Note: Since the effect of foreign exchange risk derived from the transactions within the Group cannot be fully eliminated, analysis is based on the amounts prior to the eliminated adjustments.

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency. A 1% appreciation or depreciation of the TWD against the USD, JPY, CNY, EUR, KRW and GBP as of December 31, 2021 and 2020 would have increased or decreased the net profit by \$6,162 thousand and \$4,246 thousand, respectively. The analysis is performed on the same basis for both periods.

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3) Foreign exchange gain and loss on monetary item

Since the Group books its transaction in different functional currencies, the information on foreign exchange gains (loss) on monetary items is disclosed based on the total amount. For the years 2021 and 2020, foreign exchange losses (including realized and unrealized portion) amounted to \$41,230 thousand and \$13,163 thousand, respectively

(iv) Interest rate analysis

Please refer to the note for liquidity risk management and the interest rate exposure to the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Group's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate increases or decreases by 1%, the Group's net income will increase or decrease by \$5,518 thousand and \$8,413 thousand, respectively, for the years ended December 31, 2021, and 2020. This is mainly due from the Group's borrowing on variable rates.

(v) Fair value and carrying amount

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the Regulations.

	Carrying amount	December 31, 2021			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 4,209	-	4,209	-	4,209
Non derivative financial assets mandatorily measured at fair value through profit or loss	602,620	602,620	-	-	602,620
Subtotal	606,829	602,620	4,209	-	606,829
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,941	6,941	-	-	6,941
Unlisted stocks (domestic and overseas)	21,617	-	-	21,617	21,617
Subtotal	28,558	6,941	-	21,617	28,558
Total	\$ 635,387	609,561	4,209	21,617	635,387

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>(696)</u>	<u>-</u>	<u>(696)</u>	<u>-</u>	<u>(696)</u>
	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 1,825	-	1,825	-	1,825
Non derivative financial assets mandatorily measured at fair value through profit or loss	<u>1,931,338</u>	<u>1,931,338</u>	<u>-</u>	<u>-</u>	<u>1,931,338</u>
Subtotal	<u>1,933,163</u>	<u>1,931,338</u>	<u>1,825</u>	<u>-</u>	<u>1,933,163</u>
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	5,116	5,116	-	-	5,116
Unlisted stocks (domestic and overseas)	<u>24,780</u>	<u>-</u>	<u>-</u>	<u>24,780</u>	<u>24,780</u>
Subtotal	<u>29,896</u>	<u>5,116</u>	<u>-</u>	<u>24,780</u>	<u>29,896</u>
Total	<u>\$ 1,963,059</u>	<u>1,936,454</u>	<u>1,825</u>	<u>24,780</u>	<u>1,963,059</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>(7,858)</u>	<u>-</u>	<u>(7,858)</u>	<u>-</u>	<u>(7,858)</u>

2) Valuation techniques in financial instruments measured at fair value

a) Non—derivative financial instruments

If there are quoted prices in the active markets for financial instruments, the fair value of those prices may be based on the quoted market prices. The market prices announced by Securities Exchange and Over the Counter are the benchmarks of the fair value of equity instruments and Liability instruments trading in active markets.

The fair value of financial assets and liabilities traded in the active markets will be based on the quoted market prices when the quoted prices can be obtained from the exchanges, brokers, underwriters, industrial unions, pricing service agencies or authorities, as well as if they can represent as the one usually traded in fair market transaction in practice. If the requirements above mentioned don't actually accomplish, the market ought to be seen inactive condition. Generally speaking, the index of inactive market are based on the large difference of the price between buying and selling transaction, the difference of the price between buying and selling transaction distinctively increasing or little quantity of trading volume.

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The fair values of the Group's financial instruments trading in active markets are categorized by types and nature as follows:

Stocks of listed Companies and open-ended funds are financial assets possessing standard provision and trading in active markets. Their fair values are determined based on the market quotes and net assets value, respectively.

In addition to the aforementioned financial instruments trading in active markets, the fair values of other financial instruments are obtained through valuation or by referencing the quotes from counterparties. Such valuation technique involves referencing the fair value of financial instruments that are virtually alike in terms and characteristic, and using discounted cash flow model or other pricing models. Other pricing models may utilize the available market information on the balance sheet date such as yield curve from Over the Counter and the average quotes on the interest rates of Reuters Commercial Paper.

b) Derivative financial instrument

Derivatives are priced based on the pricing models widely accepted by markets. Forward Exchange Contracts are normally priced based on the current forward exchange rates or the forward interest rate estimated using interest rate parity theory.

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Company reclassified the financial instruments from one level to another as of the reporting date.

4) Transfers between level 1 and level 2

There was no significant transfer from level 2 financial instrument to level 1 financial instrument.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance at January 1, 2021	\$ 24,780
Recongized in other comprehensive income	(3,163)
Balance at December 31, 2021	<b>\$ 21,617</b>
Balance at January 1, 2020	\$ 21,780
Purchase	3,000
Balance at December 31, 2020	<b>\$ 24,780</b>

The aforementioned gains or losses were listed in “Unrealized gains (losses) from financial assets at fair value through other comprehensive income”.

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> <li>· Multipliers of price-Book ratios as of December 31, 2021 and 2020 were both 1.17.</li> <li>· Multipliers of enterprise value as of December 31, 2021 were 2.28 and 2.5, respectively.</li> <li>· Market illiquidity discount rate as of December 31, 2021 and 2020 were both 20%.</li> </ul>	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> <li>· the multiplier were higher (higher)</li> <li>· the market illiquidity discount were higher (lower)</li> </ul>

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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- 7) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	\$ 1,291	(1,291)
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	1,370	(1,370)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(v) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note expresses the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes to each risk.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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The Board of Directors oversees how management monitors the risk which should be in compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by the Internal Audit. The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer, financial institution, or counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from its customers, financial instruments, or non-public trading securities.

1) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. The counterparties of the Consolidated Companies' notes and accounts receivable are predominantly concentrated in Asia, which accounted for 59% and 51% of the total amount of notes and accounts receivable as of December 31, 2021 and 2020.

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed regularly.

The Group has established an allowance for bad debt account to reflect the estimated losses for trade, other receivables, and investment. The allowance for bad debt account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The allowance for bad debt account is based on the historical collection record of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with the counterparties, and the contractually obligated counterparties are the banks, financial institutions, corporate organizations and government agencies with good credits, there are no compliance issues, and therefore, there is no significant credit risk.

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(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has unused short-term bank facilities of \$1,807,468 thousand and \$1,633,689 thousand, respectively, as of December 31, 2021 and 2020.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group. The currencies used in these transactions are the EUR, USD, JPY, GBP, and CNY.

The Group holds accounts receivable denominated on the currency other than functional currency. Gains or losses on change of exchange rate and that on long-term and short-term borrowings denominated in foreign currency can offset each other, reducing the currency risk of the Group.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the NTD, EUR, USD, JPY, GBP, KRW and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group's short-term borrowings are liabilities which are affected by the fluctuation of interest rates. Accordingly, changes in market rate would affect the effective interest rate and the future cash flow to alter.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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3) Other market price risk

Financial assets at fair value through profit or loss— current and available-for-sale financial assets— current are listed stocks and mutual funds, which may fluctuate with changes in equity price. In order to manage market risk, the Group carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Group's bank balances and financial liability— short-term and long-term borrowings are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(w) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate, to provide a return to shareholders and benefits to other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, or issue new shares to settle long-term liabilities.

The Group uses the debt ratio to manage capital. This ratio divides debt by total assets. The debt from the balance sheet is accounted for as total liabilities. Total assets include share capital, capital surplus, retained earnings, other equity and non-controlling interest, plus, debt; the Group may also use its equity ratio, computed as one, less, its debt ratio, as a basis in managing its capital.

The Group's debt and equity ratio at the end of the reporting date were as follow:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	<u>\$ 2,549,032</u>	<u>2,641,374</u>
Total assets	<u>\$ 7,292,829</u>	<u>7,492,315</u>
Debt ratio	<u>35 %</u>	<u>35 %</u>
Equity ratio	<u>65 %</u>	<u>65 %</u>

As of December 31, 2021, there were no changes in the Group's approach of capital management.

(x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

For right-of-use assets under leases, please refer to note 6(i).

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Effect of change in exchange rates	Others	
Short-term borrowings	\$ 781,779	(236,775)	(3,273)	-	541,731
Long-term borrowings (including current portion)	\$ 59,499	16,013	(2,625)	(62,861)	10,026
Lease liabilities	174,264	(108,690)	(7,887)	129,154	186,841
Deposits received	1,115	(385)	-	-	730
Total liabilities from financing activities	<u>\$ 1,016,657</u>	<u>(329,837)</u>	<u>(13,785)</u>	<u>66,293</u>	<u>739,328</u>

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Effect of change in exchange rates	Others	
Short-term borrowings	\$ 706,466	77,445	(2,132)	-	781,779
Long-term borrowings (including current portion)	\$ 35,447	26,635	(2,583)	-	59,499
Lease liabilities	147,027	(74,370)	(4,178)	105,785	174,264
Deposits received	1,115	-	-	-	1,115
Total liabilities from financing activities	<u>\$ 890,055</u>	<u>29,710</u>	<u>(8,893)</u>	<u>105,785</u>	<u>1,016,657</u>

**(7) Related-party transactions**

**(a) Names and relationship with related parties**

The related parties that have transactions with the consolidated company in the reporting period are shown below:

Name of related party	Relationship with the Group
Asped Technology Inc (Asped) (note)	Associate

Note: The Company was no longer an associate of the Group from May 2020.

**(b) Significant related party transactions**

**(i) Purchases**

The amount of purchase transactions between the Group and related parties were as follows:

	2020
Associates	<u>\$ 1,459</u>

The purchasing price, other terms and conditions with related parties were not significantly different from those with third parties.

**(c) Key management personnel compensations**

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	<u>\$ 71,914</u>	<u>80,833</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2021 and 2020, the Group provided three and four vehicles at a cost of \$12,044 thousand and \$14,344 thousand for key management personnel.

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and negotiable certificate of deposits (recorded under other financial assets – non current)	Guarantee for provisional attachment	\$ 71,428	72,428
Time deposits (recorded under other financial assets – non current)	Guarantee for customs	4,118	4,083
Negotiable certificate of deposits (recorded under other financial assets – non current)	Guarantee for provisional seizure	30,000	30,000
Property, plant and equipment	Guarantee for long-term and short-term borrowings	<u>177,492</u>	<u>196,087</u>
		<u>\$ 283,038</u>	<u>302,598</u>

**(9) Commitments and contingencies**

(a) The unrecognized construction contract of the Group as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Acquisition of Property, plant and equipment	<u>\$ 30,566</u>	<u>136,714</u>

(b) As of December 31, 2021 and 2020, the Group had an unused line of credit for purchasing raw materials amounting to \$10,324 thousand (USD371,100) and \$0 thousand.

(c) As of December 31, 2021 and 2020, the outstanding bank drafts to secure credit facilities and financial instruments amounted to \$2,100,497 thousand and \$1,984,510 thousand, respectively.

(d) Hoeya Technology Inc. (Hoeya) filed a lawsuit against the Company for requesting the Intellectual Property Court (IPC) to hold its products under custody in August 2007 and 2020. The Supreme Court reversed the judgement of the 2007 lawsuit in March 2020 and handed the case over to the IPC for reconsideration. On the other hand, in October 2021, the IPC rejected the 2020 lawsuit brought by Hoeya, who then filed an appeal to the Supreme Court. Both cases mentioned above were still in progress as of the reporting date, and the Company has appointed an attorney to handle the matters.

(e) Yifeng Technology Co., Ltd. (Yifeng) filed lawsuit against the Company for requesting the IPC to hold its products under custody in September 2019, wherein the court ruled in favor of the Company in June 2021. Yifeng disagreed with the decision made by the IPC, thus, filed an appeal to the Supreme Court on July 5, 2021. The case was still in progress as of the reporting date.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other**

- (a) The following is a summary statement of employee benefits, depreciation and amortization expenses by function:

By nature	Years ended December 31 2021			Years ended December 31 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	334,675	1,346,788	1,681,463	317,718	1,366,930	1,684,648
Labor and health insurance	30,984	124,851	155,835	23,212	111,587	134,799
Pension	8,476	46,485	54,961	7,962	52,831	60,793
Directors' remuneration	-	17,544	17,544	-	24,519	24,519
Others	22,606	50,206	72,812	24,053	51,265	75,318
Depreciation	78,247	132,274	210,521	38,719	122,050	160,769
Amortization	-	3,366	3,366	-	2,243	2,243

- (b) The Company filed criminal charges against its former employees for not following its policy, wherein they illegally gained profit for themselves during their service in 2015 to 2016. The suspects have already resigned from the Company at the end of 2016. After the Company filed the lawsuit, Taiwan Taipei District Court and Taiwan Taipei High Court ruled the defendant to be guilty and made the sentence in July 2019 and February 2020, respectively. The Company and both of the defendant filed appeal to the Taiwan Supreme Court in March 2020. The Supreme Court rendered a judgement on March 19, 2021 and declared that both defendants committed Subparagraph 2, Paragraph 1, Article 171 of Securities and Exchange Act for making the Company process the non-arm's length transactions and were both sentenced 32 months in prison. Both defendants turned in the criminal proceeds plus the interest amounted to \$3,174 thousand and \$3,342 thousand should be returned to the Company. The seized \$70,296 thousand and \$6,516 thousand criminal proceeds were returned to the Company in 2019 and 2021. The civil lawsuit is still in the first trial at Taipei District Court.

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

## (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	2021				Maximum investment in 2021	Remarks
				Number of shares	Book value	Holding percentage	Market value		
	Mutual fund:								
The Company	JHHSUN Money Market Fund	-	Financial assets at fair value through profit or loss – current	14,058	210,689	-	210,689	748,948	
The Company	First Bank Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss – current	17,396	269,145	-	269,145	912,600	
HONG JHENG TECHNOLOGY CO., LTD	JHHSUN Money Market Fund	-	Financial assets at fair value through profit or loss – current	2,567	38,466	-	38,466	38,466	
HONG YUAN CO., LTD	JHHSUN Money Market Fund	-	Financial assets at fair value through profit or loss – current	2,838	42,530	-	42,530	42,530	
ATEN FOREMOST INTERNATIONAL CO., LTD.	SHANG TOU Money Market Fund	-	Financial assets at fair value through profit or loss – current	3,610	15,699	-	15,699	24,067	
ATEN CHINA CO., LTD.	GUANGFA TIANIANHUNG Money Market Fund	-	Financial assets at fair value through profit or loss – current	5,999	26,091	-	26,091	26,091	
	Stock:								
The Company	SHIN KONG FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through other comprehensive income – current	165	1,825	-	1,825	1,825	
The Company	TAIWAN COOPERATIVE BANK	-	Financial assets at fair value through other comprehensive income – current	146	3,728	-	3,728	3,728	
The Company	CHINA DEVELOPMENT FINANCIAL HOLDINGS CO., LTD.	-	Financial assets at fair value through other comprehensive income – current	79	1,388	-	1,388	1,388	
The Company	ACROX CO., LTD.	-	Financial assets at fair value through other comprehensive income – non current	1,428	14,280	14	14,280	14,280	
The Company	OptoMedia Technology Inc.	-	Financial assets at fair value through other comprehensive income – non current	500	4,337	2	4,337	7,500	
The Company	Taiwan Wind Power Energy Inc.	-	Financial assets at fair value through other comprehensive income – non current	300	3,000	5	3,000	3,000	
HONG JHENG TECHNOLOGY CO., LTD	Common Stock of Visionary Dynamics Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non current	20	-	1	-	-	Note 1

Note 1: The impairment loss was fully recognized.

