



Stock Code: 6277

ATEN International Co., LTD

Handbook for the 2016 Annual Meeting of Shareholders

【Translation】

Meeting Time: June 15, 2016

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 2016 Annual Meeting of Shareholders

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



ATEN International Company, Ltd.

Year 2016

Agenda of Annual Meeting of Shareholders

Time: June 15, 2016 (Wednesday) at 9 a.m.

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

1. Discussion

- (1). Amendment to the Articles of Incorporation
- (2). Amendment to the Operational Procedures for Acquisition and Disposal of Assets

2. Report Items

- (1). 2015 Business Report
- (2). Supervisor's Review Report on the 2015 Financial Statements
- (3). 2015 Employees' Compensation and Directors and Supervisors' Remuneration Report

3. Adoption Matters

- (1). Adoption of the Fiscal 2015 Business Report and Financial Statements
- (2). Adoption of the Proposal for Distribution of 2015 Profits

4. Questions and Motions

5. Adjournment



Discussion

1. **Proposed by the Board**

Discussion:

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

Explanation:

- (1). In order to conform to the needs of amendments to Article 235, 235-1, and 240 of the Company Acts related to the provision of directors and supervisors' remuneration, employees' compensation, and profit distribution, the company hereby proposes to amend the Articles of Incorporation.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

2. **Proposed by the Board**

Discussion:

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

Explanation:

- (1). In order to fulfill the practical operation, the company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:



Report Items

Item No. 1

2015 Business Reports

Explanation:

The 2015 Business Report is attached as page 6-8.



ATEN International Co., LTD

2015 Business Report

FY2015 was a year that saw ATEN achieve an impressive expansion of our product line. Despite the downturn in the global economy, ATEN was still able to maintain a respectable consolidated sales revenue performance, with whole-year consolidated net sales revenue of NT\$4,887 million, only 0.2% down on FY2014. ATEN's consolidated operating margin for the full year was NT\$2,850 million, representing a gross profit margin of 58.31%. Net income before tax in FY2015 was NT\$931 million, and earnings after tax came to NT\$719 million, representing after-tax earnings per share (EPS) of NT\$5.9 per share.

ATEN's product development strategy over the past few years has been influenced by a number of factors. In the IT infrastructure access management solution segment, the ongoing digital revolution continues to transform the face of global industry. This has been reflected in the growing trend towards display port innovation and adoption of over-IP technology, which has driven the growth of new demand in the global market and stimulated the emergence of new applications in industry. Responding to the advances in video technology and the steady growth in demand for the ability to process large volumes of data, in the over-IP segment ATEN has launched the KN8 series fourth-generation over-IP KVM switch; the KN8 series product specification features an across-the-board improvement in video resolution, security, and virtual media transmission speed. The FPGA image processor ensures superb high-definition video output, with both local and remote control terminals able to display a server screen with high (1900 × 1200) resolution. Dynamic video transmission provides smooth, delay-free transmission; still images are sharp, with good color saturation. This new product is ideal for application environments that require high video quality, such as broadcasting, media post-production, etc. In the area of software development, ATEN has been working to strengthen information security by collaborating with a leading Taiwanese information security software firm on the development of a new version of ATEN's CC2000 control room remote centralized control software, which for the first time supports OTP (One Time Password) dynamic encryption systems. Through continuing enhancement of the security certificate mechanism and of the OTP dual-factor authentication, the system is able to implement effective approval management of user log-in, thereby strengthening control room data access security, and providing multi-layer data security protection for IT managers.

In the Professional Audio & Video Product Solutions segment, ATEN has responded to the trend towards "4K" ultra-high-definition video and HDBaseT transmission by expanding its matrix video switch series with the launch of a new 4K seamless matrix video switch. The new product has scaler functionality, and boasts the fastest video switching speed currently available on the market, combined with the most advanced seamless switching technology to support real-time, delay-free broadcasting of



