



April 8, 2017

## **Shenzhen Goodix Technology Co.,Ltd.**

### **2016 Annual Report Summary**

#### **I. Important Notes**

1.1. This annual report summary is extracted from the full text of annual report (hereinafter referred to as the “2016 Annual Report” or “Annual Report”). To comprehensively understand the operating results, financial position and future development plans of Shenzhen Goodix Technology Co., Ltd. (hereinafter referred to as “Goodix” ), investors should carefully read the full text of the Annual Report, which is available on the media designated by China Securities Regulatory Commission.

1.2. The board of directors (hereinafter referred to as the “Board”), the supervisory committee (hereinafter referred to as the “Supervisory Committee”), the directors, the supervisors and senior management of Goodix guarantee the authenticity, accuracy and completeness of the contents of the Annual Report, in which there are no false representations, misleading statements or material omissions, and are severally and jointly liable for its contents.

1.3. The Board of the Goodix considered the 2016 Annual Report together with its summary. All directors attended the meeting. This report was approved unanimously at the meeting.

1.4. The 2016 financial report prepared by Goodix was audited by Da Hua Certified Public Accountants according to the PRC standards on auditing with the issue of the auditors’ report with unqualified opinions.

1.5. Zhang Fan (Goodix’ CEO), Liao Chongqing(the head of the Accounting Department) and Deng Lingling(the accountant in charge) guarantee the authenticity, accuracy and completeness of the financial report contained in the 2016 Annual Report.

1.6. Proposal of profit distribution or capitalization of capital reserve during the reporting period approved by the Board: proposes to distribute a cash dividend of RMB0.4 per share (tax inclusive) to all shareholders based on the total share capital of Goodix of 445,000,000 shares as at December 31, 2016. The total cash dividends is RMB178 million according to the available distribution of profits by the end of December 31, 2016. The profit distribution plan still needs to be submitted to the general meeting of shareholders to consider.

## II. Basic Corporate Information

### 1. Corporate Profile

Stock Short Name	GOODIX	Stock Code	603160
Stock Exchange on which the shares are Listed	Shanghai Stock Exchange		
Contact Person and Means of Contact	Secretary to the Board	Representative of Securities Affairs	
Name	Wang Li	Zhu Lifeng	
Office Address	Floor 8&9, Building 4D, Software Industry Base, Haitian 1st road, Nanshan District, Shenzhen, Guangdong, the PRC	Floor 8&9, Building 4D, Software Industry Base, Haitian 1st road, Nanshan District, Shenzhen, Guangdong, the PRC	
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Email	ir@goodix.com	ir@goodix.com	

### 2. Overview of principal activities or products during the reporting period

Founded in 2002, Goodix (formally known as Shenzhen Goodix Technology Co., Ltd.) is a premier developer and manufacturer of human interface and biometric technologies for mobile phones, tablets and wearable devices. As a leader in Integrated Circuits (IC) research and design, Goodix was the first to release numerous cutting-edge and patented technologies, including our industry-leading single-layer, multi-touch touchscreen controller; the world's first touch panel that enables data transmission between two touchscreens (Goodix Link™); the world's first front-mounted push-type fingerprint sensor for Android; the world's first Invisible Fingerprint Sensor (IFS™); the world's first glass-covered fingerprint sensor in mass production; the world's first Live Finger Detection™ technology applied to mobile devices and the world's first In-Display Fingerprint Sensor.

At CES 2017, Goodix's Live Finger Detection™ sensor won a Best of Innovation Awards. In 2016, the company won CES Innovation Awards for its Invisible Fingerprint Sensor (IFS™) and Goodix Link™. Goodix is the first Chinese IC designer to win a Best of Innovation Awards, the highest honor at CES. On October 17, 2016, Goodix was listed on the Shanghai Stock Exchange; the stock code is 603160.

Goodix's clients include Huawei, OPPO, vivo, Xiaomi, LeEco, ZTE, Meizu, Lenovo, Gionee, TCL, Nokia, Dell, HP, LG, ASUS, Acer, Toshiba, Panasonic, and many others at the forefront of the technology industry. Hundreds of millions of mobile users around the world benefit from Goodix's products and services every day.

