

Code: 8069



E INK HOLDINGS INC.

2012 ANNUAL GENERAL MEETING OF STOCKHOLDERS

MEETING MANUAL

Date: June 18, 2012

Venue: No.3, Li-Hsin Road 1, Hsinchu Science Park, Hsinchu, Taiwan,
R.O.C.

(This English translation is prepared for reference only; if there are any discrepancies between the Chinese version and this English translation, the Chinese version should prevail.)

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E INK HOLDINGS INC.
2012 ANNUAL GENERAL MEETING OF STOCKHOLDERS
MEETING AGENDA

Date and Time: June 18, 2012 (Mon.) at 9 a.m. Taipei Time

Venue: Auditorium at B1, No.3, Li-Hsin Road 1, Hsinchu Science Park, Hsinchu,
Taiwan, R.O.C.

Meeting Procedure:

1. Announcement of the Commencement
2. Chairman's Opening Remarks
3. Report Items:
 - (1) To report the 2011 business and financial status of the Company
 - (2) To report the Supervisors' review report for the 2011 audited financial statements of the Company
 - (3) To report the status of the Company's indirect investment in the Mainland China in 2011 through third region investment entities
 - (4) To report the status of the lending and endorsement/guarantee by the Company and its subsidiaries in 2011
 - (5) To report the status of treasury stock repurchase of the Company in 2011
 - (6) To report the improvements on the monetary loans between subsidiaries in Mainland China
4. Adoption Items:
 - (1) To adopt the 2011 financial statements of the Company
 - (2) To adopt the proposal for 2011 earnings distribution of the Company
5. Discussion Items:
 - (1) To amend the Company's Articles of Incorporation
 - (2) To amend the Company's Rules of Shareholders' Meeting
 - (3) To amend the Company's Procedures for Acquisition or Disposition of Assets
 - (4) To release the Company's directors and their representatives from non-compete restrictions
6. Any Other Business
7. Announcement of Adjournment

Report Items:

【Item 1】

Subject: To report the 2011 business and financial status of the Company

Explanatory Note:

- (1) In 2011, the Company has the net sales of NT\$26,338,667,645, the pre-tax income of NT\$38,428,121,200, the net income of NT\$6,526,780,786 and the after-tax earnings per share of NT\$6.05.
- (2) The business report and the relevant financial statements of the Company are attached hereto as Appendixes 1 and 2 of the Meeting Manual.
- (3) Please kindly note.

【Item 2】

Subject: To report the Supervisors' review report for the 2011 audited financial statements of the Company

Explanatory Note:

- (1) The 2011 financial statements of the Company have been audited by the CPA and, with the business report of the Company, reviewed by the Supervisors. The 2011 audited financial statements of the Company and the Supervisors' review report of the 2011 audited financial statements are attached hereto as Appendixes 1, 2 and 3 of the Meeting Manual.
- (2) Supervisors will read out the review report of the 2011 audited financial statements of the Company.
- (3) Please kindly note.

【Item 3】

Subject: To report the status of the Company's indirect investment in the Mainland China in 2011 through third region investment entities

Explanatory Note:

- (1) The status of the Company's indirect investment in the Mainland China in 2011 through the third region investment entities is as follows:

No.	Invested Company	Method of Investment	Amount of Investment
1	Transcend Optonics (Yangzhou) Co., Ltd.	By way of indirect investment in the Mainland China through third region investment entities	US\$40,000,000
2	Transmart Electronics	By way of indirect investment in the	US\$1,322,000

No.	Invested Company	Method of Investment	Amount of Investment
	(Yangzhou) Co., Ltd.	Mainland China through third region investment entities	

(2) Please kindly note.

【Item 4】

Subject: To report the status of the lending and endorsement/guarantee by the Company and its subsidiaries in 2011

Explanatory Note:

(1) Endorsement/Guarantee

No.	Endorsor/Guarantor	Endorsee/Guarantee	Balance as of the End of 2011
0	E Ink Holdings Inc.	Tech Smart Logistics Ltd.	US\$12,500,000
		Transcend Optronics (Yangzhou) Co., Ltd.	US\$62,500,000
		Rich Optronics (Yangzhou) Co., Ltd.	US\$12,500,000
		E Ink Corporation	US\$46,500,000
Total amount for E Ink Holdings Inc.			US\$134,000,000
1	Transcend Optronics (Yangzhou) Co., Ltd.	TransYang Electronics (Yangzhou) Ltd.	RMB¥48,000,000
2	Rich Optronics (Yangzhou) Co., Ltd.	Transcend Optronics (Yangzhou) Co., Ltd.	RMB¥48,000,000
Total amount for all subsidiaries			RMB¥96,000,000

(2) Lending

No.	Lender	Borrower(s)	Balance as of the End of 2011
0	E Ink Holdings Inc.	Hydis Technologies Co., Ltd.	US\$25,800,000
		E Ink Corporation.	US\$0
Total amount for E Ink Holdings Inc.			US\$25,800,000
1	PVI Global Corp.	Tech Smart Logistics Ltd.	US\$8,500,000
2	Transcend Optronics (Yangzhou) Co.	Ultraview Technology Ltd.	RMB¥42,400,000
		Yangzhou Huaxia Integrated Photoelectric Co., Ltd.	RMB¥52,000,000
		Yangzhou Effect Media International Investment Corp.	RMB¥6,710,000
3	Rich Optronics (Yangzhou) Co.	Yangzhou Huaxia Integrated Photoelectric Co., Ltd.	RMB¥48,100,000
		Ultraview Technology Ltd.	RMB¥10,000,000
4	Qidi Electronic (Yangzhou) Corp.	Yangzhou Huaxia Integrated Photoelectric Co.	RMB¥17,500,000

5	Qifu Electronic (Yangzhou) Corp.	Yangzhou Huaxia Integrated Photoelectric Co.	RMB¥17,500,000
Total amount for all subsidiaries		US\$8,500,000 & RMB¥194,210,000	

(3) Please kindly note.

【Item 5】

Subject: To report the status of treasury stock repurchase of the Company in 2011

Explanatory Note:

- (1) The status table of treasury stock repurchase of the Company in 2011 is attached hereto as Appendix 4 of the Meeting Manual.
- (2) Please kindly note.

【Item 6】

Subject: To report the improvements on the monetary loans between subsidiaries in Mainland China

Explanatory Note:

- (1) Pursuant to the ruling Jin-Guan-Zheng-Shen-Zi No. 1010016866 issued by the FSC on April 18, 2012, the Company shall make quarterly announcement regarding improvements on the overloans between subsidiaries in Mainland China, as well as report to the Board of Directors its implementation status. It should also report to the Shareholders' Meeting.
- (2) Four subsidiaries of the Company (Yangzhou Qidi Electronics Corp. ("Qidi"), Yangzhou Qifu Electronics Corp. ("Qifu"), Transcend Optronics (Yangzhou) Co., Ltd. ("TOC"), and Rich Optronics (Yangzhou) Co., Ltd. ("Rich")) have made monetary loans to Yangzhou Huaxia Integrated Photoelectric Co., Ltd. ("Huaxia") in the amount of RMB ¥135,100,000. Details of the loans are as follows:

Lending Company	Borrowing Company	Loan Amount (RMB¥)	Beginning Date of the Loan	End Date of the Loan
TOC	Huaxia	52,000,000	January 1, 2012	December 31, 2012
Rich		48,100,000		
Qidi		17,500,000		
Qifu		17,500,000		
Total		135,100,000		

- (3) Due to the recognition of investment losses, the equities of Qidi and Qifu have been decreased. Based on the companies' current equities, amount of monetary loans by each of Qidi and Qifu has exceeded the statutory limit of 40 percent of such company's

equity. The exceeding amounts are as follows:

Unit: RMB¥

Lending Company	Borrowing Company	Loan Amount	2011 Equity of the Lending Company	Statutory Limit on Loan to Specific Company	Exceeding Amount
Qidi	Huaxia	17,500,000	35,596,000	14,238,000	3,262,000
Qifu		17,500,000	36,263,000	14,505,000	2,995,000
Total		35,000,000			6,257,000

- (4) Both Qidi and Qifu have prepared and executed correction plans as to the aforementioned overloans. According to the plans, Transcend Optronics has provided a new loan of RMB¥10 million to Huaxia on May 15, 2012, and Huaxia has used such new loan to repay Qidi and Qifu respectively RMB¥5 million on May 15, 2012. Thus, currently the loan amounts by Qidi or Qifu to Huaxia have fallen within the statutory limit as set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.
- (5) Please kindly note.

Adoption Items:

【Item 1】

(Proposed by Board of Directors)

Subject: To adopt the 2011 financial statements of the Company

Explanatory Note:

- (1) The 2011 financial statements and consolidated financial statements of the Company have been audited by the CPA and are considered to be correct.
- (2) The aforementioned financial statements, consolidated financial statements and the Company's 2011 Business Report are attached hereto as Appendixes 1, 2 and 3 of the Meeting Manual.
- (3) Please kindly adopt.

Resolution:

【Item 2】

(Proposed by Board of Directors)

Subject: To adopt the proposal for 2011 earnings distribution of the Company

Explanatory Note:

- (1) The Company's after-tax net income in 2011 is NT\$6,526,780,786, and, after deducting the legal reserve of NT\$652,678,079 but withdrawing the retained special reserve of NT\$433,021,230 and the retained earnings in the end of 2010 of NT\$52,491,725, the total distributable retained earnings is NT\$6,359,615,662.
- (2) The 2011 earnings distribution is proposed pursuant to the Company's Articles of Incorporation as follows:
 1. Shareholders' dividends are NT\$0.5 per share in cash, and the total amount is NT\$539,879,698.
 2. Shareholders' bonuses are NT\$2.5 per share in cash, and the total amount is NT\$2,699,398,488.
 3. The shareholders' dividends plus the shareholder's bonus are NT\$3 per share, and the total amount is NT\$3,239,278,186.
- (3) The 2011 remuneration to Directors and Supervisors is proposed as NT\$25,200,000 in total, and the employees cash bonuses are proposed as NT\$41,395,842 in total. However, the remuneration to Directors and Supervisors and the employees bonuses shall be booked as operating expense, not earning distribution. The aforementioned distribution method has been reviewed and approved in the second meeting of the Company's first Remuneration Committee.
- (4) Shareholders' dividends and shareholders' bonuses shall be paid to the shareholders

who are recorded in the register on the ex-date and shall be paid in proportion to the shares held by the shareholders (rounded to the unit).

- (5) Where the ratio of shareholders' dividends is affected by the change of total amount of outstanding shares due to treasury stock repurchase of the Company or the implementation of employee stock option, or affected by the waiver of the rights of shareholders' dividends and shareholders' bonuses, it is proposed to authorize the Board of Directors to adjust the ratio of shareholders' dividends.
- (6) The 2011 earnings distribution table is attached hereto as the Appendix 5 of the Meeting Manual.
- (7) Please kindly adopt.

Resolution:

Discussion Items:

【Item 1】

(Proposed by Board of Directors)

Subject: To amend the Company's Articles of Incorporation

Explanatory Note:

- (1) To meet the business need of the Company and in response to the relevant newly-amended statutes, it is proposed to amend some provisions of the Articles of Incorporation.
- (2) The comparison table of the Articles of Incorporation is attached hereto as the Appendix 6 of the Meeting Manual.
- (3) Please kindly discuss.

Resolution:

【Item 2】

(Proposed by Board of Directors)

Subject: To amend the Company's Rules of Shareholders' Meeting

Explanatory Note:

- (1) In response to the relevant newly-amended statutes, it is proposed to amend some provisions of the Rules of Shareholders' Meeting.
- (2) The comparison table of the Rules of Shareholders' Meeting is attached hereto as the Appendix 7 of the Meeting Manual.
- (3) Please kindly discuss.

Resolution:

【Item 3】

(Proposed by Board of Directors)

Subject: To amend the Company's Procedures for Acquisition or Disposition of Assets

Explanatory Note:

- (1) In response to the relevant newly-amended statutes, it is proposed to amend some provisions of the Procedures for Acquisition or Disposition of Assets.
- (2) The comparison table of the Procedures for Acquisition or Disposition of Assets is attached hereto as the Appendix 8 of the Meeting Manual.
- (3) Please kindly discuss.

Resolution:

【Item 4】

(Proposed by Board of Directors)

Subject: To release the Company's Directors and their representatives from non-compete

restrictions

Explanatory Note:

- (1) This item is proposed pursuant to Article 209 of the Company Act, which provides that a director, who does anything for himself or on behalf of another party that falls within the scope of the company's business, shall explain to the company's shareholders the essential contents of such act and secure their approval.
- (2) Concurrent positions held by the Company's juristic-person Directors and their respective representatives are as follows:

Name of Directors	Company in which Concurrent Positions are Held	Position Held	Note
Su-Cheng Liu	Kai Yu Investment Co., Ltd. Leading Concept Limited North Diamond International Co., Ltd. Rock Pearl International Corp.	Director Director Director Director	The representative of Chen Yu Co., Ltd.
Shou-Chung Ho	Aidatek Electronics, Inc. Taiwan Genome Sciences, Inc. Yeon Techonologies Co., Ltd. Yuen Foong Yu Paper MGT. (Yangzhou) Co., Ltd. Yuen Yu Investment Co., Ltd.	Director Director Director Director Director	The representative of Chen Yu Co., Ltd.
Chuang-Chuang Tsai	Kai Yu Investment Corp. New Field E-Paper Co., Ltd. Transmart Electronics (Yangzhou) Co., Ltd.	Director Director Director	The representative of Yuen Foong Yu Paper MFG. Co., Ltd.
Cheng-Hao Lee	Transmart Electronics (Yangzhou) Co., Ltd. Transyork Technology Yangzhou Ltd. Rightstream Limited	Director Director Director	The representative of Chen Yu Co., Ltd.
Yi-Da Ho	Aidatek Electronics, Inc. Yeon Techonologies Co., Ltd. Ever Growing Agriculture Biotechnology Co., Ltd. Yuen Yu Investment Co., Ltd. YFY Packaging Inc. Yuen Foong Yu Family Care (Kunshan) Co., Ltd. Yuen Foong Yu Paper Family Care (Beijing) Co., Ltd. Yuen Foong Yu Paper MFG.(Yangzhou) Co., Ltd. Yuen Foong Precision Electronic(Yangzhou) Co., Ltd. Yeon Technologies (Yangzhou) Co., Ltd.	Director Director Director Director Director Director Director Director Director Director	The representative of Chen Yu Co., Ltd.