4K video content, providing users with an amazing new viewing experience. ATEN has also introduced a new HDMI HDBaseT-Lite matrix video switch. Targeting the digital signage and video wall markets, this switch extends the transmission range for uncompressed video, audio, power and control signals out to 70 meters using just a single cable. The switch can be used together with a variety of different video extenders to support advanced functions such as video wall, Seamless Switch™ and Power over HDBaseT (POH), facilitating the development of flexible architectures and operating environments, and meeting mainstream demand for video wall technology. In our high-end video management controller series, ATEN has launched a brand new Professional Audio/Video Product: the ATEN Control System. This new product is designed for controlling hardware equipment in a commercial environment. The introduction of the ATEN Control System represents an important new milestone in the development of ATEN's Professional Audio & Video Product Solutions; besides giving ATEN a more comprehensive product line, the ATEN Control System also embodies more advanced integration and control functionality. As regards the user experience, ATEN's Video Matrix Seamless Switch Series won the 2015 Red Dot Interface Design Award. With its intuitive, user-friendly interface design that takes the user's needs as the main consideration, this new Series constitutes an outstanding Professional Audio/Video Product Solution designed specifically for video wall and digital signage applications. The ATEN Video Matrix Seamless Switch Series reduces the complexity of installing and controlling video walls and digital signage; the recognition given to this new series at the highly-competitive Red Dot Design Awards is a further tribute to ATEN's outstanding product design and development capabilities.

ATEN has for many years now attached considerable importance to sustainable operation, and has continued to take concrete action in this area. With regard to corporate governance, ATEN received an A++ rating (the highest possible rating) in the 2014 Information Disclosure and Transparency Ranking, and ranked among the top 20% of listed companies in Taiwan's first Corporate Governance Evaluation results. As regards corporate social responsibility, ATEN has made effective use of its core capabilities in demonstrating concern for society, supporting educational outreach programs in remote and disadvantaged districts within Taiwan; by donating ATEN's specialist video and audio products, ATEN has helped to improve the educational environment in remote districts, creating convenient, effective IT classroom broadcasting systems, and providing students with a superior environment for IT studies. In 2015, ATEN was ranked second in the medium-sized companies section of *CommonWealth* magazine's Corporate Citizenship Awards list of the best corporate citizens in Taiwan, reflecting ATEN's longstanding commitment to CSR, which has made the company a model of outstanding CSR activity within Taiwan.

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.

ATEN International Co., LTD

Chairman : Kevin Chen

President : Kevin Chen

Chief Accountant : Stephen Chen



Item No. 2

Supervisor's Review Report on the 2015 Financial Statements

Explanation:

- (1). The 2015 Supervisor's Review Report is attached as page 10.
- (2). CPA Audit Report is attached as page 11-14.



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 15, 2016



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, 2015 and 2014, 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, 2015 and 2014. 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 \$404,194 thousand and \$454,885 thousand as of December 31, 2015 and 2014, constituting 8% and 9% of the total assets in each year, respectively. Their related net investment gain were \$101,863 thousand and \$173,105 thousand and constituting 12% and 19%, respectively of the net income before tax for the years then ended.

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. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

KPMG

March 15, 2016

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, 2015 and 2014, 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, 2015 and 2014. 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 \$102,461 thousand and \$85,515 thousand as of December 31, 2015 and 2014, constituting 2% of the consolidated total assets in 2015 and 2014, respectively. Their related net investment gains were \$30,052 thousand and \$24,916 thousand in 2015 and 2014, respectively, constituting 3% and 2% of the consolidated net income before tax for the 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 \$573,975 thousand and \$867,262 thousand as of December 31, 2015 and 2014, respectively, constituting 10% and 15% of the consolidated total assets for the years then ended. Their net revenues for the years ended December 31, 2015 and 2014 amounted to \$746,190 thousand and \$1,481,967 thousand, respectively, constituting 15% and 30% of the consolidated net revenues for the years then ended.

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. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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, 2015 and 2014, and the consolidated results of its operations and its cash flows for the years ended December 31, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014, on which we have issued a modified unqualified audit report.

KPMG

March 15, 2016

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.



Item No. 3

2015 Employees' Compensation and Directors and Supervisors' Remuneration Report

Explanation:

- (1). The Company proposes amendments to Article 24 of the Article of Incorporation. After deducting employee compensation and directors and supervisors' remuneration, the Company shall set aside between 10% to 16% of its before tax profit to employee compensation and no more than 2% to directors and supervisors' remuneration, respectively, however, this Company shall have reserved a sufficient amount to offset its accumulated losses first before distributing in the percentage as stated above.
- (2). BOD resolved to approve 2015 employees' compensation totaling NT\$ 127,249,848 and directors and supervisors' remuneration totaling NT\$ 10,781,893. The amount is both distributed in cash.



