



Stock Code: 6277

ATEN International Co., LTD

**Handbook for the 2015 Annual Meeting of
Shareholders**

【Translation】

Meeting Time: June 16, 2015

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



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ATEN International Co., LTD

Procedure for the 2015 Annual Meeting of Shareholders

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



ATEN International Company, Ltd.

Year 2015

Agenda of Annual Meeting of Shareholders

Time: June 16, 2015 (Tuesday) at 9 a.m.

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

1. Report Items

- (1). 2014 Business Report
- (2). Supervisor's Review Report on the 2014 Financial Statements

2. Proposals

- (1). Adoption of the Fiscal 2014 Business Report and Financial Statements
- (2). Adoption of the Proposal for Distribution of 2014 Profits

3. Discussion

- (1). Amendment to the Operational Procedures for Loaning of Company Funds

4. Questions and Motions

5. Adjournment



Report Item

Item No. 1

2014 Business Reports

Explanation:

The 2014 Business Report is attached as page 5-6.



ATEN International Co., LTD

2014 Business Report

Thanks to the combined efforts of all ATEN employees, both in Taiwan and overseas, ATEN posted impressive earnings performance in FY2014, with consolidated sales revenue rising to a record high. Consolidated net sales revenue for FY2014 (whole-year) was NT\$4,898 million, 7.15% up on FY2013. ATEN's operating margin for the full year was NT\$2,878 million, giving a gross profit margin of 58.76%, and representing an increase of 8.52% compared to FY2013. Net income before tax in FY2014 was NT\$1,053 million, giving an annual growth rate of 12.07%. However, because of a reduction in the available tax credit for investment in new equipment, and an increase in the tax rates applying to business groups, net profit in FY2014 was only NT\$777 million, although this still represented an annual increase of 2.7% compared to FY2013. ATEN's after-tax earnings per share (EPS) in FY2014 were NT\$6.37 per share.

In recent years, ATEN has successfully expanded the scope of its operations from a single product line to the provision of integrated, multi-product solutions, and the company is continuing to develop new applications. In the IT Infrastructure Access Management Solutions segment, ATEN has responded to the trend towards digitalized control by launching a new DVI (digital video interface) remote management signal extender that provides multicast streaming and real-time image control; using CAT-5 cabling and a standard TCP/IP network, this enables the remote controller to access particular computers, and it also supports one-to-one (signal extender mode), one-to-many (partition mode), many-to-one (switching mode) and many-to-many (matrix mode) management functionality. This new device expands the scope of IT infrastructure product applications from conventional data center applications to include media post-production centers, control and monitoring, retailing, healthcare systems, security operations centers, educational facilities and government agencies. By making effective use of ATEN's unique hardware/software integration management technology and of the competitive advantage provided by ATEN's flexible customization capability, while also benefiting from market trends such as the widespread growth in process automation, the increase in the number of commercial and specialist users, more rigorous separation of internal networks from the public internet on the part of corporate customers, etc., ATEN has continued to grow its market share across all market segments. In the Professional Audio & Video Product Solution segment, ATEN has responded to the recent trend towards enhanced audiovisual interface and audiovisual signal quality, to the growing market for digital signage and digital advertising, to the rising demand for long-distance transmission and to the growth of HDBaseT, HDMI and 4k2k multimedia display, by rolling out new HDMI matrix switch solutions, HDBaseT audiovisual products, HDMI and DVI video extenders, etc. ATEN's seamless switching functionality and frequency multiplier technology facilitate unified management of different video input formats, and provide continuous, instantaneous, stable signal transmission, ensuring that audiovisual signal switching does not result in "black screen" or interference; signals from different signal sources can be flexibly converted to the optimal resolution for that particular display, while also providing real-time, uninterrupted video content with the best possible presentation.



ATEN's devices can be flexibly integrated with a wide range of different audiovisual facilities, and they substantially enhance the precision and timeliness of audiovisual transmission for applications such as TV walls, transport control centers and exhibition venues, etc. The competitive advantage that ATEN enjoys as a result of having the multiple different products lines outlined above makes it possible for ATEN to provide integrated, cross-product-line solutions, offering "one-stop" solutions to customers' needs. ATEN is continuing to expand the range of applications for its products to include new industry sectors, such as industrial controllers and production automation, the gaming industry, electricity generation facilities, security control centers, etc., opening up a wide range of new business opportunities.