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Disposal gain	Shares	Amount
The Company	IHSUN Money Market Fund	Financial assets at fair value through profit or loss – current	-	-	46,090	689,048	4,007	60,000	36,040	541,193	540,000	1,193	14,058	210,689
The Company	First Bank Taiwan Money Market Fund	Financial assets at fair value through profit or loss – current	-	-	46,857	723,163	17,759	274,500	47,220	731,055	730,000	1,055	17,396	269,145

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Land	2021.9.9	302,495	According to the signing contract	Natural person	-	-	-	-	-	Appraisal of real estate report	Operation	-

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	EXPAND ELECTRONIC CO., LTD.	Invested by sub subsidiary	Purchase	758,797	54	30 days	No significant differences	Note 1	(87,645)	(28)	Note 2
EXPAND ELECTRONIC CO., LTD.	The Company	Invested by sub subsidiary	(Sales)	(758,797)	(100)	30 days	No significant differences	Note 1	87,645	100	Note 2
The Company	ATEN FOREMOST INTERNATIONAL CO., LTD.	Sub subsidiary	Purchase	110,428	8	30 days	No significant differences	Note 1	(25,708)	(8)	Note 2
ATEN FOREMOST INTERNATIONAL CO., LTD.	The Company	Sub subsidiary	(Sales)	(110,428)	(81)	30 days	No significant differences	Note 1	25,708	72	Note 2
The Company	ATEN INFOTECH N.V.	Subsidiary	(Sales)	(437,372)	(13)	90 days	No significant differences	No significant differences	101,025	15	Note 2
ATEN INFOTECH N.V.	The Company	Subsidiary	Purchase	437,372	100	90 days	No significant differences	No significant differences	(101,025)	(100)	Note 2
The Company	ATECH PERIPHERALS.	Subsidiary	(Sales)	(223,682)	(7)	30 days	No significant differences	No significant differences	27,099	4	Note 2
ATECH PERIPHERALS.	The Company	Subsidiary	Purchase	223,682	61	30 days	No significant differences	No significant differences	(27,099)	(35)	Note 2
The Company	ATEN KOREA CO., LTD.	Invested by sub subsidiary	(Sales)	(299,884)	(9)	60 days	No significant differences	No significant differences	77,915	11	Note 2
ATEN KOREA CO., LTD.	The Company	Invested by sub subsidiary	Purchase	299,884	100	60 days	No significant differences	No significant differences	(77,915)	(100)	Note 2
The Company	ATEN CHINA CO., LTD.	Sub subsidiary	(Sales)	(381,075)	(11)	45 days	No significant differences	No significant differences	89,016	13	Note 2
ATEN CHINA CO., LTD.	The Company	Sub subsidiary	Purchase	381,075	100	45 days	No significant differences	No significant differences	(89,016)	(99)	Note 2
The Company	ATEN TECHNOLOGY INC.	Sub subsidiary	(Sales)	(330,973)	(10)	95 days	No significant differences	No significant differences	92,902	14	Note 2
ATEN TECHNOLOGY INC.	The Company	Sub subsidiary	Purchase	330,973	69	95 days	No significant differences	No significant differences	(92,902)	(79)	Note 2
The Company	ATEN JAPAN CO., LTD.	Subsidiary	(Sales)	(300,919)	(9)	45 days	No significant differences	No significant differences	62,739	9	Note 2
ATEN JAPAN CO., LTD.	The Company	Subsidiary	Purchase	300,919	100	45 days	No significant differences	No significant differences	(62,739)	(100)	Note 2

(Continued)

## ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 1: Payments are netted with the account receivable resulting from the Company purchasing on behalf of related parties.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
The Company	ATEN INFOTECH N.V	Subsidiary	101,025	4.28	-		74,575 (As of March 8, 2022)	-
EXPAND INTERNATIONAL CO., LTD.	The Company	The ultimate parent company	191,786	-	-	Depend on capital budgeting	- (As of March 8, 2022)	-

(ix) Trading in derivative instruments:

Please refer to 6(b) for further information.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	ATEN TECHNOLOGY INC.	1	Sales revenue	330,973	No significant differences	6 %
0	The Company	ATEN INFOTECH N.V.	1	Sales revenue	437,372	No significant differences	8 %
0	The Company	ATEN CHINA CO., LTD.	1	Sales revenue	381,075	No significant differences	7 %
0	The Company	ATEN JAPAN CO., LTD.	1	Sales revenue	300,919	No significant differences	6 %
0	The Company	ATEN KOREA CO., LTD.	1	Sales revenue	299,884	No significant differences	6 %
0	The Company	ATEN UK LTD.	1	Sales revenue	65,912	No significant differences	1 %
0	The Company	ATECH PERIPHERALS.	1	Sales revenue	223,682	No significant differences	4 %
0	The Company	ATEN ANZ PTY LTD.	1	Sales revenue	44,498	No significant differences	1 %
0	The Company	ATEN POLAND SP. Z O. O.	1	Sales revenue	58,266	No significant differences	1 %
0	The Company	ATEN TECHNOLOGY INC.	1	Accounts receivable	92,902	95 days	1 %
0	The Company	ATEN INFOTECH N.V.	1	Accounts receivable	101,025	90 days	1 %
0	The Company	ATEN CHINA CO., LTD.	1	Accounts receivable	89,016	45 days	1 %
0	The Company	ATEN JAPAN CO., LTD.	1	Accounts receivable	62,739	45 days	1 %
0	The Company	ATEN KOREA CO., LTD.	1	Accounts receivable	77,915	60 days	1 %
1	EXPAND INTERNATIONAL CO., LTD.	The Company	2	Accounts receivable	191,786	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	3 %
2	ATEN FOREMOST INTERNATIONAL CO., LTD.	The Company	2	Sales revenue	110,428	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	2 %
3	EXPAND ELECTRONIC CO., LTD.	The Company	2	Sales revenue	758,797	The Company is its only customer	15 %

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**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
3	EXPAND ELECTRONIC CO., LTD.	The Company	2	Accounts receivable	87,645	Payments are netted with the accounts receivable resulting from the Company purchasing on behalf of related parties.	1 %
4	ATEN CANADA TECHNOLOGIES INC.	The Company	2	Sales revenue	96,705	The Company is its only customer	2 %

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents sidestream transactions.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% of total consolidated revenue were selected for disclosure.

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Maximum investment in 2021	Net income of investee	Investment income (losses)	Remarks
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Book value				
The Company	TOPMOST INTERNATIONAL CO., LTD.	Cayman	Investing	22,183	22,183	700,000	100 %	474,258	22,183	31,253	31,253	note 1
The Company	ATEN JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	25,105	25,105	1,600	100 %	94,139	25,105	42,720	42,720	note 1
The Company	ATEN US HOLDINGS INC.	USA	Investing	287,083	287,083	9,380,000	100 %	27,686	287,083	36,687	36,687	note 1
The Company	FOREMOST INTERNATIONAL CO., LTD.	Mauritius	Investing	69,730	69,730	2,180,628	100 %	41,693	69,730	(8,403)	(8,403)	note 1
The Company	ATEN RESEARCH INC.	USA	Trading of computer peripheral equipment	15,494	15,494	2,840	95 %	78	15,494	(170)	(162)	note 1
The Company	ATECH PERIPHERALS.	Taiwan	Manufacturing and trading of computer peripheral equipment	90,479	90,479	10,000,000	100 %	151,550	90,479	39,955	40,007	note 1
The Company	ATEN INFOTECH N.V.	Belgium	Trading of computer peripheral equipment	54,197	54,197	58,343	100 %	42,470	54,197	10,311	10,311	note 1
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Thailand	Manufacturing and trading of computer peripheral equipment	392,097	249,537	4,300,000	100 %	302,179	392,097	(36,954)	(36,954)	note 1
The Company	VISIONTOP CO., LTD.	Taiwan	Specialized printing	86,483	86,483	6,472,066	60 %	64,190	86,483	967	580	note 1
The Company	HONG JHENG TECHNOLOGY CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	43,903	31,778	125	125	note 1
The Company	HONG YUAN CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	47,905	31,778	127	127	note 1
The Company	ATEN ANZ PTY LTD.	Australia	Trading of computer peripheral equipment	77,350	42,186	3,500,000	100 %	28,263	77,350	(16,583)	(16,583)	note 1
The Company	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	7,800	7,800	780,000	26 %	4,274	7,800	4,106	538	note 1
The Company	ATEN INFO COMMUNICATION LIMITED LIABILITY COMPANY	Turkey	Trading of computer peripheral equipment	17,683	17,683	2,000	100 %	1,041	17,683	(212)	(212)	note 1
The Company	ATEN POLAND SP. Z O. O.	Poland	Trading of computer peripheral equipment	8,295	8,295	20,000	100 %	4,947	8,295	748	748	note 1
The Company	ATEN ROMANIA S.R.L.	Romania	Trading of computer peripheral equipment	5,839	5,839	80,000	100 %	7,239	5,839	1,314	1,314	note 1
The Company	ATEN ADVANCE PRIVATE LIMITED	India	Trading of computer peripheral equipment	9,030	9,030	2,200,000	100 %	8,543	9,030	512	512	note 1
TOPMOST INTERNATIONAL CO., LTD.	ATEN EUROPE LTD.	UK	Investing	67,279	67,279	1,069,000	100 %	168,800	67,279	33,212	33,212	note 1
TOPMOST INTERNATIONAL CO., LTD.	I/O MASTER INC.	Samoa	Investing	9,782	9,782	700,000	100 %	31,058	9,782	2,450	2,450	note 1
ATEN US HOLDING INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	22,815	22,815	160,000	20 %	5,572	22,815	(1,298)	(260)	note 1

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## ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Maximum investment in 2021	Net income of investee	Investment income (losses)	Remarks
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Book value				
ATEN US HOLDING INC.	ATEN TECHNOLOGY INC.	USA	Trading of computer peripheral equipment	267,204	267,204	8,672,084	99 %	92,592	267,204	36,980	36,651	note 1
ATEN TECHNOLOGY INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	3,303	3,303	640,000	80 %	22,290	3,303	(1,298)	(1,038)	note 1
ATEN EUROPE LTD.	ATEN UK LTD.	UK	Trading of computer peripheral equipment	37,922	37,922	650,000	100 %	2,657	37,922	57	57	note 1
ATEN EUROPE LTD.	ATEN KOREA CO., LTD.	Korea	Trading of computer peripheral equipment	34,811	34,811	102,000	85 %	106,166	34,811	40,466	34,396	note 1
I/O MASTER INC.	ATEN CANADA TECHNOLOGIES INC.	Canada	Research and development	3	3	300	100 %	38,391	3	2,490	2,490	note 1
I/O MASTER INC.	IOGEAR, Inc.	USA	Trading of computer peripheral equipment	3	3	10	100 %	-	3	-	-	note 1
ATECH PERIPHERALS.	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	22,066	22,066	2,220,000	74 %	13,517	22,066	4,106	3,038	note 1

Note 1: Eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2021	Net income on investee	Direct / indirect investment holding percentage	Maximum investment in 2021	Investment income (loss) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
EXPAND INTERNATIONAL CO., LTD. (Note 2)	Investing	21,383	(3)	21,383	-	-	21,383	(4,850)	100 %	21,383	(4,850)	323,545	69,337
ATEN CHINA CO., LTD.	Trading of computer peripheral equipment	56,924	(3)	51,394	-	-	51,394	(4,945)	100 %	51,394	(4,945)	69,252	86,093
ATEN FOREMOST INTERNATIONAL CO., LTD.	Manufacturing and trading of computer peripheral equipment	29,315	(3)	29,315	-	-	29,315	(4,862)	100 %	29,315	(4,862)	29,291	-
EXPAND ELECTRONIC CO., LTD.	Manufacturing of computer peripheral products	67,184	(3)	34,706	-	-	34,706	(7,456)	100 %	34,706	(7,456)	124,211	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: In response to the regulation toward processing plants in China and Chinese government's incentive rewards for processing plants turn funded enterprises, the Company's investment through third party companies to reinvest the mainland areas of existing processing plant in Shenzhen, mainland was converted to a wholly owned company (EXPAND ELECTRONIC CO., LTD.) on March 27, 2012.

Note 3: Aforementioned amounts have been eliminated upon consolidation.

Note 4: The financial statements of the investee are audited by the auditors of the parent company. Investment gains (losses) are accounted for by the equity method.

Note 5: The exchange rate is USD 1 to NTD27.6900.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs (Note 1)
The Company	136,798	152,295	2,809,362

Note 1: The limit on investment in mainland China is determined by sixty percent (60%) of the Company's net worth.

Note 2: The exchange rate is USD1 to NTD27.6900.

(iii) Significant transactions:

Please refer to 13(a) item No. 10 for further information.

(d) Major shareholders:

Unit: share		
Shareholder's Name	Shareholding	Percentage
Shang-Jen Chen	6,789,342	5.68 %
Ching-Tang Chen	6,449,352	5.39 %

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

(a) General information

The Group has two reportable segments: computer peripheral equipment segment and specialized printing segment. The computer peripheral equipment segment is primarily involved in the production and sales of computer peripheral equipment. The specialized printing segment is primarily involved in the printing of advertisements.

The reportable segments are the Group's strategic divisions, offering different products and services. Because each strategic division requires different technology and marketing strategies, each division is managed separately.

(b) Information on the reportable segment's profit or loss, assets, liabilities, and their measurement and reconciliations

The Group uses the internal management report (that the chief operating decision maker reviews) as the basis to determine resource allocation and make a performance evaluation. The internal management report (including profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses due to taxation, extraordinary activity and foreign exchange gain or losses) are managed on a group basis, and hence, they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is consistent with that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to the ones described in note 4 "Significant Accounting Policies".

The Group treats intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	<b>2021</b>			<b>Total</b>
	<b>Computer peripheral equipment</b>	<b>Others</b>	<b>Adjustments or elimination</b>	
Revenue:				
Revenue from external customers	\$ 5,057,269	106,422	-	5,163,691
Inter-segment revenues	<u>3,276,337</u>	<u>-</u>	<u>(3,276,337)</u>	<u>-</u>
Total revenue	<u>\$ 8,333,606</u>	<u>106,422</u>	<u>(3,276,337)</u>	<u>5,163,691</u>
<b>Reportable segment profit or loss</b>	<u>\$ 968,161</u>	<u>967</u>	<u>(100,937)</u>	<u>868,191</u>
<b>Reportable segment assets (Note)</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	2020			Total
	Computer peripheral equipment	Others	Adjustments or elimination	
Revenue:				
Revenue from external customers	\$ 4,703,892	119,721	-	4,823,613
Inter-segment revenues	<u>3,160,948</u>	<u>-</u>	<u>(3,160,948)</u>	<u>-</u>
Total revenue	<u>\$ 7,864,840</u>	<u>119,721</u>	<u>(3,160,948)</u>	<u>4,823,613</u>
<b>Reportable segment profit or loss</b>	<u>\$ 1,667,521</u>	<u>4,219</u>	<u>21,578</u>	<u>1,693,318</u>
<b>Reportable segment assets (Note)</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: As the information on segment assets was not provided to the chief operating decision marker, the information segment assets is not disclosed.

The material reconciling items of the above reportable segment are as below:

In 2021 and 2020, inter-segment revenues of \$3,276,337 thousand and \$3,160,948 thousand respectively, should be eliminated from total revenue. Share of associate profit (loss) under equity method amounting to \$100,937 thousand and \$(21,578) thousand, respectively, should be eliminated.