Adoption Matters

1. **Proposed by the Board**

Proposal:

Adoption of the 2015 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 on May 15, 2016.
- (2) The 2015 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached as page 6-8, page 11-14 and page 17-24, respectively.

Resolution:



ATEN INTERNATIONAL CO., LTD
Balance Sheets
December 31, 2015 and 2014
Expressed in thousands of New Taiwan Dollar

Assets	December 31, 2015		December 31, 2014		Liabilities and Stockholders' Equity	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (note 6(a))	\$ 448,024	9	444,967	9	Short-term borrowings (note 6(i))	\$ 255,789	5	235,510	5
Financial assets at fair value through profit or loss — current (note 6(b))	432,102	9	561,669	11	Financial liabilities at fair value through profit or loss — current (note 6(b))	1,438	-	661	-
Available-for-sale financial assets — current (note 6(c))	6,368	-	7,394	-	Notes payable	664	-	5,143	-
Accounts receivable, net (note 6(d))	108,381	3	122,147	3	Accounts payable	219,350	5	193,284	4
Accounts receivable — related parties, net (notes 6(d) and 7)	475,294	10	512,032	10	Accounts payable — related parties (note 7)	82,612	2	71,947	1
Other receivables (notes 6(d) and 7)	508	-	18,124	1	Other payables (notes 6(m) and 6(p))	299,793	6	304,392	6
Inventories (note 6(e))	346,553	7	262,121	5	Other payables — related parties (note 7)	192,036	4	191,936	4
Prepayments	3,527	-	16,692	-	Current tax liabilities	44,324	1	93,836	2
Other current assets	8,957	-	10,347	-	Provisions — current (note 6(j))	17,010	-	51,525	1
Total current assets	<u>1,829,714</u>	<u>38</u>	<u>1,955,493</u>	<u>39</u>	Other current liabilities	11,100	-	7,789	-
Non-current assets:					Total current liabilities	<u>1,124,116</u>	<u>23</u>	<u>1,156,023</u>	<u>23</u>
Financial assets carried at cost — non-current (note 6(f))	29,580	1	14,280	-	Non-current liabilities:				
Investments accounted for under equity method (note 6(g))	1,131,960	23	1,059,907	21	Deferred income tax liabilities (note 6(l))	160,811	3	161,444	4
Property, plant and equipment (notes 6(h) and 7)	1,607,872	33	1,615,026	33	Accrued pension liabilities (note 6(k))	112,529	3	154,087	3
Deferred income tax assets (note 6(l))	131,390	3	143,637	3	Deposits received	1,036	-	1,036	-
Refundable deposits	231	-	211	-	Other non-current liabilities	1,638	-	821	-
Prepayment for investment (note 6(f))	-	-	20,000	1	Total non-current liabilities	<u>276,014</u>	<u>6</u>	<u>317,388</u>	<u>7</u>
Other financial assets — non-current (notes 8 and 9)	127,722	2	124,905	3	Total liabilities	<u>1,400,130</u>	<u>29</u>	<u>1,473,411</u>	<u>30</u>
Total non-current assets	<u>3,028,755</u>	<u>62</u>	<u>2,977,966</u>	<u>61</u>	Equity attributable to shareholders of the parent (notes 6(k), 6(l), 6(m) and 6(r)):				
					Common stock	1,194,711	25	1,194,711	24
					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	19,564	-	16,397	-
						<u>336,527</u>	<u>7</u>	<u>333,360</u>	<u>7</u>
					Retained earnings:				
					Legal reserve	892,026	18	815,979	17
					Unappropriated retained earnings	1,035,952	21	1,107,724	22
						<u>1,927,978</u>	<u>39</u>	<u>1,923,703</u>	<u>39</u>
					Other equity:				
					Financial statements translation differences for foreign operations	2,641	-	10,766	-
					Unrealized gain (loss) on available-for-sale financial assets	(3,518)	-	(2,492)	-
						<u>(877)</u>	<u>-</u>	<u>8,274</u>	<u>-</u>
					Total equity	<u>3,458,339</u>	<u>71</u>	<u>3,460,048</u>	<u>70</u>
Total assets	<u>\$ 4,858,469</u>	<u>100</u>	<u>4,933,459</u>	<u>100</u>	Total liabilities and stockholders' equity	<u>\$ 4,858,469</u>	<u>100</u>	<u>4,933,459</u>	<u>100</u>