ATEN has for many years now attached considerable importance to sustainable operation, and has continued to take concrete action in this regard. With regard to corporate governance, ATEN received an A++ rating (the highest possible rating) in 2013 Information Disclosure and Transparency Ranking System. As regards the care that ATEN demonstrates for its employees, ATEN has been awarded a Gold Medal in the "Best Places to Work" awards organized by the Labor Affairs Department, New Taipei City. As part of its corporate social responsibility activities, ATEN has been collaborating with the First Social Welfare Foundation, using ATEN's expertise in the signal management field to assist with the Foundation's "Dual-key Mouse Upgrading Plan" to make computer use easier for people with disabilities. This new type of mouse began to be used by people suffering from Motor Neuron Disease in October 2014, and has been very well received. For the last two years, ATEN has been raising money for a program initiated by the Syin-Lu Social Welfare Foundation to help disabled people get out and about and participate more in social activities. In August 2014, ATEN was ranked first in the medium-sized companies section of *CommonWealth* magazine's Corporate Citizenship Awards list of the best corporate citizens in Taiwan. These activities and awards are a reflection of ATEN's commitment to sustainable, responsible business operation.

ATEN's impressive sales performance, financial performance and CSR achievements in FY2014 reflected the much-valued support that ATEN has received from customers, investors, shareholders and the general public. In the future, ATEN will remain faithful to the company's customer-centric corporate philosophy, continuing to focus on the development of innovative new technologies, and providing first-class service. We will be building ATEN into a world-leading provider of connector and management solutions, while continuing to build corporate value and benefit our shareholders.

ATEN International Co., LTD

Chairman : Kevin Chen

President : Kevin Chen

Chief Accountant : Stephen Chen



Item No. 2

Supervisor's Review Report on the 2014 Financial Statements

Explanation:

- (1). The 2014 Supervisor's Review Report is attached as page 8.
- (2). CPA Audit Report is attached as page 9-12.



ATEN International Co., LTD

Supervisors Review Report

The Board of Directors has prepared the Company's Financial Statements. ATEN International Financial Statements have been audited and certified by Po-Shu Huang, CPA, and Lin 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 considered to be complied with relevant rules by the undersigned, the supervisor of ATEN International. According to Article 219 of the Company act, I hereby submit this report.

ATEN International Co., LTD

Supervisor : Se-Se Chen

Shiu-Ta Liao

Chen- Lin Kuo

March 17, 2015



Independent Auditors' Report

The Board of Directors
ATEN INTERNATIONAL CO., LTD.:

We have audited the accompanying balance sheets of ATEN INTERNATIONAL CO., LTD. (the Company) as of December 31, 2014 and 2013, and the related statements of comprehensive income as well as the statements of changes in stockholders' equity and of cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain investees accounted for under the equity method. These investees were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these investees, is based solely on the reports of the other auditors. These long-term equity investments amounted to \$454,885 thousand and \$364,586 thousand as of December 31, 2014 and 2013, and constituted to 9% and 8% of total assets in each year, respectively. Their related net investment gain were \$173,105 thousand and \$125,396 thousand and constituted to 19% and 15% of net income before tax for the year then ended, respectively.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentations. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.



In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial positions of the Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

KPMG

March 17, 2015

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards approved by the R.O.C. Financial Supervisory Commission. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

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



Independent Auditors' Report

The Board of Directors
ATEN INTERNATIONAL CO., LTD.:

We have audited the accompanying consolidated balance sheets of ATEN INTERNATIONAL CO., LTD. and subsidiaries (the Group) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income as well as the consolidated statements of changes in stockholders' equity and of cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain investees accounted for under the equity method. These investees were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these investees, is based solely on the reports of the other auditors. These long-term equity investments amounted to \$85,515 thousand and \$71,986 thousand as of December 31, 2014 and 2013, and constituted 2% and 1% of consolidated total assets in 2014 and 2013, respectively. Their related net investment gain were \$24,916 thousand and \$15,477 thousand in 2014 and 2013, respectively, and constituted 2% of consolidated net income before tax for both years then ended. The financial statements of these companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these companies, is based solely on the reports of the other auditors. The consolidated total assets for these investees amounted to \$867,262 thousand and \$807,034 thousand as of December 31, 2014 and 2013, respectively, and constituted 15% of consolidated total assets in both years. Their net revenues for the years ended December 31, 2014 and 2013 amounted to \$1,481,967 thousand and \$1,359,209 thousand, respectively, and constituted 30% of the consolidated net revenues in both years.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentations. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial positions of the Group as of December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the R.O.C. Financial Supervisory Commission.