(c) Information about the products and services

Revenue from the external customers of the Group was as follows:

Products and services	2021	2020
IT infrastructure management solutions	\$ 3,164,373	2,934,442
Video products	848,283	797,163
Other	<u>1,151,035</u>	<u>1,092,008</u>
Total	<u>\$ 5,163,691</u>	<u>4,823,613</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographic information	2021	2020
Revenue from external customers:		
United States	\$ 1,108,801	1,114,612
Taiwan	663,972	685,227
Japan	653,548	602,937
Other countries	<u>2,737,370</u>	<u>2,420,837</u>
Total	<u>\$ 5,163,691</u>	<u>4,823,613</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Geographical information</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current assets:		
Taiwan	\$ 2,152,701	1,827,147
Other countries	<u>655,719</u>	<u>569,891</u>
Total	<u>\$ 2,808,420</u>	<u>2,397,038</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, not including financial instruments and deferred income tax assets.

(e) Information about major customers

For the years 2021 and 2020, the Group had no major customer who constituted 10% or more of the net sales.

## **Attachment 2**

# **Parent Company Only Financial Statements**

**ATEN INTERNATIONAL CO., LTD.****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

**Address: 3rd Floor, No. 125, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City,  
Taiwan, R.O.C.**

**Telephone: (02)8692-6789**

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.

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## 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. ("the Company"), which comprise the balance sheet as of December 31, 2021 and 2020, 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 of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2021. 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(e) for disclosure related to inventory measurement.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

## **Responsibilities of Management and Those Charged with Governance for the 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 remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 partners on the audit resulting in this independent auditors' report are Po-Shu Huang and Chung-Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)  
March 8, 2022

#### **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.

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

**Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>									
11xx <b>Current assets:</b>					21xx <b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 936,655	15	271,844	4	2100 Short-term borrowings (note 6(i))	\$ 91,543	2	233,247	4
1110 Financial assets at fair value through profit or loss – current (note 6(b))	483,863	8	1,800,135	28	2120 Financial liabilities at fair value through profit or loss – current (note 6(b))	398	-	7,034	-
1120 Financial assets at fair value through other comprehensive income – current (note 6(c))	6,941	-	5,116	-	2150 Notes payable	67	-	233	-
1170 Accounts receivable, net (note 6(d))	175,990	3	159,346	3	2170 Accounts payable	197,548	3	160,999	3
1180 Accounts receivable – related parties, net (notes 6(d) and 7)	503,602	8	508,890	8	2180 Accounts payable – related parties (note 7)	129,775	2	76,419	1
130x Inventories (note 6(e))	500,601	8	433,993	7	2200 Other payables (notes 6(l) and (q))	372,927	6	421,857	7
1410 Prepayments	22,304	-	8,528	-	2220 Other payables – related parties (note 7)	198,216	3	201,147	3
1470 Other current assets	20,771	-	21,423	-	2230 Current tax liabilities	230,444	4	180,235	3
<b>Total current assets</b>	<b>2,650,727</b>	<b>42</b>	<b>3,209,275</b>	<b>50</b>	2250 Provisions – current (note 6(j))	25,680	-	25,277	-
15xx <b>Non-current assets:</b>					2280 Current lease liabilities (note 6(k))	2,677	-	1,933	-
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(e))	21,617	-	24,780	-	2399 Other current liabilities	11,626	-	9,899	-
1550 Investments accounted for under equity method (note 6(f))	1,365,140	22	1,206,565	19	<b>Total current liabilities</b>	<b>1,260,901</b>	<b>20</b>	<b>1,318,280</b>	<b>21</b>
1600 Property, plant and equipment (notes 6(g) and 7)	1,992,647	32	1,683,422	27	25xx <b>Non-Current liabilities:</b>				
1755 Right-of-use assets (note 6(h))	5,624	-	5,202	-	2570 Non-current tax liabilities	89,550	2	52,212	1
1840 Deferred income tax assets (note 6(m))	118,896	2	143,575	2	2580 Deferred income tax liabilities (note 6(m))	126,024	2	120,756	2
1920 Refundable deposits	917	-	448	-	2640 Non-current lease liabilities (note 6(k))	2,709	-	3,349	-
1980 Other financial assets – non-current (notes 8 and 9)	105,546	2	106,511	2	2644 Net defined benefit liabilities – non-current (note 6(l))	87,918	1	91,589	1
<b>Total non-current assets</b>	<b>3,610,387</b>	<b>58</b>	<b>3,170,503</b>	<b>50</b>	2645 Deposits received	730	-	1,115	-
					2670 Other non-current liabilities	11,012	-	5,243	-
					2xxx <b>Total non-current liabilities</b>	<b>317,943</b>	<b>5</b>	<b>274,264</b>	<b>4</b>
					<b>Total liabilities</b>	<b>1,578,844</b>	<b>25</b>	<b>1,592,544</b>	<b>25</b>
					<b>Equity (note 6(n)):</b>				
					3110 Common stock	1,194,711	19	1,194,711	19
					3200 Capital surplus:				
					3210 Additional paid-in capital	316,913	5	316,913	5
					3250 Donated assets received	50	-	50	-
						<b>316,963</b>	<b>5</b>	<b>316,963</b>	<b>5</b>
					3300 Retained earnings:				
					3310 Legal reserve	1,493,727	24	1,465,181	23
					3320 Special reserve	189,465	3	145,188	2
					3350 Unappropriated retained earnings	1,716,314	27	1,789,407	28
						<b>3,399,506</b>	<b>54</b>	<b>3,399,776</b>	<b>53</b>
					3400 Other equity interest:				
					3410 Financial statements translation differences for foreign operations	(211,146)	(3)	(107,158)	(2)
					3420 Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(17,764)	-	(17,058)	-
						<b>(228,910)</b>	<b>(3)</b>	<b>(124,216)</b>	<b>(2)</b>
					3xxx <b>Total equity</b>	<b>4,682,270</b>	<b>75</b>	<b>4,787,234</b>	<b>75</b>
1xxx <b>Total assets</b>	<b>\$ 6,261,114</b>	<b>100</b>	<b>6,379,778</b>	<b>100</b>	2-3xxx <b>Total liabilities and equity</b>	<b>\$ 6,261,114</b>	<b>100</b>	<b>6,379,778</b>	<b>100</b>

See accompanying notes to parent company only financial statements.

(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, 2021 and 2020**

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

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (notes 6(p) and 7)</b>	\$ 3,366,103	100	3,277,611	100
5000	<b>Operating costs (notes 6(e), (g), (h), (j), (k), (l), (q) and 7)</b>	<u>1,575,830</u>	<u>47</u>	<u>1,553,652</u>	<u>47</u>
5900	<b>Gross profit from operations</b>	1,790,273	53	1,723,959	53
5920	Add: Realized profit (loss) from sales	<u>50,929</u>	<u>2</u>	<u>789</u>	<u>-</u>
5900	<b>Gross profit</b>	<u>1,841,202</u>	<u>55</u>	<u>1,724,748</u>	<u>53</u>
6000	<b>Operating expenses (notes 6(g), (h), (k), (l), (q) and 7):</b>				
6100	Selling expenses	366,775	11	396,505	12
6200	Administrative expenses	293,852	9	313,672	10
6300	Research and development expenses	<u>498,696</u>	<u>15</u>	<u>493,496</u>	<u>15</u>
	<b>Total operating expenses</b>	<u>1,159,323</u>	<u>35</u>	<u>1,203,673</u>	<u>37</u>
6900	<b>Operating profit</b>	<u>681,879</u>	<u>20</u>	<u>521,075</u>	<u>16</u>
7000	<b>Non-operating income and expenses (notes 6(f), (k), (r) and 7):</b>				
7100	Interest income	896	-	1,192	-
7010	Other income	49,490	1	48,173	1
7020	Other gains and losses	(10,330)	-	1,060,825	32
7050	Finance costs	(2,433)	-	(4,320)	-
7375	Share of profit (loss) of subsidiaries and associates accounted for under equity method	<u>101,112</u>	<u>3</u>	<u>(14,510)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>138,735</u>	<u>4</u>	<u>1,091,360</u>	<u>33</u>
7900	<b>Profit from continuing operations before tax</b>	820,614	24	1,612,435	49
7950	<b>Less: Income tax expenses (note 6(m))</b>	<u>183,301</u>	<u>5</u>	<u>113,167</u>	<u>3</u>
	<b>Net income</b>	<u>637,313</u>	<u>19</u>	<u>1,499,268</u>	<u>46</u>
8300	<b>Other comprehensive income (notes 6(f), (m) and (n)):</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(5,298)	-	2,432	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,338)	-	(259)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(1,699)</u>	<u>-</u>	<u>461</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(4,937)</u>	<u>-</u>	<u>1,712</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(103,988)	(3)	3,120	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(155)	-	131	-
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>(104,143)</u>	<u>(3)</u>	<u>3,251</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>(109,080)</u>	<u>(3)</u>	<u>4,963</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 528,233</u>	<u>16</u>	<u>1,504,231</u>	<u>46</u>
9750	<b>Basic earnings per share (in New Taiwan dollars) (note 6(o))</b>	<u>\$ 5.33</u>		<u>12.55</u>	
9850	<b>Diluted earnings per share (in New Taiwan dollars) (note 6(o))</b>	<u>\$ 5.25</u>		<u>12.30</u>	

See accompanying notes to parent company only financial statements.

(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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings				Total other equity interest		Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income		
					Total	Total				
<b>Balance at January 1, 2020</b>	\$ 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	-	-	193,564	-	(193,564)	-	-	-	-	-
Special reserve appropriated	-	-	-	37,893	(37,893)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(931,875)	(931,875)	-	-	-	(931,875)
Changes in equity of associates accounted for using equity method	-	885	-	-	-	-	-	-	-	885
Net income	-	-	-	-	1,499,268	1,499,268	-	-	-	1,499,268
Other comprehensive income	-	-	-	-	2,034	2,034	3,188	(259)	2,929	4,963
Total comprehensive income	-	-	-	-	1,501,302	1,501,302	3,188	(259)	2,929	1,504,231
Disposal of investments accounted for using equity method	-	(29,556)	-	-	-	-	-	-	-	(29,556)
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(3,339)	(3,339)	-	-	-	(3,339)
<b>Balance at December 31, 2020</b>	<b>1,194,711</b>	<b>316,963</b>	<b>1,465,181</b>	<b>145,188</b>	<b>1,789,407</b>	<b>3,399,776</b>	<b>(107,158)</b>	<b>(17,058)</b>	<b>(124,216)</b>	<b>4,787,234</b>
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	28,546	-	(28,546)	-	-	-	-	-
Special reserve appropriated	-	-	-	44,277	(44,277)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(633,197)	(633,197)	-	-	-	(633,197)
Net income	-	-	-	-	637,313	637,313	-	-	-	637,313
Other comprehensive income	-	-	-	-	(4,386)	(4,386)	(103,988)	(706)	(104,694)	(109,080)
Total comprehensive income	-	-	-	-	632,927	632,927	(103,988)	(706)	(104,694)	528,233
<b>Balance at December 31, 2021</b>	<b>\$ 1,194,711</b>	<b>316,963</b>	<b>1,493,727</b>	<b>189,465</b>	<b>1,716,314</b>	<b>3,399,506</b>	<b>(211,146)</b>	<b>(17,764)</b>	<b>(228,910)</b>	<b>4,682,270</b>

See accompanying notes to parent company only financial statements.

(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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from operating activities:</b>		
Net income before tax	\$ 820,614	1,612,435
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss		
Depreciation expense	57,767	49,307
Interest expenses	2,433	4,320
Interest income	(896)	(1,192)
Dividend income	(532)	(230)
Share of loss (profit) of associates accounted for under equity method	(101,112)	14,510
Gains on disposal of property, plant and equipment	(251)	(143)
Property, plant and equipment transferred to expenses	11	272
Gain on disposal of investments accounted for using equity method	-	(1,062,042)
Unrealized loss from sales	(50,929)	(789)
Others	874	-
Total adjustments to reconcile profit and loss	<u>(92,635)</u>	<u>(995,987)</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	1,316,272	(358,286)
Accounts receivable	(16,644)	4,863
Accounts receivable—related parties	5,288	78,289
Inventories	(66,551)	35,922
Prepayments	(13,776)	(2,654)
Other current assets	652	2,491
Total changes in operating assets, net	<u>1,225,241</u>	<u>(239,375)</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	(6,636)	6,523
Notes payable	(166)	(242)
Accounts payable	36,549	(30,451)
Accounts payable—related parties	53,356	(27,765)
Other payable	(54,591)	39,987
Other payable—related parties	(2,931)	9,369
Provisions	403	487
Other current liabilities	2,371	(715)
Net defined benefit liabilities	(8,969)	(101)
Other non-current liabilities	5,769	1,236
Total changes in operating liabilities, net	<u>25,155</u>	<u>(1,672)</u>
Total changes in operating assets / liabilities, net	<u>1,250,396</u>	<u>(241,047)</u>
Total adjustments	<u>1,157,761</u>	<u>(1,237,034)</u>
Cash provided by operating activities	1,978,375	375,401
Dividends received	66,705	12,325
Payment of income tax	(64,108)	(24,539)
<b>Net cash provided by operating activities</b>	<u>1,980,972</u>	<u>363,187</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,000)
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	918,133
Acquisition of investments accounted for using equity method	(177,724)	(517,446)
Proceeds from disposal of investments accounted for using equity method	-	205,688
Acquisition of property, plant and equipment	(359,779)	(118,971)
Proceeds from disposal of property, plant and equipment	568	316
Decrease (increase) in refundable deposits	(469)	121
Decrease in other financial assets—non-current	965	8,061
Decrease in prepayments for equipment	-	4,294
Interest received	896	1,192
<b>Net cash (used in) provided by investing activities</b>	<u>(535,543)</u>	<u>498,388</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(138,431)	2,400
Decrease in deposits received	(385)	-
Payment of lease liabilities	(2,899)	(2,096)
Cash dividends paid	(633,197)	(931,875)
Interest paid	(2,433)	(4,320)
<b>Net cash used in financing activities</b>	<u>(777,345)</u>	<u>(935,891)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(3,273)</u>	<u>(2,132)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	664,811	(76,448)
<b>Cash and cash equivalents at beginning of period</b>	271,844	348,292
<b>Cash and cash equivalents at end of period</b>	<u>\$ 936,655</u>	<u>271,844</u>

See accompanying notes to parent company only financial statements.

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

**Notes to the Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

ATEN INTERNATIONAL CO., LTD.(the “Company”) was incorporated on July 6, 1979, under the laws of the Republic of China (ROC). The Company and its subsidiaries (the Group) are mainly engaged in the manufacturing and trading of computer peripheral equipment, manufacturing of wired and wireless communication equipment, and manufacturing of electronic modules and parts.

**(2) Approval date and procedures of the financial statements**

These financial statements were approved by the Board of Directors and published on March 8, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the parent company only financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the parent company only financial statements.

- (a) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

- (i) Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary of the significant accounting policies).

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(ii) Functional and presentation currency

The functional currency of the entity is determined based on the primary economic environment in which the entity operates. The Company's parent company only financial statements are presented in New Taiwan dollars, which is Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Nonmonetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (i) an investment in equity securities designated as at fair value through other comprehensive income;
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualifying cash flow hedges to the extent that the hedges are effective.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amount of money. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose should be recognized as cash equivalent.

