

Stock Code: 6462

Egis Technology Inc.

2017 Annual General Meeting Meeting Handbook

Time: June 22, 2017 (Thursday) at 9 a.m.

Venue: 2F, No. 327, Section 1, Tiding Boulevard, Neihu District, Taipei City
(Lily Conference)

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I. Meeting Procedures

1. Announce Start of Meeting
2. Speech by Chairman
3. Matters to be Reported
4. Matters to be Ratified
5. Matters for Discussion
6. Election Matters
7. Other Proposals
8. Extemporary Motions
9. Adjournment of Meeting

II. Meeting Agenda

Time: June 22, 2017 (Thursday) at 9 a.m.

Venue: 2F, No. 327, Section 1, Tiding Boulevard, Neihu District, Taipei City (Lily Conference)

1. Announce Start of Meeting
2. Speech by Chairman
3. Matters to be Reported
 1. The 2016 Annual Business Report of this Company.
 2. The 2016 Annual Statements of this Company reviewed by the Audit Committee.
 3. The implementation of the Comprehensive Business Plan by the Company.
 4. The 2016 Annual Director and Employee Remuneration Distribution Report of this Company.
4. Matters to be Ratified
 1. The 2016 Annual Business Report and Financial Statements of this Company.
 2. The 2016 Annual Earnings Distribution Plan of this Company.
5. Matters for Discussion
 1. The amendment of some clauses in the “Operating Procedures of Acquisition or Disposal of Assets” of this Company.
 2. The issuance of new restricted employee shares.
6. Election Matters: the full re-election of the directors of this Company.
7. Other Proposals: the lifting of the non-competition restriction for newly-elected directors of this Company and their representatives.
8. Extemporaneous Motions
9. Adjournment of Meeting

III. Matters to be Reported

Proposal 1

Subject matter: The 2016 Annual Business Report of this Company.

Explanation: Please refer to Exhibit 1 on Pages 9 to 11 of this Handbook for details on the 2016 Annual Business Report.

Proposal 2

Subject matter: The 2016 Annual Statements of this Company reviewed by the Audit Committee.

Explanation: Please refer to Exhibit 2 on Page 12 of this Handbook for the Audit Committee's 2016 Annual Audit Report.

Proposal 3

Subject matter: The implementation of the Comprehensive Business Plan by the Company.

Explanation: Please refer to Exhibit 3 from Pages 13 to 14 of this Handbook for the implementation of the Comprehensive Business Plan by the Company.

Proposal 4

Subject matter: The 2016 Annual Director and Employee Remuneration Distribution Report of this Company.

Explanation: (1) In accordance with the provisions of Article 24 of the Articles of Incorporation of the Company, if the Company makes profit for the year (the so-called profit refers to the pre-tax profit before the deduction of remunerations payable to the employees and directors), it shall set aside no less than 5% of the profits for employee remunerations and no more than 1% for director remunerations.

(2) The profit situation of this Company in 2016 is NTD 168,593,032 (pre-tax, excluding profit for remunerations to directors and employees). The profits shall be distributed in accordance with the provisions of Article 24 in the Articles of Incorporation of this Company and the Company Act, and 5%, that is, NTD 8,429,652, shall be set aside as employee remunerations; 1%, that is, NTD 1,685,930, shall be set aside as director remunerations; the profits shall be distributed in the form of cash.

IV. Matters to be Ratified

Proposal 1

Proposed by the Board of Directors

Subject matter: The 2016 Annual Business Report and Financial Statements of this Company.

Explanation: (1) The 2016 Annual Individual Financial Statements and Consolidated Financial Statements of this Company have been duly audited by the Certified Public Accountants of KPMG Taiwan, Steven Shih and Philip Tang, and an unqualified opinion report has been issued for filing. The said Financial Statements and unqualified opinion report have been submitted together with the 2016 Annual Business Report to the Audit Committee for review.

(2) The Audit Report, Individual and Consolidated Financial Reports (please refer to Appendix 4 from Page 15 to Page 26 of this Handbook) and Business Report (please refer to Appendix 1 from Page 9 to Page 11 of this Handbook) are enclosed.

(3) Submitted for ratification.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject matter: The 2016 Annual Earnings Distribution Plan of this Company.

Explanation: (1) The net profit after tax for the Company in 2016 is NTD 114,026,483, and after an appropriation of 10%, the statutory surplus reserve is NTD 11,402,648. An earnings distribution table is drafted for the remaining amount in accordance with the Company's "Articles of Incorporation". Please refer to Exhibit 5 on Page 27 of this Handbook for details. In view of the Company's operations and capital requirements, it is not planned to distribute dividends.

(2) The above is submitted for resolution.

Resolution:

V. Matters for Discussion

Proposal 1

Proposed by the Board of Directors

Subject matter: The amendment of some clauses in the “Operating Procedures of Acquisition or Disposal of Assets” of this Company.

Explanation: (1) It is planned to amend the relevant clauses of the Company’s “Operating Procedures for Acquisition or Disposal of Assets” in accordance with the provisions of the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies”, as amended by the Financial Supervisory Commission based on Letter Chin Kuan Cheng Fa Tzu No. 1060001296 on February 09, 2017. Please refer to Exhibit 6 on Pages 28 to 31 of the Comparison Table of Clauses Before and After Amendment for details.

(2) The above is submitted for resolution.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject matter: The issuance of new restricted employee shares.

Explanation: (1) To issue new restricted employee shares in accordance with the provisions of “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” promulgated by the Financial Supervisory Commission and Article 267 of the Company Act.

(2) Total issuance amount: 650,000 ordinary shares shall be issued at the par value of NTD 10 per share; the total issuance amount shall be NTD 6,500,000.

(3) Conditions for issuance:

1. Issuing price: NTD 0 per share.
2. Vesting conditions: According to the number of years of service of the employees eligible for allotment prescribed by the actual issuance regulations, and in compliance with the provisions of the Company’s “Provisions on Vesting Conditions for New Restricted Employee Shares in 2017”.
3. Handling method for employees who fail to fulfill the vesting conditions: In the event of any employee failing to fulfill the vesting conditions, the employee’s total number of shares that have not fulfilled the vesting conditions shall be withdrawn by the Company at no cost and revoked

thereafter.

(4) Employees' eligibility and number of shares allocated:

1. Limited to the full-time staff officially employed by the Company.
2. The actual employees eligible for shares allotment and the quantity of shares allotted shall be determined by the Chairman with reference to the rank, performance, overall contribution of the employees and other such factors, with the Company's operational requirements and business development strategy taken into account; and submitted to the Board of Directors for resolution thereafter. However, for employees serving as managers, this shall first be reported to the Remunerations Committee for approval.
3. The cumulative number of new restricted employee shares obtained by a single employee, in combination with the cumulative number of employee stock warrants issued by the Company under Article 56-1, Paragraph 1 of "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" that are subscribable by the said employee, shall not exceed 0.3% of the total issued shares. Furthermore, the above in combination with the cumulative number of shares subscribable by a single warrant holder of employee stock warrants issued by the Company under Article 56, Paragraph 1 of "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", may not exceed 1% of the total issued shares.

(5) Compelling reasons for this issuance of new restricted employee shares: To attract and retain the Company's outstanding professionals to jointly create growth for the Company, and long-term interests for employees and shareholders.

(6) The expensable amount, the dilution of the Company's earnings per share, and any other impact on shareholders' equity:

1. If all vesting conditions are met, the estimated maximum possible expensable amount is approximately NTD 195,000,000. The maximum possible expensable amounts per year for 2017-2020 are approximately NTD 70,005,000, NTD 84,329,000, NTD 32,666,000 and NTD 8,000,000, respectively; the maximum possible reduction amount of earnings per share of the Company is NTD 1.01, NTD 1.21, NTD 0.47 and NTD 0.12, respectively.

2. The Company estimates that revenue and profit will continue to grow in the next few years. Therefore, the overall assessment has limited information on the dilution of the Company's earnings per share for the next few years, but there should be no significant impact on the existing shareholders' equity.