We have also audited the standalone financial statements of ATEN INTERNATIONAL CO., LTD. as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income as well as the consolidated statements of changes in stockholders' equity and of cash flows for the years ended December 31, 2014 and 2013, on which we have issued a modified unqualified audit report.

KPMG

March 17, 2015

Note to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards approved by the R.O.C. Financial Supervisory Commission. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

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



Proposals

1. **Proposed by the Board**

Proposal:

Adoption of the 2014 Business Report and Financial Statements

Explanation:

- (1) The Company's Financial Statements, including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows, were audited by independent auditors, Po-Shu Huang and Lin Wu of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board.
- (2) The 2014 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached as page 5-6, page 9-12 and page 14-21, respectively.

Resolution:



ATEN INTERNATIONAL CO., LTD.
Balance Sheets
December 31, 2014 and 2013

Assets	December 31, 2014		December 31, 2013		Liabilities and Stockholders' Equity	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 444,967	9	314,677	7	Short-term borrowings	\$ 235,510	5	224,625	5
Financial assets at fair value through profit or loss — current	561,669	11	586,872	12	Financial liabilities at fair value through profit or loss — current	661	-	3,835	-
Available-for-sale financial assets — current	7,394	-	8,982	-	Notes payable	5,143	-	3,868	-
Accounts receivable, net	122,147	3	127,610	3	Accounts payable	193,284	4	190,092	4
Accounts receivable — related parties, net	512,032	10	512,902	11	Accounts payable — related parties	71,947	1	82,537	2
Other receivables	18,124	1	11,652	-	Other payables	304,392	6	333,575	7
Inventories	262,121	5	268,980	6	Other payables — related parties	191,936	4	190,735	4
Prepayments	16,692	-	31,338	1	Current tax liabilities	93,836	2	70,488	2
Other current assets	10,347	-	9,616	-	Provisions — current	51,525	1	13,704	-
Total current assets	<u>1,955,493</u>	<u>39</u>	<u>1,872,629</u>	<u>40</u>	Other current liabilities	7,789	-	8,681	-
Non-current assets:					Total current liabilities	<u>1,156,023</u>	<u>23</u>	<u>1,122,140</u>	<u>24</u>
Financial assets carried at cost — non-current	14,280	-	14,280	-	Non-current liabilities:				
Investments accounted for under equity method	1,059,907	21	881,996	19	Deferred income tax liabilities	161,444	4	124,010	3
Property, plant and equipment	1,615,026	33	1,640,941	35	Accrued pension liabilities	154,087	3	145,790	3
Deferred income tax assets	143,637	3	135,536	3	Deposits received	1,036	-	724	-
Refundable deposits	211	-	328	-	Other non-current liabilities	821	-	510	-
Prepayment for investment	20,000	1	-	-	Total non-current liabilities	<u>317,388</u>	<u>7</u>	<u>271,034</u>	<u>6</u>
Other financial assets — non-current	124,905	3	140,154	3	Total liabilities	<u>1,473,411</u>	<u>30</u>	<u>1,393,174</u>	<u>30</u>
Total non-current assets	<u>2,977,966</u>	<u>61</u>	<u>2,813,235</u>	<u>60</u>	Equity attributable to shareholders of the parent:				
Total assets	<u>\$ 4,933,459</u>	<u>100</u>	<u>4,685,864</u>	<u>100</u>	Common stock	1,194,711	24	1,194,711	25
					Capital surplus:				
					Additional paid-in capital	316,913	7	316,913	7
					Donated assets received	50	-	50	-
					Changes in equity of associates accounted for using equity method	16,397	-	16,157	-
						<u>333,360</u>	<u>7</u>	<u>333,120</u>	<u>7</u>
					Retained earnings:				
					Legal reserve	815,979	17	741,851	16
					Special reserve	-	-	33,091	1
					Unappropriated retained earnings	1,107,724	22	989,368	21
						<u>1,923,703</u>	<u>39</u>	<u>1,764,310</u>	<u>38</u>
					Other equity:				
					Financial statements translation differences for foreign operations	10,766	-	4,200	-
					Unrealized gain (loss) on available-for-sale financial assets	(2,492)	-	(3,651)	-
						<u>8,274</u>	<u>-</u>	<u>549</u>	<u>-</u>
					Total equity	<u>3,460,048</u>	<u>70</u>	<u>3,292,690</u>	<u>70</u>
					Total liabilities and stockholders' equity	<u>\$ 4,933,459</u>	<u>100</u>	<u>4,685,864</u>	<u>100</u>