- (3) Although these Directors are concurrently holding these positions, their service and responsibility to the Company have not been compromised. It is thus proposed to release these Directors and their respective representatives from non-compete restrictions and earning transfer liabilities set forth in Article 209 of the Company Act.

(4) Please kindly discuss.

Resolution:

Any Other Business:

Appendix 1

2011 Business Report

This year marks the twentieth anniversary of establishment of E Ink Holdings Inc. (f.k.a. Prime View International Co., Ltd.). Throughout the years, we have never stopped exploring forward looking technologies. We were among the forerunners in Taiwan's TFT-LCD manufacturing industry. Now we own the "E Ink" brand and have become one of the major suppliers of electronic paper displays in the global market. Our efforts in the past 20 years embodied in our achievements in the small and medium size display industry cannot be easily overlooked. Last year, in particular, our long-term investment in the e-paper and FFS wide viewing angle display markets paid off. I truly believe we will continue to create another good 20 years and many more thereafter!

1. Business Report for 2011

In 2011 the group has a total revenue of NT\$38.4 billion, net income after tax (NIAT) of NT\$6.5 billion and earnings per share (EPS) of NT\$6.05. In response to the growth in the portable consumer electronic products, performance of the Company's business unit of small and medium size displays excelled. With reduced material costs and improved yield rate and manufacturing efficiency, the shipment volume of electronic paper displays (EPDs) reached a record high. Our TFT-LCD business continued to grow as well because of the niche market strategies and the increased market demand for the FFS displays. In addition to the noticeable increase in sales, revenues, profits and market capitalization reached a high point with the gross profit margin being kept at an above average level.

Last year the shipment volume of EPDs witnessed a 140% growth mainly because of the international display awards granted to our new EPD products (e.g. E Ink Pearl™ EPD) and a comprehensive promotion and application, which was well welcomed in the market. Consumers in the U.S. and European countries acknowledging the benefits of E Ink e-papers, such as eye health friendly, extremely low energy consumption and good viewability in the sunlight, is becoming more willing to purchase such single function e-Readers. In addition, the emergence of other new markets, such as England, France and Russia, also boosted the growth.

For TFT-LCD, we continued to explore other niche markets, such as automobile, to sustain profits and prevent throat-cutting price competition in the consumer markets. Besides, the market demand for the FFS technology continued to have explosive growths. Hydis, our Korean subsidiary, focused its operation by means of C3.5/G3 fabrications on small size products with better gross profits, and further partnered with other manufacturers by outsourcing medium size products such as tablet computers to them.

2. Business Focal Point for 2012

Due to impact of the instability in the global economic environment and our major client's inventory adjustment at the end of last year, we have seen a smaller shipment volume on the first half of this year. The North America market demand for the second half of 2012 is not as foreseeable as before. Therefore, the growth of the EPD market this year is relatively low. Despite the significant growth in the Japanese and European markets, more observations are required for the overall shipment volume this year. Also, in view of the trend of high performance FFS technology in the demand for small and medium size displays (≤ 10.1 inches) in the consumer electronic market, we could expect a continuing growth in the sale of Hydis' products.

To accomplish our goals, the Company will adopt the following strategies this year:

(1) Continuing reduction of EPD costs and other related costs

One of our most important tasks has been the on-going efforts to reduce the EPD costs with the goal of creating a win-win situation for our customers and the Company. Looking into 2012, the Company will continue to focus on reducing the EPD production costs by expanding the outsourcing of TFT backplane for major 6-inch models, improving the yield rate for materials, and shortening the lead time. At the same time, we work even closer with our customers and the suppliers of SOCs to timely introduce the SOC applications in an effort to cut down the cost for e-Reader, help our customers enhance e-Reader's competitiveness and push up the sales volume.

(2) Optimization of environment, production process and labor force

In response to the expanded market demand, the Company will keep optimizing employees' work environment to enhance employees' stability, employee back-to-work rate after lunar new year holiday and recruitment rate. We have seen good results so far for our efforts. We have also made every possible endeavor to work to optimize production line and invest in automation, in an effort to improve product quality, shorten lead time and reduce the labor demand per production output. These efforts have resulted in outstanding accomplishment and we will continue these efforts this year.

(3) Promotion of color EPDs and flexible EPDs

Throughout these years PVI has always worked hard and devoted to development of new products. Color EPDs and flexible EPDs have recently got significant technical breakthroughs. We expect to introduce these technologies to various application markets in the second half of this year to venture into new business.

(4) New and improved solution for EPD peripherals

Solutions for e-Reader's upstream/downstream and peripherals sectors also play a critical role in the market development for e-Reader. The Company is not only devoted to the development of EPDs but also is taking the initiative to form strategic alliance with e-Reader's peripherals sector and build technological partnership with major suppliers of e-Reader parts and components in order to jointly create a comprehensive e-Reader market with the goal to increase our revenues and profits. The Company will continue the cooperation with our SOC partners for new chip design so as to keep e-Reader's pricing competitiveness and enhance its functionality.

(5) Continuing promotion efforts in the FFS technology and implementation of production planning and market development for new product applications

The FFS technology has certain competitive characteristics such as low power consumption, wide viewing angle and high viewability in strong light, and is therefore the most suitable for smart phones and tablet computers among all TFT-LCD display technologies. The Company will use Hydys' G3.5/G3 fabs to produce 4-inch or smaller high-end products for smart phones and at the same time purchase from partnered manufacturers the TFT-LCD glasses produced by its fabs of G5/G6 or above for tablet computers with 7-inch or larger panel in order to cut down costs and improve competitiveness and continue to further develop the consumer market for small and medium displays.

(6) Continued promotion of markets for TFT LCD product application and development of niche market with high gross profit

For TFT LCD products, our strategies include "fast delivery", "product integrity" and "customized applications". Our goal is to establish strategic cooperation with customers in the application market on real value-added and mutual trust basis to prepare ourselves for long-term involvement in the application market. We will refrain from throat-cutting pricing war for products with low gross profit margin and maintain profits by exploring into niche markets such as aeronautic, vessel, automobile, agricultural machinery, industrial control, medical and entertainment sectors.

3. Outlook

We are at the onset of another 20 years.

With this in mind, the Company will further integrate our talents, technologies, resources and group experiences in the consumer electronic products market and focus on small and medium size displays, in particular e-Reader and application of tablet

computer displays, to maintain our leadership and competitive advantage in the EPD and FFS technologies.

We have seen the future trend in Green Reading and Blue Economy. We believe there are great potentials in quasi-paper, such as E Ink e-paper, with characteristics such as extremely low power consumption, durability and good viewability in strong light. This is why we are working hard to explore into other application markets, such as enterprise level commercial products and indoor/outdoor advertisement boards. We believe the new types of application in non-consumer electronic products will be rapidly emerging in the near future.

Meanwhile, with the spirit of "develop forward-looking technology" in our gene, the Company will continue our quest for and development of the most advanced pivotal technology in e-paper and display. Through our global presence, we will have a vertical integration of the supply chain and cooperate with our strategic partners. Looking into a new era, everyone at the Company will work even harder to achieve better business accomplishments for our success in the next 20 years!

Chairman: Su-Cheng Liu

Manager: Chuan-chuan Tsai

Accounting Officer: Fred Lin

Appendix 2

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
E Ink Holdings Inc.

We have audited the accompanying balance sheets of E Ink Holdings Inc. (the "Corporation") as of December 31, 2011 and 2010, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of BOE Mobile Display Technology Co., Ltd., as of December 31, 2011 and 2010, the investments in which the Corporation had equity-method investments by Yuen Yu Investment Co., Ltd. The investments amounted to NT\$176,378 thousand and NT\$153,551 thousand as of December 31, 2011 and 2010, respectively, which accounted for about 0.4% for both years of the Corporation's total assets. The Corporation's equity of NT\$8,972 thousand in their net income in 2011 and equity of NT\$7,948 thousand in their net loss in 2010 were about 0.1% and 0.2%, respectively, of the Corporation's income before income tax. These investees' financial statements were audited by other auditors whose reports have been furnished to us, and, our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of E Ink Holdings Inc. as of December 31, 2011 and 2010, and the results of its operation and its cash flow for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of E Ink Holdings Inc. and its

subsidiaries as of and for the year ended December 31, 2011 and 2010, and have expressed a modified unqualified opinion on those statements in our report dated March 16, 2012.

March 16, 2012

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

E INK HOLDINGS INC.

BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2011		2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 2 and 4)	\$ 2,140,525	5	\$ 3,155,562	9	Short-term bank loans (Note 10)	\$ -	-	\$ 2,005,582	6
Notes and accounts receivable, net of allowance for doubtful accounts of \$ 10,600 thousand and \$5,400 thousand in 2011 and 2010 (Note 2 and 3)	448,217	1	510,192	2	Accounts payable	822,580	2	730,932	2
Receivables from related parties (Notes 2 and 18)	6,204,429	14	4,626,272	13	Payables to related parties (Note 18)	8,341,365	19	5,685,298	16
Other receivables - related parties (Note 18)	1,186,480	3	668,208	2	Income tax payable (Notes 2 and 15)	142,682	-	64,877	-
Inventories (Notes 2 and 6)	1,765,059	4	2,601,074	7	Accrued expenses	643,069	2	585,435	2
Prepayments (Note 18)	695,209	2	419,334	1	Payables to contractors and equipment suppliers	40,847	-	126,325	-
Deferred income tax assets - current (Notes 2 and 15)	102,923	-	91,168	-	Current portion of long-term liabilities (Notes 2 and 11)	-	-	1,903,030	6
Other current assets (Notes 2 and 5)	32,824	-	27,450	-	Other current liabilities (Note 5)	132,198	-	84,142	-
Total current assets	12,575,666	29	12,099,260	34	Total current liabilities	10,122,741	23	11,185,621	32
INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method (Notes 2 and 7)	26,183,148	61	20,801,384	59	Long-term liabilities, net of current portion (Note 11)	5,061,000	12	-	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	1,411,950	3	-	-	OTHER LIABILITIES				
Available-for-sale financial assets (Note 2)	331,247	1	128,447	1	Deferred credits (Notes 2 and 18)	69,718	-	92,965	-
Financial assets carried at cost (Note 2)	77,601	-	93,467	-	Others	128	-	132	-
Bond investments with no active market (Notes 2 and 8)	923,388	2	-	-	Total other liabilities	69,846	-	93,097	-
Total investments	28,927,334	67	21,023,298	60	Total liabilities	15,253,587	35	11,278,718	32
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 9 and 11)					CAPITAL STOCK				
Cost					Common stock at par value of NT\$10.00				
Buildings	2,050,203	5	2,427,237	7	Authorized: 2,000,000 thousand shares;				
Machinery and equipment	6,142,924	14	6,315,949	18	Issued and outstanding:				
Other equipment	1,048,346	2	1,098,817	3	- 2011: 1,080,173 thousand shares	10,801,728	25	10,775,602	31
Total cost	9,241,473	21	9,842,003	28	- 2010: 1,077,560 thousand shares	50	-	171	-
Less: Accumulated depreciation	7,769,442	18	8,147,884	23	Advance receipts for common stock				
	1,472,031	3	1,694,119	5	Total capital stock	10,801,778	25	10,775,773	31
Construction in progress and prepayments for equipment	38,009	-	21,974	-	CAPITAL SURPLUS				
Net property, plant and equipment	1,510,040	3	1,716,093	5	Additional paid-in capital from share issuance in excess of par value - common stock	9,102,776	21	9,065,424	26
INTANGIBLE ASSETS (Note 2)	22,749	-	46,589	-	Additional paid-in capital from share issuance in excess of par value - bond conversion	525,200	1	525,200	2
OTHER ASSETS					From long-term investments	144,173	1	150,800	-
Assets leased to others, net of accumulated depreciation of \$300,654 thousand in 2011 and \$257,770 thousand in 2010 (Notes 2)	-	-	42,884	-	Employee stock options	41,745	-	22,896	-
Deferred charges, net (Note 2)	168,142	1	131,964	1	Total capital surplus	9,813,894	23	9,764,320	28
Deferred income tax assets - noncurrent (Notes 2 and 15)	37,074	-	38,329	-	RETAINED EARNINGS				
Others, net of accumulated depreciation of \$241,632 thousand in 2011 and \$216,557 thousand in 2010 (Notes 2 and 12)	17,452	-	43,916	-	Legal reserve	402,798	1	-	-
Total other assets	222,668	1	257,093	1	Special reserve	704,456	2	-	-
					Unappropriated earnings	6,579,273	15	4,027,978	11
TOTAL	\$43,258,457	100	\$35,142,333	100	Total retained earnings	7,686,527	18	4,027,978	11
					OTHERS				
					Cumulative translation adjustments	70,678	-	(662,221)	(2)
					Unrealized gain (loss) on financial instruments	(342,113)	(1)	(42,235)	-
					Treasury stock - 522 thousand shares	(25,894)	-	-	-
					Total other equity	(297,329)	(1)	(704,456)	(2)
					Total shareholders' equity	28,004,870	65	23,863,615	68
					TOTAL	\$43,258,457	100	\$35,142,333	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 16, 2012)

