



Stock Code: 6462

Egis Technology Inc.

2018 Annual
General Meeting
Meeting
Handbook

Time: May 30, 2018 (Wednesday) 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. Reporting Items
4. Matters for Ratification
5. Matters for Discussion
6. Extempore Motion
7. Adjournment of Meeting

II. Meeting Agenda

Time: May 30, 2018 (Wednesday) 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. Reporting Items
 1. 2017 Annual Business Report.
 2. Audit Committee's 2017 Annual Audit Report on Final Statement of Accounts.
 3. 2017 Employee Remuneration and Director Remuneration Distribution Plans.
 4. Amendment of "2017 Regulations on the Issuance of New Restricted Employee Shares".
 5. Implementation of 2017 Comprehensive Annual Business Plan.
 6. Formulation of Regulations for First Share Repurchase of the Company and Implementation of Share Repurchase of the Company.
4. Matters for Ratification
 1. Ratification of 2017 Annual Business Report and Financial Statements.
 2. Ratification of 2017 Earnings Distribution Plan.
5. Matters for Discussion
 1. Amendment of some clauses in "Articles of Incorporation" of the Company.
 2. Amendment of some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.
6. Extempore Motion
7. Adjournment of Meeting

III. Reporting Items

Proposal 1

Subject matter: 2017 Annual Business Report.

Explanation: Please refer to Exhibit 1 on Pages 7 to 12 of this Handbook for details on the 2017 Annual Business Report.

Proposal 2

Subject matter: Audit Committee's 2017 Annual Audit Report on Final Statement of Accounts.

Explanation: Please refer to Exhibit 2 on Page 13 of this Handbook for the Audit Committee's 2017 Annual Audit Report.

Proposal 3

Subject matter : 2017 Employee Remuneration and Director Remuneration Distribution Plans.

Explanation: The profit situation of the Company in 2017 is NTD 778,678,505. Profit distribution shall be carried out in accordance with the provisions of Article 24 in the Articles of Incorporation of the Company and the Company Act, thus 5% of the net profit before tax, that is, NTD 38,940,000, shall be set aside as employee remunerations; and 1% of the profit before tax, that is, NTD 7,780,000, shall be set aside as director remunerations; the profit shall be distributed in the form of cash.

Proposal 4

Subject matter : Amendment of "2017 Regulations on the Issuance of New Restricted Employee Shares".

Explanation : The "2017 Regulations on the Issuance of New Restricted Employee Shares" amended by the Company has been approved and filed for record based on letter FSC Securities Issuance No. 1060050973 issued by Financial Supervisory Commission (FSC) on January 11, 2018. Please refer to Exhibit 3 on Pages 14 to 16 of this Handbook for the amended Regulations.

Proposal 5

Subject matter : Implementation of 2017 Comprehensive Annual Business Plan.

Explanation : Please refer to Exhibit 4 on Pages 17 to 23 of this Handbook for the implementation of 2017 Comprehensive Business Plan by the Company.

Proposal 6

Subject matter : Formulation of Regulations for First Share Repurchase of the Company and Implementation of Share Repurchase of the Company.

Explanation : The Board of Directors has passed the resolution on the repurchase of the Company's shares on March 05, 2018. Please refer to Exhibit 5 on Pages 24 to 26 of this Handbook for the implementation of the regulations for this share repurchase and the repurchase situation.

IV. Matters for Ratification

Proposal 1

Proposed by the Board of Directors

Subject matter : Ratification of 2017 Annual Business Report and Financial Statements.

- Explanation :
- (1) The 2017 Annual Individual Financial Statements and Consolidated Financial Statements of the 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 2017 Annual Business Report to the Audit Committee for review.
 - (2) The Audit Report, Individual and Consolidated Financial Statements (please refer to Exhibit 6 on Page 27 to Page 39 of this Handbook), and Business Report (please refer to Exhibit 1 on Pages 7 to Page 12 of this Handbook) are enclosed herewith.
 - (3) The above is submitted for ratification.

Resolution :

Proposal 2

Proposed by the Board of Directors

Subject matter : Ratification of 2017 Earnings Distribution Plan.

- Explanation :
- (1) The net profit after tax of the Company in 2017 is NTD 593,191,299, and after an appropriation of 10%, that is NTD 59,319,130, to the legal reserve, an earnings distribution table is drafted in accordance with the Articles of Incorporation of the Company, please refer to Exhibit 7 on Page 40 of this Handbook for details.

- (2) The above is submitted for resolution.

Resolution:

V. Matters for Discussion

Proposal 1

Proposed by the Board of Directors

Subject matter: Amendment of some clauses in “Articles of Incorporation” of the Company.

Explanation: (1) In order to strengthen corporate governance, amendment of the “Articles of Incorporation” according to the provisions of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies is proposed. Please refer to Exhibit 8 on Page 41 of this Handbook for the Comparison Table of Pre- and Post-Amendment Clauses.

(2) The above is submitted for resolution.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject matter: Amendment of some clauses in “Operating Procedures for Acquisition or Disposal of Assets” of the Company.

Explanation: (1) In view of business and actual operational needs, amendment of the relevant clauses in the “Operating Procedures for Acquisition or Disposal of Assets” of the Company is proposed. Please refer to Exhibit 9 on Pages 43 to 47 of this Handbook for the Comparison Table of Pre- and Post-Amendment Clauses.

(2) The above is submitted for resolution.

VI. Extempore Motion

VII. Adjournment of Meeting

[Exhibit 1]
Egis Technology Inc.
2017 Annual Business Report

The 2017 Annual Business Achievements and Business Plan Report is provided as follows:

1. **2017 Annual Business Achievements**

(1) 2017 Annual Business Plan Implementation Outcomes

The consolidated operating revenue of the Company for 2017 amounted to NTD 4,731,908,000, representing an increase of NTD 3,058,640,000 from 2016, which is equivalent to a growth rate of 183%; the net profit before tax is NTD 735,886,000 and net profit after tax is NTD 593,191,000, and the consolidated net profit for the current period is NTD 590,583,000.

Unit: NTD '000

Item	2016	2017
Operating revenue	1,673,268	4,731,908
Gross operating profit	755,801	1,822,175
Net operating profit (loss)	136,019	776,643
Non-operating revenue and expenditure	22,733	(40,757)
Net profit (loss) before tax	158,752	735,886
Net profit (loss) after tax	114,026	593,191
Total comprehensive income for the current period	114,707	590,583
Basic earnings per share (NTD)	1.66	8.50

(2) Status of Budget Implementation

The Company did not disclose the financial forecast for 2017.