### III. Major accounting data and financial indicators

<b>Shenzhen Goodix Technology Co.,Ltd</b>		
<b>Consolidated Balance Sheet</b>		
(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)		
Assets	31 Dec 2016	31 Dec 2015
<b>Current assets:</b>		
Cash and cash equivalent	1,103,560,309.90	606,077,836.74
Financial assets fair value movement for the year	-	-
Financial derivative	-	-
Notes receivable	569,695,129.39	138,984,880.37
Accounts receivable	643,037,527.07	201,628,241.07
Advances to suppliers	5,803,965.45	6,034,012.19
Interest receivable	-	-
Dividends receivable	-	-
Other receivables	23,672,087.20	19,574,674.22
Inventories	550,425,735.37	142,191,013.60
Assets hold for sale	-	-
Current portion of non-current assets	-	-
Other current assets	27,236,513.90	-
<b>Total current assets</b>	2,923,431,268.28	1,114,490,658.19
<b>Non-current assets:</b>		
Available-for-sale financial assets	-	-
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investments	-	-
Investment property	62,245,411.61	64,395,930.33
Fixed asset-original cost	149,482,985.29	145,712,655.05
Construction in progress	11,648,969.91	-
Construction materials	-	-
Fixed assets pending for disposal	-	-
Productive biological assets	-	-
Oil and gas assets	-	-
Intangible assets	50,307,525.87	49,999,978.68
Development disbursements	-	-
Goodwill	1,720,475.59	2,749,710.14
Long-term deferred expenses	6,494,461.90	2,032,581.88
Deferred tax assets	7,935,852.30	2,947,492.39
Other non-current assets	1,979,493.80	10,593,257.16
<b>Total non-current assets</b>	291,815,176.27	278,431,605.63
<b>Total assets</b>	3,215,246,444.55	1,392,922,263.82

**Shenzhen Goodix Technology Co.,Ltd**  
**Consolidated Balance Sheet (Continue)**

(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Liability and Equity	31 Dec 2016	31 Dec 2015
<b>Current liabilities:</b>		
Short-term borrowings	-	-
Financial assets fair value movement for the year	-	-
Financial derivative	-	-
Notes payable	-	-
Accounts payable	304,866,462.23	112,872,452.13
Advances from customers	181,411.78	164,966.15
Employee salary and benefits payable	65,169,285.74	37,558,841.02
Taxes and surcharges payable	55,648,189.04	17,554,957.31
Interest payable	-	-
Dividends payable	-	-
Other payables	39,078,861.00	45,302,386.22
Liability hold for sale	-	-
Current portion of non-current liabilities	-	-
Other current liabilities	-	-
<b>Total current liabilities</b>	<b>464,944,209.79</b>	<b>213,453,602.83</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	-	-
Bonds payable	-	-
Include: Performance share	-	-
Perpetual Bond	-	-
Long-term payable	-	-
Long-term employee benefits payable	-	-
Grants payable	-	-
Provisions	-	-
Deferred revenue	12,088,159.96	3,811,423.20
Deferred tax liabilities	1,711,507.89	1,755,675.84
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>13,799,667.85</b>	<b>5,567,099.04</b>
<b>Total liabilities</b>	<b>478,743,877.64</b>	<b>219,020,701.87</b>
<b>Equity:</b>		
Paid-in capital	445,000,000.00	400,000,000.00
Other equities	-	-
Include: Performance share	-	-
Perpetual Bond	-	-
Capital reserve	794,621,546.72	34,229,048.13
Less: Treasury Share	-	-
Other Comprehensive Income	650,404.17	260,642.82
Specialized reserve	-	-
Surplus reserve	205,616,110.01	119,712,657.63
Retained earnings	1,288,735,359.76	617,814,782.13
Equity attributable to parent company	2,734,623,420.66	1,172,017,130.71
Minority interests	1,879,146.25	1,884,431.24
<b>Total owner's equity</b>	<b>2,736,502,566.91</b>	<b>1,173,901,561.95</b>
<b>Total liabilities and owner's equity</b>	<b>3,215,246,444.55</b>	<b>1,392,922,263.82</b>