E INK HOLDINGS INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 18)	\$26,948,046	102	\$17,892,401	105
SALES RETURNS AND ALLOWANCES	<u>609,378</u>	<u>2</u>	<u>875,974</u>	<u>5</u>
NET SALES	26,338,668	100	17,016,427	100
COST OF SALES (Notes 6, 17 and 18)	<u>22,203,536</u>	<u>84</u>	<u>13,445,812</u>	<u>79</u>
	4,135,132	16	3,570,615	21
REALIZED INTERCOMPANY GAIN (Notes 2)	<u>-</u>	<u>-</u>	<u>184</u>	<u>-</u>
GROSS PROFIT	<u>4,135,132</u>	<u>16</u>	<u>3,570,799</u>	<u>21</u>
OPERATING EXPENSES (Notes 17 and 18)				
Selling expenses	290,307	1	232,658	1
General and administrative expenses	619,653	3	433,560	3
Research and development expenses	<u>550,320</u>	<u>2</u>	<u>434,018</u>	<u>3</u>
Total operating expenses	<u>1,460,280</u>	<u>6</u>	<u>1,100,236</u>	<u>7</u>
OPERATING INCOME	<u>2,674,852</u>	<u>10</u>	<u>2,470,563</u>	<u>14</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 18)	32,742	-	42,053	-
Investment income recognized under the equity method (Note 7)	3,898,704	15	1,812,507	11
Gain on disposal of property, plant and equipment (Note 18)	23,312	-	23,247	-
Exchange gain, net	202,981	1	-	-
Rental revenue	53,052	-	61,631	-
Others	<u>26,965</u>	<u>-</u>	<u>65,081</u>	<u>1</u>
Total nonoperating income and gains	<u>4,237,756</u>	<u>16</u>	<u>2,004,519</u>	<u>12</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Note 9)	65,354	-	121,122	1
Exchange loss, net	-	-	76,407	-
Financial expenses	40,427	-	-	-
Depreciation of assets leased to others	42,884	-	51,460	-
Valuation loss on financial assets	71,470	1	-	-
Others	<u>24,692</u>	<u>-</u>	<u>1,115</u>	<u>-</u>

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
Total nonoperating expenses and losses	<u>244,827</u>	<u>1</u>	<u>250,104</u>	<u>1</u>
INCOME BEFORE INCOME TAX	6,667,781	25	4,224,978	25
INCOME TAX EXPENSE (Notes 2 and 15)	<u>141,000</u>	<u>-</u>	<u>197,000</u>	<u>1</u>
NET INCOME	<u>\$ 6,526,781</u>	<u>25</u>	<u>\$ 4,027,978</u>	<u>24</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 16)				
Basic earnings per share	<u>\$ 6.18</u>	<u>\$ 6.05</u>	<u>\$ 4.00</u>	<u>\$ 3.81</u>
Diluted earnings per share	<u>\$ 6.15</u>	<u>\$ 6.02</u>	<u>\$ 3.97</u>	<u>\$ 3.78</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 16, 2012)

(Concluded)

E INK HOLDINGS INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars, Except Cash Dividends)

	Issued and Outstanding Capital Stock (Notes 11 and 13) Shares		Advance Receipts for Common Stock (Notes 2 and 13)	Capital Surplus (Notes 2 and 13)	Retained Earnings (Notes 2 and 13)			Other Equity (Notes 2 and 13)			Total Shareholders' Equity
	(Thousands)	Amount			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Treasury Stock (Notes 2 and 14)	
BALANCE, JANUARY 1, 2010	957,541	\$ 9,575,406	\$ 9,254	\$11,822,662	\$ -	\$ -	\$(1,408,095)	\$ 34,573	\$ 318,431	\$ -	\$20,352,231
Offset of deficit	-	-	-	(1,408,095)	-	-	1,408,095	-	-	-	-
Conversion of employee stock options	6,283	62,829	(9,083)	50,893	-	-	-	-	-	-	104,639
Net income in 2010	-	-	-	-	-	-	4,027,978	-	-	-	4,027,978
Conversion of preferred shares	104,147	1,041,471	-	(1,041,471)	-	-	-	-	-	-	-
Conversion of convertible bonds	9,589	95,896	-	290,418	-	-	-	-	-	-	386,314
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	5,252	-	5,252
Adjustment due to change in equity in investee	-	-	-	49,913	-	-	-	-	(365,918)	-	(316,005)
Translation adjustments	-	-	-	-	-	-	-	(696,794)	-	-	(696,794)
BALANCE, DECEMBER 31, 2010	1,077,560	10,775,602	171	9,764,320	-	-	4,027,978	(662,221)	(42,235)	-	23,863,615
Appropriations of 2010 earnings											
Legal reserve	-	-	-	-	402,798	-	(402,798)	-	-	-	-
Special reserve	-	-	-	-	-	704,456	(704,456)	-	-	-	-
Cash dividends - \$2.66 per share	-	-	-	-	-	-	(2,868,232)	-	-	-	(2,868,232)
Conversion of employee stock options	2,613	26,126	(121)	34,028	-	-	-	-	-	-	60,033
Net income in 2011	-	-	-	-	-	-	6,526,781	-	-	-	6,526,781
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	(95,492)	-	(95,492)
Adjustment due to change in equity in investee	-	-	-	15,546	-	-	-	-	(204,386)	-	(188,840)
Translation adjustments	-	-	-	-	-	-	-	732,899	-	-	732,899
Acquisition of treasury stock - 522 thousand shares	-	-	-	-	-	-	-	-	-	(25,894)	(25,894)
BALANCE, DECEMBER 31, 2011	<u>1,080,173</u>	<u>\$10,801,728</u>	<u>\$ 50</u>	<u>\$ 9,813,894</u>	<u>\$ 402,798</u>	<u>\$ 704,456</u>	<u>\$ 6,579,273</u>	<u>\$ 70,678</u>	<u>\$ (342,113)</u>	<u>\$ (25,894)</u>	<u>\$28,004,870</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 16, 2012)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$6,526,781	\$4,027,978
Adjustments to reconcile net income to net cash provided by operating activities	-	-
Depreciation	351,436	478,772
Amortization	127,996	86,868
Allowance (reversal of allowance) for doubtful accounts	5,200	(11,610)
Realized intercompany gain	-	(184)
Impairment loss	15,866	-
Investment loss (income) recognized under the equity method	(3,898,704)	(1,812,507)
Gain on disposal of property, plant and equipment, net	(23,312)	(23,247)
Deferred income taxes	(10,500)	118,929
Discount amortization of convertible bonds	-	831
Net Changes in operating assets and liabilities		
Notes and accounts receivable	56,775	1,131,035
Receivables from related parties	(1,578,157)	(3,451,525)
Other receivable - related parties	(372,807)	-
Inventories	836,015	(1,525,090)
Prepaid expenses	(275,875)	575,161
Other current assets	(5,374)	21,575
Accounts payable	91,648	531,982
Payables to related parties	2,656,067	4,052,691
Income tax payable	77,805	(16,668)
Accrued expenses	57,634	89,017
Other current liabilities	<u>53,648</u>	<u>45,570</u>
Net cash provided by operating activities	<u>4,692,142</u>	<u>4,319,578</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit or loss	(1,411,950)	-
Decrease (increase) in other receivables - related parties	(124,380)	470,995
Acquisition of available-for-sale financial assets	(298,292)	-
Acquisition of investments accounted for by the equity method	(1,210,086)	(1,214,680)
Proceeds from investment company capital reduction	250,000	252,000
Acquisition of financial assets carried at cost	-	(50,000)
Acquisition of bond investment with no active market	(923,388)	-
Proceeds from disposal property, plant and equipment	1,888	-
Acquisition of property, plant, and equipment	(164,725)	(49,602)
Increase in intangible assets	(2,514)	(30,035)
Increase in deferred charges	(143,412)	(135,258)
Decrease (increase) in other assets	<u>1,389</u>	<u>(7,412)</u>
Net cash used in investing activities	<u>(4,025,470)</u>	<u>(763,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
Decrease in short-term bank loans	(2,005,582)	(2,343,768)
Increase (decrease) in short-term bills payable	-	(199,853)
Increase in long-term liabilities	3,157,970	810,530
Conversion of employee stock options	60,033	104,639
Redemption of convertible bonds	-	(507)
Increase (decrease) in guarantee deposits received	(4)	6
Cash paid for acquisition of treasury stock	(25,894)	-
Cash dividends	<u>(2,868,232)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,681,709)</u>	<u>(1,628,953)</u>
NET INCREASE (DECREASE) IN CASH	(1,015,037)	1,926,633
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,155,562</u>	<u>1,228,929</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,140,525</u>	<u>\$ 3,155,562</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 69,342</u>	<u>\$ 132,326</u>
Income tax paid	<u>\$ 73,695</u>	<u>\$ 94,739</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Other receivable-proceeds from investment company capital reduction	<u>\$ 21,085</u>	<u>\$ -</u>
Current portion of long-term liabilities	<u>\$ -</u>	<u>\$ 1,903,030</u>
Conversion of convertible bonds	<u>\$ -</u>	<u>\$ 386,314</u>
Transfer of account receivable to financial assets carried at cost	<u>\$ -</u>	<u>\$ 15,866</u>
CASH PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Acquisition of property, plant and equipment	\$ 79,247	\$ 144,814
Decrease (increase) in payables to contractors and equipment suppliers	<u>85,478</u>	<u>(95,212)</u>
Payment in cash	<u>\$ 164,725</u>	<u>\$ 49,602</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 16, 2012)

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
E Ink Holdings Inc.

We have audited the accompanying consolidated balance sheets of E Ink Holdings Inc. and its subsidiaries (the "Corporation") as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of BOE Mobile Display Technology Co., Ltd., as of December 31, 2011 and 2010, the investments in which the Corporation had equity-method investments by Yuen Yu Investment Co., Ltd. The investments amounted to NT\$176,378 thousand and NT\$153,551 thousand as of December 31, 2011 and 2010, respectively, which accounted for about 0.4% for both years of the consolidated assets. The Corporation's equity of NT\$8,972 thousand in their net income in 2011 and equity of NT\$7,948 thousand in their net loss in 2010 were about 0.1% and 0.2%, respectively, of the consolidated income before income tax. These investees' financial statements were audited by other auditors whose reports have been furnished to us, and, our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of E Ink Holdings Inc. and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

March 16, 2012

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2011		2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 2 and 4)	\$ 4,373,327	10	\$ 5,686,773	14	Short-term bank loans (Notes 13 and 22)	\$ 909,069	2	\$ 3,213,592	8
Available-for-sale financial assets (Notes 2 and 7)	-	-	80,240	-	Accounts payable	5,533,246	12	5,035,174	12
Notes and accounts receivable, net of allowance for doubtful accounts of \$86,403 thousand in 2011 and \$85,037 thousand in 2010 (Notes 2, 3 and 6)	9,432,609	20	3,463,364	8	Payables to related parties (Note 21)	33,896	-	104,277	-
Receivables from related parties (Notes 2 and 21)	272,372	1	34,193	-	Income tax payable (Notes 2 and 18)	159,470	-	66,437	-
Other financial assets (Note 22)	46,640	-	311,679	1	Accrued expenses	1,508,046	3	1,428,433	4
Inventories (Notes 2 and 8)	5,773,028	13	6,564,937	16	Payables to contractors and equipment suppliers	346,905	1	738,754	2
Prepayments	593,030	1	1,053,350	3	Receipts in advance	189,226	1	371,689	1
Deferred income tax assets - current (Notes 2 and 18)	426,018	1	357,932	1	Current portion of long-term liabilities (Notes 2, 14 and 22)	30,275	-	2,818,380	7
Other current assets (Notes 2 and 5)	161,879	-	119,217	-	Other current liabilities (Notes 2 and 5)	262,479	1	125,374	-
Total current assets	21,078,903	46	17,671,685	43	Total current liabilities	8,972,612	20	13,902,110	34
INVESTMENTS					LONG-TERM LIABILITIES (Notes 2, 14 and 22)				
Investments accounted for by the equity method (Notes 2 and 9)	282,542	-	293,625	1	Long-term liabilities, net of current portion	8,027,052	17	1,584,549	4
Financial assets at fair value through profit or loss (Notes 2 and 5)	1,672,015	4	-	-	OTHER LIABILITIES				
Available-for-sale financial assets (Notes 2 and 7)	985,957	2	847,296	2	Accrued pension liabilities (Notes 2, 9 and 15)	683,612	1	498,351	1
Financial assets carried at cost (Notes 2 and 10)	2,635,442	6	2,748,432	7	Others	311,654	1	381,739	1
Total investments	5,575,956	12	3,889,353	10	Total other liabilities	995,266	2	880,090	2
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11, 14 and 22)					Total liabilities	17,994,930	39	16,366,749	40
Cost					EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Buildings	7,739,860	17	7,889,639	19	Capital stock				
Machinery and equipment	20,834,707	45	19,904,688	49	Common stock at par value of NT\$10.00;				
Other equipment	3,487,376	8	3,671,961	9	Authorized: 2,000,000 thousand shares;				
Total cost	32,061,943	70	31,466,288	77	Issued and outstanding:				
Less: Accumulated depreciation	23,374,508	51	22,756,630	56	- 2011: 1,080,173 thousand shares	10,801,728	24	10,775,602	27
Accumulated impairment	372,961	1	130,938	-	- 2010: 1,077,560 thousand shares	50	-	171	-
	8,314,474	18	8,578,720	21	Advance receipts for common stock	10,801,728	24	10,775,602	27
Construction in progress and prepayments for equipment	974,303	2	467,210	1	Total capital stock	10,801,778	24	10,775,773	27
Net property, plant and equipment	9,288,777	20	9,045,930	22	Capital surplus				
INTANGIBLE ASSETS (Notes 2 and 12)					Additional paid-in capital from share issuance in excess of par value - common stock	9,102,776	20	9,065,424	22
Patent	2,898,717	6	3,207,177	8	Additional paid-in capital from share issuance in excess of par value - bond conversion	525,200	1	525,200	1
Goodwill	6,062,358	13	6,060,003	15	From long-term investments	144,173	-	150,800	1
Others	236,256	1	461,523	1	Employee stock options	41,745	-	22,896	-
Total intangible assets	9,197,331	20	9,728,703	24	Total capital surplus	9,813,894	21	9,764,320	24
OTHER ASSETS					Retained earnings				
Assets leased to others, net accumulated depreciation of \$300,654 thousand					Legal reserve	402,798	1	-	-
in 2011 and \$257,770 thousand in 2010 (Notes 2)	-	-	42,884	-	Special reserve	704,456	2	-	-
Deferred charges, net (Note 2)	653,593	1	171,424	1	Unappropriated earnings	6,579,273	14	4,027,978	10
Deferred income tax assets - noncurrent (Notes 2 and 18)	41,252	-	91,057	-	Total retained earnings	7,686,527	17	4,027,978	10
Others (Notes 2 and 15)	348,518	1	120,937	-	Others				
Total other assets	1,043,363	2	426,302	1	Cumulative translation adjustments	70,678	-	(662,221)	(2)
TOTAL	\$46,184,330	100	\$40,761,973	100	Unrealized gain (loss) on financial instruments	(342,113)	(1)	(42,235)	-
					Treasury stock - 522 thousand shares	(25,894)	-	-	-
					Total others	(297,329)	(1)	(704,456)	(2)
					Total equity attributable to shareholders of the parent	28,004,870	61	23,863,615	59
					MINORITY INTEREST	184,530	-	531,609	1
					Total shareholders' equity	28,189,400	61	24,395,224	60
					TOTAL	\$46,184,330	100	\$40,761,973	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 16, 2012)