ATEN INTERNATIONAL CO., LTD.
Statements of Comprehensive Income
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars)

	2015		2014	
	Amount	%	Amount	%
Operating revenue (notes 6(o) and 7)	\$ 3,164,612	100	3,141,432	100
Operating costs (notes 6(l), 6(h), 6(j), 6(k), 6(m), 6(p) and 7)	<u>1,557,093</u>	49	<u>1,567,596</u>	50
Gross Profit	1,607,519	51	1,573,836	50
Less: Unrealized profit (loss) from sales	2,758	-	3,324	-
Gross Profit, net	<u>1,604,761</u>	51	<u>1,570,512</u>	50
Operating expenses (notes 6(l), 6(h), 6(k), 6(m), 6(p) and 7):				
Selling expenses	283,261	9	283,552	9
Administrative expenses	350,996	11	293,898	9
Research and development expenses	<u>366,980</u>	12	<u>376,035</u>	12
Total operating expenses	<u>1,001,237</u>	32	<u>953,485</u>	30
Operating profit	<u>603,524</u>	19	<u>617,027</u>	20
Non-operating income and expenses (notes 6(f), 6(g) and 6(q) and 7):				
Other income	40,087	1	62,159	1
Other gains and losses	13,600	-	(4,936)	-
Financial costs	(1,872)	-	(2,824)	-
Share of profit of associates accounted for under equity method	<u>185,474</u>	6	<u>254,472</u>	8
Total non-operating income and expenses	<u>237,289</u>	7	<u>308,871</u>	9
Net income before tax	840,813	26	925,898	29
Less: income tax expenses (note 6(l))	<u>136,102</u>	4	<u>165,424</u>	5
Net income	<u>704,711</u>	22	<u>760,474</u>	24
Other comprehensive income (loss) (notes 6(k), 6(l), 6(m) and 6(r)):				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of the defined benefit plans	(22,868)	(1)	(4,703)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	<u>3,785</u>	-	<u>748</u>	-
Total Items that will not be reclassified subsequently to profit or loss	<u>(19,083)</u>	(1)	<u>(3,955)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Financial statements translation differences for foreign operations	(8,125)	-	6,566	-
Unrealized gain on valuation of available-for-sale financial assets	(1,026)	-	1,159	-
Share of other comprehensive income of subsidiaries accounted for under equity method	(368)	-	230	-
Income tax expense relating to components of other comprehensive income (loss)	<u>-</u>	-	<u>-</u>	-
Total Items that may be reclassified subsequently to profit or loss	<u>(9,519)</u>	-	<u>7,955</u>	-
Other comprehensive income (loss), net of tax	<u>(28,602)</u>	(1)	<u>4,000</u>	-
Total comprehensive income	<u>\$ 676,109</u>	21	<u>\$ 764,474</u>	24
Basic earnings per share (in New Taiwan dollars) (note 6(n))	<u>\$ 5.90</u>		<u>\$ 6.37</u>	
Diluted earnings per share (in New Taiwan dollars) (note 6(n))	<u>\$ 5.77</u>		<u>\$ 6.24</u>	



ATEN INTERNATIONAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2015 and 2014

(Expressed in thousands of New Taiwan dollars)

	Retained earnings						Other equity adjustments		Total	Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets		
	3110	3200	3310	3320	3350	3300	3410	3425	3400	3xxx
Balance at January 1, 2014	\$ 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 1) (6(m)):										
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
Appropriations and distributions (note 2) (6(m)):										
Legal reserve	-	-	76,047	-	(76,047)	-	-	-	-	-
Cash dividends	-	-	-	-	(680,985)	(680,985)	-	-	-	(680,985)
Changes in equity of associates accounted for under equity method	-	3,167	-	-	-	-	-	-	-	3,167
Net income	-	-	-	-	704,711	704,711	-	-	-	704,711
Other comprehensive income (loss)	-	-	-	-	(19,451)	(19,451)	(8,125)	(1,026)	(9,151)	(28,602)
Total comprehensive income (loss)	-	-	-	-	685,260	685,260	(8,125)	(1,026)	(9,151)	676,109
Balance at December 31, 2015	\$ 1,194,711	336,527	892,026	-	1,035,952	1,927,978	2,641	(3,518)	(877)	3,458,339

Note 1: Compensation to directors and supervisors of \$14,005 and employee benefits of \$140,047 have been deducted from the statements of comprehensive income.