(f) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or tWA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise borrowings, accounts payable, other payables and deposits received, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in nonoperating income and expense.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation expires or has been discharged or cancelled. The difference between the carrying amount of a financial liability removed and the consideration paid (including any noncash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in nonoperating income and expense.

3) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable rights to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Subsequent to initial recognition, inventories are measured at the lower of cost or net realizable value and the cost of inventories is based on the standard cost principle. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. The differences between standard and actual costing are fully classified as operating costs. When the cost of inventories is higher than the net realizable value, the inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for under equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Company from the date that significant influence commences until the date that in significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of its associates and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the changes in ownership interests of its associates in 'capital surplus' in proportion to its ownership interests.

Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

When preparing the Company's parent company only financial statements, investments in subsidiaries which are controlled by the Company using the equity method. Under the equity method, the net income, other comprehensive income and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company in the consolidated parent company only financial statements.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Land improvements	3 years
Buildings	3~61 years
Machinery equipment	3~9 years
Other equipment	3~8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases of office equipment and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(1) Impairment – Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets and investment properties) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(n) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

The Company is mainly engaged in the manufacture and trading of computer peripheral products. The Company recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract and the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of electronic components in the contractual period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Company's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(j).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

Deferred income taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred income taxes shall not be recognized for the below exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

When computing diluted earnings per share, all potential share are considered outstanding shares for the current period; therefore, both profit attributable to ordinary shareholders and outstanding shares should be adjusted for the impact of potential shares. Employee bonuses in the form of stock of the Company are accounted for as potential shares.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(r) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the parent company only financial statements.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the parent company only financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

(a) Judgment regarding significant influence of associates

Although the Company has less than 20 of the voting or potential voting rights in Aspeed Technology Inc. (Aspeed) on December 31, 2019, the Company still has significant influence over it since the Company has the authority to assign one director to the board of Aspeed to make decision regarding its financial and operating policies. However, the Company had disposed its entire shares in Aspeed in 2020, resulting in the Company to lose significant influence over it.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash and cash equivalents	\$ 62,940	909
Saving deposits and foreign currency deposits	440,141	251,190
Checking deposits	1,278	499
Time deposits	432,296	19,246
Total cash and cash equivalents	<b>\$ 936,655</b>	<b>271,844</b>

Please refer to note 6(s) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(b) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging	\$ 4,029	1,120
Non-derivative financial assets	479,834	1,799,015
Total	<b>\$ 483,863</b>	<b>1,800,135</b>
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial liabilities held for trading:		
Derivative instruments not used for hedging	<b>\$ 398</b>	<b>7,034</b>

For the amount of financial assets and liabilities remeasured at fair value through profit or loss, please refer to note 6(r).

As of December 31, 2021 and 2020, the Company has not provided any aforementioned financial assets as collateral.

The Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Company reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial instruments on December 31, 2021 and 2020 .

Mandatorily measured at fair value through profit or loss financial assets – Forward contract:

	<b>December 31, 2021</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 3,019 /	EUR/NTD	2022.01.12~2022.03.25
	NTD 96,537		
Forward exchange sold	USD 10,290 /	USD/NTD	2022.01.05~2022.03.25
	NTD 286,184		
Forward exchange sold	JPY 169,500 /	JPY/NTD	2022.01.19~2022.02.18
	NTD 41,344		
Forward exchange sold	GBP 230 /	GBP/NTD	2022.01.19~2022.02.18
	NTD 8,733		
Forward exchange sold	AUD 403 /	AUD/NTD	2022.01.05~2022.01.28
	NTD 8,310		
	<b>December 31, 2020</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	USD 3,300 /	USD/NTD	2021.01.04~2021.03.08
	NTD 95,199		

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

Held-for-trading financial liabilities — Forward contracts:

<b>December 31, 2021</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 838 /	EUR/NTD	2022.01.05~2022.03.23
	NTD 26,236		
Forward exchange sold	USD 2,000 /	USD/NTD	2022.02.18~2022.04.01
	NTD 55,310		
Forward exchange sold	JPY 88,000 /	JPY/NTD	2022.02.18
	NTD 21,129		
Forward exchange sold	GBP 301 /	GBP/NTD	2022.02.18~2022.03.21
	NTD 11,112		
Forward exchange sold	AUD 387 /	AUD/NTD	2022.03.07~2022.04.06
	NTD 7,676		
<b>December 31, 2020</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange sold	EUR 3,538 /	EUR/NTD	2021.01.08~2021.03.17
	NTD 120,115		
Forward exchange sold	USD 6,300 /	USD/NTD	2021.02.05~2021.04.30
	NTD 178,268		
Forward exchange sold	JPY 162,000 /	JPY/NTD	2021.01.20~2021.02.19
	NTD 44,044		
Forward exchange sold	GBP 316 /	GBP/NTD	2021.01.20~2021.03.22
	NTD 11,908		
Forward exchange sold	AUD 417 /	AUD/NTD	2021.02.05~2021.04.07
	NTD 8,652		

For credit risk and market risk please refer to note 6(s).

(c) Financial assets at fair value through other comprehensive income

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic) — current	\$ <u>6,941</u>	<u>5,116</u>
Unlisted stocks (domestic) — non-current	\$ <u>21,617</u>	<u>24,780</u>

(i) Equity investments at fair value through other comprehensive income

The Company held equity instrument investment for long-term strategic purposes, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

- (ii) For credit risk and market risk, please refer to note 6(s).
- (iii) The Company did not hold any collateral for the collectible amounts.
- (d) Notes and accounts receivable and other receivables (including related parties)

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Accounts receivable	\$ 175,990	159,346
Accounts receivable—related parties	503,602	508,890
	<b>\$ 679,592</b>	<b>668,236</b>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables on December 31, 2021. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses was determined as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 669,934	0%	-
0 to 30 days past due	9,658	0%	-
	<b>\$ 679,592</b>		<b>-</b>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 659,077	0%	-
0 to 30 days past due	9,159	0%	-
	<b>\$ 668,236</b>		<b>-</b>

As of December 31, 2021 and 2020, the Company did not hold any collateral for the collectible amounts.

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(e) Inventories

The components of the Company's inventories were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Finished goods	\$ 217,769	237,968
Work in process	71,404	69,780
Raw material	<u>211,428</u>	<u>126,245</u>
	<u>\$ 500,601</u>	<u>433,993</u>

Due to the decrease in the net realizable value of inventories, the Company recognized the inventory pricing loss as cost of goods sold. The amounts are as follows:

	<u>2021</u>	<u>2020</u>
Losses on decline in market value of inventory	\$ 4,245	9,531
Losses on physical inventory, net	126	78
Losses on scrapping of inventory	<u>4,847</u>	<u>3,656</u>
Total	<u>\$ 9,218</u>	<u>13,265</u>

As for December 31, 2021 and 2020, the Company did not pledge any collateral on inventories.

(f) Investments accounted for under equity method

The details of the investments accounted for under equity method at the reporting date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	<u>\$ 1,365,140</u>	<u>1,206,565</u>

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2021.

(ii) Associates

The Company's investments in associate entities accounted for under equity method, which are not individually significant, were as follows. Such financial information is included in the consolidated financial statements of the Company.

	<u>2020</u>
Attributable to the Company:	
Income from continued operation	\$ 5,573
Other comprehensive income	<u>68</u>
Total comprehensive income	<u>\$ 5,641</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The Company disposed its entire shares in Aspeed Technology Inc. in 2020, resulting in the Company to lose significant influence over it. Thereafter, the disposal proceeds, less associated costs, amounted to \$1,123,821 thousand, in which a gain on disposal of \$1,062,042 thousand was recognized under other gains and losses, including the amount previously recognized in other comprehensive income related to the associates and the amount reclassified to profit or loss from paid-in capital.

(iii) Collateral

As of December 31, 2021 and 2020, the Company did not pledge any collateral on investments accounted for under the equity method.

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	Land	Land improvements	Buildings	Machinery	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance at January 1, 2021	\$ 1,147,257	5,103	602,980	89,480	169,125	22,691	2,036,636
Additions	305,448	-	21,782	5,433	23,007	9,126	364,796
Disposals	-	-	-	(1,077)	(1,154)	-	(2,231)
Reclassification	-	-	96	21,985	542	(22,691)	(68)
Balance at December 31, 2021	<u>\$ 1,452,705</u>	<u>5,103</u>	<u>624,858</u>	<u>115,821</u>	<u>191,520</u>	<u>9,126</u>	<u>2,399,133</u>
Balance at January 1, 2020	\$ 1,147,257	5,103	551,670	46,080	142,667	22,112	1,914,889
Additions	-	-	5,707	35,398	22,837	60,272	124,214
Disposals	-	-	-	-	(2,195)	-	(2,195)
Reclassification	-	-	45,603	8,002	5,816	(59,693)	(272)
Balance at December 31, 2020	<u>\$ 1,147,257</u>	<u>5,103</u>	<u>602,980</u>	<u>89,480</u>	<u>169,125</u>	<u>22,691</u>	<u>2,036,636</u>
Depreciation:							
Balance at January 1, 2021	\$ -	5,044	212,609	32,504	103,057	-	353,214
Depreciation	-	44	17,193	11,423	26,526	-	55,186
Disposal	-	-	-	(999)	(915)	-	(1,914)
Balance at December 31, 2021	<u>\$ -</u>	<u>5,088</u>	<u>229,802</u>	<u>42,928</u>	<u>128,668</u>	<u>-</u>	<u>406,486</u>
Balance at January 1, 2020	\$ -	5,001	197,471	25,673	79,933	-	308,078
Depreciation	-	43	15,138	6,831	25,146	-	47,158
Disposal	-	-	-	-	(2,022)	-	(2,022)
Balance at December 31, 2020	<u>\$ -</u>	<u>5,044</u>	<u>212,609</u>	<u>32,504</u>	<u>103,057</u>	<u>-</u>	<u>353,214</u>
Carrying value:							
December 31, 2021	<u>\$ 1,452,705</u>	<u>15</u>	<u>395,056</u>	<u>72,893</u>	<u>62,852</u>	<u>9,126</u>	<u>1,992,647</u>
December 31, 2020	<u>\$ 1,147,257</u>	<u>59</u>	<u>390,371</u>	<u>56,976</u>	<u>66,068</u>	<u>22,691</u>	<u>1,683,422</u>
January 1, 2020	<u>\$ 1,147,257</u>	<u>102</u>	<u>354,199</u>	<u>20,407</u>	<u>62,734</u>	<u>22,112</u>	<u>1,606,811</u>

As of December 31, 2021 and 2020, the Company did not pledge any collateral on property, plant and equipment.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(h) Right-of-use assets

The Company leases its assets including its buildings, transportation equipment and other equipment. Information about leases, for which the Company is the lessee, is presented below:

	<u>Building</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 4,810	3,250	1,167	9,227
Additions	3,003	-	-	3,003
Balance at December 31, 2021	<u>\$ 7,813</u>	<u>3,250</u>	<u>1,167</u>	<u>12,230</u>
Balance at January 1, 2020	\$ 2,028	3,250	1,167	6,445
Additions	2,782	-	-	2,782
Balance at December 31, 2020	<u>\$ 4,810</u>	<u>3,250</u>	<u>1,167</u>	<u>9,227</u>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 1,987	1,500	538	4,025
Depreciation	1,562	750	269	2,581
Balance at December 31, 2021	<u>\$ 3,549</u>	<u>2,250</u>	<u>807</u>	<u>6,606</u>
Balance at January 1, 2020	\$ 857	750	269	1,876
Depreciation	1,130	750	269	2,149
Balance at December 31, 2020	<u>\$ 1,987</u>	<u>1,500</u>	<u>538</u>	<u>4,025</u>
Carrying value:				
December 31, 2021	<u>\$ 4,264</u>	<u>1,000</u>	<u>360</u>	<u>5,624</u>
December 31, 2020	<u>\$ 2,823</u>	<u>1,750</u>	<u>629</u>	<u>5,202</u>
January 1, 2020	<u>\$ 1,171</u>	<u>2,500</u>	<u>898</u>	<u>4,569</u>

(i) Short-term borrowings

The details, terms and clauses of the Company's short-term borrowings were as follows:

	<u>December 31, 2021</u>			
	<u>Currency</u>	<u>Interest rate (%)</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured loans	USD	0.60	2022	\$ 24,169
Unsecured loans	CNY	2.96~3.17	2022	67,374
Total				<u>\$ 91,543</u>
	<u>December 31, 2020</u>			
	<u>Currency</u>	<u>Interest rate (%)</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured loans	USD	0.60~0.81	2021	\$ 131,137
Unsecured loans	CNY	3.01~3.27	2021	96,397
Unsecured loans	AUD	0.67	2021	5,713
Total				<u>\$ 233,247</u>

As of December 31, 2021, and 2020, the unused credit facilities of the Company's short-term borrowings amounted to \$1,058,457 thousand and \$916,753 thousand, respectively.

For the Company interest rate, forging currency, and liquidity risk, please refer to note 6(t).

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

## (j) Provisions

	<u>Warranties</u>
Balance as of January 1, 2021	\$ 25,277
Provisions made during the year	23,465
Provisions used during the year	<u>(23,062)</u>
Balance as of December 31, 2021	<u>\$ 25,680</u>
Balance as of January 1, 2020	\$ 24,790
Provisions made during the year	28,655
Provisions used during the year	<u>(28,168)</u>
Balance as of December 31, 2020	<u>\$ 25,277</u>

In 2021 and 2020, provisions are mainly associated with the Company's business products, and are estimated based on the historical data and weighted average of all possibility of similar merchandises and services. Most of the warranty claims are expected to arise in the following year of the sale.

## (k) Lease liabilities

The Company's lease liabilities were as follow:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	<u>\$ 2,677</u>	<u>1,933</u>
Non-current	<u>\$ 2,709</u>	<u>3,349</u>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 61</u>	<u>67</u>
Expenses relating to short-term leases	<u>\$ 5,827</u>	<u>6,591</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 8,787</u>	<u>8,754</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(l) Employee benefits

(i) Defined benefit plans

The Company determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Present value of the defined benefit obligations	\$ 199,276	192,218
Fair value of plan assets	<u>(111,358)</u>	<u>(100,629)</u>
The net defined benefit liability	<u>\$ 87,918</u>	<u>91,589</u>

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on the employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final parent company only financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$111,358 thousand (including pension payables in transit of \$8,350 thousand) at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligation at 1 January	\$ 192,218	195,240
Current service costs and interest	2,373	3,004
Remeasurements of the net defined benefit liability		
– Return on plan assets (excluding amounts included in net interest expense)	6,353	772
Benefits paid by the plan	<u>(1,668)</u>	<u>(6,798)</u>
Defined benefit obligation at 31 December	<u>\$ 199,276</u>	<u>192,218</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

3) Movement of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets, January 1	\$ 100,629	101,119
Interest revenue	764	1,021
Remeasurements of the net defined benefit liability		
– Return on plan assets (excluding amounts included in net interest expense)	1,055	3,203
Contributions made	10,578	2,084
Benefits paid by the plan	(1,668)	(6,798)
Fair value of plan assets, December 31	<u>\$ 111,358</u>	<u>100,629</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 931	1,051
Net interest on the defined benefit liability	678	932
	<u>\$ 1,609</u>	<u>1,983</u>
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 515	627
Selling expenses	280	362
Administration expenses	605	755
Research and development expenses	209	239
	<u>\$ 1,609</u>	<u>1,983</u>

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions at the reporting dates:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Discount rate	0.50~ 1.00 %	0.75~ 1.00 %
Future salary increases rate	2.50 %	2.50 %

The Company expects to make contributions of \$2,230 thousand to the defined benefit plans in the next year starting from the reporting date of 2021.