ATEN INTERNATIONAL CO., LTD.
Statements of Comprehensive Income
For the years ended December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	2014		2013	
	Amount	%	Amount	%
Operating revenue	\$ 3,141,432	100	3,055,391	100
Operating costs	<u>1,567,596</u>	50	<u>1,534,988</u>	50
Gross Profit	1,573,836	50	1,520,403	50
Less: Unrealized profit from sales	<u>3,324</u>	-	<u>64,755</u>	2
Gross Profit, net	<u>1,570,512</u>	50	<u>1,455,648</u>	48
Operating expenses:				
Selling expenses	283,552	9	264,672	9
Administrative expenses	293,898	9	264,500	9
Research and development expenses	<u>376,035</u>	12	<u>373,738</u>	12
Total operating expenses	<u>953,485</u>	30	<u>902,910</u>	30
Operating profit	<u>617,027</u>	20	<u>552,738</u>	18
Non-operating income and expenses:				
Other income	62,159	1	87,873	3
Other gains and losses	(4,936)	-	(14,542)	-
Financial costs	(2,824)	-	(688)	-
Share of profit of associates accounted for under equity method	<u>254,472</u>	8	<u>205,801</u>	6
Total non-operating income and expenses	<u>308,871</u>	9	<u>278,444</u>	9
Net income before tax	925,898	29	831,182	27
Less: income tax expenses	<u>165,424</u>	5	<u>89,909</u>	3
Net income	<u>760,474</u>	24	<u>741,273</u>	24
Other comprehensive income (loss):				
Financial statements translation differences for foreign operations	6,566	-	19,547	1
Unrealized gain on valuation of available-for-sale financial assets	1,159	-	914	-
Actuarial gains (losses) on defined benefit plans	(4,703)	-	(11,424)	-
Share of other comprehensive income of subsidiaries accounted for under equity method	230	-	(107)	-
Less: income tax expense relating to components of other comprehensive income (loss)	<u>(748)</u>	-	<u>(1,899)</u>	-
Other comprehensive income (loss), net of tax	<u>4,000</u>	-	<u>10,829</u>	1
Total comprehensive income	<u>\$ 764,474</u>	<u>24</u>	<u>752,102</u>	<u>25</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 6.37</u>		<u>6.20</u>	
Diluted earnings per share (in New Taiwan dollars)	<u>\$ 6.24</u>		<u>6.08</u>	



ATEN INTERNATIONAL CO., LTD.
Statements of Changes in Equity
For the years ended December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Legal reserve	Retained earnings		Total	Financial	Other equity adjustments	Total	Total Equity
				statements translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-s ale financial assets					
	3110	3200	3310	Special reserve	Unappropriated retained earnings	3300	3410	3425	3400	3xxx
Balance at January 1, 2013	\$ 1,194,711	316,963	693,674	14,581	718,669	1,426,924	(15,347)	(4,565)	(19,912)	2,918,686
Appropriations and distributions (note 1) :										
Legal reserve	-	-	48,177	-	(48,177)	-	-	-	-	-
Special reserve	-	-	-	18,510	(18,510)	-	-	-	-	-
Cash dividends	-	-	-	-	(394,255)	(394,255)	-	-	-	(394,255)
Changes in equity of associates accounted for under equity method	-	16,157	-	-	-	-	-	-	-	16,157
Net income	-	-	-	-	741,273	741,273	-	-	-	741,273
Other comprehensive income (loss)	-	-	-	-	(9,632)	(9,632)	19,547	914	20,461	10,829
Total comprehensive income (loss)	-	-	-	-	731,641	731,641	19,547	914	20,461	752,102
Balance at December 31, 2013	1,194,711	333,120	741,851	33,091	989,368	1,764,310	4,200	(3,651)	549	3,292,690
Appropriations and distributions (note 2) :										
Legal reserve	-	-	74,128	-	(74,128)	-	-	-	-	-
Cash dividends	-	-	-	-	(597,356)	(597,356)	-	-	-	(597,356)
Reversal of special reserve	-	-	-	(33,091)	33,091	-	-	-	-	-
Changes in equity of associates accounted for under equity method	-	240	-	-	-	-	-	-	-	240
Net income	-	-	-	-	760,474	760,474	-	-	-	760,474
Other comprehensive income (loss)	-	-	-	-	(3,725)	(3,725)	6,566	1,159	7,725	4,000
Total comprehensive income (loss)	-	-	-	-	756,749	756,749	6,566	1,159	7,725	764,474
Balance at December 31, 2014	\$ 1,194,711	333,360	815,979	-	1,107,724	1,923,703	10,766	(2,492)	8,274	3,460,048

Note 1: Compensation to directors and supervisors of \$8,302 and employee benefits of \$83,018 have been deducted from the statements of comprehensive income.