(3) Analysis of Financial Revenue and Expenditure and Profitability

Item		2016	2017
Financial structure	Liabilities to assets ratio (%)	37.50	37.59
	Permanent capital to property, plant and equipment ratio (%)	6,531.60	6,706.80
Solvency	Current ratio (%)	232.49	237.53
	Quick ratio (%)	168.75	181.46
Profitability	Return on assets (%)	5.68	19.63
	Return on equity (%)	7.84	31.04
	Pure rate of return (%)	6.81	12.54
	Earnings per share (NTD)	1.66	8.50

(4) Status of Research and Development

Status of Research and Development

Item	Research and Development Plan	Description of Plan
Algorithm	G3 matching algorithm	The G3 fingerprint matching algorithm can extract a large number of fingerprint feature points on a very small area of the image to optimize recognition efficiency and reliability performance. It has been applied to the newly-marketed flagship mobile phones of major customers.
	Swipe enroll/touch verify	The innovative swipe-type fingerprint registration algorithm can capture 20 fingerprint images in a single swiping motion. As compared to the previous push-type registration where the user must press his/her finger up to 20 times in order to capture the complete fingerprint features, the swipe-type fingerprint registration has not only significantly improved the user experience, but has also maintained excellent fingerprint recognition performance; it has been adopted by major customers in newly marketed

		flagship mobile phones.
Hardware Products	ET5XX series	This capacitive fingerprint recognition chip series, having an optimized cost structure, can be mounted under a cover of 100 um to 150 um thickness.
	ET6XX series	This capacitive fingerprint recognition chip series, having optimized sensing acuity, can be mounted under a cover of 200 um to 300 um thickness.
	ET7XX series	In response to the latest trend of full-screen mobile phones, the under-screen fingerprint recognition solution is provided using this optical fingerprint recognition chip series which can be mounted under a glass cover of 700 um to 1,400 um thickness.
	3D Face ID	A facial recognition scheme based on 3D sensing technologies such as structured light and time of flight (ToF).

2. Overview of 2018 Annual Business Plan

(1) Operational Strategy

In response to the gradual maturity and growing application of biometric recognition technology, the Company is committed to boosting the technological advancement of capacitive fingerprinting and promoting the multiple applications of fingerprint chips, further investing in optical fingerprint recognition, facial recognition (Face ID), iris recognition, and other technological research and development efforts to maintain the Company's technological leadership in the field of biometric recognition; while expanding the emerging applications of biometric recognition in various industries, including smart phones, mobile devices, financial payments, automotive electronics, etc. will be the main business direction of the Company, with the goal of expanding the market territory and being the first to enter the market.

(2) Expected Sales Volume and its Basis

The company's total revenue for 2017 was NTD 4.731 billion, which is a growth rate of multiples, setting a record high. In addition to the continuous growth of existing customers in 2018 and the expansion of the fingerprint chip application

models to include the flagship model, the Company has also made progress with new customers of major mobile phone brands in Mainland China, with successive shipments of products to Mainland China this year. Therefore, it is expected that the Company's operations this year will likely grow in double digits, with continued expansion of its global market share in fingerprint recognition chip products.

(3) Significant Production and Sales Policies

In response to the continuous increase in demands by customers from different markets, strengthening the management and control of cost and the management of inventory are important for production and sales management this year. Therefore, the estimation and guarantee of chip fabrication plant capacity, as well as the confirmation of production and sale time shall continue to be improved. In addition, with regard to the management and control of the overall supply chain, the certification and introduction of second-party manufacturers and new suppliers will also continue uninterruptedly to ensure continuous improvement in the quality of products supplied, stable and flawless supply sources, while optimizing the cost structure and strengthening market competitiveness.

3. Future Development Strategy of the Company

(1) Short-Term

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 terms of process improvement: to work closely with chip fabrication plants to achieve the objective of lowering cost by adopting more efficient methods.
3. In terms of new product development: to confirm specifications and pre-development implementation plans with customers as soon as possible.

(2) Long-Term

1. To strengthen the core competitiveness of product design and better understand and more rapidly grasp market trends.
2. Investment in new products and new technologies shall be carried out through market mergers and acquisitions or the introduction of new teams to accelerate the schedule for product introduction.
3. Various innovative biometric solutions shall be jointly developed with strategic partners to grasp business opportunities while reducing research and

development risks.

4. Impact of External Competitive Environment, Legal Environment and Overall Business Environment

Apple's introduction of fingerprint recognition on iPhone 5S has ignited the rapid development of fingerprint recognition in smart phone applications, which has become a basic feature of middle- and high-end smart phones nowadays. In 2017, global shipments of smart phones equipped with fingerprint sensors reached 920 million units, with a penetration rate of approximately 64%. It is estimated that by 2020, shipments of smart phones equipped with fingerprint sensors will reach 1.25 billion units, and the penetration rate will exceed 75%. (Source of Data: DIGITIMES Research)

Apart from smart phones, there are endless business opportunities for fingerprint recognition in multiple applications such as other mobile devices, mobile payment, automotive electronics, and financial smart cards, etc. With the rapid development and growth of applications, the competition in the market of fingerprint recognition is becoming more and more fierce. The originally leading Swedish manufacturer, Fingerprint Cards (FPC), suffered a sharp drop in the average selling price (ASP) and operating profit rate, and it is estimated that its 2017 revenue will drop by 53% as compared with 2016. In contrast, after joining the competition in the fingerprint sensor market, the revenue forecast of Shenzhen Goodix Technology, a mainland company reinvested by Mediatek, in 2017 is a 25% growth, and it is expected to surpass FPC to become the world's largest supplier of fingerprint sensors.

The Company has deeply plowed the fingerprint recognition industry for many years; it adopted a passive capacitive-sensing principle in the design of fingerprint recognition chips and it has autonomously-developed algorithms and hundreds of patents upstream and downstream of the fingerprint recognition industry, and these are important product and technology niches. Relying on profound research and development strength, the Company has become one of the leading players in the market and the way to maintain the Company's competitive advantage will be a crucial factor in determining its position as a biometric leader in the next phase.

Looking at the global trend, full-screen mobile phone shipments has exceeded 100 million in 2017; and looking to the future, such shipments will rise to nearly 900 million in 2018, with the global penetration rate reaching 61%. In response to the development trend of full-screen smart phones as the mainstream, the under-screen fingerprint recognition scheme can increase the market share of screen phones, and all manufacturers are eager to invest in such research and development. Relying on its long-term accumulated fingerprint recognition capabilities, the Company recruited new

research and development teams and technology partners to develop optical fingerprint recognition chips, and has made significant progress. At the same time, the Company has also cooperated with customers for initial incorporation of under-screen fingerprint recognition solutions into the customers' products.

In addition, with the launch of Apple iPhone X in 2017, a wave of 3D facial recognition has been created. It is expected that Android mobile phones will also strive to incorporate the facial recognition unlock and payment functions. However, due to security concerns in facial recognition, the market generally believes that this is aimed at future financial or other application scenarios with high security and confidentiality requirements, and it is likely that any two of facial, fingerprint or iris recognition or password will be adopted concurrently. In response to this trend, the Company has also launched facial recognition research and development based on 3D sensing technologies such as structured light and time of flight (ToF), as well as an iris recognition scheme. At the same time, it is committed to developing chip-based solutions that are more cost-effective than the market's existing technologies, which will facilitate the introduction of applications to customers' products and accelerate time to market.