(7) Other important stipulations:

1. Employees are not allowed to sell, pledge, transfer, give, pledge or otherwise dispose of the said new restricted employee shares after the allotment of new shares and before the fulfillment of the vesting conditions.
2. The attendance, proposal, speech, voting and voting rights, etc. related to the shareholders meeting shall be carried out in accordance with the custodial trust contract.
3. In addition to the aforementioned trust provisions, with regard to the new restricted employee shares allotted to employees based on this Regulations, prior to the fulfillment of vesting conditions, the other rights, which include but are not limited to, the rights to the allotment of dividends, bonuses and capital reserve, subscription rights and voting rights for cash injection, shall be the same as the ordinary shares issued by the Company, without any restrictions imposed.

(8) Other matters requiring explanation:

1. If this proposal is approved by resolution of the shareholders meeting, the Board of Directors shall be authorized to handle the application for issuance with the competent authorities in accordance with the relevant laws and regulations.
2. After this proposal is approved by resolution of the shareholders meeting, except when otherwise provided in the laws, the Board of Directors or its entrusted person shall be fully authorized to carry out amendments or implementation of any matters unaddressed in accordance with the relevant laws.

(9) Please refer to Exhibit 7 on Pages 32 to 34 of this Handbook for the Regulations on the Issuance of New Restricted Employee Shares.

(10) The above is submitted for resolution.

Resolution:

VI. Election Matters

Subject matter: Proposal on full re-election of the Company’s directors.

Proposed by the Board of Directors

Explanation: (1) Nine directors (including three independent directors) shall be elected this time in accordance with the provisions in Article 17 of the Company’s Articles of Incorporation.

(2) Newly-elected directors shall take office for a term of three years immediately after the election, starting from June 22, 2017 to June 21, 2020.

(3) The candidate nomination system shall be adopted for the independent directors of the Company, and the shareholders shall be elected from the list of candidates for independent directors. The candidates for the independent directors for this term of office have been reviewed and approved by the Board of Directors of the Company on May 05, 2017, and the list of candidates and their relevant information are as follows:

Nominee Category	Name of Nominee	Education Background	Work Experience	Current Position	Number of Shares Held
Independent director	Albert, Weng	Master of Business Administration, University of Southern California in the United States Bachelor of Business Administration, Department of Business, National Taiwan University College of Law	General Manager of Smith Barney Shearson, Inc. Person-in-charge of Lehman Brothers Securities Taiwan Ltd. Person-in-charge of Nomura Taiwan	Independent Director of Egis Technology Inc. Independent Director of Clientron Corp. Director of Lion Travel Service Co., Ltd. TPK Holding Co., Ltd. Independent director	23,000

Independent director	DJ, Liu	Ph.D. Student at the Institute of Electrical Engineering, The State University of New York at Stony Brook (Ph.D. Candidate) Masters Degree from the Institute of Electronics, National Chiao Tung University	Executive Deputy Manager of MediaTek Inc.	Independent director of Egis Technology Inc. Independent director of Leadtrend Technology Corporation	0
Independent director	Ta-Lun Huang	Masters Degree from University of Michigan -- Ann Arbor	Partner of AsiaVest Partners,TCW/YFY Ltd.	Chairman of GCS Holdings, Inc. Juristic Person Director of Global Device Technologies, Co., Ltd. Director of Parade Technologies, Ltd. Director of Amulaire Thermal Technology, Inc.	0

(4) The above is submitted for resolution.

Election results:

VII. Other Proposals

Subject matter: Proposal on lifting the non-competition restriction for this Company’s newly-elected directors and their representatives. Proposed by the Board of Directors

Explanation: (1) In accordance with the provisions in Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
(2) In view of operational needs and business considerations, the Company intends to relieve its newly-elected directors and their representatives from the restriction of non-competition within the same or similar business scope as the Company, provided that the interests of the business scope set out in the Articles of Incorporation of the Company are not affected in any way.
(3) The above is submitted for resolution.

Resolution:

VIII. Extemporary Motions

IX. Adjournment of Meeting

[Exhibit 1]

Egis Technology Inc. 2016 Business Report

In line with the trend of fingerprint recognition applications, the Company has achieved results in smart phone application development and business expansion. In addition to continual consolidation of existing customers, the Company is also committed to the development of new customers and mainstream market adjustments. Explanations on the 2016 Business Achievements and 2017 Business Plan are provided below.

1. 2016 Business Overview

(i) 2016 Business Plan Implementation Outcomes

With the support of all shareholders and the efforts of all staff, the Company has achieved preliminary results through active expansion into markets and its customer base, and development of new products. The consolidated operating revenue of the Company for 2016 amounted to NTD 1,673,268,000, representing an increase of NTD 1,138,821,000 compared with 2015, which has led to an increase in consolidated profit of NTD 114,707,000 in 2016.

(ii) Analysis of Operating Revenue and Expenditure and Profitability

The benefits generated from product transformation by the Company started to show in 2016, leading to a substantial increase in operating revenue from 2015, of which the revenue from hardware increased by NTD 1,262,905,000, the revenue from software decreased by NTD 78,850,000, and the revenue from technical services decreased by NTD 45,234,000, resulting in an increase of NTD 358,945,000 in consolidated gross operating profit from 2015. In the face of a significant increase in demand for fingerprint recognition in the smart phone market, the Company also actively consolidated its resources, expanded its business scale and enhanced R&D capabilities, resulting in an increase of NTD 159,603,000 in consolidated operating expenses compared with 2015, and an increase of NTD 203,616,000 in consolidated net profit after tax compared with 2015. Please refer to the Financial Statements appended for details on 2016 Financial Overview.

(iii) Status of Research and Development

Item	Research and Development Plan	Description of Plan
Algorithm	Small size algorithm(V2.5)	Sophisticated Matching Algorithm of Fingerprint IC Over A Small Area
	Finger/Near-Finger Image Identification method	Design of fingerprint and non-fingerprint recognition methods using software

	AlgorithmAPI mobile for Multi-Algorithm	Support for multiple fingerprint algorithm cores as well as API of ET32x series and ET5xx series IC
	Software navigation function	Design of software navigation mechanism
Software Product	WBF for ET32x/ET5xx	ProShield supports WBF (Windows 10)
	Android N Lib for ET32x, ET5xx	Lib kit for fingerprint ICs (ET32x series and ET5xx series) running on Android N normal mode and safe mode
	YunOS fingerprint lib	Normal-mode fingerprinting plan under YunOS 3.2 and YunOS 5.1, and integrated payment plan in safe mode (Beanpod TEEI) under YunOS 5.1
Embedded Product	i4R module	Supports M4 embedded fingerprint matching system under ET5xx series
	ETU801	Uses the fingerprint dongle on the NB
Hardware Product	ET700	Application of the optical fingerprint IC prototype under 700um cover glass
	ET610	Application of the capacitive fingerprint IC prototype under 120um ceramic cover
	ET508	AES-encrypted capacitive fingerprint IC prototype

2. Overview of 2017 Business Plan and Company Development Strategy

(i) Operational Strategy

With the development and gradual maturation of biometric technology and increase in demand for safety networks, fingerprint recognition is now the most mature technology out of all biometric technologies. It is also most extensively used. Since smart phones and mobile devices are used widely, the fingerprint chips are used in diverse manners in various industries, and the mobile payments is increasingly popular, the use and growth of fingerprint recognition will increase more rapidly. Therefore, the main business direction of the Company will be towards mobile devices and mobile phones. At the same time, it will consider the possibilities of integrating various biometric technologies in mobile phones and conducting product research and development to gain market opportunities, so as to be the first to enter the market.

Through self-development and mergers and acquisitions, the Company has gradually acquired major key technologies and patents related to fingerprint recognition, which has not only equipped it with advanced development technologies and expertise in upstream chip design and production, but has also empowered it with the ability for self-development of algorithms, as well as customer hardware and software application development and system integration capabilities. This enables the Company to provide a full range of products and services for different needs of customers, including those in the middle and

downstream sectors.

In line with market application demands, the Company has provided a complete product series. Furthermore, with its accumulated IC design experience and integrated technical capabilities, the Company has expanded the breadth and depth of the product line for product diversification, so as to meet the full range of customer needs. The Company has received recognition from first-line manufacturers for its overall market strategy, paving the way for gradual and steady development of the market.