E INK HOLDINGS INC. AND SUBSIDIARIE

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 21)	\$39,066,525	102	\$26,129,122	104
SALES RETURNS AND ALLOWANCES	<u>638,404</u>	<u>2</u>	<u>950,193</u>	<u>4</u>
NET SALES	38,428,121	100	25,178,929	100
COST OF SALES (Notes 8, 20 and 21)	<u>26,400,577</u>	<u>69</u>	<u>16,705,428</u>	<u>66</u>
GROSS PROFIT	<u>12,027,544</u>	<u>31</u>	<u>8,473,501</u>	<u>34</u>
OPERATING EXPENSES (Note 20)				
Selling expenses	811,363	2	690,516	3
General and administrative expenses	2,448,479	6	1,878,626	8
Research and development expenses	<u>1,762,273</u>	<u>5</u>	<u>1,572,037</u>	<u>6</u>
Total operating expenses	<u>5,022,115</u>	<u>13</u>	<u>4,141,179</u>	<u>17</u>
OPERATING INCOME	<u>7,005,429</u>	<u>18</u>	<u>4,332,322</u>	<u>17</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 21)	44,206	-	16,116	-
Exchange gain, net	273,356	1	99,623	1
Rental revenue (Note 21)	68,715	-	66,012	-
Patent royalty revenue	243,078	1	522,930	2
Others (Note 21)	<u>150,776</u>	<u>-</u>	<u>259,900</u>	<u>1</u>
Total nonoperating income and gains	<u>780,131</u>	<u>2</u>	<u>964,581</u>	<u>4</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Notes 11 and 21)	200,701	1	295,079	1
Loss on disposal of property, plant and equipment	108,229	-	12,683	-
Financial expenses	40,427	-	-	-
Depreciation of assets leased to others	42,884	-	51,460	-
Impairment loss (Notes 10, 11 and 12)	353,065	1	27,679	-
Valuation loss on financial assets	68,515	-	-	-
Others	<u>80,732</u>	<u>-</u>	<u>67,421</u>	<u>1</u>
Total nonoperating expenses and losses	<u>894,553</u>	<u>2</u>	<u>454,322</u>	<u>2</u>
INCOME BEFORE INCOME TAX	6,891,007	18	4,842,581	19
INCOME TAX EXPENSE (Notes 2 and 18)	<u>(559,957)</u>	<u>(2)</u>	<u>(928,965)</u>	<u>(3)</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
CONSOLIDATED NET INCOME	<u>\$ 6,331,050</u>	<u>16</u>	<u>\$ 3,913,616</u>	<u>16</u>
ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 6,526,781	17	\$ 4,027,978	16
Minority interest	<u>(195,731)</u>	<u>(1)</u>	<u>(114,362)</u>	<u>-</u>
	<u>\$ 6,331,050</u>	<u>16</u>	<u>\$ 3,913,616</u>	<u>16</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 6.18</u>	<u>\$ 6.05</u>	<u>\$ 4.00</u>	<u>\$ 3.81</u>
Diluted	<u>\$ 6.15</u>	<u>\$ 6.02</u>	<u>\$ 3.97</u>	<u>\$ 3.78</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 16, 2012)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Cash Dividends)

	Issued and Outstanding Capital Stock (Notes 14 and 16)		Advance Receipts for Common Stock (Notes 2 and 16)	Capital Surplus (Notes 2 and 16)	Retained Earnings (Notes 2 and 16)				Other Equity (Notes 2, 16 and 17)		Equity Attributable to Shareholders of the Parent	Minority Interest	Total Shareholders' Equity
					Legal Reserve	Special Reserve	Earnings (Accumulated Deficit)	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Treasury Stock			
	Shares (Thousands)	Amount											
BALANCE, JANUARY 1, 2010	957,541	\$ 9,575,406	\$ 9,254	\$11,822,662	\$ -	\$ -	\$(1,408,095)	\$ 34,573	\$ 318,431	\$ -	\$20,352,231	\$ 622,014	\$20,974,245
Offset of deficit	-	-	-	(1,408,095)	-	-	1,408,095	-	-	-	-	-	-
Conversion of employee stock options	6,283	62,829	(9,083)	50,893	-	-	-	-	-	-	104,639	-	104,639
Consolidated net income in 2010	-	-	-	-	-	-	4,027,978	-	-	-	4,027,978	(114,362)	3,913,616
Conversion of preferred shares	104,147	1,041,471	-	(1,041,471)	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds	9,589	95,896	-	290,418	-	-	-	-	-	-	386,314	-	386,314
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	5,252	-	5,252	-	5,252
Adjustment due to change in equity in investee	-	-	-	49,913	-	-	-	-	(365,918)	-	(316,005)	-	(316,005)
Translation adjustments	-	-	-	-	-	-	-	(696,794)	-	-	(696,794)	-	(696,794)
Change in minority interest	-	-	-	-	-	-	-	-	-	-	-	23,957	23,957
BALANCE, DECEMBER 31, 2010	1,077,560	10,775,602	171	9,764,320	-	-	4,027,978	(662,221)	(42,235)	-	23,863,615	531,609	24,395,224
Appropriation of 2010 earnings													
Legal reserve	-	-	-	-	402,798	-	(402,798)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	704,456	(704,456)	-	-	-	-	-	-
Cash dividends - \$2.66 per share	-	-	-	-	-	-	(2,868,232)	-	-	-	(2,868,232)	-	(2,868,232)
Conversion of employee stock options	2,613	26,126	(121)	34,028	-	-	-	-	-	-	60,033	-	60,033
Consolidated net income in 2011	-	-	-	-	-	-	6,526,781	-	-	-	6,526,781	(195,731)	6,331,050
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	(95,492)	-	(95,492)	-	(95,492)
Adjustment due to change in equity in investee	-	-	-	15,546	-	-	-	-	(204,386)	-	(188,840)	-	(188,840)
Translation adjustments	-	-	-	-	-	-	-	732,899	-	-	732,899	-	732,899
Acquisition of treasury stock - 522 thousand shares	-	-	-	-	-	-	-	-	-	(25,894)	(25,894)	-	(25,894)
Change in minority interest	-	-	-	-	-	-	-	-	-	-	-	(151,348)	(151,348)
BALANCE, DECEMBER 31, 2011	1,080,173	\$10,801,728	50	\$ 9,813,894	\$ 402,798	\$ 704,456	\$ 6,579,273	\$ 70,678	\$ (342,113)	\$ (25,894)	\$28,004,870	\$ 184,530	\$28,189,400

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 16, 2012)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 6,331,050	\$ 3,913,616
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	1,574,623	1,781,752
Amortization	687,957	612,060
Allowance (reversal of allowance) for doubtful accounts	(2,243)	19,536
Gain on sale of investments, net	(1,552)	(2,774)
Investment loss recognized under the equity method	5,383	19,745
Loss on disposal of property, plant and equipment, net	108,229	12,683
Impairment loss	353,065	27,679
Discount amortization of convertible bonds	18,907	15,603
Deferred income taxes	(6,019)	517,777
Compensation cost of employee stock options	22,173	19,470
Net changes in operating assets and liabilities:		
Notes and accounts receivable	(5,813,667)	(1,356,408)
Receivables from related parties	(27,207)	(236,646)
Other financial assets	266,798	(230,036)
Inventories	857,742	(3,316,769)
Prepayments	475,600	(484,182)
Other current assets	(28,657)	(107,285)
Financial liabilities at fair value through profit or loss	(11,761)	(12,056)
Accounts payable	513,516	3,655,993
Payables to related parties	(70,381)	180,629
Income tax payable	93,033	(203,332)
Accrued expenses	61,033	561,276
Receipts in advance	(173,212)	305,479
Other current liabilities	240,838	(18,223)
Accrued pension liabilities	<u>185,622</u>	<u>54,449</u>
Net cash provided by operating activities	<u>5,660,870</u>	<u>5,730,036</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit or loss	(1,668,887)	-
Acquisition of available-for-sale financial assets	(439,579)	(80,000)
Proceeds from disposal of available-for-sale financial assets	81,844	-
Acquisition of financial assets carried at cost	-	(50,000)
Proceeds from disposal of financial assets carried at cost	-	5,873
Proceeds from disposal of subsidiaries' shares	6,523	-
Acquisition of property, plant, and equipment	(2,661,154)	(1,325,233)
Proceeds from disposal of property, plant and equipment	122,768	4,439
Increase in intangible assets	(15,496)	(43,998)
Increase in deferred charges	(606,644)	(168,388)
Decrease (increase) in other assets	<u>(202,539)</u>	<u>21,419</u>
Net cash used in investing activities	<u>(5,383,164)</u>	<u>(1,635,888)</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(2,330,737)	(2,512,995)
Decrease in short-term bills payable	-	(199,853)
Increase in long-term liabilities	4,282,235	943,670
Decrease in payables to related parties - noncurrent	-	(90,053)
Issuance of convertible bonds	-	929,817
Redemption of convertible bonds	(540,272)	(507)
Redemption of bonds payable	(366,132)	-
Increase (decrease) in other liabilities	(113,205)	243,796
Conversion of employee stock options	60,033	104,639
Increase in minority interest	25,863	59,848
Cash paid for acquisition of treasury stock	(25,894)	-
Cash dividends	<u>(2,868,232)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,876,341)</u>	<u>(521,638)</u>
CURRENCY TRANSLATION ADJUSTMENT	<u>285,189</u>	<u>(704,805)</u>
NET INCREASE (DECREASE) IN CASH	(1,313,446)	2,867,705
CASH , BEGINNING OF YEAR	<u>5,686,773</u>	<u>2,819,068</u>
CASH , END OF YEAR	<u>\$ 4,373,327</u>	<u>\$ 5,686,773</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 187,664</u>	<u>\$ 309,734</u>
Income tax paid	<u>\$ 599,708</u>	<u>\$ 931,572</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 30,275</u>	<u>\$ 2,818,380</u>
Transfer of investment accounted for by the equity method to financial assets carried at cost	<u>\$ -</u>	<u>\$ 2,571,366</u>
Conversion of convertible bonds	<u>\$ -</u>	<u>\$ 386,314</u>
Transfer of account receivable to financial assets carried at cost	<u>\$ -</u>	<u>\$ 15,866</u>
CASH PAID FOR ACQUISITION OF PROPERTY, PLANT, AND EQUIPMENT		
Acquisition of property, plant and equipment	\$ 2,269,305	\$ 1,695,560
Decrease (increase) in payables to contractors and equipment suppliers	<u>391,849</u>	<u>(370,327)</u>
Payment in cash	<u>\$ 2,661,154</u>	<u>\$ 1,325,233</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

Additional disclosure of disposal of subsidiaries' shares:

In 2011, E Ink Holdings Inc. (EIH) disposed the shares of Yangzhou Aurac-tech Co. Limited, Qingdao Effect Media Corp., Yeon Technologies (Yangzhou) Co. Ltd, Arizon RFID Technology (Yangzhou) Co. Ltd, and RFIDYD AI & Network Technology Co. Ltd. The fair values of disposed assets and liabilities were as follows:

	Yangzhou Aurac-tech Co. Limited	Qingdao Effect Media Corp.	Yeon Technologies (Yangzhou) Co. Ltd	Arizon RFID Technology (Yangzhou) Co. Ltd	RFIDYD AI & Network Technology Co. Ltd	Total
Cash	\$ 2,104	\$ 756	\$ 112	\$100,910	\$ 968	\$104,850
Accounts receivable	11,457	-	8,202	87,164	-	106,823
Inventories	17,685	-	10,448	57,033	163	85,329
Other current assets	2,937	219	3,146	22,518	1,801	30,621
Net property, plant and equipment	703	85	112	459,002	14	459,916
Other assets	203	5	77	5,969	-	6,254
Accounts payable	(18,823)	(25,697)	(16,965)	(106,611)	-	(168,096)
Accrued expenses	(285)	-	(2,477)	(6,696)	-	(9,458)
Other current liabilities	<u>(1,023)</u>	<u>(2,141)</u>	<u>(452)</u>	<u>(95,079)</u>	<u>(426)</u>	<u>(99,121)</u>
	14,958	(26,773)	2,203	524,210	2,520	517,118
Percentage of shares of disposal	<u>70%</u>	<u>70%</u>	<u>100%</u>	<u>62.4%</u>	<u>55%</u>	
Net equity	<u>\$ 10,470</u>	<u>\$ (18,741)</u>	<u>\$ 2,203</u>	<u>\$327,107</u>	<u>\$ 1,386</u>	322,425
Proceeds of disposal						<u>322,345</u>
Loss on disposal						<u>\$ (80)</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 16, 2012)

(Concluded)

Appendix 3

SUPERVISORS' REVIEW REPORT

The Board of Directors has prepared the Company's 2011 business report, financial statements and proposal of earnings distribution. And Deloitte & Touche, a CPA firm, has completed its audit to the Company's financial statements and issued an audit report thereof. The above-mentioned business report, financial statements and proposal have been reviewed and determined to be correct and accurate by us, so, according to Article 219 of the Company Act, we hereby submit this report to the 2011 Annual General Meeting of stockholders of the Company.