The biometric recognition chip product line of the Company will continue to follow process evolution and move towards high-resolution, high-recognition rate and multi-specification development; it will develop new applications and forms, and expand the field of applications in meeting customer demands, thus maintaining the long-term industrial competitiveness of the Company. The future trend of hardware design will make deeper efforts towards environment protection in the areas of saving energy and reducing carbon, and the Company will work with upstream and downstream manufacturers to develop products that match this goal, while fulfilling its corporate social responsibility.

Chairman: Steve, Ro [seal:] Steve, Ro

General Manager: Steve, Ro [seal:] Steve, Ro

Accountant-in-charge: Kathy Huang [seal:] Kathy Huang

[Exhibit 2]

Audit Committee's Audit Report

Approval is hereby granted.

With regard to the 2017 Individual Financial Statements, Consolidated Financial Statements, Business Report and Earnings Distribution Table of the Company that were submitted by the Board of Directors, the 2017 Individual Financial Statements and Consolidated Financial Statements have been duly audited by the Certified Public Accountants of KPMG Taiwan, Steven Shih and Philip Tang, and the Audit Report was issued.

No issue of non-compliance was found in the various statements and reports issued by the Board of Directors above upon audit by this Audit Committee. Therefore, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this Report is issued for your verification.

Best Regards

Egis Technology Inc. 2018 Annual General Meeting

Convenor of Audit Committee: Ting-Jen Liu [seal:] Ting-Jen Liu

March 05, 2018

[Exhibit 3]

Comparison Table of Pre- and Post-Amendment Clauses of
2017 Regulations on the Issuance of New Restricted Employee Shares

Clause No.	Amended Clause	Currently Implemented Clause	Reason
Article 5	<p>(2) Vesting Condition: This is divided into two categories, A and B, and the vesting condition shall be based on personal performance.</p> <p>1. Category A Vesting Condition</p> <p>(1) Employees who are still serving the Company one year after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period <u>will receive 1/3 of the shares.</u></p> <p>(2) Employees who are still serving the Company two years after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period <u>will receive 1/3 of the shares.</u></p> <p>(3) Employees who are still serving the Company three years after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period <u>will receive 1/3 of the shares.</u></p> <p>2. Category B Vesting Condition</p> <p>(1) Employees who are still serving the Company in the</p>	<p>(2) Vesting Condition: This is divided into two categories, A and B, and the vesting condition shall be based on personal performance.</p> <p>1. Category A Vesting Condition</p> <p>(1) Employees who are still serving the Company one year after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period will receive 30% of the shares.</p> <p>(2) Employees who are still serving the Company two years after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period will receive 30% of the shares.</p> <p>(3) Employees who are still serving the Company three years after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period will receive 40% of the shares.</p> <p>2. Category B Vesting Condition</p> <p>(1) Employees who are still serving the Company in the</p>	<p>In line with the actual operations of share allotment and the competent authority's requirements during the period, the standards for such allotment shall be specified in the Regulations.</p>

Clause No.	Amended Clause	Currently Implemented Clause	Reason
	<p>year of allotment of new restricted employee shares, whose personal performance has met the performance targets set by the Company, and who have made due contributions during the said period <u>will receive 1/3 of the shares.</u></p> <p>(2) Employees who are still serving the Company one year after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period <u>will receive 1/3 of the shares.</u></p> <p>(3) Employees who are still serving the Company two years after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period <u>will receive 1/3 of the shares.</u></p> <p>3. In accordance with the Regulations for Performance Appraisal Management of the Company, the results of the performance appraisal were divided into four categories, namely A (excellent), B (above average), C (average), and D (needs improvement). The personal performance-based vesting condition above refers to the personal performance meeting the performance targets of the Company, that is, the performance result shall be A (excellent) or B (above average); those who meet such</p>	<p>year of the expiration date of allotment of new restricted employee shares, whose personal performance has met the performance targets set by the Company, and who have made due contributions during the said period will receive 1/3 of the shares.</p> <p>(2) Employees who are still serving the Company one year after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period will receive 1/3 of the shares.</p> <p>(3) Employees who are still serving the Company two years after the expiration date of allotment of new restricted employee shares, whose personal performance in the year prior to the expiration date has met the performance targets set by the Company, and who have made due contributions during the said period will receive 1/3 of the shares.</p> <p>3. The aforementioned personal performance refers to the performance achieved during each term of office, including due contributions and special merits achieved.</p>	

Clause No.	Amended Clause	Currently Implemented Clause	Reason
	performance results are deemed as having met the level of contribution required for the relevant positions.		

[Exhibit 4]

Implementation of

2017 Comprehensive Annual Business Plan of Egis Technology Inc.

1. Financial Implementation:

The consolidated operating revenue of the Company for 2017 amounted to NTD 4,731,908,000, representing an increase of NTD 3,058,640,000 from 2016, which is equivalent to a growth rate of 183%; the net profit before tax is NTD 735,886,000 and net profit after tax is NTD 593,191,000, and the consolidated net profit for the current period is NTD 590,583,000.

Unit: NTD '000

Item	2016	2017
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Non-operating revenue and expenditure	22,733	(40,757)
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Net profit (loss) after tax	114,026	593,191
Total comprehensive income for the current period	114,707	590,583
Basic earnings per share (NTD)	1.66	8.50

2. Business Implementation

(1) Industrial Supply and Demand Situation and Future Growth

In order to expand the market territory, the Company will continue to deepen its efforts in both South Korea and Mainland China, and will further strengthen the mainland market layout. Looking at the procurement strategy of mainland manufacturers, maintaining more than two suppliers has always been desired in principle. By leveraging on the foundation that we have laid, coupled with our advantages of product cost, patents and algorithms, we intend to deepen the supply chain of mainland mobile phone manufacturers. In addition, we will actively strive for major mobile phone brand customers and at the same time, cooperate with module manufacturers possessing technical and customer channels to deepen the Company's business penetration level.

The mainland market's three top 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, these three major online payment systems must all be combined with the mobile phone's identity recognition system, thus enhancing the security of payment.

With Apple's launch of iPhone 5S equipped with a fingerprint recognition chip in September 2013, and the subsequent release of iPhone 6 in October 2014 in which Apple Pay service was incorporated, thus combining fingerprint recognition with mobile payment function, Samsung also began offering Samsung Pay service at the beginning of August 2015, and fingerprint recognition has become an essential feature of smart phones henceforth. It is estimated that global shipments of smart phones equipped with fingerprint sensors will reach 920 million in 2017, achieving a penetration rate of approximately 64%; and in 2020, shipments of smart phones equipped with fingerprint sensors will reach 1.25 billion, achieving a penetration rate of more than 75% (data source: DIGITIMES Research).

The Company has deeply plowed the fingerprint recognition industry for many years; it adopted a passive capacitive-sensing principle in the design of fingerprint recognition chips and it has autonomously-developed algorithms and hundreds of patents upstream and downstream of the fingerprint recognition industry, and these are important product and technology niches. With strong research and development capabilities, the Company has become a market leader. In the current year, we also devoted ourselves to the development of various fingerprint recognition chip solutions that can save manufacturing costs and improve sensing sensitivity, and actively expand our product portfolio to fully meet the huge demand from different customers and application terminals.