Note 2: Compensation to directors and supervisors of \$13,689 and employee benefits of \$136,885 have been deducted from the statements of comprehensive income.



ATEN INTERNATIONAL CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

	2015	2014
Cash flows from operating activities:		
Net income before tax	\$ 840,813	925,898
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation	41,239	46,042
Interest expenses	1,872	2,824
Interest income	(2,149)	(1,491)
Dividend income	(245)	(314)
Share of profit of associates accounted for under equity method	(185,474)	(254,472)
Gains on disposal of property, plant and equipment	(683)	(172)
Property, plant and equipment transferred to expenses	55	-
Gains on disposal of investments	-	(755)
Impairment loss on financial assets	4,700	-
Unrealized profit on affiliated transactions	2,758	3,324
Total adjustments to reconcile profit and loss	<u>(137,927)</u>	<u>(205,014)</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets held for trading	129,567	25,203
Accounts receivable	13,766	5,463
Accounts receivable – related parties	36,738	870
Other receivable	17,616	(6,472)
Inventories	(84,432)	6,859
Prepayments	13,165	14,646
Other current assets	1,390	(731)
Total changes in operating assets, net	<u>127,810</u>	<u>45,838</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	777	(3,174)
Notes payable	(4,479)	1,275
Accounts payable	26,066	3,192
Accounts payable – related-parties	10,665	(10,590)
Other payable	(4,599)	(29,183)
Other payable – related parties	100	1,201
Provisions	(34,515)	37,821
Other current liabilities	3,311	(892)
Accrued pension liabilities	(64,426)	3,594
Other non-current liabilities	817	311
Total changes in operating liabilities, net	<u>(66,283)</u>	<u>3,555</u>
Total changes in operating assets / liabilities, net	<u>61,527</u>	<u>49,393</u>
Total adjustments	<u>(76,400)</u>	<u>(155,621)</u>
Cash provided by operating activities	764,413	770,277
Dividends received	129,664	80,587
Payment of income tax	(170,215)	(111,995)
Net cash provided by operating activities	<u>723,862</u>	<u>738,869</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	3,502
Increase in long-term investments accounted for under equity method	(24,082)	-
Increase in prepayment for investment	-	(20,000)
Acquisition of property, plant and equipment	(34,413)	(20,327)
Proceeds from disposal of property, plant and equipment	956	372
Decrease (increase) in refundable deposits	(20)	117
Decrease (increase) in other financial assets – non-current	(2,817)	15,249
Interest received	2,149	1,491
Net cash used in investing activities	<u>(58,227)</u>	<u>(19,596)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	20,279	10,885
Increase in deposits received	-	312
Cash dividends paid	(680,985)	(597,356)
Interest paid	(1,872)	(2,824)
Net cash used in financing activities	<u>(662,578)</u>	<u>(588,983)</u>
Increase in cash and cash equivalents for the period	3,057	130,290
Cash and cash equivalents at beginning of period	444,967	314,677
Cash and cash equivalents at end of period	<u>\$ 448,024</u>	<u>444,967</u>



ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars)