(ii) Future Development Strategy of the Company

1. In the area of hardware development: to strengthen cooperation with customers. At the same time, the integration of software resources and engineering test field support should also comply with customer requirements. Therefore, continuous improvement is required in the recruitment and development of new engineering personnel.
2. In the area of process improvement: to work closely with wafer fabrication plants to achieve the objective of lowering cost by adopting more efficient methods.
3. In the area of new product development: to confirm specifications and pre-development implementation plans with customers as soon as possible.

Looking to 2017, with the introduction of new customers and new products, the spur of the handheld mobile device market, and the demand for mobile payments under the macro environment, the Company's scale of operations is expected to continue to expand. Furthermore, the future trend of hardware design will make deeper efforts towards environment protection in the areas of saving energy and reducing carbon. The Company will work with upstream and downstream manufacturers to develop products that match this goal, while fulfilling its corporate social responsibility. Egis will continue to implement the established strategy. With sharpness in market observation and a steady pace of development, the Company endeavors to create the greatest benefits for shareholders.

Chairman: Steve Ro

General Manager: Steve Ro

Accountant-in-charge: Kathy Huang

[Exhibit 2]

**Egis Technology Inc.
Audit Report by the Audit Committee**

The Board of Directors has prepared the 2016 Annual Business Report, financial statements and earnings distribution proposal, etc. of the Company, among which the financial statements have been entrusted to the Certified Public Accountants of KPMG Taiwan, Steven Shih and Philip Tang, for auditing; the accountants have completed the audit work and jointly issued the audit report. The aforementioned Business Report, financial statements and earnings distribution proposal have been audited by this Audit Committee and no irregularities were found. The report is provided above in accordance with the provisions in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Your review and approval is greatly appreciated.

This report is hereby provided for

2016 Annual General Meeting of Egis Technology Inc.

Audit committee convenor: Albert, Weng
March 21, 2017

[Exhibit 3]

Egis Technology Inc.
Implementation of 2016 Comprehensive Annual Business Plan

I. Financial Implementation

The net operating revenue of the Company for 2016 amounted to NTD 1,673,268,000, representing an increase of NTD 534,447,000 from 2015, which is equivalent to a growth of 213%. The net profit after tax for 2016 is NTD 114,026,000, representing an increase of 227% from the net loss after tax of NTD 89,590,000 in 2015. For the overall business performance, because the Company is certified for Samsung A5 and C7 models as well as orders for other series, the revenue increases substantially and the loss is turned into gain, with its earnings per share as NTD 1.66.

The analysis of the various financial ratios of the Company is shown below, and its business performance in 2016 has improved significantly compared to 2015.

Item		2015	2016
Financial structure	Liabilities to assets ratio	13.95	37.50
	Permanent capital to property, plant and equipment ratio	7,785.06	6,531.60
Solvency	Current ratio (%)	630.79	232.49
	Quick ratio (%)	554.01	168.75
	Interest coverage ratio	(151.88)	100.72
Profitability	Return on assets (%)	(7.68)	5.68
	Return on equity (%)	(8.90)	7.84
	Pre-tax profit to paid-in capital ratio (%)	(8.13)	22.82
	Pure rate of return (%)	(16.76)	6.81
	Earnings per share (NTD)	(1.44)	1.66

II. Business Implementation**1. Future Demand and Supply Situation and Growth of Products**

In view of the growth of the market, in addition to continuing to plow deeply into the Korean market, the Company will start to carry out active market layout with respect to the mainland market. In accordance with the procurement strategy of the mainland market, it is always desired to maintain more than two suppliers. With our current market in South Korea as the foundation, coupled with our advantages of product cost, patents and algorithms, we intend to break into the supply chain of mainland mobile phone manufacturers. In addition, the Company will actively cooperate with module manufacturers possessing technical and customer channels to expand the penetration of our business.

The mainland market's largest three online payment systems - CUP Mobile Payment,

Alipay and WeChat Pay, have completed the infrastructure construction for mobile payment operations, and are respectively integrated with Apple Pay and Samsung Pay, thus connecting them to the world. Furthermore, fingerprint recognition systems in mobile devices are required for payments on the three major online payment systems, so as to enhance the security of payment.

Therefore, the integration of fingerprint recognition into the mobile payment function is becoming an essential function in smart phones. Such trend is also gradually moving from the high-end smart phones to the low-end market, achieving full-scale market penetration. Apple, the first in the world to merge smart phones with online payments, introduced Apple Pay service along with the launch of iPhone 6 in October 2014. Subsequently, Samsung also introduced Samsung Pay service in August 2015. This, coupled with the mainland's largest three major online payment systems, has led to the gradual forming of the mobile payment environment with mobile phones as the tool. The integration of portable biometric devices such as fingerprint recognition chips into smart phones shows a promising future. It is estimated to reach a market size of US\$34B by 2020.

Looking to the future, in addition to providing more advanced products in the original field of capacitive fingerprint recognition chips, the Company also plans to develop more diverse hardware and software integrated solutions in the various fields of application based on its patented fingerprint recognition technology, and the details are specified below:

A. Fingerprint Recognition Chips and Modules

The Company will continue to use capacitive chips, together with the patented algorithm it has created upon research, to actively develop high-sensitivity, high-resolution, low-power-consumption and wear-resistant chips based on higher-order manufacturing process. In terms of product portfolio, the Company will adopt an even more active approach in expanding the product line, including the Swipe and Touch chips, so as to fully meet the huge demand of different customers and applications.

B. Integrated Application Solutions

① Financial Payments

Due to the rapid development of wireless networks, a variety of physical, virtual, online and offline financial transactions and payment methods are also emerging. In order to strengthen the security of transactions, major international financial institutions are actively looking for secure, fast and easy personal identification tools as anti-counterfeit security mechanisms for personal financial transactions or payments. The Company is also in active discussions with major international financial security agencies on collaborations in the development of integrated solutions with fingerprint recognition as the anti-counterfeit security mechanism for financial payments.

② Smart Cities

The development of the Internet has also created a huge demand for “smart cities”. For instance, the construction of various basic information of urbanization, such as: second-generation identity card, cloud government, home and city security, logistics management and information services can be incorporated into the Company’s solutions as personal identification mechanisms, giving rise to huge business opportunities for the future.

③Other Applications

The field of application of fingerprint recognition is not only limited to high-security-level anti-counterfeit security mechanisms. Fingerprint recognition can also serve as personal privacy protection functions, such as: password management of various accounts, database management, mailbox management, etc. of personal electronic devices. Furthermore, due to the absolute one-to-one feature of fingerprint recognition, it can even be introduced into all kinds of consumer electronics products, providing fast and convenient personalized management functions for one’s daily life; these include all devices that provide for personal needs such as wearable devices, access control, vehicle anti-theft devices and smart TV, etc.

2. Continuous Innovation:

i. Optical Fingerprint Recognition

In view of the demand for hidden fingerprint recognition modules at the bottom of the main screen of mobile phones, optical fingerprint recognition has become a technology that the Company will inevitably develop. Optical fingerprint recognition mainly uses the principle of light refraction and reflection. By pressing a finger against the mobile phone glass screen, light from the built-in source bounces off the finger to the optical device and upon processing by the optical device, it bounces back to the finger. In this case, the angle of refraction of the radiated light on fingerprint peaks and valleys at the finger surface and the shade of the reflected light will be different. The reflected light is cast on a light sensor (such as CMOS or CCD), which forms a digitized gray-scale fingerprint image that can be processed by the fingerprint algorithm. Optical fingerprint recognition devices have the advantages of strong anti-static ability, good system stability and long service life. They are able to provide high resolution images, in particular, to acquire fingerprint images over a relatively large area. However, where the area of fingerprint image acquisition is relatively large, the required focal length will be longer and the size of the acquisition device must also be bigger. Otherwise, the captured image will become linearly distorted.

In 2016, the Company began collaborating with industry-leading companies engaged in the business of optical fingerprint recognition devices to develop a new-generation optical fingerprint recognition module with photoelectric fingerprint recognition and heartbeat sensing functions. At this point, preliminary research and development results have been achieved, and they will be published during the MWC conference in 2017.