Looking at the global trend, full-screen mobile phone shipments has exceeded 100 million in 2017; and such shipments will rise to nearly 900 million in 2018, with the global penetration rate reaching 61%. In response to the development trend of full-screen smart phones as the mainstream, the under-screen fingerprint recognition scheme can increase the market share of screen phones, and all manufacturers are eager to invest in such research and development. Relying on its long-term accumulated fingerprint recognition capabilities, the Company recruited new research and development teams and technology partners to develop optical fingerprint recognition chips, and has made significant progress. At the same time, the Company has also cooperated with customers for initial incorporation of under-screen fingerprint recognition solutions into the customers' products.

In addition, with the launch of Apple iPhone X in 2017, a wave of 3D facial

recognition has been created. It is expected that Android mobile phones will also strive to incorporate the facial recognition unlock and payment functions. However, due to security concerns in facial recognition, the market generally believes that this is aimed at future financial or other application scenarios with high security and confidentiality requirements, and it is likely that any two of facial, fingerprint or iris recognition or password will be adopted concurrently. In response to this trend, the Company has also launched facial recognition research and development based on 3D sensing technologies such as structured light and time of flight (ToF), as well as an iris recognition scheme. At the same time, it is committed to developing chip-based solutions that are more cost-effective than the market's existing technologies, which will facilitate the introduction of applications to customers' products and accelerate time to market.

According to the ABI Research Report, global industries will increase investment in various recognition and authentication technologies in response to rising security requirements, and the estimated output value of the global biometric market will exceed USD 10 billion by 2021.

Looking to the future, in the aspect of product technology, besides continuing to provide more advanced products in the existing field of capacitive fingerprint recognition chips and incorporating more biometric recognition technologies, the Company will also strive to develop a variety of software- and hardware-integrated solutions to improve the end-user experience and enhance the value-added features of the customers' products. For example, the Swipe Enroll function that the Company plans to introduce provides innovative swipe-type fingerprint registration, which can capture 20 fingerprint images in a single swiping motion. As compared to the previous push-type registration where the user must press his/her finger up to 20 times in order to capture the complete fingerprint features, the swipe-type fingerprint registration has not only significantly improved the user experience, but has also maintained excellent fingerprint recognition performance; it has been adopted by major customers in newly marketed flagship mobile phones.

In the aspect of product application, besides the continuous efforts to expand the application of fingerprints and various biometric recognition technologies in smart phones, mobile devices and wearable electronic products etc., the Company will also strive to expand such application in the following areas:

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, and 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.

The Company is currently a member of the FIDO Alliance (Fast IDentity Online) International Standards Association, and has also actively participated in various meetings conducted by the Authentication Standards Setting Association. The Company also hopes that by joining the FIDO Alliance, the chips manufactured by the Company will be allowed into various new fields of application.

2. Smart Cities

The development of the Internet has also created a huge demand for “smart cities”. For instance, the various basic information construction in 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.

3. Other 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, the absolute one-to-one feature of fingerprint recognition makes it even more suitable for incorporation 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 automotive electronics and smart TV, etc.

(2) Continuous Innovation

1. 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 taps on 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 to collaborate 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 function; at this point, preliminary research and development results have been achieved, and they will be published during the MWC conference in 2018.

2. Iris Recognition

The iris is a thin film located in front of the eye. It does not change after one year to one and a half years of human birth. It is therefore one of the very unique physiological features of humans. Iris recognition technology has been developed for quite a few years, but this recognition technology has become a hot topic due to its incorporation into Samsung Galaxy Note 7 phones. The principle of iris recognition is to capture the positions of the relevant features such as fibrous tissue, contraction groove, color, and width through the iris image scanning device. The advantage is that the iris is unique and difficult to be copied and imitated. As compared to the fingerprint and face, the iris has much more feature points, thus it is the biometric technology with the highest accuracy and safety, and the lowest error rate.

Like other biometric recognition systems, iris recognition consists of three parts: image acquisition, feature point extraction, and comparison. As far as the iris recognition system is concerned, image acquisition refers to the reading of retinal images by professional infrared cameras; feature point extraction is the process of extracting feature points after a series of complex

image processing calculations; and comparison refers to comparing the extracted feature points with the database to achieve the effect of identification or authentication. Apart from the infrared camera system for image acquisition, other feature point extraction and feature comparison technologies are all of the Company's expertise. Therefore, the Company has an excellent base for entry into the field of iris recognition, and it has also started to collaborate with industry-leading providers of iris recognition solutions to develop next-generation mobile phone applications in 2017.

3. 3D Facial Recognition

The process of facial recognition from academic research to commercialization has only been about 10 years. As compared with fingerprint recognition that has entered the phase of mature development and application, there is still considerable room for improvement for facial recognition. The face recognition technology in the past is mostly based on 2D recognition of images, which has long been seen in many application scenarios such as corporate attendance, access control, public security and community websites, etc.

With the recent launch of Apple's iPhone X, its built-in facial recognition feature that uses 3D depth-of-field ranging technology has generated heated discussions. It is expected that Android mobile phones will also strive to incorporate the facial recognition unlock and payment functions. However, how to upgrade 2D image recognition to reality recognition that integrates depth of field and 3D models, while increasing recognition reliability, such as preventing the loophole of recognition through the use of photographs, to the point that successful match is impossible even for two real persons with similar appearances, will influence whether 3D facial recognition can be further applied to emerging applications such as smart phones, financial security and mobile payment, etc.

In response to this trend, the Company has also launched facial recognition research and development based on 3D sensing technologies such as structured light and time of flight (ToF). At the same time, it is committed to developing chip-based solutions that are more cost-effective than the market's existing technologies, which will facilitate the promotion of product applications and accelerate the incorporation into customers' devices.

[Exhibit 5]

Egis Technology Inc.

Regulations for First Share Repurchase and Transfer to Employees

Article 1 (Purpose)

- (1) In order to motivate employees and enhance staff cohesion, the Company has formulated the “Regulations for First Share Repurchase and Transfer to Employees” (hereinafter referred to as “the Regulations”) in accordance with Article 28, Clause 2.1.1 of the Securities and Exchange Act, “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” promulgated by the Financial Supervisory Commission, and other relevant provisions.
- (2) The transfer of shares purchased by the Company to employees shall be handled in accordance with the provisions of these Regulations, in addition to the relevant laws and regulations.

Article 2 (Categories of Transferred Shares, Content and Restriction of Rights)

The shares transferred to employees this time are ordinary shares. Their rights and obligations are the same as those of other common shares outstanding, except for those otherwise stipulated in relevant laws and regulations and this Regulations.

Article 3 (Period of Transfer)

The shares repurchased this time may be transferred to employees one or more times within three years from the date of share repurchase in accordance with the provisions of the this Regulations.