E INK HOLDINGS INC.

Supervisors: Li-Chun Hsiao

Ching-I Wang

Ching-Yuan Chang

Date: March 27, 2012

Appendix 4

E INK HOLDINGS INC. STATUS TABLE OF TREASURY STOCK REPURCHASE

Item	Remark
Execution Plan of the Second Treasury Stock Repurchase in 2011	
Date of Approval by the Board	March 30, 2011
Purpose of Repurchase	In line with the Company's talent retention programs, the repurchased stock will be transferred to employees.
Type of Repurchased Stocks	Common Stocks
Maximum Amount of Repurchase	NT\$12,914,145,241
Planned Duration of Repurchase	March 31, 2011 ~ May 30, 2011
Planned Amount of Repurchase (Shareholding Percentage)	11,000,000 shares (1.02%)
Planned Price Range of Repurchase	NT\$35.00 ~ NT\$55.00
Method of Repurchase	Repurchased from over-the-counter market
Execution Status of the 2nd time Treasury Stock Repurchase in 2011	
Duration of Repurchase	April 11, 2011
Amount of Repurchase	522,000 shares
Payment Amount of Repurchase	NT\$25,913,708
Average Price of Repurchase Per Share	NT\$49.64

Appendix 5

E INK HOLDINGS INC. 2011 EARNINGS DISTRIBUTION STATEMENT

Item	Amount (NTD)	Remark
Retained earnings at the beginning of this fiscal year	\$ 52,491,725	
Plus: After-tax net income of this fiscal year	6,526,780,786	
Special reserve withdrawn pursuant to the Securities Exchange Act	433,021,230	
Deduct: Legal reserve of 10%	(652,678,079)	
Distributable retained earnings of this fiscal year	6,359,615,662	
Item of Allocation		
Shareholders' Cash Dividends	539,879,698	NT\$0.5 per share
Shareholders' Cash Bonuses	2,699,398,488	NT\$2.5 per share
Unappropriated retained earnings at the end of this fiscal year	3,120,337,476	
Note :		
<ol style="list-style-type: none"> 1. According the ruling, Ji-Mi-Tse No. 052, promulgated by the ROC Accounting Research and Development Foundation in March 2007, the employee bonuses and the remuneration to directors and supervisors shall be booked as expenses, not distribution of earnings. Planned allocation of remuneration to directors and supervisors: NT\$25,200,000 Planned allocation of employee bonuses: NT\$41,395,842 2. Pursuant to the ruling Tai-Cai-Shui No. 871941343 issued by the Ministry of Finance on April 30, 1998, individual identification method should be adopted when distributing earnings. This year's distribution of earnings is made with the earnings generated from the most recent year. 		

Chairman: Su-Cheng Liu

Managing Officer: Chuang-Chuang Tsai

Accounting Officer: Fred Lin

Appendix 6

E INK HOLDINGS INC.

Comparison Table of the Draft Amendment to Articles of Incorporation

Article	After Amendment	Before Amendment	Remarks
5-3	(Deleted)	<p>Series A Convertible Preferred Share</p> <p>The Company may issue up to Thirty Million Series A Convertible Preferred Share ("Series A CPS") by installments. The major terms and conditions of the Series A CPS are listed as below:</p> <ol style="list-style-type: none"> 1. The life of the Series A CPS is from the issue date of the Series A CPS to September 30, 2012 ("Expiration Date"). Each Series A CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders' meeting of the Series A CPS if such Series A CPS is not converted into the common shares of the Company on the Expiration Date. 2. The holders of the Series A CPS are not entitled to any cash dividend or bonus and they are not entitled to the cash distribution out of the Company's earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses by way of issue of new shares to other shareholders of the Company, the Company shall pay a pro rata (according to the same percentage 	<p>All of the Series A Convertible Preferred Share issued by the Company have been converted to common shares. Thus the corresponding section as to the Series A Convertible Preferred Share is proposed to be deleted accordingly.</p>

Article	After Amendment	Before Amendment	Remarks
		<p>as distributed to other shares) dividend or bonus in additional Series A CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series A CPS at the time of the conversion thereof.</p> <p>3. When the Company issues new shares for cash, the holders of the Series A CPS shall have the preemptive right to buy new shares on the same terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.</p> <p>4. The holders of the Series A CPS are not entitled to any voting rights in the shareholders' meeting for the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any merger or acquisition activity, such activity is not required to be approved by the shareholders' meeting of the Series A CPS.</p> <p>5. Conversion of Series A CPS: Series A CPS will be automatically converted into common shares of the Company on a 1: 1 basis on the issue date.</p> <p>6. In the event that the winding up or liquidation of the Company occurs, the Series A CPS will be automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the</p>	

Article	After Amendment	Before Amendment	Remarks
		<p>rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series A CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.</p> <p>7. Other detailed terms and conditions in relation to Series A CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders' meeting.</p>	
5-4	(Deleted)	<p>Series B Convertible Preferred Share</p> <p>The Company may issue up to Thirty Million Series B Convertible Preferred Share ("Series B CPS") by installments. The major terms and conditions of the Series B CPS are listed as below:</p> <p>1. The life of the Series B CPS is from the issue date of the Series B CPS to September 30, 2012 ("Expiration Date"). Each Series B CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders' meeting of the Series B CPS if such Series B CPS is not converted into the common shares of the Company on the Expiration Date.</p>	<p>All of the Series B Convertible Preferred Share issued by the Company have been converted to common shares. Thus the corresponding section as to the Series B Convertible Preferred Share is proposed to be deleted accordingly.</p>

Article	After Amendment	Before Amendment	Remarks
		<p>2. The holders of the Series B CPS are not entitled to any cash dividend or bonus and they are not entitled to the cash distribution out of the Company's earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses by way of issue of new shares to other shareholders of the Company, the Company shall pay a pro rata (according to the same percentage as distributed to other shares) dividend or bonus in additional Series B CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series B CPS at the time of the conversion thereof.</p> <p>3. When the Company issues new shares for cash, the holders of the Series B CPS shall have the preemptive right to buy new shares on the same terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.</p> <p>4. The holders of the Series B CPS are not entitled to any voting rights in the shareholders' meeting for the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any merger or acquisition activity, such activity is not required to be approved by the shareholders' meeting of the Series B CPS.</p> <p>5. Conversion of Series B CPS:</p>	

Article	After Amendment	Before Amendment	Remarks
		<p>(1) Conversion Triggering Price</p> <p>(a) If the Company's consecutive 5-day volume weighted average price ("VWAP") on the GTSM reaches Sixty New Taiwan Dollars (NT\$60), the Series B CPS will be automatically converted into common shares of the Company on a 1:1 basis. Detailed terms for the time period to determine the VWAP, and the adjustment of the Conversion Triggering Price shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders' meeting.</p> <p>(b) Change of Control, Winding Up or Liquidation In the event that either (i) any "Change of Control" (defined as below) of the Company or (ii) the winding up or liquidation of the Company as provided in the Company Act, occurs, the Series B CPS will be automatically converted into the common shares of the Company on a 1:1 basis. "Change of Control" means (i) any merger, consolidation or other business combination of the Company with or into another entity in which the Company is not the surviving entity; (ii) any merger, consolidation or other business combination of the Company with or into another entity in which the Company is the surviving entity but the number of all the voting shares of the surviving entity held by the shareholders of the Company immediately prior</p>	

Article	After Amendment	Before Amendment	Remarks
		<p>to such transaction falls under 50% of the total number of the voting shares of the surviving entity after giving effect to such transaction; (iii) any sale, lease, assignment or other transfer by the Company of all or substantially all of its assets provided, however, that any sale, lease, assignment or other transfer by the Company of the plants or other assets for manufacturing of the Company or of the Company's subsidiaries or sale of the shares of the Company's subsidiaries other than E Ink Corporation shall not be deemed to be a Change of Control and provided, further, that any sale, lease, assignment or other transfer by the Company of all or substantially all of the business of E Ink Corporation (including all or substantially all of the intellectual property of E Ink Corporation) in one or a series of related transactions shall be deemed to be a Change of Control; (iv) any person or entity and its group affiliates acquires the power to elect or direct the election of a majority of the members of the Company's board of directors as specified in the Company's Articles of Incorporation; or (v) any person or entity and its group affiliates acquires more than 50% of the outstanding voting shares of, or the beneficial ownership of more than 50% of the outstanding voting shares of the Company, provided, however, that such acquisition referred to in this clause (v)</p>	

Article	After Amendment	Before Amendment	Remarks
		<p>shall not be a Change of Control unless or until such person, entity or group affiliates has the power to elect or direct the election of a majority of the members of the Company's board of directors as specified in the Company's Articles of Incorporation.</p> <p>6. In the event that the winding up or liquidation of the Company occurs, the Series B CPS will be automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series B CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.</p> <p>7. Other detailed terms and conditions in relation to the Series B CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders' meeting.</p>	
5-5	(Deleted)	<p>Series C Convertible Preferred Share The Company may issue up to Thirty Million Series C Convertible Preferred Share ("Series C CPS") by</p>	<p>All of the Series C Convertible Preferred Share issued by the Company have</p>

Article	After Amendment	Before Amendment	Remarks
		<p>installments. The major terms and conditions of the Series C CPS are listed as below:</p> <ol style="list-style-type: none"> 1. The life of the Series C CPS is from the issue date of the Series C CPS to September 30, 2012 (“Expiration Date”). Each Series C CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders of the Series C CPS if such Series C CPS is not converted into the common shares of the Company on the Expiration Date. 2. The holders of the Series C CPS are not entitled to any cash dividend or bonus and they are not entitled to cash distribution out of the Company’s earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses by way of issue of new shares to other shareholders of the Company, the Company shall pay a pro rata (according to the same percentage as distributed to other shares) dividend or bonus in additional Series C CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series C CPS at the time of the conversion thereof. 3. When the Company issues new shares for cash, the holders of the Series C CPS shall have the preemptive right to buy new shares on the same 	<p>been converted to common shares. Thus the corresponding section as to the Series C Convertible Preferred Share is proposed to be deleted accordingly.</p>

Article	After Amendment	Before Amendment	Remarks
		<p>terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.</p> <p>4. The holders of the Series C CPS are not entitled to any voting rights in the shareholders' meeting for the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any merger or acquisition activity, such activity is not required to be approved by the shareholders' meeting of the Series C CPS.</p> <p>5. Conversion of Series C CPS:</p> <p>(1) Conversion Triggering Price</p> <p>(a) If the Company's consecutive 5-day VWAP on the GTSM reaches Seventy New Taiwan Dollars (NT\$70), the Series C CPS will be automatically converted into common shares of the Company on a 1:1 basis.</p> <p>Detailed terms for the time period to determine the VWAP, and the adjustment of the Conversion Triggering Price shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders' meeting.</p> <p>(b) Change of Control, Winding Up or Liquidation</p> <p>In the event that either (i) any "Change of Control" (as defined in Article 5-4) of the Company or (ii) the liquidation or winding up of the Company as provided in the Company Act, occurs, the Series</p>	

Article	After Amendment	Before Amendment	Remarks
		<p>C CPS will be automatically converted into the common shares of the Company on a 1:1 basis.</p> <p>6. In the event that the liquidation or winding up of the Company occurs, the Series C CPS will be automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series C CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.</p> <p>7. Other detailed terms and conditions in relation to the Series C CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders' meeting.</p>	
5-6	(Deleted)	<p>Series D Convertible Preferred Share</p> <p>The Company may issue up to Thirty Million Series D Convertible Preferred Share ("Series D CPS") by installments. The major terms and conditions of the Series D CPS are listed as below:</p> <p>1. The life of the Series D CPS is from the issue date of the Series D CPS to September 30, 2012</p>	<p>All of the Series D Convertible Preferred Share issued by the Company have been converted to common shares. Thus the corresponding section as to the Series D Convertible</p>

Article	After Amendment	Before Amendment	Remarks
		<p>(“Expiration Date”). Each Series D CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders’ meeting of the Series D CPS if such CPS is not converted into the common shares of the Company on the Expiration Date.</p> <p>2. The holders of the Series D CPS are not entitled to any cash dividend or bonus and they are not entitled to cash distribution out of the Company’s earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses to other shareholders of the Company, the Company shall pay a pro rata (under the same percentage as distributed to other shares) dividend or bonus in additional Series D CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series D CPS at the time of the conversion thereof.</p> <p>3. When the Company issues new shares for cash, the holders of the Series D CPS shall have the preemptive right to buy new shares on the same terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.</p> <p>4. The holders of the Series D CPS are not entitled to any voting rights in the shareholders’ meeting for</p>	<p>Preferred Share is proposed to be deleted accordingly.</p>

Article	After Amendment	Before Amendment	Remarks
		<p>the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any merger or acquisition activity, such activity is not required to be approved by the shareholders' meeting of the Series D CPS.</p> <p>5. Conversion of Series D CPS:</p> <p>(1) Conversion Triggering Price</p> <p>(a) If the Company's consecutive 5-day VWAP on the GTSM reaches Eighty New Taiwan Dollars (NT\$80), the Series D CPS will be automatically converted into common shares of the Company on a 1:1 basis.</p> <p>Detailed terms for the time period to determine the VWAP, and the adjustment of the Conversion Triggering Price shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders' meeting.</p> <p>(b) Change of Control, Winding Up or Liquidation</p> <p>In the event that either (i) any "Change of Control" (defined in Article 5-4) of the Company or (ii) the liquidation or winding up of the Company as provided in the Company Act, occurs, the Series D CPS after issuance will be automatically converted into the common shares of the Company on a 1:1 basis.</p> <p>6. In the event that the liquidation or winding up of the Company occurs, the Series D CPS will be</p>	