[Exhibit 4]

Independent Auditors' Report

To the Board of Directors
Egis Technology Inc.:

Opinion

We have audited the accompanying parent-company-only financial statements of Egis Technology Inc. (the "Company"), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the 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, 2016 and 2015, 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2016 are stated as follows:

1. Impairment of goodwill

Please refer to Note 4(l) "Impairment of non-financial assets" for the significant accounting policies on goodwill impairment, Note 5(a) "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of goodwill impairment and Note 6(g) "Intangible assets" for the related disclosures.

Description of key audit matter:

For impairment test, the recoverable amount of goodwill of relevant cash generating units involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: evaluating the appropriateness of the discount rates used by management in estimating the recoverable amounts of goodwill by comparing them to internal and independent sources; assessing the appropriateness of future cash flow estimation and key assumptions (which include the appropriateness of sales growth rate, gross margin rate and operating expense ratio); comparing the results of past forecast and actual operating performance to verify the appropriateness of the method used in predicting the future cash flows.

2. Valuation of inventories

Please refer to Note 4(g) "Inventories" for the significant inventory accounting policies, Note 5(b) "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation and Note 6(c) "Inventories" for the related disclosures.

Description of key audit matter:

The inventory of the Company is primarily the biometric fingerprint touch sensor to be integrated into the electronic products of the customers. Inventories are measured at the lower of cost and net realizable value. With the rapid development in technology, the advance of new electronic products may significantly affect customers' demands, which can lead to the obsolescence of the Company's inventory that may result in the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the inventory aging report; analyzing the fluctuation of aging inventory and selecting samples to verify their accuracy; inspecting the sales status of inventories during the subsequent period; evaluating whether the valuation of inventories was accounted for in accordance with the Company's accounting policies; performing a retrospective review of the Company's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to verify the appropriateness of the estimation and assumption used for inventory valuation.

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 the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identified and assessed 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. Obtained 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. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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. Evaluated the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided 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 determined 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 described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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 Wei-Ming Shih and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2017

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such 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.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC.

Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars , except for earnings per share)

	2016		2015	
	Amount	%	Amount	%
4000 Revenue (note 6(o))	\$ 1,673,268	100	534,447	100
5000 Costs of revenue (notes 6(e) and 12)	917,467	55	137,591	26
Gross profit	<u>755,801</u>	<u>45</u>	<u>396,856</u>	<u>74</u>
Operating expenses (notes 6(f)(g)(l)(j)(m)(p), 7 and 12):				
6100 Selling expenses	121,673	7	87,108	16
6200 Administrative expenses	95,866	6	88,336	17
6300 Research and development expenses	370,408	22	268,469	50
Total operating expenses	<u>587,947</u>	<u>35</u>	<u>443,913</u>	<u>83</u>
Operating income (loss)	<u>167,854</u>	<u>10</u>	<u>(47,057)</u>	<u>(9)</u>
Non-operating income and loss:				
7010 Other income (note 6(q))	20,503	1	9,309	2
7020 Other gains and losses, net (notes 6(q) and (s))	3,607	-	3,862	1
7050 Finance costs (note 6(q))	(1,592)	-	(364)	-
7060 Share of loss of subsidiaries accounted for equity method (note 6(e))	(31,830)	(2)	(21,400)	(4)
Total non-operating income and loss	<u>(9,312)</u>	<u>(1)</u>	<u>(8,593)</u>	<u>(1)</u>
Income (loss) before taxes	158,542	9	(55,650)	(10)
7950 Income tax expense (note 6(k))	44,516	2	33,940	7
Net income (loss)	<u>114,026</u>	<u>7</u>	<u>(89,590)</u>	<u>(17)</u>
Other comprehensive income :				
Items that may be reclassified subsequently to profit or loss				
8360 Exchange differences on translation of foreign operations (note 6 (l))	681	-	709	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
Total other comprehensive income for the year, net of taxes	<u>681</u>	<u>-</u>	<u>709</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ 114,707</u>	<u>7</u>	<u>(88,881)</u>	<u>(17)</u>
Earnings (loss) per share (in New Taiwan dollars) (note 6(n)) :				
9750 Basic earnings (loss) per share	<u>\$ 1.66</u>		<u>(1.44)</u>	
9850 Diluted earnings (loss) per share	<u>\$ 1.63</u>		<u>(1.44)</u>	

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC.

Statements of Changes in Equity
For the years ended December 31, 2016 and 2015
(expressed in thousands of New Taiwan Dollars)

	Common stock	Common stock subscribed	Capital Surplus	Unappropriated earnings (accumulated deficit)	Foreign currency translation differences	Total equity
Balance at January 1, 2015	\$ 621,493	-	268,502	(230,159)	4,456	664,292
Decrease in capital surplus to offset accumulated deficit	-	-	(230,159)	230,159	-	-
Issuance of new shares for cash	62,910	-	660,555	-	-	723,465
Issuance of common stock from exercise of employee stock options	290	-	-	-	-	290
Compensation cost of employee stock options	-	-	50,764	-	-	50,764
Net loss in 2015	-	-	-	(89,590)	-	(89,590)
Other comprehensive income in 2015	-	-	-	-	709	709
Total comprehensive income (loss) in 2015	-	-	-	(89,590)	709	(88,881)
Balance at December 31, 2015	684,693	-	749,662	(89,590)	5,165	1,349,930
Decrease in capital surplus to offset accumulated deficit	-	-	(89,590)	89,590	-	-
Issuance of common stock from exercise of employee stock options	3,700	7,180	50,098	-	-	60,978
Compensation cost of employee stock options	-	-	32,455	-	-	32,455
Net income in 2016	-	-	-	114,026	-	114,026
Other comprehensive income in 2016	-	-	-	-	681	681
Total comprehensive income in 2016	-	-	-	114,026	681	114,707
Balance at December 31, 2016	\$ 688,393	7,180	742,625	114,026	5,846	1,558,070

Note : For the year ended December 31, 2016, the Company estimated its remuneration to directors and employees amounting to \$1,675 and \$8,375, respectively, recognized as cost of operating expenses. The Company incurred a net loss in 2015; hence, no remuneration is accrued.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities:		
Income (loss) before income taxes	\$ 158,542	(55,650)
Adjustments for:		
Depreciation	14,320	11,297
Amortization	5,818	2,276
Interest expense	1,592	364
Interest income	(5,235)	(3,695)
Compensation cost of employee stock options	32,455	50,764
Share of loss of subsidiaries accounted for equity method	31,830	21,400
Property, plant and equipment charged to expenses	-	2,105
	<u>80,780</u>	<u>84,511</u>
Changes in operating assets and liabilities:		
Accounts receivable	(326,548)	(70,658)
Other receivables to related parties	-	17
Inventories	(397,460)	(128,956)
Prepayments and other current assets	(29,737)	(9,126)
Notes and accounts payable	393,306	66,008
Other payables to related parties	-	(9,850)
Other payables	57,766	41,999
Total changes in operating assets and liabilities	<u>(302,673)</u>	<u>(110,566)</u>
Cash used in operations	(63,351)	(81,705)
Interest received	3,220	4,240
Interest paid	(1,477)	(364)
Income taxes paid	(40,652)	(50,128)
Net cash used in operating activities	<u>(102,260)</u>	<u>(127,957)</u>
 Cash flows from investing activities:		
Increase in financial assets carried at cost	(20,000)	-
Purchase of investments accounted for using equity method	(47,512)	(18,417)
Additions to property, plant and equipment	(17,168)	(16,900)
Additions to intangible assets	(76,563)	(1,044)
Decrease (increase) in other financial assets	(165,085)	133,548
Decrease (increase) in refundable deposits	(2,438)	(37)
Net cash provided by (used in) investing activities	<u>(328,766)</u>	<u>97,150</u>
 Cash flows from financing activities:		
Issuance of new shares for cash	-	723,465
Proceeds from short-term borrowings	363,132	60,000
Decrease in short-term borrowings	(140,439)	(30,000)
Proceeds from exercise of employee stock options	60,978	290
Net cash provided by financing activities	<u>283,671</u>	<u>753,755</u>
Net increase in cash and cash equivalents	(147,355)	722,948
Cash and cash equivalents at beginning of year	<u>985,580</u>	<u>262,632</u>
Cash and cash equivalents at end of year	<u>\$ 838,225</u>	<u>985,580</u>

Independent Auditors' Report

The Board of Directors
Egis Technology Inc.:

Opinion

We have audited the consolidated financial statements of Egis Technology Inc. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, 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 the Group as of December 31, 2016 and 2015, 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 the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance 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 Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2016 are stated as follows:

1. Impairment of goodwill

Please refer to Note 4(l) "Impairment of non-financial assets" for the significant accounting policies on goodwill impairment, Note 5(a) "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of goodwill impairment and Note 6(f) "Intangible assets" for the related disclosures.