Assets	December 31, 2015		December 31, 2014		Liabilities and Stockholders' Equity	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (note 6(a))	\$ 1,086,101	19	1,077,281	19	Short-term borrowings (note 6(i))	\$ 596,754	11	552,048	10
Financial assets at fair value through profit or loss—current (note 6(b))	474,466	9	613,856	11	Current portion of long-term borrowings (notes 6(i) and 8)	17,683	-	39,489	1
Available-for-sale financial assets—current (note 6(c))	6,368	-	7,394	-	Financial liabilities at fair value through profit or loss—current (note 6(b))	1,571	-	934	-
Notes receivable, net (note 6(d))	21,059	-	36,557	1	Notes payable	9,713	-	13,052	-
Accounts receivable, net (note 6(d))	545,525	10	589,918	11	Accounts payable (note 7)	429,396	8	387,247	7
Other receivables (note 6(d))	751	-	21,444	-	Other payables (notes 6(m) and 6(n))	444,749	8	458,855	8
Inventories (note 6(e))	833,535	15	708,084	13	Other payables—related parties (note 7)	-	-	21,000	-
Prepayments	59,907	1	81,553	1	Current tax liabilities	70,849	1	128,481	2
Other current assets	18,755	-	19,145	-	Provisions—current (note 6(k))	17,010	-	51,525	1
Total current assets	<u>3,046,467</u>	<u>54</u>	<u>3,155,232</u>	<u>56</u>	Other current liabilities	20,838	-	25,494	1
Non-current assets:					Total current liabilities	<u>1,608,563</u>	<u>28</u>	<u>1,678,125</u>	<u>30</u>
Financial assets carried at cost—non-current (note 6(f))	29,580	1	19,280	-	Non-current liabilities:				
Investments accounted for under equity method (note 6(g))	102,461	2	85,515	2	Long-term borrowings (notes 6(i) and 8)	68,487	1	88,950	2
Property, plant and equipment (notes 6(h) and 8)	2,058,046	37	2,075,749	36	Deferred income tax liabilities (note 6(l))	206,234	4	198,878	3
Goodwill	2,756	-	2,756	-	Accrued pension liabilities (note 6(k))	114,096	2	155,641	3
Deferred income tax assets (note 6(i))	199,437	4	206,861	4	Deposits received	2,055	-	2,055	-
Prepayments for equipment	311	-	1,233	-	Other non-current liabilities	28,260	1	21,982	-
Refundable deposits	9,291	-	7,249	-	Total non-current liabilities	<u>419,132</u>	<u>8</u>	<u>467,506</u>	<u>8</u>
Prepayment for investment (note 6(f))	-	-	20,000	-	Total liabilities	<u>2,027,695</u>	<u>36</u>	<u>2,145,631</u>	<u>38</u>
Other financial assets—non-current (notes 8 and 9)	127,722	2	124,905	2	Equity attributable to shareholders of the parent (notes 6(k), 6(l), 6(m), and 6(r)):				
Other non-current assets	1,649	-	779	-	Common stock	1,194,711	21	1,194,711	21
Total non-current assets	<u>2,531,253</u>	<u>46</u>	<u>2,544,327</u>	<u>44</u>	Capital surplus:				
Total assets	<u>\$ 5,577,720</u>	<u>100</u>	<u>5,699,559</u>	<u>100</u>	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	19,564	-	16,397	-
					Total equity attributable to shareholders of the parent	<u>336,527</u>	<u>6</u>	<u>333,360</u>	<u>6</u>
					Retained earnings:				
					Legal reserve	892,026	16	815,979	14
					Unappropriated retained earnings	1,035,952	19	1,107,724	19
					Total equity	<u>1,927,978</u>	<u>35</u>	<u>1,923,703</u>	<u>33</u>
					Other equity:				
					Financial statements translation differences for foreign operations	2,641	-	10,766	-
					Unrealized gain (loss) on available-for-sale financial assets	(3,518)	-	(2,492)	-
					Total Equity attributable to shareholders of the parent	<u>(877)</u>	<u>-</u>	<u>8,274</u>	<u>-</u>
					Non-controlling interests	<u>3,458,339</u>	<u>62</u>	<u>3,460,048</u>	<u>60</u>
					Total equity	<u>91,686</u>	<u>2</u>	<u>93,880</u>	<u>2</u>
					Total liabilities and stockholders' equity	<u>3,550,025</u>	<u>64</u>	<u>3,553,928</u>	<u>62</u>
						<u>\$ 5,577,720</u>	<u>100</u>	<u>5,699,559</u>	<u>100</u>



ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014

(Expressed in thousands of New Taiwan dollars)