Note 2: Compensation to directors and supervisors of \$14,005 and employee benefits of \$140,047 have been deducted from the statements of comprehensive income.



ATEN INTERNATIONAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(Expressed in thousands of New Taiwan dollars)

	2014	2013
Cash flows from operating activities:		
Net income before tax	\$ 925,898	831,182
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation	46,042	50,095
Reversal of provision for bad debt expense	-	(32)
Interest expenses	2,824	688
Interest income	(1,491)	(1,543)
Dividend income	(314)	(202)
Share of profit of associates accounted for under equity method	(254,472)	(205,801)
Gains on disposal of property, plant and equipment	(172)	(250)
Gains on disposal of investments	(755)	(4,362)
Impairment loss on non-financial instruments	-	44,304
Unrealized profit on affiliated transactions	3,324	64,755
Total adjustments to reconcile profit and loss	<u>(205,014)</u>	<u>(52,348)</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets held for trading	25,203	(408,042)
Notes receivable	-	295
Accounts receivable	5,463	(10,983)
Accounts receivable—related parties	870	(101,227)
Other receivable	(6,472)	(8,968)
Inventories	6,859	(34,491)
Prepayments	14,646	11,047
Other current assets	(731)	(350)
Total changes in operating assets, net	<u>45,838</u>	<u>(552,719)</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	(3,174)	1,294
Notes payable	1,275	(1,414)
Accounts payable	3,192	30,355
Accounts payable—related parties	(10,590)	24,524
Other payable	(29,183)	26,884
Other payables—related parties	1,201	1,252
Provisions	37,821	3,247
Other current liabilities	(892)	(2,177)
Accrued pension liabilities	3,594	(6,536)
Other non-current liabilities	311	353
Total changes in operating liabilities, net	<u>3,555</u>	<u>77,782</u>
Total changes in operating assets / liabilities, net	<u>49,393</u>	<u>(474,937)</u>
Total adjustments	<u>(155,621)</u>	<u>(527,285)</u>
Cash provided by operating activities	770,277	303,897
Dividends received	80,587	139,881
Payment of income tax	(111,995)	(44,633)
Net cash provided by operating activities	<u>738,869</u>	<u>399,145</u>
Cash flows from investing activities:		
Proceeds from disposal of available for sale financial assets	3,502	-
Proceeds from disposal of investments accounted for under equity method	-	5,720
Increase in prepayment for investment	(20,000)	-
Acquisition of property, plant and equipment	(20,327)	(18,315)
Proceeds from disposal of property, plant and equipment	372	379
Increase in refundable deposits	117	-
Decrease (increase) in other financial assets—non-current	15,249	(7,647)
Interest received	1,491	1,543
Net cash used in investing activities	<u>(19,596)</u>	<u>(18,320)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	10,885	122,649
Increase (decrease) in deposits received	312	(506)
Cash dividends paid	(597,356)	(394,255)
Interest paid	(2,824)	(688)
Net cash used in financing activities	<u>(588,983)</u>	<u>(272,800)</u>
Increase in cash and cash equivalents for the period	130,290	108,025
Cash and cash equivalents at beginning of period	314,677	206,652
Cash and cash equivalents at end of period	<u>\$ 444,967</u>	<u>314,677</u>



ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

Assets	December 31, 2014		December 31, 2013		Liabilities and Stockholders' Equity	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 1,077,281	19	852,231	16	Short-term borrowings	\$ 552,048	10	554,684	10
Financial assets at fair value through profit or loss—current	613,856	11	626,011	12	Current portion of long-term borrowings	39,489	1	20,977	-
Available-for-sale financial assets—current	7,394	-	9,016	-	Financial liabilities at fair value through profit or loss—current	934	-	3,835	-
Notes receivable, net	36,557	1	9,120	-	Notes payable	13,052	-	11,499	-
Accounts receivable, net	589,918	11	530,803	10	Accounts payable	387,247	7	405,474	8
Other receivables	21,444	-	15,568	-	Other payables	458,855	8	443,753	8
Inventories	708,084	13	717,988	13	Other Payables—related parties	21,000	-	-	-
Prepayments	81,553	1	95,258	2	Current tax liabilities	128,481	2	100,236	2
Other current assets	19,145	-	15,577	-	Provisions—current	51,525	1	14,178	-
Total current assets	<u>3,155,232</u>	<u>56</u>	<u>2,871,572</u>	<u>53</u>	Other current liabilities	25,494	1	32,414	1
Non-current assets:					Total current liabilities	<u>1,678,125</u>	<u>30</u>	<u>1,587,050</u>	<u>29</u>
Financial assets carried at cost—non-current	19,280	-	19,280	-	Non-current liabilities:				
Investments accounted for under equity method	85,515	2	71,986	1	Long-term borrowings	88,950	2	134,065	2
Property, plant and equipment	2,075,749	36	2,102,103	39	Deferred income tax liabilities	198,878	3	163,883	4
Goodwill	2,756	-	2,756	-	Accrued pension liabilities	155,641	3	147,812	3
Deferred income tax assets	206,861	4	212,958	4	Deposits received	2,055	-	1,736	-
Prepayments for equipment	1,233	-	3,779	-	Other non-current liabilities	21,982	-	18,052	-
Refundable deposits	7,249	-	6,699	-	Total non-current liabilities	<u>467,506</u>	<u>8</u>	<u>465,548</u>	<u>9</u>
Prepayment for investment	20,000	-	-	-	Total liabilities	<u>2,145,631</u>	<u>38</u>	<u>2,052,598</u>	<u>38</u>
Other financial assets—non-current	124,905	2	140,154	3	Equity attributable to shareholders of the parent:				
Other non-current assets	779	-	2,695	-	Common stock	1,194,711	21	1,194,711	22
Total non-current assets	<u>2,544,327</u>	<u>44</u>	<u>2,562,410</u>	<u>47</u>	Capital surplus:				
					Additional paid-in capital	316,913	6	316,913	6
					Donated assets received	50	-	50	-
					Changes in equity of associates accounted for using equity method	16,397	-	16,157	-
						<u>333,360</u>	<u>6</u>	<u>333,120</u>	<u>6</u>
					Retained earnings:				
					Legal reserve	815,979	14	741,851	13
					Special reserve	-	-	33,091	1
					Unappropriated retained earnings	1,107,724	19	989,368	18
						<u>1,923,703</u>	<u>33</u>	<u>1,764,310</u>	<u>32</u>
					Other equity:				
					Financial statements translation differences for foreign operations	10,766	-	4,200	-
					Unrealized gain (loss) on available-for-sale financial assets	(2,492)	-	(3,651)	-
						<u>8,274</u>	<u>-</u>	<u>549</u>	<u>-</u>
					Total Equity attributable to shareholders of the parent	<u>3,460,048</u>	<u>60</u>	<u>3,292,690</u>	<u>60</u>
					Non-controlling interests	<u>93,880</u>	<u>2</u>	<u>88,694</u>	<u>2</u>
					Total equity	<u>3,553,928</u>	<u>62</u>	<u>3,381,384</u>	<u>62</u>
Total assets	<u>\$ 5,699,559</u>	<u>100</u>	<u>5,433,982</u>	<u>100</u>	Total liabilities and stockholders' equity	<u>\$ 5,699,559</u>	<u>100</u>	<u>5,433,982</u>	<u>100</u>



ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	2014		2013	
	Amount	%	Amount	%
Operating revenue	\$ 4,897,935	100	4,571,012	100
Operating costs	<u>2,020,095</u>	41	<u>1,919,202</u>	42
Gross profit	2,877,840	59	2,651,810	58
Operating expenses:				
Selling expenses	989,198	20	908,746	20
Administrative expenses	486,164	10	455,642	10
Research and development expenses	<u>389,545</u>	8	<u>386,893</u>	8
Total operating expenses	<u>1,864,907</u>	38	<u>1,751,281</u>	38
Operating profit	<u>1,012,933</u>	21	<u>900,529</u>	20
Non-operating income and expenses:				
Other income	43,831	1	66,911	2
Other gains and losses	(13,642)	-	(28,986)	(1)
Finance costs	(15,248)	-	(14,499)	-
Share of profit of associates accounted for under equity method	<u>24,916</u>	-	<u>15,477</u>	-
Total non-operating income and expenses	<u>39,857</u>	1	<u>38,903</u>	1
Net income before tax	1,052,790	22	939,432	21
Less: income tax expenses	<u>276,158</u>	6	<u>183,227</u>	4
Net income	<u>776,632</u>	16	<u>756,205</u>	17
Other comprehensive income (loss):				
Financial statements translation differences for foreign operations	8,282	-	21,915	-
Unrealized gain on valuation of available-for-sale financial assets	1,159	-	914	-
Actuarial gains (losses) on defined benefit plans	(4,317)	-	(11,550)	-
Less: income tax expense relating to components of other comprehensive income (loss)	<u>(748)</u>	-	<u>(1,899)</u>	-
Other comprehensive income (loss), net of tax	<u>5,872</u>	-	<u>13,178</u>	-
Total comprehensive income	<u>\$ 782,504</u>	<u>16</u>	<u>769,383</u>	<u>17</u>
Net income attributable to:				
Shareholders of the parent	\$ 760,474	16	741,273	17
Non-controlling interests	<u>16,158</u>	-	<u>14,932</u>	-
	<u>\$ 776,632</u>	<u>16</u>	<u>756,205</u>	<u>17</u>
Total comprehensive income attributable to:				
Shareholders of the parent	\$ 764,474	16	752,102	17
Non-controlling interests	<u>18,030</u>	-	<u>17,281</u>	-
	<u>\$ 782,504</u>	<u>16</u>	<u>769,383</u>	<u>17</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 6.37</u>		<u>6.20</u>	
Diluted earnings per share (in New Taiwan dollars)	<u>\$ 6.24</u>		<u>6.08</u>	



ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent						Other equity adjustments			Total equity attributable to shareholders of the parent	Non-controlling interests	Total Equity
	Common stock	Capital surplus	Legal reserve	Retained earnings		Total	Financial statements translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets	Total			
				Special reserve	Unappropriated retained earnings							
	3110	3200	3310	3320	3350	3300	3410	3425	3400	31xx	36xx	3xxx
Balance at January 1, 2013	\$ 1,194,711	316,963	693,674	14,581	718,669	1,426,924	(15,347)	(4,565)	(19,912)	2,918,686	82,869	3,001,555
Appropriations and distributions:												
Legal reserve	-	-	48,177	-	(48,177)	-	-	-	-	-	-	-
Special reserve	-	-	-	18,510	(18,510)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(394,255)	(394,255)	-	-	-	(394,255)	(11,446)	(405,701)
Changes in equity of associates accounted for under equity method	-	16,157	-	-	-	-	-	-	-	16,157	-	16,157
Net income	-	-	-	-	741,273	741,273	-	-	-	741,273	14,932	756,205
Other comprehensive income (loss)	-	-	-	-	(9,632)	(9,632)	19,547	914	20,461	10,829	2,349	13,178
Total comprehensive income (loss)	-	-	-	-	731,641	731,641	19,547	914	20,461	752,102	17,281	769,383
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10)	(10)
Balance at December 31, 2013	1,194,711	333,120	741,851	33,091	989,368	1,764,310	4,200	(3,651)	549	3,292,690	88,694	3,381,384
Appropriations and distributions:												
Legal reserve	-	-	74,128	-	(74,128)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(597,356)	(597,356)	-	-	-	(597,356)	(12,844)	(610,200)
Reversal of special reserve	-	-	-	(33,091)	33,091	-	-	-	-	-	-	-
Changes in equity of associates accounted for under equity method	-	240	-	-	-	-	-	-	-	240	-	240
Net income	-	-	-	-	760,474	760,474	-	-	-	760,474	16,158	776,632
Other comprehensive income (loss)	-	-	-	-	(3,725)	(3,725)	6,566	1,159	7,725	4,000	1,872	5,872
Total comprehensive income (loss)	-	-	-	-	756,749	756,749	6,566	1,159	7,725	764,474	18,030	782,504
Balance at December 31, 2014	\$ 1,194,711	333,360	815,979	-	1,107,724	1,923,703	10,766	(2,492)	8,274	3,460,048	93,880	3,553,928



ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(Expressed in thousands of New Taiwan dollars)