The weighted average duration of the defined benefit obligation is 11.5 years.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2021 and 2020, the present value of defined benefit obligation impact was as follow:

	<b>The impact on defined benefit obligation</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2021		
Discount rate (0.25%)	\$ (2,847)	2,955
Future salary increase rate (1.00%)	12,385	(10,911)
December 31, 2020		
Discount rate (0.25%)	(3,012)	3,131
Future salary increase rate (1.00%)	12,936	(11,288)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labour pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution method were \$30,348 thousand and \$33,703 thousand for 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(iii) Short-term employee benefit liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Paid annual leave (recorded under other payable)	\$ <b>32,195</b>	<b>29,361</b>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(m) Income tax

(i) Income tax expenses

The amount of income tax for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 142,224	137,375
Adjustment for prior periods	<u>9,431</u>	<u>(18,072)</u>
	<u>151,655</u>	<u>119,303</u>
Deferred income tax expense		
Origination and reversal of temporary differences	<u>31,646</u>	<u>(6,136)</u>
Income tax expense from continuing operations	<u>\$ 183,301</u>	<u>113,167</u>

The amounts of income tax (expenses) benefit recognized in other comprehensive income for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	\$ 1,067	(461)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>632</u>	<u>-</u>
	<u>\$ 1,699</u>	<u>(461)</u>

Reconciliation of the Company's income tax expenses (benefit) and profit before tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Net income before tax	<u>\$ 820,614</u>	<u>1,612,435</u>
Income tax using the Company's domestic tax rate	\$ 164,123	322,487
Effect of tax rates differences in foreign jurisdiction	(142)	(109)
Adjustments according to tax law	(4,902)	(3,614)
Exempt of securities trading income	(574)	(214,300)
Tax treaty rewards	(16,359)	(11,513)
Underestimated (overestimated) of prior year's income tax	9,431	(18,072)
Overestimated (underestimated) of prior year's deferred income tax assets	(2,976)	17,198
5% surtax on undistributed earnings	34,700	-
Income basic tax	<u>-</u>	<u>21,090</u>
Total	<u>\$ 183,301</u>	<u>113,167</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

- (ii) Deferred income tax assets and liabilities— Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2021 and 2020 were as follows:

Deferred income tax assets:

	Defined benefit plans	Unrealized profit from sales	Investment deduction	Others	Total
<b>Balance at January 1, 2021</b>	\$ 15,646	80,880	11,513	35,536	143,575
Recognized in profit or loss	(1,752)	(12,811)	(11,513)	(302)	(26,378)
Recognized in other comprehensive income	1,067	-	-	632	1,699
<b>Balance at December 31, 2021</b>	<u>\$ 14,961</u>	<u>68,069</u>	<u>-</u>	<u>35,866</u>	<u>118,896</u>
<b>Balance at January 1, 2020</b>	\$ 16,073	84,417	-	31,917	132,407
Recognized in profit or loss	34	(3,537)	11,513	3,619	11,629
Recognized in other comprehensive income	(461)	-	-	-	(461)
<b>Balance at December 31, 2020</b>	<u>\$ 15,646</u>	<u>80,880</u>	<u>11,513</u>	<u>35,536</u>	<u>143,575</u>

Deferred income tax liabilities:

	Foreign investment income accounted for using equity method	Others	Total
<b>Balance at January 1, 2021</b>	\$ 120,628	128	120,756
Recognized in profit or loss	4,518	750	5,268
<b>Balance at December 31, 2021</b>	<u>\$ 125,146</u>	<u>878</u>	<u>126,024</u>
<b>Balance at January 1, 2020</b>	\$ 114,534	729	115,263
Recognized in profit or loss	6,094	(601)	5,493
<b>Balance at December 31, 2020</b>	<u>\$ 120,628</u>	<u>128</u>	<u>120,756</u>

- (iii) Examination and Approval

The tax returns of the Company have been assessed by the tax authorities for all years through 2018.

- (n) Capital and other equity

- (i) Common stock

As of December 31, 2021 and 2020, the total value of nominal ordinary shares amounted to \$1,500,000, face value of each share is \$10, of which 150,000 thousand shares, 119,471 thousand shares were issued. All issued shares were paid up upon issuance.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(ii) Additional paid-in capital

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's articles of incorporation require that the Company's net earnings from the current year shall be used to offset prior years' deficits, pay income tax, provide 10% as legal reserve, provide or reverse a special reserve in accordance with Section 41 of the Securities. After the abovementioned appropriations, the distribution of the remaining earnings, if any, should be proposed by the board of directors and is subject to the stockholders' approval.

The Company's business cycle is in the constant growth stage. In consideration of the Company's future capital requirements, its long term financial plan and shareholders' satisfaction as to cash inflow, the Company's articles of incorporation stipulate that the board of directors may propose 30% or more of the distributable earnings as dividends, of which at least 10% should be distributed as cash dividends. However, such distribution depends on the current earnings and the capital condition, and is subject to the approval of stockholders.

1) Legal reserve

In accordance with the Company Act, when distributing the earnings, 10% should be set aside as legal reserve, until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special earnings reserve

In accordance with Ruling No.1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

3) Earnings distribution

The Company's Board of Directors resolved to appropriate the 2021 earnings from July to December. These earnings were appropriated as follows:

	<b>2021</b>
	<b>July – December</b>
	<b>March 8, 2022</b>
Resolution Date of ATEN's Board of Directors	
Special earnings reserve	\$ <u>39,444</u>
Cash dividends to shareholders	\$ <u>346,466</u>
Cash dividends per share (NT\$)	\$ <u>2.9</u>

The Company's Board of Directors resolved to appropriate the 2021 earnings from January to June. These earnings were appropriated as follows:

	<b>2021</b>
	<b>January – June</b>
	<b>August 6, 2021</b>
Resolution Date of ATEN's Board of Directors	
Special earnings reserve	\$ <u>65,249</u>
Cash dividends to shareholders	\$ <u>274,784</u>
Cash dividends per share (NT\$)	\$ <u>2.3</u>

The Company's Board of Directors or shareholders resolved to appropriate the 2020 earnings from July to December and January to June. These earnings were appropriated as follows:

	<b>2020</b>	<b>2020</b>
	<b>July – December</b>	<b>January – June</b>
	<b>September 8,</b>	<b>August 11,</b>
	<b>2021</b>	<b>2020</b>
	<b>August 25, 2021</b>	<b>-</b>
Resolution Date of ATEN's Board of Directors		
Resolution Date of ATEN's shareholders		
Legal reserve	\$ <u>28,546</u>	<u>121,250</u>
Special earnings reserve	\$ <u>(20,972)</u>	<u>18,043</u>
Cash dividends to shareholders	\$ <u>358,413</u>	<u>298,678</u>
Cash dividends per share (NT\$)	\$ <u>3.0</u>	<u>2.5</u>

The Company's shareholders resolved to appropriate the 2019 earnings. These earnings were appropriated as follows:

	<b>2019</b>
	<b>June 16, 2020</b>
Resolution Date of ATEN's shareholders	
Legal reserve	\$ <u>72,314</u>
Special earnings reserve	\$ <u>19,850</u>
Cash dividends to shareholders	\$ <u>633,197</u>
Cash dividends per share (NT\$)	\$ <u>5.3</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(iv) Other equities (net of tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (107,158)	(17,058)	(124,216)
Foreign exchange differences arising from foreign operations	(103,988)	-	(103,988)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(706)	(706)
Balance as of December 31, 2021	<u>\$ (211,146)</u>	<u>(17,764)</u>	<u>(228,910)</u>
Balance as of January 1, 2020	\$ (110,346)	(16,799)	(127,145)
Foreign exchange differences arising from foreign operations	3,120	-	3,120
Exchange differences on translation financial statements of foreign associates accounted for using equity method	68	-	68
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(259)	(259)
Balance as of December 31, 2020	<u>\$ (107,158)</u>	<u>(17,058)</u>	<u>(124,216)</u>

(o) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for years ended December 31, 2021 and 2020 was as follows:

(i) Basic earnings per share

	2021	2020
Net income	<u>\$ 637,313</u>	<u>1,499,268</u>
Weighted-average number of ordinary shares	<u>119,471</u>	<u>119,471</u>
Basic earnings per share (in NT dollars)	<u>\$ 5.33</u>	<u>12.55</u>

(ii) Diluted earnings per share

	2021	2020
Net income	<u>\$ 637,313</u>	<u>1,499,268</u>
Weighted-average number of ordinary shares (basic)	119,471	119,471
Impact of potential common shares		
Effect of employee stock bonus	1,970	2,426
Weighted-average number of ordinary shares (diluted)	<u>121,441</u>	<u>121,897</u>
Diluted earnings per share (in NT dollars)	<u>\$ 5.25</u>	<u>12.30</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(p) Revenue from contracts with customers – disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
United States	\$ 565,199	636,565
Belgium	437,372	436,274
Japan	443,741	383,287
China	381,075	346,855
Others	<u>1,538,716</u>	<u>1,474,630</u>
	<u><b>\$ 3,366,103</b></u>	<u><b>3,277,611</b></u>
Major products lines:		
IT infrastructure management solutions	\$ 2,384,344	2,287,405
Video products	580,317	549,241
Others	<u>401,442</u>	<u>440,965</u>
	<u><b>\$ 3,366,103</b></u>	<u><b>3,277,611</b></u>

(q) Remuneration to employees, directors and supervisors

In accordance with the Company's articles, the net income before tax, after deducting the remuneration to employees, directors and supervisors, shall first be offset against any deficit, then 10%~16% will be distributed as employee remuneration and less than 2% will be allocated as directors' and supervisors' remuneration. The amounts of employee, directors' and supervisors' remuneration, to be distributed in cash or stock, should be decided in the board meeting, with two thirds of the board members attending the meeting, and over half of the attendees approving the amounts for distribution that are to be reported at the shareholders meeting. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$129,874 thousand and \$181,580 thousand, and directors' and supervisors' remuneration amounting to \$11,544 thousands and \$21,790 thousands, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses in the respective period. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2021 and 2020.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(r) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ <u>896</u>	<u>1,192</u>

(ii) Other income

The Company's other income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Rental income	\$ 5,422	7,209
Dividend income	532	230
Other income – Other		
Compensation income	6,600	10,503
Business tax refund income	5,804	-
Subsidy income	290	3,931
Other income	<u>30,842</u>	<u>26,300</u>
Subtotal other income	<u>43,536</u>	<u>40,734</u>
Total other income	\$ <u>49,490</u>	<u>48,173</u>

(iii) Other gains and losses

The Company's other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Gains on disposal of property, plant and equipment	\$ 251	143
Gains on disposals of investment	-	1,062,042
Losses on foreign exchange	(32,144)	(7,355)
Gains on financial assets (liabilities) at fair value through profit or loss	25,918	6,154
Others	<u>(4,355)</u>	<u>(159)</u>
Net other gains and losses	\$ <u>(10,330)</u>	<u>1,060,825</u>

(iv) Finance costs

The details of the Company's finance costs for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense	\$ <u>2,433</u>	<u>4,320</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk amounted to \$2,235,131 thousand and \$2,877,070 thousand, respectively.

2) Concentration of credit risk

The Company's accounts receivable is the main source of potential credit risk, as of December 31, 2021 and 2020 the transaction of accounts receivable are significantly concentrated in the top three customers, which have 41% and 50%, respectively, in the notes and accounts receivable.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Unsecured loans	\$ 91,543	92,752	92,752	-	-	-	-
Notes and accounts payable (including related parties)	327,390	327,390	327,390	-	-	-	-
Other payables (including related parties)	571,143	571,143	571,143	-	-	-	-
Guarantee deposits received	730	730	730	-	-	-	-
Lease liabilities	5,386	5,544	2,780	2,048	573	143	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	398	398	398	-	-	-	-
	<u>\$ 996,590</u>	<u>997,957</u>	<u>995,193</u>	<u>2,048</u>	<u>573</u>	<u>143</u>	<u>-</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Unsecured loans	\$ 233,247	234,926	234,926	-	-	-	-
Notes and accounts payable (including related parties)	237,651	237,651	237,651	-	-	-	-
Other payables (including related parties)	623,004	623,004	623,004	-	-	-	-
Guarantee deposits received	1,115	1,115	1,115	-	-	-	-
Lease liabilities	5,282	5,377	1,984	1,756	922	715	-
Derivative financial liabilities							
Other forward contracts:							
Outflow	7,034	7,034	7,034	-	-	-	-
	<u>\$ 1,107,333</u>	<u>1,109,107</u>	<u>1,105,714</u>	<u>1,756</u>	<u>922</u>	<u>715</u>	<u>-</u>

The Company is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(iii) Exchange rate risk

1) Exposure to exchange rate risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>December 31, 2021</b>			
Financial assets:			
Monetary items:			
USD	\$ 16,662	27.6900	461,371
JPY	264,539	0.2405	63,622
EUR	4,291	31.3257	134,419
CNY	23,672	4.3467	102,895
GBP	576	37.3067	21,489
Financial liabilities:			
Monetary items:			
USD	\$ 4,197	27.6900	116,215
CNY	21,776	4.3467	94,654
<b>December 31, 2020</b>			
Financial assets:			
Monetary items:			
USD	\$ 15,058	28.5080	429,273
JPY	172,895	0.2765	47,805
EUR	4,007	35.0506	140,448
CNY	26,319	4.3817	115,322
Financial liabilities:			
Monetary items:			
USD	\$ 6,781	28.5080	193,313
CNY	27,587	4.3817	120,878

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency. A 1% appreciation or depreciation of the TWD against the USD, JPY, EUR, CNY and GBP as of December 31, 2021 and 2020 would have increased or decreased the net profit by \$5,729 thousand and \$4,187 thousand, respectively. The analysis is performed on the same basis for both periods.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

3) Foreign exchange gain and loss on monetary item

Since the Company books its transaction in different functional currencies, the information on foreign exchange gains (loss) on monetary items is disclosed based on the total amount. For the years 2021 and 2020, foreign exchange losses (including realized and unrealized portion) amounted to \$32,144 thousand and \$7,355 thousand, respectively.

(iv) Interest rate analysis

Please refer to the note for liquidity risk management and the interest rate exposure to the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Company's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate increases or decreases by 1%, the Company's net income will increase or decrease by \$915 thousand and \$2,332 thousand, respectively, for the years ended December 31, 2021, and 2020. This is mainly due from the Company's borrowing on variable rates.

(v) Fair value and carrying amount

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the Regulations.