Article 4 (Eligibility of Assignees)

All regular employees of the Company and regular employees of subsidiaries (the term “subsidiaries” refer to common investees with more than 50% voting shares directly or indirectly held by the Company) who have served three months before the subscription record date and have made special contributions to the Company are eligible for subscription according to the number of subscribable shares stipulated in Article 5 of this Regulations, upon approval by the Chairman.

Article 5 (Determination of Number of Shares Subscribable by Employees)

The Company determines the number of shares subscribable by employees upon consideration of factors such as the employee’s job position, performance and special contribution to the Company, alignment with the Company’s long-term development, as well as the total number of shares repurchased by the Company at the subscription record date and the upper limit of the number of shares subscribable by any single employee, and reports to the Chairman of the Company for approval thereafter.

Article 6 (Transfer Procedures)

Operating procedures for repurchase of treasury stock and transfer to employees:

- (1) In accordance with the resolution of the Board of Directors, the Company shall announce, declare and repurchase the shares of the Company within the implementation period.
- (2) The Chairman of the Company shall, in accordance with this Regulations, determine and announce the employee subscription record date, the standard required for share subscription, the period for subscription payment and the content of the rights, etc. to be complied with.
- (3) Tabulation of actual subscribed shares and payment, and processing of registration for share transfer.

Article 7 (Transfer Price Per Share)

The transfer price for this share repurchase and transfer to employees shall be based on the average price of the actual repurchase. However, prior to the transfer, if there is an increase or decrease in the number of ordinary shares already issued by the Company, it may be adjusted according to the proportion of increase or decrease of the shares issued.

Formula for adjustment to transfer price:

Adjusted transfer price = average price of the actual repurchased shares × (total number of ordinary shares already issued at the time of declaration of share repurchase ÷ total number of ordinary shares already issued prior to the transfer of repurchased shares to employees)

Article 8 (Rights and Obligations upon Transfer)

After the repurchased shares are transferred to employees and registration of transfer is completed, the remaining rights and obligations shall be the same as those for the original shares, unless otherwise provided.

Article 9 This Regulations shall come into force after the resolution of the Board of Directors is adopted, and the same applies for amendment to this Regulations henceforth.

Article 10 This Regulations shall be submitted for reporting at the shareholders' meeting, and the same applies for amendment to this Regulations henceforth.

Article 11 This Regulations was formulated on March 05, 2018.

Implementation of Share Repurchase

Item	Number of Times First time
Date of Board Resolution	03/05/2018
Purpose of Repurchase	Transfer of shares to employees
Period of Repurchase	03/08/2018 – 05/05/2018
Expected Price Range of Repurchase	NTD 119 to NTD 286
Expected Quantity and Categories of Share Repurchase	1,410,000 ordinary shares
Quantity and Categories of Repurchased Shares	484,000 ordinary shares
Total Amount of Repurchased Shares	63,956,628 (Note)
Average Repurchase Price Per Share	132.14 (Note)
Quantity of Shares Sold and Transferred	0 share
Cumulative Shares of the Company Held	0 share
Proportion of Cumulative Shares of the Company Held to Total Quantity of Shares Issued	0.68%(Note)

Note: As the period of repurchase is until May 05, 2018 but the listed figures are as of April 27, 2018, thus a report shall be supplemented at this annual general meeting in the event of any changes to the relevant information such as the quantity of shares repurchased and the average repurchase price per share.



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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, 2017 and 2016, 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, 2017 and 2016, 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, 2017 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(h) "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(d) "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.



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 5, 2018

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 independent 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 independent 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, 2017 and 2016

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

	2017		2016	
	Amount	%	Amount	%
4000 Revenue (note 6(p))	\$ 4,731,908	100	1,673,268	100
5000 Costs of revenue (notes 6(d)(g) and 12)	<u>2,909,733</u>	<u>61</u>	<u>917,467</u>	<u>55</u>
Gross profit	<u>1,822,175</u>	<u>39</u>	<u>755,801</u>	<u>45</u>
Operating expenses (notes 6(c)(g)(h)(j)(k)(n)(q), 7 and 12):				
6100 Selling expenses	343,275	7	121,673	7
6200 Administrative expenses	173,342	4	95,866	6
6300 Research and development expenses	<u>521,702</u>	<u>11</u>	<u>370,408</u>	<u>22</u>
Total operating expenses	<u>1,038,319</u>	<u>22</u>	<u>587,947</u>	<u>35</u>
Operating income	<u>783,856</u>	<u>17</u>	<u>167,854</u>	<u>10</u>
Non-operating income and loss:				
7010 Other income (note 6(r))	22,151	-	20,503	1
7020 Other gains and losses, net (notes 6(r) and (t))	(53,724)	(1)	3,607	-
7050 Finance costs (note 6(r))	(9,206)	-	(1,592)	-
7060 Share of loss of subsidiaries accounted for equity method (note 6(f))	<u>(11,119)</u>	<u>-</u>	<u>(31,830)</u>	<u>(2)</u>
Total non-operating income and loss	<u>(51,898)</u>	<u>(1)</u>	<u>(9,312)</u>	<u>(1)</u>
Income before taxes	731,958	16	158,542	9
7950 Income tax expense (note 6(l))	<u>138,767</u>	<u>3</u>	<u>44,516</u>	<u>2</u>
Net income	<u>593,191</u>	<u>13</u>	<u>114,026</u>	<u>7</u>
Other comprehensive income :				
Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign operations (note 6(m))	(2,608)	-	681	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the year, net of taxes	<u>(2,608)</u>	<u>-</u>	<u>681</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 590,583</u>	<u>13</u>	<u>114,707</u>	<u>7</u>
Earnings per share (in New Taiwan dollars) (note 6(o)) :				
9750 Basic earnings per share	<u>\$ 8.50</u>		<u>1.66</u>	
9850 Diluted earnings per share	<u>\$ 8.41</u>		<u>1.63</u>	

See accompanying notes to financial statements.

(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, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings		Total other equity interest				Total equity
	Common stock	Common stock subscribed	Capital surplus	Legal reserve	Unappropriated earnings (accumulated deficit)	Exchange differences on translation of foreign operations	
Balance at January 1, 2016	\$ 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
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	-	11,403	(11,403)	-	-
Issuance of common stock from exercise of employee stock options	10,795	(2,765)	57,830	-	-	-	65,860
Compensation cost of employee stock options	-	-	14,993	-	-	-	14,993
Issuance of restricted employee stock	5,720	-	126,590	-	-	-	(132,310)
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	34,576
Net income in 2017	-	-	-	-	593,191	-	593,191
Other comprehensive income in 2017	-	-	-	-	(2,608)	-	(2,608)
Total comprehensive income in 2017	-	-	-	-	593,191	(2,608)	590,583
Balance at December 31, 2017	704,908	4,415	942,038	11,403	695,814	3,238	2,264,082

Note: For the years ended December 31, 2017 and 2016, the Company estimated its remuneration to directors amounting to \$7,787 and \$1,675, respectively, and the Company estimated its remuneration to employees amounting to \$38,934 and \$8,375, respectively, recognized as cost of operating expenses.