	2015		2014	
	Amount	%	Amount	%
Operating revenue (note 6(o))	\$ 4,887,879	100	4,897,935	100
Operating costs (notes 6(e), 6(h), 6(j), 6(k), 6(m), 6(p) and 7)	<u>2,037,708</u>	42	<u>2,020,095</u>	41
Gross profit	2,850,171	58	2,877,840	59
Operating expenses (notes 6(d), 6(h), 6(k), 6(m), 6(p) and 7):				
Selling expenses	1,002,416	21	989,198	20
Administrative expenses	579,958	11	486,164	10
Research and development expenses	<u>383,868</u>	8	<u>389,545</u>	8
Total operating expenses	<u>1,966,242</u>	40	<u>1,864,907</u>	38
Operating profit	<u>883,929</u>	18	<u>1,012,933</u>	21
Non-operating income and expenses (notes 6(d), 6(f), 6(g) and 6(q)):				
Other income	19,147	-	43,831	1
Other gains and losses	9,653	-	(13,642)	-
Finance costs	(11,279)	-	(15,248)	-
Share of profit of associates accounted for under equity method	<u>30,052</u>	1	<u>24,916</u>	-
Total non-operating income and expenses	<u>47,573</u>	1	<u>39,857</u>	1
Net income before tax	931,502	19	1,052,790	22
Less: income tax expenses (note 6(l))	<u>212,165</u>	4	<u>276,158</u>	6
Net income	<u>719,337</u>	15	<u>776,632</u>	16
Other comprehensive income (loss) (notes 6(k), 6(l), 6(m) and 6(r)):				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of the defined benefit plans	(23,487)	(1)	(4,317)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	<u>3,785</u>	-	<u>748</u>	-
Total Items that will not be reclassified subsequently to profit or loss	<u>(19,702)</u>	(1)	<u>(3,569)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Financial statements translation differences for foreign operations	(9,095)	-	8,282	-
Unrealized gain on valuation of available-for-sale financial assets	(1,026)	-	1,159	-
Income tax expense relating to components of other comprehensive income (loss)	<u>-</u>	-	<u>-</u>	-
Total Items that may be reclassified subsequently to profit or loss	<u>(10,121)</u>	-	<u>9,441</u>	-
Other comprehensive income (loss), net of tax	<u>(29,823)</u>	(1)	<u>5,872</u>	-
Total comprehensive income	<u>\$ 689,514</u>	14	<u>782,504</u>	16
Net income attributable to:				
Shareholders of the parent	\$ 704,711	15	760,474	16
Non-controlling interests	<u>14,626</u>	-	<u>16,158</u>	-
	<u>\$ 719,337</u>	15	<u>776,632</u>	16
Total comprehensive income attributable to:				
Shareholders of the parent	\$ 676,109	14	764,474	16
Non-controlling interests	<u>13,405</u>	-	<u>18,030</u>	-
	<u>\$ 689,514</u>	14	<u>782,504</u>	16
Basic earnings per share (in New Taiwan dollars) (note 6(n))	<u>\$ 5.90</u>		<u>6.37</u>	
Diluted earnings per share (in New Taiwan dollars) (note 6(n))	<u>\$ 5.77</u>		<u>6.24</u>	



Reviewed only, not audited in accordance with generally accepted auditing standards

ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2015 and 2014

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent						Other equity adjustments		Total	Total equity attributable to shareholders of the parent	Non-controlling interests	Total
	Common stock	Capital surplus	Legal reserve	Retained earnings		Financial statements translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets					
				Special reserve	Unappropriated earnings							
	3110	3200	3310	3320	3350	3300	3410	3425	3400	31xx	36xx	3xxx
Balance at January 1, 2014	\$ 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
Appropriations and distributions:												
Legal reserve	-	-	76,047	-	(76,047)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(680,985)	(680,985)	-	-	-	(680,985)	(15,599)	(696,584)
Changes in equity of associates accounted for under equity method	-	3,167	-	-	-	-	-	-	-	3,167	-	3,167
Net income	-	-	-	-	704,711	704,711	-	-	-	704,711	14,626	719,337
Other comprehensive income (loss)	-	-	-	-	(19,451)	(19,451)	(8,125)	(1,026)	(9,151)	(28,602)	(1,221)	(29,823)
Total comprehensive income (loss)	-	-	-	-	685,260	685,260	(8,125)	(1,026)	(9,151)	676,109	13,405	689,514
Balance at December 31, 2015	\$ 1,194,711	336,527	892,026	-	1,035,952	1,927,978	2,641	(3,518)	(877)	3,458,339	91,686	3,550,025