Description of key audit matter:

For impairment test, the recoverable amount of goodwill of relevant cash-generating units involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: evaluating the appropriateness of the discount rates used by management in estimating the recoverable amounts of goodwill by comparing them to internal and independent sources; assessing the appropriateness of future cash flow estimation and key assumptions (which include the appropriateness of sales growth rate, gross margin rate and operating expense ratio); comparing the results of past forecast and actual operating performance to verify the appropriateness of the method used in predicting the future cash flows.

2. Valuation of inventories

Please refer to Note 4(h) "Inventories" for the significant accounting policies, Note 5(b) "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation and Note 6(c) "Inventories" for the related disclosures.

Description of key audit matter:

The inventory of the Group is primarily the biometric fingerprint touch sensor to be integrated into the electronic products of the customers. Inventories are measured at the lower of cost and net realizable value. With the rapid development in technology, the advance of new electronic products may significantly affect customers' demands, which can lead to the obsolescence of the Group's inventory that may result in the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the inventory aging report; analyzing the fluctuation of aging inventory and selecting samples to verify their accuracy; inspecting the sales status of inventories during the subsequent period; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to verify the appropriateness of the estimation and assumption used for inventory valuation.

Other Matter

Egis Technology Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unqualified audit 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 with the IFRSs, IASs, interpretation as well as related guidance 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 the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identified and assessed 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. Obtained 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 Group's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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 Group'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 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated 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. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remained solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided 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 determined 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 described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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 Wei-Ming Shih and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2017

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The 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 auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars)

	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015			
	Amount	%	Amount	%	Amount	%	Amount	%		
Assets										
Current assets:										
1100 Cash and cash equivalents (notes 6(a) and (q))	\$ 859,795	35	989,705	63	2100	Short-term borrowings (notes 6(g)(q)(r) and 8)	\$ 252,693	10	30,000	2
1170 Accounts receivable, net (notes 6(b) and (q))	407,697	16	81,149	5	2170	Notes and accounts payable (notes (q) and (r))	468,119	19	74,813	5
130X Inventories (note 6(c))	548,791	22	151,331	10	2399	Other payables (notes (o)(q)(r) and 9)	212,891	9	113,961	7
1470 Prepayments and other current assets	46,399	2	16,644	1		Total current liabilities	933,703	38	218,774	14
1476 Other financial assets - current (notes 6(e)(q) and 8)	308,112	12	141,178	9		Non-current liabilities:				
Total current assets	2,170,794	87	1,380,007	88	2570	Deferred income tax liabilities (note 6(i))	1,285	-	-	-
Non-current assets:						Total non-current liabilities	1,285	-	-	-
1543 Financial assets carried at cost - non-current (notes 6(d) and (q))	20,000	1	-	-		Total liabilities	934,988	38	218,774	14
1600 Property, plant and equipment (note 6(e))	23,874	1	17,340	1		Equity attributable to owners of parent (notes 6(k) and (l)):				
1780 Intangible assets (note 6(f))	217,156	9	114,141	7	3110	Common stock	688,393	28	684,693	44
1840 Deferred income tax assets (note 6(i))	55,204	2	53,919	4	3140	Common stock subscribed	7,180	-	-	-
1995 Other non-current assets (note 6(q))	6,050	-	3,297	-	3200	Capital surplus	742,625	30	749,662	48
Total non-current assets	322,264	13	188,697	12	3300	Unappropriated earnings (accumulated deficit)	114,026	4	(89,590)	(6)
					3400	Other reserves	5,846	-	5,165	-
						Total equity	1,558,070	62	1,349,939	86
Total assets	\$ 2,493,058	100	1,568,704	100		Total liabilities and equity	\$ 2,493,058	100	1,568,704	100

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars , except for earnings per share)

	2016		2015	
	Amount	%	Amount	%
4000 Revenue (notes 6(n) and 14)	\$ 1,673,268	100	534,447	100
5000 Costs of revenue (notes 6(c)(e) and 12)	917,467	55	137,591	26
Gross profit	755,801	45	396,856	74
Operating expenses (notes 6(e)(f)(h)(i)(l)(o), 7 and 12):				
6100 Selling expenses	134,793	8	103,211	19
6200 Administrative expenses	96,029	6	88,499	17
6300 Research and development expenses	388,960	23	268,469	50
Total operating expenses	619,782	37	460,179	86
Operating income (loss)	136,019	8	(63,323)	(12)
Non-operating income and loss:				
7010 Other income (note 6(p))	20,720	1	10,088	2
7020 Other gains and losses, net (notes 6(p) and (r))	3,605	-	3,041	1
7050 Finance costs (note 6(p))	(1,592)	-	(364)	-
7675 Loss on impairment of intangible assets (note 6(f))	-	-	(5,092)	(1)
Total non-operating income and loss	22,733	1	7,673	2
Income (loss) before taxes	158,752	9	(55,650)	(10)
7950 Income tax expense (note 6(j))	44,726	2	33,940	7
Net income (loss)	114,026	7	(89,590)	(17)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
8360 Exchange differences on translation of foreign operations (note 6 (k))	681	-	709	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	681	-	709	-
Other comprehensive income for the year, net of taxes	681	-	709	-
Total comprehensive income (loss) for the year	\$ 114,707	7	(88,881)	(17)
Earnings (loss) per share (in New Taiwan dollars) (note 6(m)) :				
9750 Basic earnings (loss) per share	\$ 1.66		(1.44)	
9850 Diluted earnings (loss) per share	\$ 1.63		(1.44)	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars)

	Common stock	Common stock subscribed	Capital Surplus	Unappropriated earnings (accumulated deficit)	Foreign currency translation differences	Total equity
Balance at January 1, 2015	\$ 621,493	-	268,502	(230,159)	4,456	664,292
Decrease in capital surplus to offset accumulated deficit	-	-	(230,159)	230,159	-	-
Issue of new shares for cash	62,910	-	660,555	-	-	723,465
Issuance of common stock from exercise of employee stock options	290	-	-	-	-	290
Compensation cost of employee stock options	-	-	50,764	-	-	50,764
Net loss in 2015	-	-	-	(89,590)	-	(89,590)
Other comprehensive income in 2015	-	-	-	-	709	709
Total comprehensive income (loss) in 2015	-	-	-	(89,590)	709	(88,881)
Balance at December 31, 2015	684,693	-	749,662	(89,590)	5,165	1,349,930
Decrease in capital surplus to offset accumulated deficit	-	-	(89,590)	89,590	-	-
Issuance of common stock from exercise of employee stock options	3,700	7,180	50,098	-	-	60,978
Compensation cost of employee stock options	-	-	32,455	-	-	32,455
Net income in 2016	-	-	-	114,026	-	114,026
Other comprehensive income in 2016	-	-	-	-	681	681
Total comprehensive income in 2016	-	-	-	114,026	681	114,707
Balance at December 31, 2016	\$ 688,393	7,180	742,625	114,026	5,846	1,558,070