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EGIS TECHNOLOGY INC.**Statements of Cash Flows****For the years ended December 31, 2017 and 2016****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Income before income taxes	\$ 731,958	158,542
Adjustments for:		
Depreciation	13,735	14,320
Amortization	22,016	5,818
Net gain on financial assets at fair value through profit or loss	(71)	-
Interest expense	9,206	1,592
Interest income	(15,405)	(5,235)
Share-based payments	49,569	32,455
Share of loss of subsidiaries accounted for equity method	11,119	31,830
Loss on disposal of property, plant and equipment	12	-
Impairment loss on accounts receivable	24,560	-
	<u>114,741</u>	<u>80,780</u>
Changes in operating assets and liabilities:		
Accounts receivable	(346,152)	(326,548)
Inventories	(150,762)	(397,460)
Prepayments and other current assets	(17,575)	(29,737)
Notes and accounts payable	174,479	393,306
Other payables	104,127	57,766
Total changes in operating assets and liabilities	<u>(235,883)</u>	<u>(302,673)</u>
Cash provided by (used in) operations	610,816	(63,351)
Interest received	11,112	3,220
Interest paid	(9,115)	(1,477)
Income taxes paid	(11,626)	(40,652)
Net cash provided by (used in) operating activities	<u>601,187</u>	<u>(102,260)</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows (Continued)
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	<u>2017</u>	<u>2016</u>
Cash flows from investing activities:		
Purchase of financial assets at fair value through profit or loss	(57,841)	-
Increase in financial assets carried at cost	(73,835)	(20,000)
Purchase of investments accounted for using equity method	(18,290)	(47,512)
Acquisition to property, plant and equipment	(27,893)	(17,168)
Additions to intangible assets	(5,521)	(76,563)
Increase in other financial assets	(221,424)	(165,085)
Increase in refundable deposits	(4,783)	(2,438)
Net cash used in investing activities	<u>(409,587)</u>	<u>(328,766)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,929,570	363,132
Decrease in short-term borrowings	(1,901,744)	(140,439)
Proceeds from exercise of employee stock options	65,860	60,978
Net cash provided by financing activities	<u>93,686</u>	<u>283,671</u>
Net increase (decrease) in cash and cash equivalents	285,286	(147,355)
Cash and cash equivalents at beginning of year	<u>838,225</u>	<u>985,580</u>
Cash and cash equivalents at end of year	<u>\$ 1,123,511</u>	<u>838,225</u>

See accompanying notes to financial statements.

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Internet 網址 kpmg.com/tw**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, 2017 and 2016, 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, 2017 and 2016, 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 for 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, 2017 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(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(d) "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, 2017 and 2016, 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 5, 2018

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2017 and 2016
(Expressed Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 Revenue (notes 6(o) and 14)	\$ 4,731,908	100	1,673,268	100
5000 Costs of revenue (notes 6(d)(f) and 12)	<u>2,909,733</u>	<u>61</u>	<u>917,467</u>	<u>55</u>
Gross profit	<u>1,822,175</u>	<u>39</u>	<u>755,801</u>	<u>45</u>
Operating expenses (notes 6(c)(f)(g)(i)(j)(m)(p), 7 and 12):				
6100 Selling expenses	354,003	8	134,793	8
6200 Administrative expenses	173,516	4	96,029	6
6300 Research and development expenses	<u>518,013</u>	<u>11</u>	<u>388,960</u>	<u>23</u>
Total operating expenses	<u>1,045,532</u>	<u>23</u>	<u>619,782</u>	<u>37</u>
Operating income	<u>776,643</u>	<u>16</u>	<u>136,019</u>	<u>8</u>
Non-operating income and loss:				
7010 Other income (note 6(q))	22,223	-	20,720	1
7020 Other gains and losses, net (notes 6(q) and (s))	(53,774)	(1)	3,605	-
7050 Finance costs (note 6(q))	<u>(9,206)</u>	<u>-</u>	<u>(1,592)</u>	<u>-</u>
Total non-operating income and loss	<u>(40,757)</u>	<u>(1)</u>	<u>22,733</u>	<u>1</u>
Income before taxes	735,886	15	158,752	9
7950 Income tax expense (note 6(k))	<u>142,695</u>	<u>2</u>	<u>44,726</u>	<u>2</u>
Net income	<u>593,191</u>	<u>13</u>	<u>114,026</u>	<u>7</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))	(2,608)	-	681	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of taxes	<u>(2,608)</u>	<u>-</u>	<u>681</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 590,583</u>	<u>13</u>	<u>114,707</u>	<u>7</u>
Earnings per share (in New Taiwan dollars) (note 6(n)) :				
9750 Basic earnings per share	<u>\$ 8.50</u>		<u>1.66</u>	
9850 Diluted earnings per share	<u>\$ 8.41</u>		<u>1.63</u>	

See accompanying notes to consolidated financial statements.

(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, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest
	Retained earnings			Deferred			
	Common stock	Common stock subscribed	Capital surplus	Legal reserve	Unappropriated earnings (accumulated deficit)	Exchange differences on translation of foreign operations	Total equity
Balance at January 1, 2016	\$ 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
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	-	11,403	(11,403)	-	-
Issuance of common stock from exercise of employee stock options	10,795	(2,765)	57,830	-	-	-	65,860
Compensation cost of employee stock options	-	-	14,993	-	-	-	14,993
Issuance of restricted employee stock	5,720	-	126,590	-	-	(132,310)	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-
Net income in 2017	-	-	-	-	593,191	-	34,576
Other comprehensive income in 2017	-	-	-	-	-	(2,608)	593,191
Total comprehensive income in 2017	-	-	-	-	593,191	(2,608)	590,583
Balance at December 31, 2017	\$ 704,908	4,415	942,038	11,403	695,814	3,238	2,264,082

See accompanying notes to consolidated financial statements.

(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, 2017 and 2016
(Expressed Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Income before income taxes	\$ 735,886	158,752
Adjustments for:		
Depreciation	14,125	14,534
Amortization	22,016	5,818
Net gain on financial assets at fair value through profit or loss	(71)	-
Interest expense	9,206	1,592
Interest income	(15,477)	(5,282)
Share-based payments	49,569	32,455
Loss on disposal of property, plant and equipment	243	-
Impairment loss on accounts receivable	24,560	-
	<u>104,171</u>	<u>49,117</u>
Changes in operating assets and liabilities:		
Accounts receivable	(346,152)	(326,548)
Inventories	(150,762)	(397,460)
Prepayments and other current assets	(17,756)	(29,961)
Notes and accounts payable	174,479	393,306
Other payables	105,308	59,887
Total changes in operating assets and liabilities	<u>(234,883)</u>	<u>(300,776)</u>
Cash provided by (used in) operations	605,174	(92,907)
Interest received	11,172	3,266
Interest paid	(9,115)	(1,477)
Income taxes paid	(14,438)	(40,862)
Net cash provided by (used in) operating activities	<u>592,793</u>	<u>(131,980)</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from investing activities:		
Purchase of financial assets at fair value through profit or loss	(57,841)	-
Increase in financial assets carried at cost	(73,835)	(20,000)
Acquisition of property, plant and equipment	(28,075)	(18,062)
Proceeds from disposal of property, plant and equipment	13	-
Additions to intangible assets	(5,521)	(76,563)
Increase in other financial assets	(220,999)	(164,918)
Increase in refundable deposits	(3,766)	(2,711)
Net cash used in investing activities	<u>(390,024)</u>	<u>(282,254)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,929,570	363,132
Decrease of short-term borrowings	(1,901,744)	(140,439)
Proceeds from exercise of employee stock options	65,860	60,978
Net cash provided by financing activities	<u>93,686</u>	<u>283,671</u>
Effects of foreign exchange rate changes	(2,539)	653
Net increase (decrease) in cash and cash equivalents	293,916	(129,910)
Cash and cash equivalents at beginning of year	<u>859,795</u>	<u>989,705</u>
Cash and cash equivalents at end of year	<u>\$ 1,153,711</u>	<u>859,795</u>

See accompanying notes to consolidated financial statements.