**ATEN INTERNATIONAL CO., LTD. AND
SUBSIDIARIES**
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

	2015	2014
Cash flows from operating activities:		
Net income before tax	\$ 931,502	1,052,790
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation	82,199	85,720
Provision for bad debt expense	(583)	48
Interest expenses	11,279	15,248
Interest income	(4,175)	(2,626)
Dividend income	(245)	(314)
Share of profit of associates accounted for under equity method	(30,052)	(24,916)
Gains on disposal of property, plant and equipment	(1,646)	(78)
Property, plant and equipment transferred to expenses	55	-
Gains on disposal of investments	-	(755)
Impairment loss on financial assets	9,700	-
Total adjustments to reconcile profit and loss	<u>66,532</u>	<u>72,327</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets held for trading	139,390	12,155
Notes receivable	15,498	(27,437)
Accounts receivable	44,677	(59,600)
Other receivable	20,693	(5,876)
Inventories	(126,390)	8,860
Prepayments	21,646	13,705
Other current assets	390	(902)
Total changes in operating assets, net	<u>115,904</u>	<u>(59,095)</u>
Net changes in operating liabilities:		
Financial liabilities held for trading	637	(2,901)
Notes payable	(3,339)	1,553
Accounts payable	42,149	(18,227)
Other payable	(14,106)	15,102
Provisions	(34,515)	37,347
Other current liabilities	(4,656)	(6,920)
Accrued pension liabilities	(61,247)	4,260
Other non-current liabilities	6,278	3,930
Total changes in operating liabilities, net	<u>(68,799)</u>	<u>34,144</u>
Total changes in operating assets / liabilities, net	<u>47,105</u>	<u>(24,951)</u>
Total adjustments	<u>113,637</u>	<u>47,376</u>
Cash provided by operating activities	1,045,139	1,100,166
Dividends received	16,518	11,941
Payment of income tax	(273,122)	(203,765)
Net cash provided by operating activities	<u>788,535</u>	<u>908,342</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	3,536
Increase in prepayment for investment	-	(20,000)
Acquisition of property, plant and equipment	(69,761)	(65,284)
Proceeds from disposal of property, plant and equipment	2,206	654
Increase in refundable deposits	(2,042)	(550)
Decrease (increase) in other financial assets — non-current	(2,817)	15,249
Decrease (increase) in other non-current assets	(870)	1,916
Increase in prepayments for equipment	(311)	(1,230)
Interest received	4,175	2,626
Net cash used in investing activities	<u>(69,420)</u>	<u>(63,083)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	44,706	(2,636)
Repayment of long-term borrowings	(39,083)	(21,116)
Increase in deposits received	-	319
Increase (decrease) in other payables — related parties	(21,000)	21,000
Cash dividends paid	(696,584)	(610,200)
Interest paid	(11,279)	(15,248)
Net cash used in financing activities	<u>(723,240)</u>	<u>(627,881)</u>
Effect of exchange rate changes on cash and cash equivalents	12,945	7,672
Increase in cash and cash equivalents for the period	8,820	225,050
Cash and cash equivalents at beginning of period	1,077,281	852,231
Cash and cash equivalents at end of period	<u>\$ 1,086,101</u>	<u>1,077,281</u>



2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2015 Profits

Explanation:

(1) The Board has adopted a Proposal for Distribution of 2015 Profits in accordance with Articles of Incorporation.

I. The proposed cash dividend to shareholders is NT\$ 621,250,063 (NT\$5.2 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 26.

Resolution:



ATEN International Company, Ltd.

PROFIT DISTRIBUTION TABLE

Year 2015

(Unit: NTD \$)

Items	Amount
Beginning retained earnings	350,690,973
Add : 2015 net profit after tax	704,710,994
Less : 10% legal reserve	70,471,099
Less : Adjustments to actuarial loss	19,082,340
Less: Special earnings reserves on reductions to shareholders' equity	876,482
Less : Adjustments to other comprehensive income (loss) for changes in investees' equity	368,135
Distributable net profit	964,603,911
Distributable items :	
Cash Dividend to shareholders(NT\$5.2 per share)	621,250,063
Unappropriated retained earnings	343,353,848



Questions and Motions

Adjournment



Appendix : Current Shareholding of Directors and Supervisors

ATEN International Co, LTD

The (minimum required) combined Shareholding of Directors and Supervisors

- 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.
- As of the record date April 17, 2016, the shareholding of directors and supervisors is below:

Record date: April 17, 2016

Title	Name	Current Shareholding	Percentage
Chairman	Kevin Chen	4,049,087	3.39%
Director	Shang-Jen Chen	6,779,342	5.67%
Director	CDIB Capital Management Co.	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%