Article	After Amendment	Before Amendment	Remarks
		<p>automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series D CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.</p> <p>7. Other detailed terms and conditions in relation to the Series D CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders' meeting.</p>	
10	<p>In case a shareholder is unable to attend a shareholders' meeting, he may issue a proxy document printed by the Company stating the powers vested in the proxy, and sign <u>or</u> seal such document to designate a proxy to attend the meeting on his behalf. Use of proxy documents is governed by Article 177 of the Company Act and the Rules Governing Attendance of a Public Company's Shareholders' Meeting by Proxy as enacted by the competent authority.</p>	<p>In case a shareholder is unable to attend a shareholders' meeting, he may issue a proxy document printed by the Company stating the powers vested in the proxy, and sign and seal such document to designate a proxy to attend the meeting on his behalf. Use of proxy documents is governed by Article 177 of the Company Act and the Rules Governing Attendance of a Public Company's Shareholders' Meeting by Proxy as enacted by the competent authority.</p>	<p>Revision in accordance with amendments to the statutes.</p>
11	<p>Each shareholder of the Company will have one vote</p>	<p>Each shareholder of the Company will have one vote</p>	<p>Revision in accordance with</p>

Article	After Amendment	Before Amendment	Remarks
	for each share held, save in the circumstance described in Article 179 <u>and Article 197-1</u> of the Company Act where shares have no voting power.	for each share held, save in the circumstance described in Article 179 of the Company Act where shares have no voting power.	amendments to the statutes.
19	<p>The Company is in the emerging technology business. For purpose of continuing operation, the Company adopts the residual dividend policy to comply with its long-term financial plan.</p> <p>Out of the profit of the Company upon annual closing of books, after having provided for taxes and covered the losses of previous years, there shall first be duly <u>set aside</u> a legal reserve of 10% and set aside or withdraw a special reserve pursuant to the applicable laws and regulations. The balance, if any, upon the assessment of the capital need for the upcoming year by the board of directors in accordance with the future capital budget plan, shall first be allocated as part of the funds required for financing the retained earnings, and at least fifty (50) percent of the remaining balance shall then be allocated for distribution pursuant to the following order:.....</p> <p><u>Where the total legal reserve set aside according to paragraph 2 amounts to the paid-in capital, the Company may stop setting aside the legal reserve.</u></p> <p>Each year's profit distribution proposal should be approved by the board of directors and passed by shareholders' meeting.</p>	<p>The Company is in the emerging technology business. For purpose of continuing operation, the Company adopts the residual dividend policy to comply with its long-term financial plan.</p> <p>Out of the profit of the Company upon annual closing of books, after having provided for taxes and covered the losses of previous years, there shall first be duly set aside a legal reserve of 10% and a special reserve pursuant to the applicable laws and regulations. The balance, if any, upon the assessment of the capital need for the upcoming year by the board of directors in accordance with the future capital budget plan, shall first be allocated as part of the funds required for financing the retained earnings, and at least fifty (50) percent of the remaining balance shall then be allocated for distribution pursuant to the following order:.....</p> <p>Each year's profit distribution proposal should be approved by the board of directors and passed by shareholders' meeting.</p>	<ol style="list-style-type: none"> 1. Revision based on the Company's actual operation needs. 2. Minor language change to the rest.
21	These Articles of Incorporation were established on	These Articles of Incorporation were established on	Current revision date is

Article	After Amendment	Before Amendment	Remarks
	<p>June 1, 1992.</p> <p>The first amendment was made on December 23, 1993.</p> <p>.....</p> <p>The eighteenth amendment was made on June 24, 2011. <u>The nineteenth amendment was made on June 18, 2012.</u></p>	<p>June 1, 1992.</p> <p>The first amendment was made on December 23, 1993.</p> <p>.....</p> <p>The eighteenth amendment was made on June 24, 2011.</p>	<p>added.</p>

Appendix 7

E INK HOLDINGS INC.

Comparison Table of the Draft Amendment to Rules of Shareholders' Meeting

Article	After Amendment	Before Amendment	Remarks
2	The Company shall prepare a sign-in book for shareholders to sign in, and an attending shareholder may hand in an attendance card in lieu of signing on the sign-in book. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the sign-in book or the attendance cards, <u>as well as shares with voting rights exercised in writing or by means of electronic transmission</u> .	The Company shall prepare a sign-in book for shareholders to sign in, and an attending shareholder may hand in an attendance card in lieu of signing on the sign-in book. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the sign-in book or the attendance cards.	Revision in accordance with amendments to the statutes.
17	<u>Except for the voting rights restricted or excluded according to Article 179 paragraph 2 and Article 197-1 of the Company Act, a shareholder shall have one voting right in respect of each share in his/her/its possession.</u> Unless otherwise provided by laws and regulations or the Articles of Incorporation, the resolutions of the shareholders' meeting shall be adopted by the majority of the shares represented at the meeting. The resolution may also be adopted when there is no disagreement after the person presiding the meeting consults with all shareholders. The effect of the resolutions so adopted shall be the same as those adopted by voting.	Unless otherwise provided by laws and regulations or the Articles of Incorporation, the resolutions of the shareholders' meeting shall be adopted by the majority of the shares represented at the meeting. The resolution may also be adopted when there is no disagreement after the person presiding the meeting consults with all shareholders. The effect of the resolutions so adopted shall be the same as those adopted by voting.	Revision in accordance with amendments to the statutes.

Article	After Amendment	Before Amendment	Remarks
17-1	<p><u>The voting right at a shareholders' meeting may be exercised in writing or by way of electronic transmission, provided, however, that the method for exercising the voting right shall be described in the shareholders' meeting notice to be given to the shareholders. A shareholder who exercises his/her/its voting right at a shareholders' meeting in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person, but shall be deemed to have waived his/her/its voting right in respective of any extemporary motion(s) and/or the amendment(s) to the original proposal(s) at the shareholders' meeting.</u></p> <p><u>In case a shareholder elects to exercise his/her/its voting right in writing or by way of electronic transmission, his/her/its declaration of intention shall be served to the company at least two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.</u></p> <p><u>In case a shareholder who has exercised his/her/its voting right in writing or by way of electronic transamission intends to attend the shareholders' meeting in person, he/she/it shall, at least two days prior to the scheduled meeting date of the</u></p>	(Newly added)	<ol style="list-style-type: none"> 1. Newly added provision. 2. This provision is added in response to adoption of electronic voting and the "case by case voting in a shareholders' meeting," as well as reference to Article 13 of the "Rules of Shareholders' Meeting of ○○ Company" template.

Article	After Amendment	Before Amendment	Remarks
	<p><u>shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting right under the preceding paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting right exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting right in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, the voting right exercised by the authorized proxy for the said shareholder shall prevail.</u></p> <p><u>Unless otherwise provided by the Company Act or the Articles of Incorporation, the resolutions of the shareholders' meeting shall be adopted by the majority of the voting rights represented at the meeting. When voting, the Chairman or its designated personnel should announce case by case the total amount of voting rights represented by those attending shareholders and the shareholders vote accordingly. The results of shareholders' agreements, disagreements or waivers for each case should be entered into MOPS after the shareholders' meeting.</u></p>		

Appendix 8

E INK HOLDINGS INC.

Comparison Table of the Draft Amendment to Procedures for Acquisition or Disposal of Assets

Article	After Amendment	Before Amendment	Remarks
2	The Procedures are enacted pursuant to Article 36-1 of the Securities and Exchange Act (the "Act") and "Regulations Governing the Acquisition and Disposition of Assets by Public Companies" issued by the Financial <u>Supervisory</u> Commission, Executive Yuan, ROC (the "FSC").	The Procedures are enacted pursuant to Article 36-1 of the Securities and Exchange Act (the "Act") and "Regulations Governing the Acquisition and Disposition of Assets by Public Companies" issued by <u>the Securities and Futures Bureau of the Financial Commission</u> , Executive Yuan, ROC (the "FSC").	Correction to the name of the Financial Supervisory Commission Executive Yuan, ROC
9	When the transaction amount of acquisition or disposition of real property or other fixed assets reaches the amount that public announcement and regulatory filing are required, or where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report <u>prior to the date of occurrence of the event</u> from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the	When the transaction amount of acquisition or disposition of real property or other fixed assets reaches the amount that public announcement and regulatory filing are required, or where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report <u>in advance</u> from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be	1. To ensure that the company actually obtains a professional appraiser's opinion before acquiring or disposing major assets, this provision is amended to specify the timing for obtaining such professional appraiser's report. 2. Current Article 3 provides that a certified public accountant shall be engaged to render a specific opinion regarding the reason for

Article	After Amendment	Before Amendment	Remarks
	<p>transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, <u>except that, in the event of acquisition, the appraisal results for acquired assets are higher than actual transaction amounts, or, in the event of disposition, the appraisal results for disposed assets are lower than actual transaction amounts,</u> a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the</p>	<p>submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. <u>Where the appraisal is conducted before the contract execution,</u> no more than 3 months may elapse between <u>the date of the appraisal report issued by a professional appraiser</u> and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have</p>	<p>the discrepancy and the appropriateness of the transaction price where</p> <p>The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. However, if, in the event of acquisition, the appraisal results for acquired assets are higher than actual transaction amounts, or, in the event of disposition, the appraisal results for disposed assets are lower than actual transaction amounts, the situation is beneficial to the Company, and thus there is no need to engage a certified public accountant for specific opinion on this matter. This provision is thus amended.</p>

Article	After Amendment	Before Amendment	Remarks
	<p>date of <u>the appraisal report issued by a professional appraiser</u> and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>3. Minor language change to the rest.</p>
<p>10</p>	<p><u>Related Party Transaction:</u></p> <p>1. When <u>an asset is acquired from or disposed to a related party, in addition that</u> necessary resolutions should be adopted and the reasonableness of the transaction terms be appraised in compliance with the provisions of the preceding Article and this Article, <u>an professional appriser's appraisal report or a certified public accountant's opinion should be obtained</u> should the transaction amount reaches 10 percent or more of the company's total assets. Calculation of the transaction amount should be conducted in accordance with Article 11-1 of the Procedures.</p> <p>2. When acquiring <u>from or disposing to</u> real property a related party, <u>or acquiring from or disposing to a related party the assets other than real property, in which the actual transaction amount reaches 20 percent of the company's paid-in capital, or 10 percent of the company's total assets, or NT\$300 million,</u> the following information should be submitted for approval by the board of directors and for recognition by the supervisors before</p>	<p><u>Acquisition of Real Property from a Related Party:</u></p> <p>1. When <u>real property is acquired through purchase from or exchange with</u> a related party, <u>it should be ensured that the</u> necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in compliance with the provisions of the preceding Article and this Article.</p> <p>2. When acquiring <u>real property</u> from a related party, the following information should be submitted for approval by the board of directors and for recognition by the supervisors before the transaction proceed:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition of <u>real property</u></p> <p>(2) The reason for choosing the related party as the trading counterparty.</p> <p>(3) Relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 10 (3) and Article 10 (6).</p> <p>(4) The date and price at which the related party</p>	<p>1. Paragraph 1 is amended with reference to <i>Doing Business</i> report issued by the World Bank. Under this report, an independent opinion issued by external experts is required for acquisition or disposition of assets between a public company and a related party. In other words, the circumstances for obtaining external experts' opinion in the matter of acquiring or disposing assets specified in Articles 9 to 11 between a public company and a related party, in addition to the</p>

Article	After Amendment	Before Amendment	Remarks
	<p><u>executing the deal contracts and making payments:</u></p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition <u>or disposition</u> of <u>assets</u></p> <p>(2) The reason for choosing the related party as the trading counterparty.</p> <p>(3) <u>In the case of acquisition of real property from a related party</u>, relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 10 (3) and Article 10 (6).</p> <p>(4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p><u>(6) The professional appraiser's appraisal report or the certified public accountant's opinion obtained in accordance with preceding Article.</u></p> <p><u>(7) Restrictive covenants and other important stipulations associated with the transaction.</u></p>	<p>originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) Restrictive covenants and other important stipulations associated with the transaction. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>3. Acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with</p>	<p>situation where the transaction amount reaches 20 percent of the company's paid-in capital or reaches NT\$300 million or more, include where transaction amount reaches 10 percent of the company's total assets.</p> <p>Furthermore, to prevent company from avoiding the requirement of obtaining external experts' opinion by dividing the entire transaction into several small amount acquisition or disposition, it hereby adopts the cumulative calculation method for calculation of transaction amount.</p> <p>2. To strengthen regulation of transaction between a public company and a related party, in addition to current regulation</p>

Article	After Amendment	Before Amendment	Remarks
	<p><u>Calculation of the aforementioned transaction amount should be conducted pursuant to paragraph 2 of Article 14. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly submitted for approval by the board of directors and recognized by the supervisors need not be counted into the transaction amount.</u></p> <p><u>With respect to the acquisition or disposition of machinery equipment for business use between the Company and its affiliates, the Chairman is authorized to make such decision, when the transaction amount is within the limit of NT\$300 million, and to submit the acquisition or disposition to the board of directors afterwards.</u></p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>3. Acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (where land and structures thereupon are combined as a single</p>	<p>either of the means listed below):</p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is calculated as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>4. When acquiring real property from a related party and appraising the cost of the real property in accordance with preceding requirements, it shall also engage a certified public accountant to reexamine the appraisal and render a specific opinion.</p>	<p>regarding acquisition of real property from a related party, this amendment also extends to disposition of real property to a related party (regardless of the transaction amount) and acquisition or disposition of assets other than real property from a related party in which the transaction amount reaches materiality standard. In these circumstances, relevant information also needs to be submitted to the board of directors and recognized by the supervisors. It hereby amends paragraph 2, adds subparagraph 6 to paragraph 2 and other parts in paragraph 2. Also the current subparagraph 6 of paragraph 2 is moved to subparagraph 7</p>

Article	After Amendment	Before Amendment	Remarks
	<p>property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below):</p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is calculated as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>4. When acquiring real property from a related party and appraising the cost of the real property in accordance with preceding requirements, it shall</p>	<p>5. When acquiring real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2 of this Article and the preceding two paragraphs do not apply:</p> <p>(1) The related party acquired the real property through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3) The real property is acquired through signing of a joint development contract with the related party.</p> <p>6. When the results of an appraisal conducted in accordance with paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following</p>	<p>accordingly.</p> <p>To strengthen internal control of transaction between a public company and a related party, it has been specified in paragraph 2 that relevant information should be submitted for approval by the board of directors and recognized by the supervisors before executing the deal contracts and making payments.</p> <p>3. The transfer of machinery equipment for business use between the Company and its parent company/subsidiary, due to overall business plan and operation, is considered necessary. Also the nature of such transfer is deemed regular business operation. The Chairman is thus</p>

Article	After Amendment	Before Amendment	Remarks
	<p>also engage a certified public accountant to reexamine the appraisal and render a specific opinion.</p> <p>5. When acquiring real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2 of this Article and the preceding two paragraphs do not apply:</p> <ol style="list-style-type: none"> (1) The related party acquired the real property through inheritance or as a gift. (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. (3) The real property is acquired through signing of a joint development contract with the related party. <p>6. When the results of an appraisal conducted in accordance with paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:</p> <ol style="list-style-type: none"> (1) Where the related party acquired 	<p>conditions:</p> <ol style="list-style-type: none"> 1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. 3. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among 	<p>authorized to make such transaction within prescribed limit and report to the board of directors afterwards. Subparagraph 3 of paragraph 2 is therefore added.</p> <ol style="list-style-type: none"> 4. Current subparagraph 2 of paragraph 2 is moved to subparagraph 4. 5. Minor language change to the rest.