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities:		
Income (loss) before income taxes	\$ 158,752	(55,650)
Adjustments for:		
Depreciation	14,534	11,544
Amortization	5,818	2,276
Interest expense	1,592	364
Interest income	(5,282)	(3,733)
Compensation cost of employee stock options	32,455	50,764
Reclassification of property, plant and equipment into expenses	-	2,105
Impairment loss on intangible assets	-	5,092
	49,117	68,412
Changes in operating assets and liabilities:		
Accounts receivable	(326,548)	(70,658)
Inventories	(397,460)	(128,956)
Prepayments and other current assets	(29,961)	(9,026)
Notes and accounts payable	393,306	66,008
Other payables to related parties	-	(9,850)
Other payables	59,887	39,896
Total changes in operating assets and liabilities	(300,776)	(112,586)
Cash used in operations	(92,907)	(99,824)
Interest received	3,266	4,277
Interest paid	(1,477)	(364)
Income taxes paid	(40,862)	(50,128)
Net cash used in operating activities	(131,980)	(146,039)
Cash flows from investing activities:		
Acquisition of financial assets carried at cost	(20,000)	-
Acquisition of property, plant and equipment	(18,062)	(17,096)
Additions to intangible assets	(76,563)	(1,044)
Decrease (increase) in other financial assets	(164,918)	124,023
Decrease (increase) in refundable deposits	(2,711)	871
Net cash provided by (used in) investing activities	(282,254)	106,754
Cash flows from financing activities:		
Issuance of new shares for cash	-	723,465
Proceeds from short-term borrowings	363,132	60,000
Decrease of short-term borrowings	(140,439)	(30,000)
Proceeds from exercise of employee stock options	60,978	290
Net cash provided by financing activities	283,671	753,755
Effects of foreign exchange rate changes	653	687
Net increase (decrease) in cash and cash equivalents	(129,910)	715,157
Cash and cash equivalents at beginning of year	989,705	274,548
Cash and cash equivalents at end of year	\$ 859,795	989,705

[Exhibit 5]

**Egis Technology Inc.
2016 Earnings Distribution Table**

Unit: NTD'000

Item	Amount
Undistributed earnings at the beginning of period	0
Actuarial loss included in retained earnings (explanation)	0
Undistributed earnings after adjustment	0
Net profit after tax for current period	114,026,483
Less: Appropriation to legal reserve	11,402,648
Earnings available for distribution in current period	102,623,835
Undistributed earnings at the end of period	102,623,835

Chairman:

Manager:

Accountant-in-charge:

[Appendix 1]

Egis Technology Inc. **Articles of Incorporation of the Company**

Article 1: The Company is organized in accordance with the provisions of the Company Act. It is known as “神盾股份有限公司”, with its English name as “Egis Technology Inc.”.

Article 2: The businesses conducted by the Company are:

1. I301010 Information software services.
2. I301020 Information process services.
3. I301030 Electronic information supply services.
4. I501010 Product designing.
5. F401010 International trade.
6. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is incorporated in Taipei. The Board of Directors may, by resolution, approve the establishment of branches, offices or liaison offices at home and abroad; and the cancellation or modification of such establishment shall also be conducted based on the resolutions of the Board of Directors.

Article 4: The method of public announcements by the Company shall be handled in accordance with the provisions of Article 28 of the Company Act.

Article 5: When the Company invests in another company and becomes a shareholder of limited liability, its total investment amount may exceed 40% of the Company's paid-up capital.
The Company may provide endorsement or guarantee to external parties for business or investment relations needs.

Chapter 2 Share Capital

Article 6: The total capital of the Company shall be NTD 1,000,000,000, divided into 100,000,000 shares of NTD 10 each, to be issued in separate trenches; and the Board of Directors is authorized to issue the un-issued shares based on actual needs.

Out of the total capital amount above, NTD 50,000,000 shall be divided into 5,000,000 shares with a par value of NTD 10 per share, to be issued as stock warrants for employees to subscribe; and such issuance in separate trenches shall be based on the resolutions of the Board of Directors.

The issuance of stock warrants to the Company's employees need not be subject to the exercise price restriction set out in Article 53 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, provided that the consent of at least two-thirds of the voting rights represented at a

shareholders meeting attended by shareholders representing a majority of the total issued shares is obtained.

Article 7: The share certificates of the Company shall be in registered form, and prior to their issuance, they shall be signed by or affixed with the seals of no less than three Directors of the Company, and be certified pursuant to the law.

The Company may be exempted from printing any share certificate for the shares issued, but the Company shall ensure that a recordation of the issuance of such shares is made with a centralized securities custody enterprise/ institution.

Article 8: The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of an annual general meeting, or within 30 days prior to the convening date of an extraordinary general meeting, or within five days prior

Article 9: to the record date fixed by the Company for distribution of dividends and bonuses or other benefits.

The Company shall handle the shareholder services according to the provisions of "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority, in addition to the relevant laws and regulations.

Chapter 3 Shareholders Meetings

Article 10: Shareholders' meetings are of two types, namely annual general meetings and extraordinary general meetings. Annual general meetings shall be convened at least once a year by the Board of Directors according to the law within six months after the close of each fiscal year. Extraordinary general meetings shall be convened whenever necessary according to the law.

Article 11: If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or is unable to exercise his duties and powers for any reason, its proxy shall act in accordance with the provisions in Article 208 of the Company Act. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 12: If any shareholder of the Company is unable to attend a shareholders meeting in person, the shareholder may appoint a proxy to attend the meeting by providing the power of attorney issued by the Company, stating therein the scope of power authorized to the proxy. The manner in which the shareholders of the Company authorize proxies for attendance at shareholders meetings shall be handled according to the provisions of "Regulations Governing the Use of Powers of Attorney for Attendance at Shareholders Meetings of Public Companies" promulgated by the competent authority, in addition to Article 177 of the Company Act and other relevant laws and regulations.

Article 13: Unless otherwise provided in the Company Act or other laws, the respective shareholders of the Company shall be entitled to one vote for each share held, except for the shares deemed as non-voting shares under Article 179 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.

Article 14: Except when otherwise provided in the relevant laws, resolutions at a shareholders' meeting shall be adopted by a majority vote of the attending shareholders, who represent more than one-half of the total number of issued shares.

Article 15: Matters related to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic format.

The meeting minutes stated above may be distributed by means of a public announcement.

Article 16: Where the Company is organized by the government or a single juristic person shareholder, the duties and powers of the shareholders meeting shall be exercised by the Board of Directors, to which the provisions governing the shareholders meeting as set out in this Articles of Incorporation shall not apply.

Chapter 4 Directors and Audit Committee

Article 17: The Company shall have 5-9 Directors to be elected at the shareholders meeting from among the individuals of legal capacity, with the term of three years. All Directors shall be eligible for re-election.

The Company shall elect independent directors from the aforementioned list, and there shall be at least three independent directors, representing at least one-fifth of the seats of directors. A candidate nomination system shall be adopted, and the independent directors shall be elected from the list of independent director candidates by the shareholders. With regard to the professional qualifications, shareholding, moonlighting restrictions, nomination and election method, and other compliance requirements related to the independent directors, they shall be handled according to the relevant regulations of the competent authority.

Article 18: The Directors shall constitute the Board of Directors and shall elect one Chairman and one Vice-chairman of the Board from among themselves by the consent of a majority at a meeting attended by at least two-thirds of the Directors. The Chairman shall internally preside the shareholders meetings and Board meetings, and shall externally represent the Company; and shall execute his duties and powers according to the law.

Article 19: Board meetings shall be convened by the Chairman, unless otherwise provided in the Company Act. Except when otherwise provided in the Company Act, resolutions at a Board meeting shall be adopted by the consent of a majority of the directors present at the meeting.

The Board meetings shall be convened at least once a quarter. The reasons for convening a Board meeting shall be specified in a notice served to every director seven days in advance. However, a Board meeting may be convened at any time in emergency situations. The notice on the convening of a Board meeting of the Company may be served by correspondence, e-mail or fax.

A Board meeting may be convened via video conferencing, and the directors taking part in such video conference shall be deemed to have attended the meeting in person.

Where the Chairman is on leave or is unable to exercise his duties and powers for any reason, his proxy shall act according to the provisions in Article 208 of the Company Act.

If any director is unable to attend a Board meeting in person, the director may appoint another director to attend the meeting as his proxy through a power of attorney, provided that the scope of power authorized to the proxy is clearly stated in the power of attorney each time. Independent directors shall attend the Board meetings in person or appoint other independent directors to attend on their behalf. A proxy under the preceding paragraph may accept authorization from one person only.

Article 20: Remunerations of all directors shall be determined and paid by the Board of Directors as authorized by the Company, according to the degree of participation in the operations of and contribution to the Company, and with reference to the standard as generally adopted by the enterprises of the same industry, regardless of whether the Company is experiencing a loss in business.