	Carrying amount	December 31, 2021			Total
		Fair value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 4,029	-	4,029	-	4,029
Non derivative financial assets mandatorily measured at fair value through profit or loss	479,834	479,834	-	-	479,834
Subtotal	483,863	479,834	4,029	-	483,863
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	6,941	6,941	-	-	6,941
Unlisted stocks (domestic and overseas)	21,617	-	-	21,617	21,617
Subtotal	28,558	6,941	-	21,617	28,558
Total	\$ 512,421	486,775	4,029	21,617	512,421

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>(398)</u>	<u>-</u>	<u>(398)</u>	<u>-</u>	<u>(398)</u>
	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 1,120	-	1,120	-	1,120
Non derivative financial assets mandatorily measured at fair value through profit or loss	<u>1,799,015</u>	<u>1,799,015</u>	<u>-</u>	<u>-</u>	<u>1,799,015</u>
Subtotal	<u>1,800,135</u>	<u>1,799,015</u>	<u>1,120</u>	<u>-</u>	<u>1,800,135</u>
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	5,116	5,116	-	-	5,116
Unlisted stocks (domestic and overseas)	<u>24,780</u>	<u>-</u>	<u>-</u>	<u>24,780</u>	<u>24,780</u>
Subtotal	<u>29,896</u>	<u>5,116</u>	<u>-</u>	<u>24,780</u>	<u>29,896</u>
Total	<u>\$ 1,830,031</u>	<u>1,804,131</u>	<u>1,120</u>	<u>24,780</u>	<u>1,830,031</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>(7,034)</u>	<u>-</u>	<u>(7,034)</u>	<u>-</u>	<u>(7,034)</u>

2) Valuation techniques in financial instruments measured at fair value

a) Non – derivative financial instruments

If there are quoted prices in the active markets for financial instruments, the fair value of those prices may be based on the quoted market prices. The market prices announced by Securities Exchange and Over the Counter are the benchmarks of the fair value of equity instruments and Liability instruments trading in active markets.

The fair value of financial assets and liabilities traded in the active markets will be based on the quoted market prices when the quoted prices can be obtained from the exchanges, brokers, underwriters, industrial unions, pricing service agencies or authorities, as well as if they can represent as the one usually traded in fair market transaction in practice. If the requirements above mentioned don't actually accomplish, the market ought to be seen inactive condition. Generally speaking, the index of inactive market are based on the large difference of the price between buying and selling transaction, the difference of the price between buying and selling transaction distinctively increasing or little quantity of trading volume.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The fair values of the Company's financial instruments trading in active markets are categorized by types and nature as follows:

Stocks of listed Companies and open-ended funds are financial assets possessing standard provision and trading in active markets. Their fair values are determined based on the market quotes and net assets value, respectively.

In addition to the aforementioned financial instruments trading in active markets, the fair values of other financial instruments are obtained through valuation or by referencing the quotes from counterparties. Such valuation technique involves referencing the fair value of financial instruments that are virtually alike in terms and characteristic, and using discounted cash flow model or other pricing models. Other pricing models may utilize the available market information on the balance sheet date such as yield curve from Over the Counter and the average quotes on the interest rates of Reuters Commercial Paper.

b) Derivative financial instrument

Derivatives are priced based on the pricing models widely accepted by markets. Forward Exchange Contracts are normally priced based on the current forward exchange rates or the forward interest rate estimated using interest rate parity theory.

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Company reclassified the financial instruments from one level to another as of the reporting date.

4) Transfers between level 1 and level 2

There was no significant transfer from level 2 financial instrument to level 1 financial instrument.

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance at January 1, 2021	\$ 24,780
In other comprehensive income	(3,163)
Balance at December 31, 2021	<b>\$ 21,617</b>
Balance at January 1, 2020	\$ 21,780
Purchase	3,000
Balance at December 31, 2020	<b>\$ 24,780</b>

The aforementioned gains or losses were listed in “Unrealized gains (losses) from financial assets at fair value through other comprehensive income”.

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> <li>· Multipliers of price-Book ratios as of December 31, 2021 and 2020 were both 1.17.</li> <li>· Multipliers of enterprise value as of December 31, 2021 and 2020 were 2.28 and 2.5 , respectively.</li> <li>· Market illiquidity discount rate as of December 31, 2021 and 2020 were both 20%.</li> </ul>	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> <li>· the multiplier were higher (higher)</li> <li>· the market illiquidity discount were higher (lower)</li> </ul>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

- 7) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	\$ 1,291	(1,291)
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	1,370	(1,370)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(t) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note expresses the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes to each risk.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The Board of Directors oversees how management monitors the risk which should be in compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by the Internal Audit. The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer, financial institution, or counterparty fails to meet its contractual obligations and arises principally from the Company's receivables from its customers, financial instruments, or non-public trading securities.

1) Trade and other receivables

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed regularly.

The Company has established an allowance for bad debt account to reflect the estimated losses for trade, other receivables, and investment. The allowance for bad debt account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The allowance for bad debt account is based on the historical collection record of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transactions are with the counterparties, and the contractually obligated counterparties are the banks, financial institutions, corporate organizations and government agencies with good credits, there are no compliance issues, and therefore, there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The Company uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused short-term bank facilities of \$1,058,457 thousand and \$916,753 thousand, respectively, as of December 31, 2021 and 2020.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company. The currencies used in these transactions are the EUR, USD, JPY, GBP, and CNY.

The Company holds accounts receivable denominated on the currency other than functional currency. Gains or losses on change of exchange rate and that on long-term and short-term borrowings denominated in foreign currency can offset each other, reducing the currency risk of the Company.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the EUR, USD, JPY, GBP, and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's short-term borrowings are liabilities which are affected by the fluctuation of interest rates. Accordingly, changes in market rate would affect the effective interest rate and the future cash flow to alter.

3) Other market price risk

Financial assets at fair value through profit or loss— current and available-for-sale financial assets— current are listed stocks and mutual funds, which may fluctuate with changes in equity price. In order to manage market risk, the Company carefully selects trust companies with good reputations to engage in financial instrument transactions.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The Company's bank balances and financial liability— short-term and long-term borrowings are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(u) Capital management

The Company's objectives for managing capital are to safeguard the capacity to continue to operate, to provide a return to shareholders and benefits to other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Company uses the debt ratio to manage capital. This ratio divides debt by total assets. The debt from the balance sheet is accounted for as total liabilities. Total assets include share capital, capital surplus, retained earnings, other equity and non-controlling interest, plus, debt; the Company may also use its equity ratio, computed as one less its debt ratio, as a basis in managing its capital.

The Company's debt and equity ratio at the end of the reporting date were as follow:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	<u>\$ 1,578,844</u>	<u>1,592,544</u>
Total assets	<u>\$ 6,261,114</u>	<u>6,379,778</u>
Debt ratio	<u>25 %</u>	<u>25 %</u>
Equity ratio	<u>75 %</u>	<u>75 %</u>

As of December 31, 2021, there were no changes in the Company's approach of capital management.

(v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in years ended December 31, 2021 and 2020 were as follows:

For right-of-use assets under leases, please refer to note 6(h).

Reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1, 2021</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>December 31, 2021</b>
			<b>Effect of change in exchange rates</b>	<b>Others</b>	
Short-term borrowings	\$ 233,247	(138,431)	(3,273)	-	91,543
Lease liabilities	5,282	(2,960)	-	3,064	5,386
Deposits received	1,115	(385)	-	-	730
Total liabilities from financing activities	<u>\$ 239,644</u>	<u>(141,776)</u>	<u>(3,273)</u>	<u>3,064</u>	<u>97,659</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Effect of change in exchange rates	Others	
Short-term borrowings	\$ 232,979	2,400	(2,132)	-	233,247
Lease liabilities	4,596	(2,163)	-	2,849	5,282
Deposits received	1,115	-	-	-	1,115
Total liabilities from financing activities	<u>\$ 238,690</u>	<u>237</u>	<u>(2,132)</u>	<u>2,849</u>	<u>239,644</u>

**(7) Related-party transactions**

**(a) Parent company and ultimate controlling party**

The Company is the ultimate controlling party of the Company and the Subsidiary.

**(b) Names and relationship with related parties**

In this financial report, the related parties having transactions with the Company and subsidiaries were listed as below:

<u>Name of related party</u>	<u>Relationship with the Company</u>
TOPMOST INTERNATIONAL CO., LTD. (TOPMOST)	The Subsidiary
ATEN JAPAN CO., LTD. (ATEN JAPAN)	The Subsidiary
ATEN US HOLDINGS INC. (ATEN US)	The Subsidiary
FOREMOST INTERNATIONAL CO., LTD. (FOREMOST)	The Subsidiary
ATEN INFOTECH N.V. (ATEN INFOTECH)	The Subsidiary
ATECH PERIPHERALS INC. (ATEN PERIPHERALS)	The Subsidiary
ATEN RESEARCH INC. (ATEN RESEARCH)	The Subsidiary
ATEN COMPUTER PRODUCTS CO., LTD. (ATEN COMPUTER)	The Subsidiary
VISONTOP CO., LTD. (VISONTOP)	The Subsidiary
HONG JHENG TECHNOLOGY CO., LTD. (HONG JHENG)	The Subsidiary
HONG YUAN CO., LTD. (HONG YUAN)	The Subsidiary
ATEN ANZ PTY LTD. (ATEN ANZ)	The Subsidiary

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
RCM FULLY AUTOMATION CO., LTD. (RCM FULLY)	The Subsidiary
ATEN INFO COMMUNICATION LIMITED LIABILITY COMPANY (ATEN TURKEY)	The Subsidiary
ATEN POLAND SP.Z.O.O. (ATEN POLAND)	The Subsidiary
ATEN ROMANIA S.R.L. (ATEN ROMANIA)	The Subsidiary
EXPAND INTERNATIONAL CO., LTD. (EXPAND)	The Sub-Subsidiary
ATEN EUROPE LIMITED (ATEN EUROPE)	The Sub-Subsidiary
I/O MASTER INC. (I/O MASTER)	The Sub-Subsidiary
ATEN CHINA CO., LTD. (ATEN CHINA)	The Sub-Subsidiary
ATEN FOREMOST INTERNATIONAL CO., LTD. (ATEN FOREMOST)	The Sub-Subsidiary
EXPAND ELECTRONIC CO., LTD. (EXPAND ELECTRONIC)	Invested by the Sub-Subsidiary
ATEN UK LIMITED (ATEN UK)	Invested by the Sub-Subsidiary
ATEN KOREA CO., LTD. (ATEN KOREA)	Invested by the Sub-Subsidiary
ATEN TECHNOLOGY INC. (ATEN TECHNOLOGY)	The Sub-Subsidiary
ATEN NEW JERSEY INC. (ATEN NEW JERSEY)	The Sub-Subsidiary
ATEN CANADA TECHNOLOGIES INC. (ATEN CANADA)	Invested by the Sub-Subsidiary
IOGEAR, Inc. (IOGEAR)	Invested by the Sub-Subsidiary
ATEN ADVANCE PRIVATE LIMITED (ATEN ADVANCE) (Note 1)	The Subsidiary
ASPEED TECHNOLOGY INC. (ASPEED) (Note 2)	Associate

Note 1: The subsidiary was established on July 22, 2020.

Note 2: ASPEED was no longer an associate of the Company from the second quarter of 2020.

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(c) Significant related party transactions

(i) Operating revenue

The amounts of significant sales transactions between the Company and related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries		
ATEN INFOTECH	\$ 437,372	436,274
ATEN TECHNOLOGY	330,973	425,658
ATEN CHINA	381,075	346,855
ATEN JAPAN	300,919	247,154
ATEN KOREA	299,884	353,310
ATECH PERIPHERALS	223,317	187,053
Other Subsidiaries	<u>169,304</u>	<u>101,180</u>
	<u><u>\$ 2,142,844</u></u>	<u><u>2,097,484</u></u>

For the years ended December 31, 2021 and 2020, the Company's maintenance revenue from related parties were \$5,474 thousands and \$6,409 thousands, respectively.

The Company's collection period for related party is 30~95 days, the payment term ranged for other customer is 15~105 days, and there is no significant difference between the pricing of sale transaction with related parties and that with other customer. For the years ended December 31, 2021 and 2020 the Company did not have allowance bad debts of accounts receivable from related parties, nor collateral.

(ii) Purchases

The amount of purchase transactions between the Company and related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries		
EXPAND ELECTRONIC	\$ 758,797	760,111
ATEN FOREMOST	110,428	92,267
Other Subsidiaries	28,049	52
Associate	<u>-</u>	<u>1,459</u>
	<u><u>\$ 897,274</u></u>	<u><u>853,889</u></u>

There were no significant differences between the pricing of purchase transactions and the payment method with related parties and that with other suppliers, expect for the subsidiary pay with net of purchase by purchasing agent.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

## (iii) Receivables from related parties

The receivables due from related parties were as follows:

<u>Accounts</u>	<u>Type of related parties</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Subsidiaries		
Account receivables	ATEN INFOTECH	\$ 101,025	103,303
Account receivables	ATEN TECHNOLOGY	92,902	143,482
Account receivables	ATEN CHINA	89,016	88,328
Account receivables	ATEN KOREA	77,915	78,460
Account receivables	ATEN JAPAN	62,739	44,442
Account receivables	Other Subsidiaries	<u>80,005</u>	<u>50,875</u>
		<u><b>\$ 503,602</b></u>	<u><b>508,890</b></u>

## (iv) Payables to related parties

The payables due to related parties were as follows:

<u>Accounts</u>	<u>Type of related parties</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Subsidiaries		
Account payables	EXPAND ELECTRONIC	\$ 87,645	55,683
Account payables	ATEN FOREMOST	25,708	20,736
Account payables	Other Subsidiaries	<u>16,422</u>	<u>-</u>
		<u>129,775</u>	<u>76,419</u>
	Subsidiaries		
Other payables	EXPAND	191,786	191,799
Other payables	Other Subsidiaries	<u>6,430</u>	<u>9,348</u>
		<u>198,216</u>	<u>201,147</u>
		<u><b>\$ 327,991</b></u>	<u><b>277,566</b></u>

## (v) Purchasing materials

The purchasing materials due from related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries		
EXPAND ELECTRONIC	\$ 253,140	252,090
ATEN COMPUTER	5,815	-
ATEN FOREMOST	<u>1,748</u>	<u>57</u>
	<u><b>\$ 260,703</b></u>	<u><b>252,147</b></u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(vi) Information service income

The details of the information service income from related parties were as follows (recorded under other income) :

	<u>2021</u>	<u>2020</u>
Subsidiaries		
ATEN TECHNOLOGY	\$ 3,179	3,796
ATEN CHINA	3,207	2,690
Other Subsidiaries	<u>10,547</u>	<u>8,270</u>
	<u><u>\$ 16,933</u></u>	<u><u>14,756</u></u>

As of December 31, 2021 and 2020, all the receivables arising from the above transactions were collected.

(vii) Others

- 1) The Company entrust related parties to develop and design products, were paid for research and development costs as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries		
ATEN CANADA	\$ 96,705	93,993
ATEN ANZ	-	7,286
ATEN FOREMOST	26,904	24,244
Other Subsidiaries	<u>21,849</u>	<u>28,594</u>
	<u><u>\$ 145,458</u></u>	<u><u>154,117</u></u>

- 2) The credit limits of the guarantees the Company had provided on the bank loans of related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries		
ATEN TECHNOLOGY	USD 22,500,000	USD 23,500,000
ATEN JAPAN	JPY 350,000,000	JPY 350,000,000
ATEN INFOTECH	EUR 1,500,000	EUR 1,500,000
ATEN UK	GBP 1,000,000	GBP 1,000,000
ATEN KOREA	USD 2,000,000	USD -
ATECH PERIPHERALS	NTD 80,000,000	NTD 50,000,000
ATEN CHINA	CNY 20,000,000	CNY 20,000,000
ATEN FOREMOST	CNY 4,800,000	CNY -
EXPAND ELECTRONIC	CNY 1,300,000	CNY 1,300,000
RCM FULLY	NTD 55,000,000	NTD 40,000,000
ATEN ANZ	AUD 1,000,000	AUD 600,000

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**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

(d) Key management personnel compensations

Key management personnel compensation comprised:

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	<b>\$ 49,714</b>	<b>58,578</b>

For the years ended December 31, 2021 and 2020, the Company provided three and four vehicles at a cost of \$12,044 thousand and \$14,344 thousand for key management personnel.