Article	After Amendment	Before Amendment	Remarks
	<p>undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <ol style="list-style-type: none"> 1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. 3. Completed leasing transactions by unrelated parties for other floors of the same property 	<p>floors in accordance with standard property leasing market practices.</p> <ol style="list-style-type: none"> (2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. (3) Completed transactions for neighboring or closely valued parcels of land in subparagraphs 2 and 3 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property. <p>7. Where acquiring real property from a related party and the results of appraisals conducted in accordance with paragraphs 3 to 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> (1) A special reserve shall be set aside in 	

Article	After Amendment	Before Amendment	Remarks
	<p>from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>(2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(3) Completed transactions for neighboring or closely valued parcels of land in subparagraphs 2 and 3 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>7. Where acquiring real property from a related party and the results of appraisals conducted in accordance with paragraphs 3 to 6 of this Article</p>	<p>accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. A company that has set aside a special reserve under the preceding regulation may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(2) Supervisors shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction</p>	

Article	After Amendment	Before Amendment	Remarks
	<p>are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. A company that has set aside a special reserve under the preceding regulation may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(2) Supervisors shall comply with Article 218 of the Company Act.</p>	<p>shall be disclosed in the annual report and any investment prospectus.</p> <p>(4) Subparagraphs 1 to 3 of this paragraph shall be complied with if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	

Article	After Amendment	Before Amendment	Remarks
	<p>(3) Actions taken pursuant to subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(4) Subparagraphs 1 to 3 of this paragraph shall be complied with if there is other evidence indicating that the acquisition was not an arms length transaction.</p>		
11	<p>Standards of Consultation with Certified Public Accountant with respect to Acquisition or Disposition of Assets</p> <p>1. The Company acquiring or disposing of securities shall, <u>prior to the date of occurrence of the event</u>, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant <u>prior to the date of occurrence of the event</u> to provide an opinion regarding the reasonableness of the transaction price. <u>If the engaged certified public accountant needs to adopt experts' report, it should be done in accordance with the provisions of Statement of Auditing Standards No. 20.</u> This requirement does not apply, however, to publicly quoted prices of</p>	<p>Standards of Consultation with Certified Public Accountant with respect to Acquisition or Disposition of Assets</p> <p>1. The Company acquiring or disposing of securities shall obtain in advance financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>2. Where a company acquires or disposes of memberships or intangible assets and the</p>	<p>1. To ensure that the company actually obtains financial statements or a certified public account's opinion with respect to major assets transaction before acquiring or disposing securities, this provision is amended to specify the timing for obtaining a certified public account's opinion.</p> <p>2. In considering the diversity and complicity of portfolio investment, a certified public account might need to adopt other experts' opinion in issuing its own opinion</p>

Article	After Amendment	Before Amendment	Remarks
	<p>securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>2. Where a company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant <u>prior to the date of occurrence of the event</u> to render an opinion on the reasonableness of the transaction price.<u>The certified public accountant should follow the provisions of Statement of Auditing Standards No. 20.</u></p> <p>3. Where a company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant opinion.</p>	<p>transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price</p> <p>3. Where a company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant opinion.</p>	<p>regarding securities transaction. To pursue consistency, Article 9 of the Procedures is thus amended so that when a certified public accounting adopting other experts' opinion, Statement of Auditing Standards No. 20 must be followed.</p>
11-1	<p><u>Calculation of the aforementioned transaction amount should be conducted pursuant to paragraph 2 of Article 14. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly obtained a professional appraiser's report or a certified public account's opinion in accordance with the Procedures need not be counted into the transaction amount.</u></p>		<p>1. Newly added Article. 2. To prevent a company from avoiding the requirement of obtaining an external expert's opinion before acquiring or disposing assets by dividing the transaction into small amount deals, Articles 9 to 11 have been amended to reflect that cumulative method</p>

Article	After Amendment	Before Amendment	Remarks
			<p>should be adopted in calculating transaction amount.</p> <p>3. If the cumulative amount for the company's acquisition or disposition of assets reaches the materiality standards as set forth in Articles 9 to 11 and thus experts' opinion required, all transactions listed in the materiality standard calculation should be subject to the experts' opinion.</p>
13	<p>Mergers and Consolidations, Spin-offs, Acquisitions, and Transfer of Shares</p> <p>1. The Company conducting a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>2. The Company participating in a merger, spin-off,</p>	<p>Mergers and Consolidations, Spin-offs, Acquisitions, and Transfer of Shares</p> <p>1. The Company conducting a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>2. The Company participating in a merger, spin-off,</p>	<p>1. To further specify the commencing date of the obligation, paragraph 3 is thus amended.</p> <p>2. Minor language change to the rest.</p>

Article	After Amendment	Before Amendment	Remarks
	<p>acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting of the Company fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p>3. A company participating in a merger, spin-off, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p>	<p>acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting of the Company fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p>3. A company participating in a merger, spin-off, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p>	

Article	After Amendment	Before Amendment	Remarks
	<p>When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>(1) Basic identification data for personnel: including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>(2) Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>(3) Important documents and minutes: including merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an</p>	<p>When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference.</p> <p>(1) Basic identification data for personnel: including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>(2) Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>(3) Important documents and minutes: including merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an</p>	

Article	After Amendment	Before Amendment	Remarks
	<p>exchange or has its shares traded on an OTC market shall, within 2 days <u>commencing immediately</u> from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of paragraph 3 of this Article to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, spin-off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4 of this Article.</p> <p>4. Every person participating in or privy to the plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.</p> <p>5. A company may not arbitrarily alter the share</p>	<p>exchange or has its shares traded on an OTC market shall, within 2 days from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of paragraph 3 of this Article to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, spin-off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4 of this Article.</p> <p>4. Every person participating in or privy to the plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.</p> <p>5. A company may not arbitrarily alter the share exchange ratio or acquisition price unless under</p>	

Article	After Amendment	Before Amendment	Remarks
	<p>exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:</p> <ol style="list-style-type: none"> (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. (2) An action, such as a disposal of major assets, that affects the company's financial operations. (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. (4) An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock. (5) An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares. (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. <p>6. The contract for participation in a merger, spin-off,</p>	<p>the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:</p> <ol style="list-style-type: none"> (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. (2) An action, such as a disposal of major assets, that affects the company's financial operations. (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. (4) An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock. (5) An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares. (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. <p>6. The contract for participation in a merger, spin-off, acquisition, or of shares shall record the relevant</p>	

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	<p>acquisition, or of shares shall record the relevant rights and obligations and shall also specify the following:</p> <ol style="list-style-type: none"> (1) Handling of breach of contract. (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is spin-offed. (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. (4) The manner of handling changes in the number of participating entities or companies. (5) Preliminary progress schedule for plan execution, and anticipated completion date. (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures. <p>7. After public disclosure of the information, if the Company participating in the merger, spin-off, acquisition, or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, it shall carry out anew the procedures or legal actions that had</p>	<p>rights and obligations and shall also specify the following:</p> <ol style="list-style-type: none"> (1) Handling of breach of contract. (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is spin-offed. (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. (4) The manner of handling changes in the number of participating entities or companies. (5) Preliminary progress schedule for plan execution, and anticipated completion date. (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures. <p>7. After public disclosure of the information, if the Company participating in the merger, spin-off, acquisition, or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, it shall carry out anew the procedures or legal actions that had originally been completed toward the merger,</p>	

Article	After Amendment	Before Amendment	Remarks
	<p>originally been completed toward the merger, spin-off, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p> <p>8. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by paragraphs 3, 4 and 7 of this Article.</p>	<p>spin-off, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p> <p>8. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by paragraphs 3, 4 and 7 of this Article.</p>	
14	<p>Procedures for Disclosure of Information</p> <p>1. Under any of the following circumstances, a company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC designated website in the appropriate format as prescribed by regulations within 2 days <u>commencing immediately</u> from the date of occurrence of the event:</p> <p>(1) Acquired <u>or disposed</u> real property from a related party, <u>or acquiring or disposing assets other than real property from a related party in which transaction amount reaches 20 percent of the company's paid-in capital, or 10 percent of the company's total</u></p>	<p>Procedures for Disclosure of Information</p> <p>1. Under any of the following circumstances, a company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC designated website in the appropriate format as prescribed by regulations within 2 days from the date of occurrence of the event:</p> <p>(1) Acquired real property from a related party. (2) <u>Engage in investment in Mainland China area.</u> (3) Merger, spin-off, acquisition, or transfer of shares. (4) Losses from derivatives trading reaching the</p>	<p>1. To further specify the commencing date of the obligation, paragraphs 1 and 7 are thus amended.</p> <p>2. To strengthen regulation of transaction between a public company and a related party, announcement and report standard for related party transaction is thus amended to paragraph 1.</p>

Article	After Amendment	Before Amendment	Remarks
	<p><u>assets, or NT\$300 million. However, trading of government bonds and trading of bonds under repurchase / resale agreements shall not apply.</u></p> <p>(2) Merger, spin-off, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures.</p> <p>(4) Where an asset transaction other than any of those referred to in the preceding <u>three</u> subparagraphs, a disposal of receivables by a financial institution, <u>or</u> engage in investment in Mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. Trading of bonds under repurchase / resale agreements. 3. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. 4. Where land is acquired under an arrangement on engaging others to build on the company's own land, <u>engaging</u> 	<p>limits on aggregate losses or losses on individual contracts set out in the Procedures.</p> <p>(5) Where an asset transaction other than any of those referred to in the preceding <u>four</u> subparagraphs, or a disposal of receivables by a financial institution reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. Trading of bonds under repurchase / resale agreements. 3. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. 4. Where land is acquired under an arrangement on engaging others to build on the company's own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount is less than NT\$500 million (based on the company's expected input amount). <p>2. The amount of transactions above shall be</p>	<p>3. Adjustment of subparagraphs. Current paragraph 1 (3) and (4) are moved to paragraph (2) and (3). Since investment in Mainland China area is in nature the same with ordinary overseas investment, announcement and report standard for Mainland China investment is amended as regular announcement and report standard. The current paragraph 1 (2) and (5) are combined and moved to paragraph 1 (4).</p> <p>4. Engaging others to build on rented land has the same nature as engaging others to build on the company's own land, thus hereby amends paragraph 1 (4) to specify that announcement and</p>

Article	After Amendment	Before Amendment	Remarks
	<p><u>others to build on rented land</u>, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount is less than NT\$500 million (based on the company's expected input amount).</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>3. "Within the preceding year" as used in <u>preceding</u> paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction</p>	<p>calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>3. "Within the preceding year" as used in paragraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p> <p>4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p>	<p>report for engaging others to build on rented land are required only where the transaction amount reaches NT\$500 million and more.</p> <p>5. Based on correctness and completeness of information disclosure, where any of the specified circumstances occurs with respect to a transaction that the Company has already publicly announced and reported, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event. paragraph 7 (3) is thus added.</p> <p>6. Minor language change to the rest.</p>

Article	After Amendment	Before Amendment	Remarks
	<p>amount.</p> <p>4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>5. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>6. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and certified public accountant, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>7. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days <u>commencing immediately</u> from the date of occurrence of the</p>	<p>5. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>6. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and certified public accountant, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>7. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p>	

Article	After Amendment	Before Amendment	Remarks
	event: (1) Change, termination, or rescission of a contract signed in regard to the original transaction. (2) The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. <u>(3) Change to the originally publicly announced and reported information.</u>		
15	Management of Subsidiaries 1. If the Company's subsidiary is a public company, the subsidiary should prepare its "Procedures for Acquisition or Disposition of Assets" in accordance with relevant regulations. After being passed in board of directors resolution, the procedures should be reported in shareholders' meeting in both the Company and the subsidiary. The same applies when the procedures are amended. 2. When the assets acquired or disposed by a non-public company that is owned more than 50 percent of voting rights by the Company directly or indirectly via subsidiary reach the amount that a public announcement and regulatory filing are required, the Company should also make the required public announcement, regulatory filing or carbon copy to competent authorities. The standard of "reaching 20 percent of paid-in capital <u>or 10 percent of the total assets</u> " for the	Management of Subsidiaries 1. If the Company's subsidiary is a public company, the subsidiary should prepare its "Procedures for Acquisition or Disposition of Assets" in accordance with relevant regulations. After being passed in board of directors resolution, the procedures should be reported in shareholders' meeting in both the Company and the subsidiary. The same applies when the procedures are amended. 2. When the assets acquired or disposed by a non-public company that is owned more than 50 percent of voting rights by the Company directly or indirectly via subsidiary reach the amount that a public announcement and regulatory filing are required, the Company should also make the required public announcement, regulatory filing or carbon copy to competent authorities. The standard of "reaching 20 percent of paid-in capital" for the subsidiary making announcement	Paragraph 2 is amended in accordance with subparagraph 1 of Article 14 (1).