**Shenzhen Goodix Technology Co.,Ltd**  
**Consolidated profit and loss statement**

(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Item	Year 2016	Year 2015
<b>1.Revenue</b>	3,079,331,261.46	1,119,601,256.54
<b>2.Total cost</b>	2,197,561,979.69	728,435,273.92
Including: operating cost	1,627,595,816.43	471,853,838.63
Business taxes and surcharges	25,070,304.44	11,037,376.28
Selling expenses	97,341,131.15	35,631,159.06
Administrative expenses	415,150,181.24	215,490,121.61
Finance expenses	5,469,582.82	-13,642,417.16
Impairment on assets	26,934,963.61	8,065,195.50
Add: gain from fair-value changes (“-”for loss)	-	-
Investment income (“-”for loss)	-	-
Including: investment income from associates and joint ventures	-	-
<b>3.Operating profits (“-”for loss)</b>	881,769,281.77	391,165,982.62
Add: non-operating income	116,421,907.57	44,735,012.49
Including: gain from disposal of non-current assets	-	-
Less: non-operating expenses	11,469,924.21	200,000.00
Including: loss on disposal of non-current assets	-	-
<b>4.Profit before tax (“-”for loss)</b>	986,721,265.13	435,700,995.11
Less: income tax	130,025,282.98	57,623,301.56
<b>5.Net profit (“-”for loss)</b>	856,695,982.15	378,077,693.55
Net profit attributable to parent company	856,824,030.01	378,353,104.14
Profit/loss attributable to minority share-holders	-128,047.86	-275,410.59
<b>6.Net other comprehensive income after tax</b>	512,524.22	377,334.82
Other comprehensive income after tax attributable to parent company	389,761.35	260,642.82
I. Other comprehensive incomes that unable to reclassify as profit	-	-
II. Other comprehensive incomes that able to reclassify as profit	389,761.35	260,642.82
Currency translation difference	389,761.35	260,642.82
Other comprehensive income attributable to minority share-holders after tax	122,762.87	116,692.00
<b>7.Total comprehensive income</b>	857,208,506.37	378,455,028.37
Total comprehensive income attributable to parent company	857,213,791.36	378,613,746.96
Total comprehensive income attributable to minority share-holders	-5,284.99	-158,718.59
<b>8.Earnings per share:</b>		
Basic earnings per share	2.10	0.95
Diluted earnings per share	2.10	0.95

<b>Shenzhen Goodix Technology Co.,Ltd</b>		
<b>Consolidated Cash Flow</b>		
(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)		
Item	Year 2016	Year 2015
<b>1.Cash flows from operating activities :</b>		
Cash received from sales and services	2,613,918,320.95	1,083,981,223.75
Tax refunds	155,267,954.97	44,699,816.68
Net cash from other operating activities	19,287,603.40	9,841,973.67
<b>Total cash inflows from operating activities</b>	<b>2,788,473,879.32</b>	<b>1,138,523,014.10</b>
Cash paid for goods and services	2,218,353,398.31	571,423,347.74
Cash paid to and on behalf of employees	225,869,959.67	128,258,125.51
Payment of taxes and surcharges	293,083,333.20	116,288,880.43
Other cash payments relating to operating activities	233,631,724.86	94,079,948.64
<b>Total cash outflows from operating activities</b>	<b>2,970,938,416.04</b>	<b>910,050,302.32</b>
<b>Net cash flows from operating activities</b>	<b>-182,464,536.72</b>	<b>228,472,711.78</b>
<b>2.Cash flows from investing activities :</b>		
Cash receipts from withdraw of investments	-	-
Cash received from investment income	-	-
Net cash from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries and other business units	-	-
Other cash receipts relating to investing activities	8,500,000.00	19,180,736.26
<b>Total cash inflows from investing activities</b>	<b>8,500,000.00</b>	<b>19,180,736.26</b>
Cash paid for fixed assets, intangible assets and other long-term assets	27,895,807.36	34,278,601.41
Cash payments for investments	613,268.89	13,880,000.00
Net cash paid for acquiring subsidiaries and other business units	-	-
Net cash used in other investing activities	1,000,000.00	-
<b>Total cash outflows from investing activities</b>	<b>29,509,076.25</b>	<b>48,158,601.41</b>
<b>Net cash flows from investing activities</b>	<b>-21,009,076.25</b>	<b>-28,977,865.15</b>
<b>3.Cash flows from financing activities :</b>		
Cash proceeds from investments by others	809,740,801.06	-
Including: cash received by subsidiaries from minority shareholders' investment	-	-
Cash received from borrowings	-	-
Cash receipts related to other financing activities	481,154.57	-
<b>Total cash inflows from financing activities</b>	<b>810,221,955.63</b>	<b>-</b>
Cash repayments for debts	-	-
Cash payments for distribution of dividends, profit and interest expenses	100,000,000.00	99,000,000.00
Including: dividends or profit paid by subsidiaries to minority shareholders	-	-
Other cash payments relating to financing activities	18,700,000.00	2,615,337.65
<b>Total cash outflows from financing activities</b>	<b>118,700,000.00</b>	<b>101,615,337.65</b>
<b>Net cash flows from financing activities</b>	<b>691,521,955.63</b>	<b>-101,615,337.65</b>
<b>4.Effect of foreign exchange rate changes on cash and cash equivalents</b>	9,434,130.50	10,468,533.38
<b>5.Net increase in cash and cash equivalents</b>	497,482,473.16	108,348,042.36
Add: beginning balance of cash and cash equivalents	606,077,836.74	497,729,794.38
<b>6. Ending balance of cash and cash equivalents</b>	1,103,560,309.90	606,077,836.74

**This report was originally drafted in Chinese and the English translation of the report is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.**