Article 21: The Company shall authorize the Board of Directors to purchase liability insurance covering the liability for compensation to be assumed by all directors for the scope of business conducted within their term of office in accordance with the law.

Article 21-1: The Company may establish functional committees under the Board of Directors, and the establishment and duties and powers of the relevant committees shall be carried out according to the regulations prescribed by the competent authorities.

Article 21-2: The Company shall establish an audit committee comprising all independent directors according to Article 14-4 of the Securities and Exchange Act. The audit committee and the exercise of duties and powers by its members, as well as other related matters shall be subject to the provisions of the Securities and

Article 21-3: Exchange Act and relevant laws.

Matters related to the resolutions of a shareholders meeting shall be recorded

in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting.

Chapter 5 Managers

Article 22: The Company may establish positions for chief executive officer, general manager and deputy general manager, and their appointment, dismissal and remunerations shall be handled in accordance with the provisions of Article 29 of the Company Act.

Chapter 6 Accounting

Article 23: The Company's fiscal year shall be from January 01 to December 31. The Board of Directors shall prepare the business report, financial statements and proposal for earnings distribution or loss offsetting at the end of each fiscal year, and submit them to the Audit Committee for review thirty days prior to the convening of the annual general meeting, followed by ratification thereof at the annual general meeting.

Article 24: If the Company makes a profit in the year (the so-called profit refer to the pre-tax profit before the deduction of remunerations payable to the employees and directors), it shall set aside no less than 5% of the profits for employee remunerations and no more than 1% for director remunerations. However, if the Company has accumulated losses (including the adjustment of undistributed earnings amount), the amount for offsetting should first be retained. The employee remunerations stated above may be paid in the form of shares or cash, and the object of payment shall include the employees of subsidiaries who meet the conditions set by the Board of Directors. The director remunerations stated above may only be paid in the form of cash. The two items above shall be handled according to the resolutions of the Board of Directors and reported at the shareholders meeting.

Article 24-1: After the closing of accounts for the year, if there is net profit after tax for the current period, the Company shall first pay the taxes, make up for accumulated losses (including adjustment of undistributed earnings amount), and then set aside 10% of the said profits as legal reserve; where such legal reserve amounts to the total paid-in capital of the Company, this provision shall not apply. The company shall also set aside or reverse another sum as special reserve in accordance with the law or regulations of competent authorities. The Board of Directors shall draft an earnings distribution proposal for the remaining earnings amount, as well as the undistributed earnings at the beginning of the period (including the adjustment of undistributed earnings amount), and submit it for resolution at the shareholders meeting for the distribution of dividends and bonuses to the shareholders. The Company's dividends policy is in line with the current and future development plans, with the investment environment, capital requirements and

domestic and international competition, as well as the interests of shareholders and other such factors taken into account; and with reference to the general standard of dividends issuance in the same industry and capital market as the basis for dividends issuance. Dividends and bonuses may be distributed in the form of cash or shares, of which cash dividends shall be no less than 20% of the total shares.

Chapter 7 Supplementary Provisions

Article 25: In the event of any cancellation of public offering by the Company, this shall be handled in accordance with the provisions of Article 156 of the Company Act.

Article 26: For all matters not addressed in this Articles of Incorporation, they shall be handled according to the Company Act and other relevant laws and regulations.

Article 27: This Articles of Incorporation was concluded on December 11, 2007.

The first amendment was made on December 26, 2007.

The second amendment was made on February 25, 2008.

The third amendment was made on May 05, 2008.

The fourth amendment was made on May 28, 2008.

The fifth amendment was made on June 04, 2010.

The sixth amendment was made on September 24, 2010.

The seventh amendment was made on June 15, 2011.

The eighth amendment was made on June 15, 2012.

The ninth amendment was made on December 10, 2013.

The tenth amendment was made on October 17, 2014.

The eleventh amendment was made on June 28, 2016.

[Appendix 2]

Egis Technology Inc.

Rules of Procedure for Shareholders Meetings

Article 1

The Rules of Procedure for the Company's shareholders meetings, except as otherwise provided by the laws and regulations, or the Articles of Incorporation, shall be exercised as provided in these Rules.

Article 2

Unless otherwise provided by the laws and regulations, the Company's shareholders meetings shall be convened by the Board of Directors.

After the public offering of the Company's shares, the Company shall prepare electronic versions of the shareholders meeting notice and power of attorney, and the subject matters of and explanatory materials related to all proposals, including proposals for ratification, matters for discussion, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of an annual general meeting or 15 days before the date of an extraordinary general meeting. The Company shall prepare electronic versions of the meeting handbook and supplemental meeting materials of the shareholders meeting and upload them to the MOPS 21 days before the date of the annual general meeting or 15 days before the date of the extraordinary general meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall ensure that the meeting handbook and supplemental meeting materials for the said meeting have been properly prepared and made available for viewing by shareholders at any time. The meeting handbook and supplemental meeting materials shall also be displayed at the Company and its appointed professional shareholder services agencies, as well as being distributed on-site at the meeting venue. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement; with the consent of the addressee, the meeting notice may be served in the electronic format.

Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the company, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda. Prior to the book closure date before an annual general meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for

submission of shareholder proposals shall not be less than 10 days. Proposals submitted by shareholders are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and participate in discussion of the said proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting, the Board of Directors shall explain the reasons for the exclusion of any shareholder proposals from the meeting agenda.

Article 3

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for holding a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 4

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or is unable to exercise his duties and powers for any reason, the Vice-chairman shall act on behalf of the Chairman. If there is no Vice-chairman or the Vice-chairman is also on leave or is unable to exercise his duties and powers for any reason, the Chairman shall appoint one of the managing directors to act as chair. If there are no managing directors, one of the directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as the chairman, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more, and understands the financial and business situation of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors, and at least one member of each functional committee as representative of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

Article 5

If any shareholder of the Company is unable to attend a shareholders meeting in person, the shareholder may appoint a proxy to attend the meeting by providing the power of attorney issued by the Company, stating therein the scope of power authorized to the proxy.

Except for trust enterprises or shareholder services agencies approved by the competent securities authority, when a person who acts as the proxy for two or more shareholders,

the number of voting power represented by him/her shall not exceed 3% of the total number of issued voting shares of the company, otherwise, the portion of excessive voting powers shall not be counted.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such power of attorney to the Company five days prior to the meeting date of the shareholders' meeting. In case two or more powers of attorney are served, the first one delivered to the Company shall prevail, unless an explicit statement to revoke the previous proxy appointment is made.

After a power of attorney has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise his voting power by correspondence or electronic means, a proxy rescission notice shall be served to the Company two days prior to the date of the shareholders' meeting. If the proxy rescission notice is not served in time, the voting power exercised by the proxy at the meeting shall prevail.

Article 6

The time during which shareholder attendance registrations will be accepted by the Company shall be at least 30 minutes prior to the time of commencement of the meeting. The venue at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

During the shareholders meetings held by the Company, the Company shall furnish the attending shareholders or their proxies with an attendance book for signing in, or the attending shareholders may submit a sign-in card in lieu of signing in.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other supporting documents of attendance. The Company may not arbitrarily add requirements for the provision of other supporting documents beyond those showing eligibility of attendance presented by the shareholders. Solicitors soliciting powers of attorney shall also bring identification documents for verification.

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend a shareholders meeting as proxy, it may designate only one person to represent it in the meeting.

Article 7

Attendance at shareholders meetings shall be calculated based on the numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards submitted, plus the number of shares whose voting rights are exercised by correspondence or electronic means.

Article 8

The Chairman shall call the meeting to order at the appointed meeting time when the meeting is attended by shareholders representing more than half of the total number of issued shares. If the quorum is not met, the Chairman may announce a deferment of the meeting. Such deferment is restricted to a maximum of two times and the total time of such deferments shall not exceed one hour.

If the quorum is still not met after two deferments, but the attending shareholders

represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. All shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

Article 9

A shareholder of the Company shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed as non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting, but the voting right that may be exercised shall be calculated on the basis of the total number of shares it holds.