[Exhibit 7]

Egis Technology Inc.
2017 Earnings Distribution Table

[seal:] Egis Technology Inc.

Unit: NTD '000

Item	Amount
Undistributed earnings at the beginning of period	102,623,835
Actuarial loss included in retained earnings	0
Undistributed earnings after adjustment	0
Net profit after tax for current period	593,191,299
Less: Appropriation to legal reserve	59,319,130
Earnings available for distribution in current period	636,496,004
-- Cash dividends (distribution of NTD 4.25 per share)	0 301,462,080
Undistributed earnings at the end of period	335,033,924

Note: The cash dividends shall be rounded down to the nearest dollar, and the total sum of fractional amounts less than a dollar shall be returned to the Company and recorded under the item of Other Revenue.

Person-in-charge: [seal:] Steve, Ro Manager: [seal:] Steve, Ro

Accountant-in-charge: [seal:] Kathy Huang

[Exhibit 8]

Comparison Table of Pre- and Post-Amendment Clauses of Articles of Incorporation of Egis Technology Inc.

Amended Clause		Currently Implemented Clause		Explanation
Article 16	<u>Deleted</u>	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.	Not applicable
Article 17	<p>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 office as three years. All directors shall be eligible for re-election. <u>A candidate nomination system shall be adopted for the directors, and they shall be elected from the list of director candidates by the shareholders.</u></p> <p>The Company <u>shall</u> 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. <u>With regard to the professional qualifications, shareholding and moonlighting restrictions of independent directors, nomination and election method for all directors,</u> and other compliance requirements, they shall be handled according to the relevant regulations of the competent authority.</p>	Article 17	<p>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 office as three years. All directors shall be eligible for re-election.</p> <p>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 for the independent directors, and they 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.</p>	In line with corporate governance, the nomination system shall be adopted for the election of all directors.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Article 17</p>	<p>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. <u>The twelfth amendment was made on May 30, 2018.</u></p>	<p>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.</p>	<p>Dates of supplementation or amendment of clauses</p>
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[Exhibit 9]

Comparison Table of Pre- and Post-Amendment Clauses of “Operating Procedures for Acquisition or Disposal of Assets” of Egis Technology Inc.

Amended Clause	Currently Implemented Clause	Explanation
<p>Article 7: Operating procedures for acquisition or disposal of negotiable securities investments</p> <p>1. Evaluation and operating procedures</p> <p>(1) (Deleted)</p> <p>(2) For negotiable securities that are traded in centralized trading markets or business premises of securities dealers, the transaction price shall be determined based on market conditions. Where the amount for any single transaction is less than NTD 30 million <u>50 million</u> (inclusive) or the cumulative monthly amount is less than NTD 50 million <u>100 million</u> (inclusive), approval may be granted by the Chairman as authorized by the Company; where the amount for any single transaction exceeds NTD 30 million <u>50 million</u> or the cumulative monthly amount exceeds NTD 50 million <u>100 million</u> (excluding fixed-income negotiable securities with a tenor of one year or less), it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(3) For negotiable securities that are not traded in centralized trading markets or the business premises of securities dealers, the transaction price shall be determined based on the most recent financial statements of the target company audited or certified by an accountant, with the net worth per share, profitability and future development potential, etc. of the said company taken into consideration. Where the amount for any single transaction is less than NTD <u>50 million</u> (inclusive) or the cumulative monthly amount is</p>	<p>Article 7: Operating procedures for acquisition or disposal of negotiable securities investments</p> <p>1. Evaluation and operating procedures</p> <p>(1) (Deleted)</p> <p>(2) For negotiable securities that are traded in centralized trading markets or business premises of securities dealers, the transaction price shall be determined based on market conditions. Where the amount for any single transaction is less than NTD 30 million (inclusive) or the cumulative monthly amount is less than NTD 50 million (inclusive), approval may be granted by the Chairman as authorized by the Company; where the amount for any single transaction exceeds NTD 30 million or the cumulative monthly amount exceeds NTD 50 million (excluding fixed-income negotiable securities with a tenor of one year or less), it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(3) For negotiable securities that are not traded in centralized trading markets or the business premises of securities dealers, the transaction price shall be determined based on the most recent financial statements of the target company audited or certified by an accountant, with the net worth per share, profitability and future development potential, etc. of the said company taken into consideration. Where the amount for any single transaction is less than NTD 30 million (inclusive) or the cumulative monthly amount is less than NTD 50 million</p>	<p>Amendments shall be made in accordance with the management and actual operational requirements.</p>

Amended Clause	Currently Implemented Clause	Explanation
<p>less than NTD <u>100 million</u> (inclusive), approval may be granted by the Chairman as authorized by the Company; where the amount for any single transaction exceeds NTD <u>50 million</u> or the cumulative monthly amount exceeds NTD <u>100 million</u>, it may be implemented only upon deliberation and approval by the Board of Directors.</p>	<p>(inclusive), approval may be granted by the Chairman as authorized by the Company; where the amount for any single transaction exceeds NTD 30 million or the cumulative monthly amount exceeds NTD 50 million, it may be implemented only upon deliberation and approval by the Board of Directors.</p>	
<p>Article 11: Operating procedures for acquisition or disposal of commodity derivatives</p> <p>1. Trading principles and guidelines</p> <p>(1) (Deleted)</p> <p>(2) (Deleted)</p> <p>(3) (Deleted)</p> <p>(4) Performance appraisal</p> <p>1. Hedging transactions The basis for performance appraisal is the profit or loss generated between the costs on the Company's books and the engagement in financial derivative transactions.</p> <p>2. Non-hedging transactions The Company is not allowed to engage in non-hedging commodity derivative transactions.</p> <p>(5) Determination of total contract amount and cap on losses</p> <p>1. Total contract amount</p> <p>(1) Hedging transactions The accounting department should master the overall position of the Company, and the net position of the monthly foreign exchange trading (including the net position expected to be generated in the future) shall be the upper limit.</p> <p>(2) Non-hedging transactions The Company is not allowed to engage in non-hedging commodity derivative transactions.</p> <p>2. Cap on losses The Company is not allowed to</p>	<p>Article 11: Operating procedures for acquisition or disposal of commodity derivatives</p> <p>1. Trading principles and guidelines</p> <p>(1) (Deleted)</p> <p>(2) (Deleted)</p> <p>(3) (Deleted)</p> <p>(4) Performance appraisal</p> <p><u>1. Hedging transactions</u> The basis for performance appraisal is the profit or loss generated between the costs on the Company's books and the engagement in financial derivative transactions.</p> <p><u>2. Non-hedging transactions</u> <u>The Company is not allowed to engage in non-hedging commodity derivative transactions.</u></p> <p>(5) Determination of total contract amount and cap on losses</p> <p>1. Total contract amount</p> <p><u>(1) Hedging transactions</u> The accounting department should master the overall position of the Company, and the net position of the monthly foreign exchange trading (including the net position expected to be generated in the future) shall be the upper limit.</p> <p><u>(2) Non-hedging transactions</u> <u>The Company is not allowed to engage in non-hedging commodity derivative transactions.</u></p> <p>2. Cap on losses The Company is <u>not allowed to</u></p>	<p>Amendments shall be made in accordance with the management and actual operational requirements.</p>