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash and negotiable certificate of deposits (recorded under other financial assets – non-current)	Guarantee for provisional attachment	\$ 71,428	72,428
Time deposits (recorded under other financial assets – non-current)	Guarantee for customs	4,118	4,083
Time deposits (recorded under other financial assets – non-current)	Guarantee for provisional seizure	30,000	30,000
		<b>\$ 105,546</b>	<b>106,511</b>

**(9) Commitments and contingencies**

(a) The unrecognized construction contract of the Company were as follows:

	<b>December 31, 2020</b>
Acquisition of Property, plant and equipment	<b>\$ 10,524</b>

(b) As of December 31, 2021 and 2020, the Company had an unused line of credit for purchasing raw materials amounting to \$10,324 thousand (USD371,100) and \$0 thousand (USD0).

(c) As of December 31, 2021 and 2020, the outstanding bank drafts to secure credit facilities and financial instruments amounted to \$1,265,380 thousand and \$1,218,508 thousand, respectively.

(d) Hoeya Technology Inc. (Hoeya) filed a lawsuit against the Company for requesting the Intellectual Property Court (IPC) to hold its products under custody in August 2007 and 2020. The Supreme Court reversed the judgement of the 2007 lawsuit in March 2020 and handed the case over to the IPC for reconsideration. On the other hand, in October 2021, the IPC rejected the 2020 lawsuit brought by Hoeya, who then filed an appeal to the Supreme Court. Both cases mentioned above were still in progress as of the reporting date, and the Company has appointed an attorney to handle the matters.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

- (e) Yifeng Technology Co., Ltd. (Yifeng) filed lawsuit against the Company for requesting the IPC to hold its products under custody in September 2019, wherein the court ruled in favor of the Company in June 2021. Yifeng disagreed with the decision made by the IPC, thus, filed an appeal to the Supreme Court on July 5, 2021. The case was still in progress as of the reporting date.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other**

- (a) The following is a summary statement of employee benefits, depreciation and amortization expenses by function:

By nature	Years ended December 31 2021			Years ended December 31 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	152,536	673,826	826,362	157,938	699,672	857,610
Labor and health insurance	16,162	49,713	65,875	15,447	45,343	60,790
Pension	5,786	26,171	31,957	5,999	29,687	35,686
Directors' remuneration (Note)	-	17,544	17,544	-	24,519	24,519
Others	9,725	26,194	35,919	12,038	27,366	39,404
Depreciation	26,818	30,949	57,767	19,848	29,459	49,307
Amortization	-	-	-	-	-	-

Note: The Company has found the Audit Committee, the remuneration of independent directors is included in director's remuneration for disclosure.

The Company's number of employees for the years ended December 31, 2021 and 2020 and additional information on employee benefits are as follows:

	<b>2021</b>	<b>2020</b>
Number of employees	<u>727</u>	<u>740</u>
Number of directors who were not employees	<u>7</u>	<u>7</u>
The average employee benefit	<u>\$ 1,333</u>	<u>1,355</u>
The average salaries and wages	<u>\$ 1,148</u>	<u>1,170</u>
The average of employee salary cost adjustment as follows	<u>(1.88)%</u>	
Supervisors' remuneration	<u>\$ -</u>	<u>750</u>

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

- (i) The remunerations to directors are paid in accordance with the Company's articles of incorporation and "Directors' Remuneration Calculation and Grant Measures". If the Company incurs profit in a fiscal year, the profit shall be distributed as remuneration to directors according to the percentage of the profit stipulated in the Company's Articles of Incorporation to be reviewed by the Salary and Remuneration Committee and the Board of Directors, and submitted in the shareholders' meeting for approval. If a director is also employed by the Company, the salary and remuneration would also be paid according to nos. (ii), (iii) and (iv) regulations below:
  - (ii) The remuneration to the general manager, deputy general managers and senior managers are decided according to the Company's performance evaluation and related regulations with reference to the extent of his/her involvement in, and the value of his/her contribution to, the Company, as well as the standards of the industry. The remuneration would be executed after being reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.
  - (iii) The policy on the salary and remuneration to employees of the Company is established according to each employee's personal capability, contribution to the Company, performance evaluation and the relevance to operating result. The whole salary and remuneration package mainly include basic salary, bonus, remuneration, welfare, etc. The standards for basic salary was established and will be adjusted based on the usual level of payment in the industry, the Company's operating performance and structure, the competition situation in the market, the overall changes in economy and industry, as well as the regulations from the government. The bonus and remuneration to employees are based on their performance, achievement for department goal or the Company's operating performance. The main precondition for welfare is to fulfill the regulations and to take further care of employee's need, as well as to provide welfare to benefit the whole employees.
  - (iv) According to the article 24 of the Company's articles of incorporation : the net income before tax after deducting the remuneration to employees, directors and supervisors, shall first be offset against any deficit, then 10%-16% will be distributed as employee remuneration and less than 2% as directors' and supervisors' remuneration, wherein the distribution will be decided by the board of directors.
- (b) The Company filed criminal charges against its former employees for not following its policy, wherein they illegally gained profit for themselves during their service in 2015 to 2016. The suspects have already resigned from the Company at the end of 2016. After the Company filed the lawsuit, Taiwan Taipei District Court and Taiwan Taipei High Court ruled the defendant to be guilty and made the sentence in July 2019 and February 2020, respectively. The Company and both of the defendant filed appeal to the Taiwan Supreme Court in March 2020. The Supreme Court rendered a judgement on March 19, 2021 and declared that both defendants committed Subparagraph 2, Paragraph 1, Article 171 of Securities and Exchange Act for making the Company process the non-arm's length transactions and were both sentenced 32 months in prison. Both defendants turned in the criminal proceeds plus the interest amounted to \$3,174 thousand and \$3,342 thousand should be returned to the Company. The seized \$70,296 thousand and \$6,516 thousand criminal proceeds were returned to the Company in 2019 and 2021. The civil lawsuit is still in the first trial at Taipei District Court.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

**(13) Other disclosures**

## (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	2021				Remarks
				Number of shares	Book value	Holding percentage	Market value	
	Mutual fund:							
The Company	JHSUN Money Market Fund	—	Financial assets at fair value through profit or loss – current	14,058	210,689	-	210,689	
The Company	First Bank Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss – current	17,396	269,145	-	269,145	
HONG JHENG TECHNOLOGY CO., LTD	JHSUN Money Market Fund	—	Financial assets at fair value through profit or loss – current	2,567	38,466	-	38,466	
HONG YUAN CO., LTD	JHSUN Money Market Fund	—	Financial assets at fair value through profit or loss – current	2,838	42,530	-	42,530	
ATEN FOREMOST INTERNATIONAL CO., LTD.	SHANG TOU Money Market Fund	—	Financial assets at fair value through profit or loss – current	3,610	15,699	-	15,699	
ATEN CHINA CO., LTD.	GUANGFA TIANHUNG Money Market Fund	—	Financial assets at fair value through profit or loss – current	5,999	26,091	-	26,091	
	Stock:							
The Company	SHIN KONG FINANCIAL HOLDING CO., LTD.	—	Financial assets at fair value through other comprehensive income – current	165	1,825	-	1,825	
The Company	TAIWAN COOPERATIVE BANK	—	Financial assets at fair value through other comprehensive income – current	146	3,728	-	3,728	
The Company	CHINA DEVELOPMENT FINANCIAL HOLDINGS CO., LTD.	—	Financial assets at fair value through other comprehensive income – current	79	1,388	-	1,388	
The Company	ACROX CO., LTD.	—	Financial assets at fair value through other comprehensive income – non current	1,428	14,280	14	14,280	
The Company	OptoMedia Technology Inc.	—	Financial assets at fair value through other comprehensive income – non current	500	4,337	2	4,337	
The Company	Taiwan Wind Power Energy	—	Financial assets at fair value through other comprehensive income – non current	300	3,000	5	3,000	
HONG JHENG TECHNOLOGY CO., LTD	Common Stock of Visionary Dynamics Co., Ltd.	—	Financial assets at fair value through other comprehensive income – non current	20	-	1	-	Note 1

Note 1: The impairment loss was fully recognized.

(Continued)

**ATEN INTERNATIONAL CO., LTD.**  
**Notes to the Financial Statements**

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Disposal gain	Shares	Amount
The Company	IHSUN Money Market Fund	Financial assets at fair value through profit or loss – current	-	-	46,090	689,048	4,007	60,000	36,040	541,193	540,000	1,193	14,058	210,689
The Company	First Bank Taiwan Money Market Fund	Financial assets at fair value through profit or loss – current	-	-	46,857	723,163	17,759	274,500	47,220	731,055	730,000	1,055	17,396	269,145

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Land	2021.9.9	302,495	According to the signing contract	Natural person	-	-	-	-	-	Appraisal of real estate report	Operation	-

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	EXPEND ELECTRONIC CO., LTD	Invested by sub-subsidiary	Purchase	758,797	54	30days	No significant differences	Note 1	(87,645)	(28)	
EXPEND ELECTRONIC CO., LTD	The Company	Invested by sub-subsidiary	(Sales)	(758,797)	(100)	30days	No significant differences	Note 1	87,645	100	
The Company	ATEN FOREMOST INTERNATIONAL CO., LTD.	Sub-subsidiary	Purchase	110,428	8	30days	No significant differences	Note 1	(25,708)	(8)	
ATEN FOREMOST INTERNATIONAL CO., LTD.	The Company	Sub-subsidiary	(Sales)	(110,428)	(81)	30days	No significant differences	Note 1	25,708	72	
The Company	ATEN INFORECH N.V.	Subsidiary	(Sales)	(437,372)	(13)	90days	No significant differences	No significant differences	101,025	15	
ATEN INFORECH N.V.	The Company	Subsidiary	Purchase	437,372	100	90days	No significant differences	No significant differences	(101,025)	(100)	
The Company	ATECH PERIPHERALS.	Subsidiary	(Sales)	(223,682)	(7)	30days	No significant differences	No significant differences	27,099	4	
ATECH PERIPHERALS.	The Company	Subsidiary	Purchase	223,682	61	30days	No significant differences	No significant differences	(27,099)	(35)	
The Company	ATEN KOREA CO., LED	Invested by sub-subsidiary	(Sales)	(299,884)	(9)	60days	No significant differences	No significant differences	77,915	11	
ATEN KOREA CO., LED	The Company	Invested by sub-subsidiary	Purchase	299,884	100	60days	No significant differences	No significant differences	(77,915)	(100)	
The Company	ATEN CHINA CO., LED	Sub-subsidiary	(Sales)	(381,075)	(11)	45days	No significant differences	No significant differences	89,016	13	
ATEN CHINA CO., LED	The Company	Sub-subsidiary	Purchase	381,075	100	45days	No significant differences	No significant differences	(89,016)	(99)	
The Company	ATEN TECHNOLOGY INC.	Sub-subsidiary	(Sales)	(330,973)	(10)	95days	No significant differences	No significant differences	92,902	14	
ATEN TECHNOLOGY INC.	The Company	Sub-subsidiary	Purchase	330,973	69	95days	No significant differences	No significant differences	(92,902)	(79)	
The Company	ATEN JAPAN CO., LTD	Subsidiary	(Sales)	(300,919)	(9)	45days	No significant differences	No significant differences	62,739	9	
ATEN JAPAN CO., LTD	The Company	Subsidiary	Purchase	300,919	100	45days	No significant differences	No significant differences	(62,739)	(100)	

Note 1: Payments are netted with the account receivable resulting from the Company purchasing on behalf of related parties.

(Continued)

## ATEN INTERNATIONAL CO., LTD.

### Notes to the Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
The Company	ATEN INFOTECH N.V.	Subsidiary	101,025	4.28	-		74,575 (As of March 8, 2022)	-
EXPAND INTERNATIONAL CO., LTD.	The Company	The ultimate parent company	191,786	-	-	Depend on capital budgeting	- (As of March 8, 2022)	-

(ix) Trading in derivative instruments:

Please refer to 6(b) for further information.

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Unit: thousand dollars

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income of investee	Investment income (losses)	Remarks
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Book value			
The Company	TOPMOST INTERNATIONAL CO., LTD.	Cayman	Investing	22,183	22,183	700,000	100 %	474,258	31,253	31,253	
The Company	ATEN JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	25,105	25,105	1,600	100 %	94,139	42,720	42,720	
The Company	ATEN US HOLDING INC.	USA	Investing	287,083	287,083	9,380,000	100 %	27,686	36,687	36,687	
The Company	FOREMOST INTERNATIONAL CO., LTD.	Mauritius	Investing	69,730	69,730	2,180,628	100 %	41,693	(8,403)	(8,403)	
The Company	ATEN RESEARCH INC.	USA	Trading of computer peripheral equipment	15,494	15,494	2,840	95 %	78	(170)	(162)	
The Company	ATECH PERIPHERALS INC.	Taiwan	Manufacturing and trading of computer peripheral equipment	90,479	90,479	10,000,000	100 %	151,550	39,955	40,007	
The Company	ATEN INFOTECH N.V.	Belgium	Trading of computer peripheral equipment	54,197	54,197	58,343	100 %	42,470	10,311	10,311	
The Company	ATEN COMPUTER PRODUCTS CO., LTD.	Thailand	Manufacturing of computer peripheral equipment	392,097	249,537	4,300,000	100 %	302,179	(36,954)	(36,954)	
The Company	VISIONTOP CO., LTD.	Taiwan	Specialized printing	86,483	86,483	6,472,066	60 %	64,190	967	580	
The Company	HONG JHENG TECHNOLOGY CO., LTD	Taiwan	Investing	31,778	31,778	1,600,000	100 %	43,903	125	125	
The Company	HONG YUAN CO., LTD.	Taiwan	Investing	31,778	31,778	1,600,000	100 %	47,905	127	127	
The Company	ATEN ANZ PTY LTD.	Australia	Trading of computer peripheral equipment	77,350	42,186	3,500,000	100 %	28,263	(16,583)	(16,583)	
The Company	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	7,800	7,800	780,000	26 %	4,274	4,106	538	
The Company	ATEN INFO COMMUNICAION LIMITED LIABILITY COMPANY	Turkey	Trading of computer peripheral equipment	17,683	17,683	2,000	100 %	1,041	(212)	(212)	
The Company	ATEN POLAND SP Z.O.O.	Poland	Trading of computer peripheral equipment	8,295	8,295	20,000	100 %	4,947	748	748	
The Company	ATEN ROMANIA S.R.L.	Romania	Trading of computer peripheral equipment	5,839	5,839	80,000	100 %	7,239	1,314	1,314	
The Company	ATEN ADVANCE PRIVATE LIMITED	India	Trading of computer peripheral equipment	9,030	9,030	2,200,000	100 %	8,543	512	512	
TOPMOST INTERNATIONAL CO., LTD.	ATEN EUROPE LTD.	UK	Investing	67,279	67,279	1,069,000	100 %	168,800	33,212	33,212	
TOPMOST INTERNATIONAL CO., LTD.	I/O MASTER INC.	Samoa	Investing	9,782	9,782	700,000	100 %	31,058	2,450	2,450	
ATEN US HOLDING INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	22,815	22,815	160,000	20 %	5,572	(1,298)	(260)	
ATEN US HOLDING INC.	ATEN TECHNOLOGY INC.	USA	Trading of computer peripheral equipment	267,204	267,204	8,672,084	99 %	92,592	36,980	36,651	
ATEN TECHNOLOGY INC.	ATEN NEW JERSEY INC.	USA	Trading of computer peripheral equipment	3,303	3,303	640,000	80 %	22,290	(1,298)	(1,038)	
ATEN EUROPE LTD.	ATEN UK LTD.	UK	Trading of computer peripheral equipment	37,922	37,922	650,000	100 %	2,657	57	57	
ATEN EUROPE LTD.	ATEN KOREA CO., LTD.	Korea	Trading of computer peripheral equipment	34,811	34,811	102,000	85 %	106,166	40,466	34,396	
I/O MASTER INC.	ATEN CANADA TECHNOLOGIES INC.	Canada	Research and development	3	3	300	100 %	38,391	2,490	2,490	

(Continued)

## ATEN INTERNATIONAL CO., LTD. Notes to the Financial Statements

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income of investee	Investment income (losses)	Remarks
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Book value			
I/O MASTER INC.	IOGEAR, INC.	USA	Trading of computer peripheral equipment	3	3	10	100 %	-	-	-	
A TECH PERIPHERALS INC.	RCM FULLY AUTOMATION CO., LTD.	Taiwan	Trading of computer peripheral equipment	22,066	22,066	2,220,000	74 %	13,517	4,106	3,038	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2021	Net income on investee	Direct / indirect investment holding percentage	Investment income (loss) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
EXPAND INTERNATIONAL CO., LTD. (Note 2)	Investing	21,383	(3)	21,383	-	-	21,383	(4,850)	100 %	(4,850)	323,545	69,337
ATEN CHINA CO., LTD.	Trading of computer peripheral equipment	56,924	(3)	51,394	-	-	51,394	(4,945)	100 %	(4,945)	69,252	86,093
ATEN FOREMOST INTERNATIONAL CO., LTD.	Manufacturing and trading of computer peripheral equipment	29,315	(3)	29,315	-	-	29,315	(4,862)	100 %	(4,862)	29,291	-
EXPAND ELECTRONIC CO., LTD.	Manufacturing of computer peripheral products	67,184	(3)	34,706	-	-	34,706	(7,456)	100 %	(7,456)	124,211	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: In response to the regulation toward processing plants in China and Chinese government's incentive rewards for processing plants turn funded enterprises, the Company's investment through third party companies to reinvest the mainland areas of existing processing plant in Shenzhen, mainland was converted to a wholly owned company (EXPAND ELECTRONIC CO., LTD.) on March 27, 2012.