A shareholder who has a personal interest in any matter under discussion at a meeting, which may impair the interests of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, the said shareholder will be deemed to have waived his rights with respect to the Extemporaneous Motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall serve a declaration of intent to the Company two days before the date of the shareholders meeting. Where duplicate declarations of intent are served, the one received earliest shall prevail, except when a declaration is made to revoke the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be served to the Company, via the same means by which the voting rights were exercised, two days before the date of the shareholders meeting. If the notice of retraction is not served in time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Article 10

The Company may designate attorneys, certified public accountants, or relevant personnel appointed by it to attend a shareholders meeting in a non-voting capacity.

Article 11

The Company shall make uninterrupted audio and video recordings for the entire course of the shareholders meeting, and the recorded materials shall be retained for at least 1 year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act,

the recording shall be retained until the conclusion of the said lawsuit.

Article 12

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors. The Chairman may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda set out in the two paragraphs above (including Extemporaneous Motions), except by a resolution of the shareholders meeting. If the Chairman declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by the agreement of a majority of the votes represented by the attending shareholders, and continue the meeting thereafter.

The Chairman shall allow ample opportunities during the meeting for explanation and discussion of proposals, and of amendments or Extemporaneous Motions put forward by the shareholders. When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

Article 13

Before speaking, an attending shareholder or proxy must specify on a speaker's slip the subject of the speech, his shareholder account number or attendance card number and account name. The order in which shareholders speak will be decided by the Chairman.

An attending shareholder or proxy who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject stated on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the shareholder that has the floor. The Chairman shall stop any such violation.

Article 14

When there is an amendment or an alternative to a proposal, or other proposals raised through Extemporaneous Motions by a shareholder or proxy, it shall be seconded by other shareholders or proxies, and the same applies for amendment of the meeting agenda or motion for adjournment of meeting.

Article 15

Except with the consent of the Chairman, a shareholder or proxy may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the provisions in the preceding paragraph or exceeds the scope of the agenda item, the Chairman may terminate the speech.

Article 16

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

If a juristic person shareholder appoints two or more representatives to attend the shareholders meeting, only one representative may speak on the same proposal.

Article 17

After the speech of a shareholder, the Chairman may respond in person or appoint a relevant personnel to respond.

Article 18

When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

Article 19

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting shall be conducted in public at the venue of the shareholders meeting. The results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record shall be made.

Article 20

When a meeting is in progress, the Chairman may set time for breaks at his discretion.

Article 21

Except as otherwise provided in the Company Act and the Articles of Incorporation of the Company, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

If the Chairman of the meeting inquires of the opinions of all attending shareholders and receives no objection to the proposal, the motion is deemed passed, with equivalent force as a resolution by vote.

If there is objection, the proposal shall be submitted for discussion and voting again, but no further objection may be raised after the Chairman announced the resolution upon inquiry with all attending shareholders and no objection was raised.

Article 22

When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 23

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.

The Chairman may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "Proctor."

At the venue of a shareholders meeting, if a shareholder attempts to speak through any equipment other than the public address equipment set up by the Company, the Chairman may prevent the shareholder from doing so.

Where a shareholder violates the Rules of Procedure and defies the Chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the Chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 24

Matters related to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic format, and in accordance with the provisions of the Company Act.

Companies with public offering of shares may distribute the meeting minutes stated above by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

With regard to the method of resolution in the preceding paragraph, if the Chairman of the meeting inquires of the opinions of all shareholders and the shareholders have no objection to the proposal, "the resolution is passed after the Chairman has inquired of the opinions of all attending shareholders and no objection was raised" shall be stated; however, if there is objection to the proposal by the shareholders, the method of voting and the electoral vote count and proportion of the votes shall be stated.

Article 25

When a meeting is in progress, the Chairman may set time for breaks at his discretion. If a force majeure event occurs, the Chairman may rule the meeting temporarily suspended and in view of the circumstances, announce a time when the meeting will be resumed.

If the meeting venue is no longer available for continued use at the appointed time and not all of the items (including Extemporaneous Motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with the provisions in Article 182 of the Company Act.

Article 26

In the case of election of directors during the shareholders meeting, the election shall be handled according to the relevant election procedures formulated by the Company and the results shall be announced on-site at the meeting, including the list of elected directors and the electoral vote count.

The ballots for the electoral item in the preceding paragraph shall be sealed and signed by the vote monitoring personnel and properly safe-kept for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the said lawsuit.

Article 27

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Article 28

These Rules were formulated on June 30, 2008.

The first amendment was made on June 15, 2012.

The second amendment was made on December 10, 2013.

The third amendment was made on October 17, 2014.

The fourth amendment was made on June 30, 2015.

[Appendix 3]

Egis Technology Inc.

Procedures for Election of Directors and Independent Directors

1. These Procedures are formulated in accordance with the provisions of the Company Act, Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Articles of Incorporation of the Company. The election of the directors (including independent directors) of the Company, except when otherwise provided in the laws or Articles of Incorporation, shall be conducted according to the provisions of these Procedures.
2. The election of the directors (including independent directors) of the Company shall be held at the shareholders' meeting.
3. The qualifications of the independent directors of the Company shall comply with the provisions in Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
The election of independent directors of the Company shall comply with the provisions in Articles 5, 6, 7, 8 and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and shall be conducted according to the provisions in Article 24 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".
4. Elections of the independent directors of the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
5. The cumulative voting method shall be used for election of the directors and independent directors of the Company. Attendance card numbers printed on the ballots may be used instead of recording the names of the voters. Each share will have voting rights in number equal to the directors to be elected. The Board of Directors shall prepare ballots in numbers corresponding to the directors to be elected, which shall then be distributed to the respective shareholders. The ballot stated above may be cast for a single candidate or split among multiple candidates.
6. The election of the directors and independent directors of the Company shall be conducted together based on the number of directors and independent directors specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes; where two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.
7. The Board of Directors shall prepare ballots in numbers equivalent to the directors to be elected, serialize them according to the attendance card numbers and indicate the voting rights of each shareholder.
8. Before the election begins, the Chairman shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting

personnel.

9. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
10. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental institution or juristic person shareholder, the name of the governmental institution or juristic person shareholder shall be entered in the column for the candidate's account name in the ballot, or both the name of the governmental institution or juristic person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of the respective representatives shall be entered.
11. A ballot is invalid under any of the following circumstances:
 - (i) The ballot was not prepared by the Board of Directors of the Company.
 - (ii) A blank ballot is placed in the ballot box.
 - (iii) The writing is unclear and indecipherable or has been altered, and no correction has been made according to the law.
 - (iv) The name of the candidate entered in the ballot, and his shareholder account number (or identity card number) do not conform to those stated in the shareholder register.
 - (v) The number of candidates filled in the ballot exceeds the number of stipulated seats.
 - (vi) Other words are entered in addition to the name of the candidate entered in the ballot, and his shareholder account number (or identity card number), as well as the number of voting rights allotted.
 - (vii) The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
12. The votes shall be calculated on-site immediately after the end of the poll, and the voting results shall be announced on-site by the Chairman.
13. The Board of Directors of the Company shall issue notifications to the persons elected as directors and independent directors.
14. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.
15. These Procedures were formulated on October 17, 2014.

[Appendix 4]

The effect of this stock grant on the business performance, earnings per share and return on investment of shareholders of the Company is as follows:

The Company did not issue any stock grant for the current year, thus this is not applicable.

[Appendix 5]

Egis Technology Inc.
Current Shareholding of All Directors

1. Types of shares and total shares issued: 69,847,754 ordinary shares.
2. In accordance with the provisions in Article 26 of the Securities and Exchange Act and Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the minimum number of shares to be held by all directors is: 5,574,220 shares.
3. As of the book closure date of this shareholders meeting, the number of shares held by all the directors as stated in the roster of shareholders is as follows:

Information basis date: April 24, 2017

Position	Name	Number of Shares Held
Chairman	Steve, Ro	2,920,000
Director	HEADWAY CAPITAL LIMITED Representative: Todd, Lin	2,700,000
Director	Ming-To Yu	0
Director	Stan, Shih	0
Independent Director	Albert, Weng	23,000
Independent Director	Fu-Chan, Wei	0
Independent Director	DJ, Liu	0
Total number of shares held by all shareholders (excluding independent directors)		5,620,000

Note: The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph. If a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors shall be decreased by 20 percent.