Amended Clause	Currently Implemented Clause	Explanation
<p>engage in non-hedging-commodity derivative-transactions and for the purpose of avoiding risk, any loss generated from any hedging transaction must not exceed the cap of 20% of the contract amount, thus there is no need to set any further cap on losses.</p> <p>2. Risk management measures</p> <p>(1) Credit risk management</p> <p>In order to avoid credit risk, commodity derivative transactions shall be primarily carried out with well-known financial institutions at home and abroad, commodity derivatives shall be limited to those provided by well-known financial institutions at home and abroad, and the outstanding transaction amount payable by the same transaction target shall not exceed 25% of the authorized limit, except for those otherwise approved by the Chairman.</p> <p>(2) Market price risk management</p> <p>In order to avoid market price risk, the positions held in the financial derivative exchange should be evaluated at least once a week. However, if the hedging-transactions required for the business need to be evaluated at least twice a month, the evaluation report shall be submitted to the senior management personnel authorized by the Board of Directors.</p> <p>(3) (Deleted)</p> <p>(4) (Deleted)</p> <p>(5) Operational risk management</p> <p>1. (Deleted)</p> <p>2. (Deleted)</p> <p>3. (Deleted)</p> <p>4. The risk measurement, supervision and management personnel should not be serving in the same department nor in concurrent positions as the personnel mentioned in the preceding paragraph, and they</p>	<p>engage in <u>non-hedging-commodity derivative-transactions and for the purpose of avoiding risk</u>, any loss generated from any hedging transaction must not exceed the cap of 20% of the contract amount, <u>thus there is no need to set any further cap on losses.</u></p> <p>2. Risk management measures</p> <p>(1) Credit risk management</p> <p>In order to avoid credit risk, commodity derivative transactions shall be primarily carried out with well-known financial institutions at home and abroad, commodity derivatives shall be limited to those provided by well-known financial institutions at home and abroad, and the outstanding transaction amount payable by the same transaction target shall not exceed 25% of the authorized limit, except for those otherwise approved by the Chairman.</p> <p>(2) Market price risk management</p> <p>In order to avoid market price risk, the positions held in the financial derivative exchange <u>should be evaluated at least once a week. However, if the hedging-transactions required for the business</u> need to be evaluated at least twice a month, the evaluation report shall be submitted to the senior management personnel authorized by the Board of Directors.</p> <p>(3) (Deleted)</p> <p>(4) (Deleted)</p> <p>(5) Operational risk management</p> <p>1. (Deleted)</p> <p>2. (Deleted)</p> <p>3. (Deleted)</p> <p>4. The risk measurement, supervision and management personnel <u>should not be serving in the same department</u> nor in concurrent positions <u>as the personnel mentioned in the preceding paragraph</u>, and they</p>	

Amended Clause	Currently Implemented Clause	Explanation
<p>should report to the Board of Directors or senior management personnel who do not undertake trading or position decision-making responsibilities.</p> <p>(6) (Deleted)</p> <p>3. (Deleted)</p> <p>4. Regular evaluation method and exception handling</p> <p>(1) The Board of Directors shall conscientiously supervise and manage the commodity derivative transactions in accordance with the following principles:</p> <p>1. Appointment of senior management personnel for dedicated supervision and management of the risks related to commodity derivative transactions at all times.</p>	<p>should report to the Board of Directors or senior management personnel who do not undertake trading or position decision-making responsibilities.</p> <p>(6) (Deleted)</p> <p>3. (Deleted)</p> <p>4. Regular evaluation method and exception handling</p> <p>(1) The Board of Directors shall conscientiously supervise and manage the commodity derivative transactions in accordance with the following principles:</p> <p>1. Appointment of senior management personnel for dedicated supervision and management of the risks related to commodity derivative transactions <u>at all times</u>.</p>	
<p>Article 18</p> <p>This Operating Procedures was formulated on May 05, 2008.</p> <p>The first amendment was made on June 19, 2009.</p> <p>The second amendment was made on June 04, 2010.</p> <p>The third amendment was made on June 19, 2013.</p> <p>The fourth amendment was made on May 30, 2014.</p> <p>The fifth amendment was made on October 17, 2014.</p> <p>The sixth amendment was made on June 28, 2016.</p> <p>The seventh amendment was made on June 22, 2017.</p> <p><u>The eighth amendment was made on May 30, 2018.</u></p>	<p>Article 18</p> <p>This Operating Procedures was formulated on May 05, 2008.</p> <p>The first amendment was made on June 19, 2009.</p> <p>The second amendment was made on June 04, 2010.</p> <p>The third amendment was made on June 19, 2013.</p> <p>The fourth amendment was made on May 30, 2014.</p> <p>The fifth amendment was made on October 17, 2014.</p> <p>The sixth amendment was made on June 28, 2016.</p> <p>The seventh amendment was made on June 22, 2017.</p>	<p>Dates of supplementation or amendment</p>

[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 tranches; 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 tranches 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

Article 9: within five days prior 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 Exchange Act and

Article 21- relevant laws.

3:

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.

Article 24- The two items above shall be handled according to the resolutions of the Board of Directors and reported at the shareholders meeting.

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: 70,980,254 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: 5,678,420 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: March 31, 2018

Position	Name	Number of Shares Held
Chairman	Sen-Chou, Ro	2,920,000
Director	HEADWAY CAPITAL LIMITED Representative: Gong-YI Lin	2,700,000
Director	HEADWAY CAPITAL LIMITED Representative: Yi Pin Lee	2,700,000
Director	Ming-To Yu	0
Director	Chen-Jung Shih	0
Director	Shih-Hao Ro	64,000
Independent Director	Ding- Jung Lu	0
Independent Director	Ming-Jung Weng	23,000
Independent Director	Ta-Lun Huang	0
Total number of shares held by all shareholders (excluding independent directors)		5,684,000

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.