	2014	2013
Cash flows from operating activities:		
Consolidated net income before tax	\$ 1,052,790	939,432
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation	85,720	94,140
Provision for bad debt expense	48	865
Interest expenses	15,248	14,499
Interest income	(2,626)	(3,503)
Dividend income	(314)	(202)
Share of profit of associates accounted for under equity method	(24,916)	(15,477)
Gains on disposal of property, plant and equipment	(78)	(39)
Gains on disposal of investments	(755)	(4,362)
Impairment loss on non-financial instruments	-	44,304
Total adjustments to reconcile profit and loss	<u>72,327</u>	<u>130,225</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets held for trading	12,155	(447,181)
Notes receivable	(27,437)	4,181
Accounts receivable	(59,600)	(64,078)
Other receivable	(5,876)	(11,642)
Inventories	8,860	(97,288)
Prepayments	13,705	(20,097)
Other current assets	(902)	(240)
Total changes in operating assets, net	<u>(59,095)</u>	<u>(636,345)</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	(2,901)	1,294
Notes payable	1,553	(1,321)
Accounts payable	(18,227)	119,633
Other payable	15,102	(66,784)
Provisions	37,347	3,247
Other current liabilities	(6,920)	(21,027)
Accrued pension liabilities	4,260	(6,769)
Other non-current liabilities	3,930	(2,062)
Total changes in operating liabilities, net	<u>34,144</u>	<u>26,211</u>
Total changes in operating assets / liabilities, net	<u>(24,951)</u>	<u>(610,134)</u>
Total adjustments	<u>47,376</u>	<u>(479,909)</u>
Cash provided by operating activities	1,100,166	459,523
Dividends received	11,941	10,561
Payment of income tax	(203,765)	(134,324)
Net cash provided by operating activities	<u>908,342</u>	<u>335,760</u>
Cash flows from investing activities:		
Proceeds from disposal of available for sale financial assets	3,536	-
Acquisition of financial assets at cost	-	(5,000)
Proceeds from disposal of investments accounted for under equity method	-	5,720
Increase in prepayments for investments	(20,000)	-
Acquisition of property, plant and equipment	(65,284)	(31,478)
Proceeds from disposal of property, plant and equipment	654	463
Decrease (increase) in refundable deposits	(550)	201
Decrease (increase) in other financial assets – non-current	15,249	(7,647)
Decrease (increase) in other non-current assets	1,916	(1,865)
Increase in prepayments for equipment	(1,230)	(3,779)
Interest received	2,626	3,503
Net cash provided by (used in) investing activities	<u>(63,083)</u>	<u>(39,882)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(2,636)	120,035
Repayment of long-term borrowings	(21,116)	(19,659)
Increase (decrease) in deposits received	319	(1,018)
Increase in other payables - related parties	21,000	-
Cash dividends paid	(610,200)	(405,701)
Interest paid	(15,248)	(14,499)
Net cash used in financing activities	<u>(627,881)</u>	<u>(320,842)</u>
Effect of exchange rate changes on cash and cash equivalents	7,672	26,587
Increase in cash and cash equivalents for the period	225,050	1,623
Cash and cash equivalents at beginning of period	852,231	850,608
Cash and cash equivalents at end of period	<u>\$ 1,077,281</u>	<u>852,231</u>



2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2014 Profits

Explanation:

(1) The Board has adopted a Proposal for Distribution of 2014 Profits in accordance with Articles of Incorporation.

I. The proposed cash dividend to shareholders is NT\$ 680,985,646 (NT\$5.7 per share) based on the number of actual shares outstanding on the record date for distribution.

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

(2) Profit Distribution Table is attached as page 23.

Resolution:



ATEN International Company, Ltd.

PROFIT DISTRIBUTION TABLE

Year 2014

(Unit: NTD \$)

Items	Amount
Beginning retained earnings	350,975,454
Less : Adjustments to actuarial loss in defined benefit plans	3,955,353
Add : Adjustments to other comprehensive income (loss) for changes in investees' equity	229,953
Adjusted undistributed earnings	347,250,054
Add : 2014 net profit after tax	760,473,961
Less : 10% legal reserve	76,047,396
Distributable net profit	1,031,676,619
Distributable items :	
Cash Dividend to shareholders(NT\$5.7 per share)	680,985,646
Unappropriated retained earnings	350,690,973
Notes: Compensation of directors and supervisors: 13,688,531 Employee bonus sharing: 136,885,313	



Discussion

1.

Proposed by the Board

Discussion:

Amendment to the Operational Procedures for Loaning of Company Funds.

Explanation:

- (1). In order to fulfill the practical operation, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

Questions and Motions

Adjournment



Appendix : Current Shareholding of Directors and Supervisors

ATEN International Co, LTD

The (minimum required) combined Shareholding of Directors and Supervisors

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

Total issued shares: 119,471,166 shares.

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

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

2. As of the record date April 18, 2015, the shareholding of directors and supervisors is below:

Record date: April 18, 2015

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