Note 3: The exchange rate is USD 1 to NTD27.690.

Note 4: The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(ii) Limitation on investment in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
136,798	152,295	2,809,362 (Note 1)

Note 1: The limit on investment in mainland China is determined by sixty percent (60%) of the Company's net worth.

Note 2: The exchange rate is USD1 to NTD27.690.

(iii) Significant transactions:

Please refer to 13(a) item No. 7 for further information.

(d) Major shareholders:

Shareholder's Name	Unit: share	
	Shareholding	Percentage
Shang-Jen Chen	6,789,342	5.68 %
Ching-Tang Chen	6,449,352	5.39 %

(14) Segment information

Please refer to the year 2021 consolidated financial statements.

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**ATEN INTERNATIONAL CO., LTD.**

**Statement of cash and cash equivalents**

**December 31, 2021**

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

<u>Type</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and foreign currency cash	\$ 6,452
	Repurchase agreement paper	<u>56,488</u>
	Subtotal	<u>62,940</u>
Bank deposits	Saving deposits	371,286
	Checking deposits	1,278
	Time deposits	
	TWD (rate 0.09%~0.60%, maturity from 2022.02.10~2022.02.16)	419,256
	USD3,000 thousand, @4.347 (rate 1.00%, maturity date 2022.01.03)	13,040
	Foreign currency deposits	
	USD1,922,509, @27.6900	53,234
	JPY3,244,756, @0.2405	780
	GBP4,800, @37.3067	179
	EUR314,972, @31.3257	9,867
	CNY154,824, @4.3467	673
	RUB717,360, @0.3729	268
	AUD189,932, @20.0919	3,816
TRY17,670, @2.1260	<u>38</u>	
Subtotal	<u>873,715</u>	
		<u><b>\$ 936,655</b></u>

**ATEN INTERNATIONAL CO., LTD.**

**Statement of financial assets measured at fair value through profit or loss - current**

**December 31, 2021**

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

Name of financial asrts	Description	Number		Par Value	Amount	Rate (%)	Acquisition cost	Fair value		The amount of chang in the fair value that is attributable to change in the credit risk	Note
		of shares						Unit price	Amount		
Mutual funds:											
	JHHSUN Money Market Fund	14,058	\$	-	-	-	210,171	14.9871	210,689	-	
	First Bank Taiwan Money Market Fund	17,396	-	-	-	-	268,654	15.4713	269,145	-	
					-				479,834	-	
Forward Exchange:											
	EUR	-	-	-	-	-	-	-	1,876	-	Note
	USD	-	-	-	-	-	-	-	1,221	-	Note
	JPY	-	-	-	-	-	-	-	568	-	Note
	GBP	-	-	-	-	-	-	-	152	-	Note
	AUD	-	-	-	-	-	-	-	212	-	Note
					-				4,029	-	
					\$				<b>483,863</b>	-	

Note: Unrealized valuation gain of derivative financial assets held by the company as of December 31, 2021.

**ATEN INTERNATIONAL CO., LTD.**

**Statement of financial assets measured at fair value through other comprehensive income - current**

**December 31, 2021**

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

Name of financial assets	Description	Number of shares (thousand shares)	Par value	Amount	Rate (%)	Acquisition cost	Fair value		Note
							Unit price	Amount	
Stock:									
SHIN KONG FINANCIAL HOLDING CO., LTD	-	165	\$ -	-	-	2,789	11.05	1,825	None
TAIWAN COOPERATIVE BANK	-	146	-	-	-	1,993	25.45	3,728	"
CHINA DEVELOPMENT FINANCIAL HOLDINGS CO., LTD.	-	79	-	-	-	892	17.50	1,388	"
				<u>\$ -</u>		<u>5,674</u>		<u>6,941</u>	

**ATEN INTERNATIONAL CO., LTD.**

**Statement of account receivables**

**December 31, 2021**

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

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties:			
ATEN INFOTECH	Arising from operating activities	\$ 101,025	
ATEN TECHNOLOGY	"	92,902	
ATEN CHINA	"	89,016	
ATEN KOREA	"	77,915	
ATEN JAPAN	"	62,739	
Others	"	<u>80,005</u>	
		<u>503,602</u>	
Non-related parties:			
Client A	Arising from operating activities	29,930	
Client B	"	29,385	
Client C	"	10,310	
Client D	"	8,824	
Other (Individually less than 5%)	"	<u>97,541</u>	
		<u>175,990</u>	
		<u><b>\$ 679,592</b></u>	

**ATEN INTERNATIONAL CO., LTD.**

**Statement of inventories**

**December 31, 2021**

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

<u>Type</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Finished goods	\$ 229,842	217,769	Market value is determined at net realizable value
Work in process	75,151	71,404	"
Raw materials	218,737	211,428	"
Total	523,730	<b>500,601</b>	
Less: Allowance for inventory valuation loss	23,129		
	<b>\$ 500,601</b>		

**Statement of prepayments**

<u>Type</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Prepaid expenses	Arising from operating activities	\$ 11,265	
Payment in advance	"	11,039	
		<b>\$ 22,304</b>	

**ATEN INTERNATIONAL CO., LTD.**

**Statement of other current assets**

**December 31, 2021**

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

<u>Type</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Repatriated funds receivable	Arising from operating activities	\$ 13,646	
Business tax refund receivable	"	4,288	
Payment for others	"	1,775	
Temporary debits and others	"	<u>1,062</u>	
		<u><u>\$ 20,771</u></u>	

ATEN INTERNATIONAL CO., LTD.

Statement of changes in investments accounted under equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Company	Beginning of Balance		Increase		Decrease		Ending Balance			Market Value or Book Value		Collaterals or pledged assets	Note
	Number of shares (shares)	Amount	Number of shares (shares)	Amount	Number of shares (shares)	Amount	Number of shares (shares)	Ownership (%)	Amount	Unit price (NT\$)	Amount		
TOPMOST	700,000	\$ 449,680	-	24,578	-	-	700,000	100	474,258	749	524,119	None	
ATEN JAPAN	1,600	110,758	-	19,817	-	36,436	1,600	100	94,139	91,284	146,055	None	
ATEN US	9,380,000	(47,973)	-	75,659	-	-	9,380,000	100	27,686	11	101,060	None	
FOREMOST	2,180,628	59,445	-	-	-	17,752	2,180,628	100	41,693	36	78,146	None	
ATEN RESEARCH	2,840	245	-	-	-	167	2,840	95	78	27	78	None	
A TECH PERIPHERALS	10,000,000	146,883	-	34,105	-	29,438	10,000,000	100	151,550	16	163,980	None	
ATEN INFOTECH	58,343	24,871	-	17,599	-	-	58,343	100	42,470	1,327	77,400	None	
ATEN COMPUTER	2,800,000	244,780	1,500,000	142,560	-	85,161	4,300,000	100	302,179	70	302,432	None	
VISIONTOP	6,472,066	63,765	-	425	-	-	6,472,066	60	64,190	10	61,844	None	
HONG JHENG	1,600,000	43,894	-	125	-	116	1,600,000	100	43,903	27	43,903	None	
HONG YUAN	1,600,000	47,961	-	127	-	183	1,600,000	100	47,905	30	47,905	None	
ATEN ANZ	1,750,000	11,029	1,750,000	35,164	-	17,930	3,500,000	100	28,263	10	33,920	None	
RCM FULLY	780,000	3,736	-	538	-	-	780,000	26	4,274	6	4,804	None	
ATEN TURKEY	2,000	2,117	-	-	-	1,076	2,000	100	1,041	521	1,041	None	
ATEN POLAND	20,000	7,768	-	-	-	2,821	20,000	100	4,947	381	7,620	None	
ATEN ROMANIA	80,000	6,721	-	518	-	-	80,000	100	7,239	90	7,239	None	
ATEN CHINA	360,000	22,449	-	-	-	1,667	360,000	30	20,782	58	20,773	None	
ATEN ADVANCE	2,200,000	8,436	-	107	-	-	2,200,000	100	8,543	4	8,543	None	
		<u>\$ 1,206,565</u>		<u>351,322</u>		<u>192,747</u>			<u>1,365,140</u>		<u>1,630,862</u>		

Note 1: The amount including addition in investment, share of profit or loss and other comprehensive income of subsidiaries, exchange difference on translations of foreign financial statements and unrealized sales profit.

Note 2: The cash dividends received from subsidiaries.

**ATEN INTERNATIONAL CO., LTD.**

**Statement of account payables**

**December 31, 2021**

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

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties:			
EXPAND ELECTRONIC	Arising from operating activities	\$ 87,645	
ATEN FOREMOST	"	25,708	
ATEN COMPUTER	"	8,655	
Others	"	<u>7,767</u>	
		<u>129,775</u>	
Non-related parties:			
Vender A	Arising from operating activities	15,394	
Vender B	"	14,740	
Vender C	"	12,033	
Vender D	"	10,916	
Other (Individually less than 5%)	"	<u>144,465</u>	
		<u>197,548</u>	
		<u>\$ 327,323</u>	

**Statement of other payables**

<u>Type</u>	<u>Description</u>	<u>Amount</u>
Salary and bonus		\$ 138,069
Remuneration to employees, directors and supervisors		141,418
Labor, health insurance and pension		9,285
Import, export costs and freight expenses		16,011
Equipment		4,386
Government fee		4,295
Professional service expenses		3,576
Others		<u>55,887</u>
		<u>\$ 372,927</u>

**ATEN INTERNATIONAL CO., LTD.**

**Statement of other current liabilities**

**December 31, 2021**

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

<u>Type</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Temporary receipts		\$ 1,888	
Receipts under custody		9,207	
Others		531	
		<u>\$ 11,626</u>	

**Statement of operating revenue**

**For the year ended December 31, 2021**

<u>Type</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
IT infrastructure management solutions	801	\$ 2,384,344	
Video products	257	580,317	
Others	979	401,442	
		<u>\$ 3,366,103</u>	

**ATEN INTERNATIONAL CO., LTD.**  
**Statement of operating costs**  
**For the year ended December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

Type	Amount	
	Subtotal	Total
Cost of goods sold (in-house manufacturing):		
Direct raw material		
Beginning inventory	\$ 132,004	
Add: Raw material purchased	593,683	
Less: Ending raw material	218,737	
Raw material sold	51,729	
Raw material for self-use	6,292	
Losses on scrapping of raw material	2,438	
Losses on physical raw material	<u>126</u>	
Subtotal	446,365	
Direct labor	59,493	
Manufacturing expenses	<u>195,001</u>	
Manufacturing costs	700,859	
Add: Beginning work-in-process inventory	72,978	
Material purchased	28,802	
Less: Ending work-in-process inventory	75,151	
Sale of work-in-process inventory	311	
Work-in-process inventory for self-use	1,811	
Losses on scrapping of work-in-process inventory	1,182	
Other	<u>281</u>	
Cost of finished goods	723,903	
Add: Beginning finished goods	247,895	
Material purchased	538,936	
Other	250	
Less: Ending finished goods	229,842	
Finished goods for self-use	4,401	
Losses on scrapping of finished goods	<u>1,227</u>	
Total cost of goods sold (in-house manufacturing)		1,275,514
Cost of goods sold (purchase from suppliers) :		
Beginning merchandise	-	
Add: Merchandise purchased	238,655	
Less: Ending merchandise	<u>-</u>	
Total cost of goods sold (purchase from suppliers)		<u>238,655</u>
Total cost of goods sold		1,514,169
Sale of raw materials		51,729
Sale of work-in-process inventory		311
Losses on inventory valuation		4,245
Losses on scrapping of inventory and physical count		4,973
Warranty and maintenance preparation		<u>403</u>
Operating costs		<u><u>\$ 1,575,830</u></u>

**ATEN INTERNATIONAL CO., LTD.**

**Statement of selling expenses**

**For the year ended December 31, 2021**

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

<u>Type</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salaries, bonus, and remuneration to employees		\$ 224,675	
Professional service expenses		28,981	
Advertising expenses		12,819	
Import and export expenses		28,395	
Traveling expenses		4,398	
Insurance expenses		18,564	
Pension expenses		9,955	
Others		38,988	
		<u>\$ 366,775</u>	

**Statement of administrative expenses**

<u>Type</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salaries, bonus, and remuneration to employees		\$ 173,232	
Remuneration of directors and transportation expenses		17,544	
Professional service expenses		23,175	
Depreciation		12,513	
Pension expenses		5,940	
Insurance expenses		13,151	
Traveling expenses		560	
Others		47,737	
		<u>\$ 293,852</u>	

**ATEN INTERNATIONAL CO., LTD.**

**Statement of research and development expenses**

**For the year ended December 31, 2021**

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

<u>Type</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salaries, bonus, and remuneration to employees		\$ 275,919	
Research and development expenses		156,026	
Depreciation		11,699	
Pension expenses		10,276	
Insurance expenses		21,692	
Others		23,084	
		<u>\$ 498,696</u>	

For statement of changes in property, plant and equipment, please refer to note 6(g).

For statement of changes in accumulated depreciation of property, plant and equipment, please refer to note 6(g).

For statement of changes in right-of-use assets, please refer to note 6(h).

For statement of changes in accumulated depreciation of right-of-use assets, please refer to note 6(h).

For statement of short-term borrowings, please refer to note 6(i).

For statement of other income, please refer to note 6(r).