Article	After Amendment	Before Amendment	Remarks
	subsidiary making announcement and filing should be calculated based on the Company's paid-in capital <u>or total assets</u> .	and filing should be calculated based on the Company's paid-in capital.	

Appendix 9

E INK HOLDINGS INC. ARTICLES OF INCORPORATION

Chapter I General Provisions

- Article 1 The Company is organized as a company limited by shares in accordance with the Company Act under the name of 元太科技工業股份有限公司 and the English name of E INK HOLDINGS INC.
- Article 2 The scope of business of the Company shall be as follows:
(1) CC01080 Electronic Parts and Components Manufacturing
(2) F401010 International Trade Business
Researching, developing, producing, manufacturing and marketing the following products:
(i) TFT-LCD
(ii) TFT-LCD TV, various kinds of monitoring systems and all kinds of parts and components of the aforementioned systems (limited to the operation by the branch offices outside the territory of the Republic of China (“**ROC**”)
To concurrently operate the import and export business involving the related business of the Company.
- Article 3 The Company may externally act in capacity of a guarantee.
The aggregate amount of investment by the Company shall not be restricted to forty percent (40%) of its paid-in capital.
- Article 4 The head office of the Company is located in Science-based Industrial Park, Hsinchu and the Company may, where necessary, establish branch offices within or outside the territory of ROC subject to the resolution of the board of directors and approval of the competent authority.

Chapter II Shares

- Article 5 The authorized capital of the Company shall be Twenty Billion New Taiwan Dollars (NT\$20,000,000,000), divided into Two Billion (2,000,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) per share. The board of directors is authorized to issue shares not yet issued by installments.
The Company shall reserve One Billion and Four Hundred Million New Taiwan Dollars (NT\$1,400,000,000), divided into One Hundred and Forty Million (140,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) per share, for issue of warrants for its employees (the “**Employee Warrants**”).
The board of directors is authorized to issue Employee Warrants by

installments.

Article 5-1 The Company may issue the Employee Warrant with a subscribing price lower than the market price provided that the Employee Warrant shall not be issued until the shareholders' meeting so resolved in accordance with Articles 56-1 and 76 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

Article 5-2 The Company may transfer its shares to its employees at a price lower than the average price for buying back the Company's shares provided that such transfer shall not be effected until it is approved by the then adjacent shareholders' meeting and in accordance with Articles 10-1 and 13 of the Regulations Governing the Share Buy-back by Companies Listed on the Taiwan Stock Exchange ("TSE") or GreTai Securities Market ("GTSM").

Article 5-3 Series A Convertible Preferred Share

The Company may issue up to Thirty Million Series A Convertible Preferred Share ("**Series A CPS**") by installments. The major terms and conditions of the Series A CPS are listed as below:

1. The life of the Series A CPS is from the issue date of the Series A CPS to September 30, 2012 ("**Expiration Date**"). Each Series A CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders meeting of the Series A CPS if such Series A CPS is not converted into the common shares of the Company on the Expiration Date.
2. The holders of the Series A CPS are not entitled to any cash dividend or bonus and they are not entitled to the cash distribution out of the Company's earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses by way of issue of new shares to other shareholders of the Company, the Company shall pay a pro rata (according to the same percentage as distributed to other shares) dividend or bonus in additional Series A CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series A CPS at the time of the conversion thereof.
3. When the Company issues new shares for cash, the holders of the Series A CPS shall have the preemptive right to buy new shares on the same terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.
4. The holders of the Series A CPS are not entitled to any voting rights in the shareholders meeting for the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any

merger or acquisition activity, such activity is not required to be approved by the shareholders meeting of the Series A CPS.

5. Conversion of Series A CPS:

Series A CPS will be automatically converted into common shares of the Company on a 1: 1 basis on the issue date.

6. In the event that the winding up or liquidation of the Company occurs, the Series A CPS will be automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series A CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.

7. Other detailed terms and conditions in relation to Series A CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders meeting.

Article 5-4 Series B Convertible Preferred Share

The Company may issue up to Thirty Million Series B Convertible Preferred Share ("**Series B CPS**") by installments. The major terms and conditions of the Series B CPS are listed as below:

1. The life of the Series B CPS is from the issue date of the Series B CPS to September 30, 2012 ("**Expiration Date**"). Each Series B CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders meeting of the Series B CPS if such Series B CPS is not converted into the common shares of the Company on the Expiration Date.
2. The holders of the Series B CPS are not entitled to any cash dividend or bonus and they are not entitled to the cash distribution out of the Company's earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses by way of issue of new shares to other shareholders of the Company, the Company shall pay a pro rata (according to the same percentage as distributed to other shares) dividend or bonus in additional Series B CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series B CPS at the time of the conversion thereof.

3. When the Company issues new shares for cash, the holders of the Series B CPS shall have the preemptive right to buy new shares on the same terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.
4. The holders of the Series B CPS are not entitled to any voting rights in the shareholders meeting for the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any merger or acquisition activity, such activity is not required to be approved by the shareholders meeting of the Series B CPS.
5. Conversion of Series B CPS:
 - (1) Conversion Triggering Price
 - (a) If the Company's consecutive 5-day volume weighted average price ("VWAP") on the GTSM reaches Sixty New Taiwan Dollars (NT\$60), the Series B CPS will be automatically converted into common shares of the Company on a 1:1 basis.

Detailed terms for the time period to determine the VWAP, and the adjustment of the Conversion Triggering Price shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders meeting.
 - (b) Change of Control, Winding Up or Liquidation

In the event that either (i) any "Change of Control" (defined as below) of the Company or (ii) the winding up or liquidation of the Company as provided in the Company Act, occurs, the Series B CPS will be automatically converted into the common shares of the Company on a 1:1 basis.

"Change of Control" means (i) any merger, consolidation or other business combination of the Company with or into another entity in which the Company is not the surviving entity; (ii) any merger, consolidation or other business combination of the Company with or into another entity in which the Company is the surviving entity but the number of all the voting shares of the surviving entity held by the shareholders of the Company immediately prior to such transaction falls under 50% of the total number of the voting shares of the surviving entity after giving effect to such transaction; (iii) any sale, lease, assignment or other transfer by the Company of all or substantially all of its assets provided, however, that any sale, lease, assignment or other transfer by the Company of the plants or other assets for

manufacturing of the Company or of the Company's subsidiaries or sale of the shares of the Company's subsidiaries other than E Ink Corporation shall not be deemed to be a Change of Control and provided, further, that any sale, lease, assignment or other transfer by the Company of all or substantially all of the business of E Ink Corporation (including all or substantially all of the intellectual property of E Ink Corporation) in one or a series of related transactions shall be deemed to be a Change of Control; (iv) any person or entity and its group affiliates acquires the power to elect or direct the election of a majority of the members of the Company's board of directors as specified in the Company's Articles of Incorporation; or (v) any person or entity and its group affiliates acquires more than 50% of the outstanding voting shares of, or the beneficial ownership of more than 50% of the outstanding voting shares of the Company, provided, however, that such acquisition referred to in this clause (v) shall not be a Change of Control unless or until such person, entity or group affiliates has the power to elect or direct the election of a majority of the members of the Company's board of directors as specified in the Company's Articles of Incorporation.

6. In the event that the winding up or liquidation of the Company occurs, the Series B CPS will be automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series B CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.
7. Other detailed terms and conditions in relation to the Series B CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders meeting.

Article 5-5 Series C Convertible Preferred Share

The Company may issue up to Thirty Million Series C Convertible Preferred Share ("**Series C CPS**") by installments. The major terms and conditions of the Series C CPS are listed as below:

1. The life of the Series C CPS is from the issue date of the Series C CPS to September 30, 2012 (“**Expiration Date**”). Each Series C CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders of the Series C CPS if such Series C CPS is not converted into the common shares of the Company on the Expiration Date.
2. The holders of the Series C CPS are not entitled to any cash dividend or bonus and they are not entitled to cash distribution out of the Company's earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses by way of issue of new shares to other shareholders of the Company, the Company shall pay a pro rata (according to the same percentage as distributed to other shares) dividend or bonus in additional Series C CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series C CPS at the time of the conversion thereof.
3. When the Company issues new shares for cash, the holders of the Series C CPS shall have the preemptive right to buy new shares on the same terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.
4. The holders of the Series C CPS are not entitled to any voting rights in the shareholders meeting for the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any merger or acquisition activity, such activity is not required to be approved by the shareholders meeting of the Series C CPS.
5. Conversion of Series C CPS:
 - (1) Conversion Triggering Price
 - (a) If the Company's consecutive 5-day VWAP on the GTSM reaches Seventy New Taiwan Dollars (NT\$70), the Series C CPS will be automatically converted into common shares of the Company on a 1:1 basis.

Detailed terms for the time period to determine the VWAP, and the adjustment of the Conversion Triggering Price shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders meeting.
 - (b) Change of Control, Winding Up or Liquidation

In the event that either (i) any “Change of Control” (as defined in Article 5-4) of the Company or (ii) the liquidation or winding up of the Company as provided in the Company Act, occurs, the

Series C CPS will be automatically converted into the common shares of the Company on a 1:1 basis.

6. In the event that the liquidation or winding up of the Company occurs, the Series C CPS will be automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series C CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.
7. Other detailed terms and conditions in relation to the Series C CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders meeting.

Article 5-6 Series D Convertible Preferred Share

The Company may issue up to Thirty Million Series D Convertible Preferred Share ("**Series D CPS**") by installments. The major terms and conditions of the Series D CPS are listed as below:

1. The life of the Series D CPS is from the issue date of the Series D CPS to September 30, 2012 ("**Expiration Date**"). Each Series D CPS shall expire and be cancelled by the Company on the Expiration Date with neither any consideration nor the consent/resolution of the shareholders meeting of the Series D CPS if such CPS is not converted into the common shares of the Company on the Expiration Date.
2. The holders of the Series D CPS are not entitled to any cash dividend or bonus and they are not entitled to cash distribution out of the Company's earnings, reserves or capital surplus. If the Company distributes stock dividends or bonuses to other shareholders of the Company, the Company shall pay a pro rata (under the same percentage as distributed to other shares) dividend or bonus in additional Series D CPS or, to the extent permitted by law, the Company shall issue an additional number of common shares of the Company to the holders of Series D CPS at the time of the conversion thereof.
3. When the Company issues new shares for cash, the holders of the Series D CPS shall have the preemptive right to buy new shares on the same terms on which the Company proposes to issue such new shares to the holders of common shares of the Company.

4. The holders of the Series D CPS are not entitled to any voting rights in the shareholders meeting for the holders of common shares and have no right to elect directors or supervisors. When the Company conducts any merger or acquisition activity, such activity is not required to be approved by the shareholders meeting of the Series D CPS.
5. Conversion of Series D CPS:
 - (1) Conversion Triggering Price
 - (a) If the Company's consecutive 5-day VWAP on the GTSM reaches Eighty New Taiwan Dollars (NT\$80), the Series D CPS will be automatically converted into common shares of the Company on a 1:1 basis.

Detailed terms for the time period to determine the VWAP, and the adjustment of the Conversion Triggering Price shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders meeting.
 - (b) Change of Control, Winding Up or Liquidation

In the event that either (i) any "Change of Control" (defined in Article 5-4) of the Company or (ii) the liquidation or winding up of the Company as provided in the Company Act, occurs, the Series D CPS after issuance will be automatically converted into the common shares of the Company on a 1:1 basis.
6. In the event that the liquidation or winding up of the Company occurs, the Series D CPS will be automatically converted into the common shares, and the rights and claims in respect of the so converted new shares will rank pari passu with the rights and claims of the Company's common shares. An automatic conversion pursuant to a Change of Control shall occur at such time as is necessary so that the holders of the Series D CPS, after giving effect to such conversion, are entitled to participate in such Change of Control to the same extent as other holders of common shares of the Company.
7. Other detailed terms and conditions in relation to the Series D CPS shall be stipulated by the board of directors in accordance with the applicable laws and regulations for further approval by the Company's shareholders meeting.

Article 6 The share certificates of the Company shall bear the shareholders' names, be signed or sealed by three or more directors, and legalized in accordance with laws before they are issued.

The Company may be exempt from printing of share certificates representing

the shares issued or share certificates representing such shares may be printed jointly with all the newly issued shares, provided the Company shall arrange for recordation or custody by a centralized securities depository institution. The Company may also arrange for issue of securities with aggregate face value of the shares.

Article 7 Any affair with regard to the shares of the Company shall be handled in accordance with the Guidelines for Handling Stock Affairs by a Public Issuing Company promulgated by the competent authority.

Chapter III Shareholders' Meeting

Article 8 No change of entries in the shareholder roster shall be permitted within sixty (60) days prior to a general shareholders' meeting, thirty (30) days prior to an extraordinary shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for the distribution of dividends, bonuses, or other benefits.

Article 9 Shareholders' meetings shall be of two types: general shareholders' meeting and extraordinary shareholders' meeting. A general shareholders' meeting shall be convened at least once every year and shall be convened by the board of directors according to law within six (6) months after the close of each fiscal year. An extraordinary shareholders' meeting shall be convened according to law at such time as may be deemed necessary. The proceeding of the shareholder's meeting of the Company shall be conducted in accordance with the "Rules for Proceedings of Shareholders' Meeting" of the Company.

The general shareholders' meeting shall be convened thirty (30) days prior to the meeting; while extraordinary shareholders' meeting shall be convened by giving a fifteen (15)-day prior notice, of which the purpose of the meeting shall be specified on the notice, to the shareholders.

Article 10 In case a shareholder is unable to attend a shareholders' meeting, he may issue a proxy document printed by the Company stating the powers vested in the proxy, and sign and seal such document to designate a proxy to attend the meeting on his behalf. Use of proxy documents is governed by Article 177 of the Company Act and the Rules Governing Attendance of a Public Company's Shareholders' Meeting by Proxy as enacted by the competent authority.

Article 11 Each shareholder of the Company will have one vote for each share held, save in the circumstance described in Article 179 of the Company Act where shares have no voting power.

Article 12 Unless otherwise provided by the Company Act, a resolution of the

shareholders' meeting shall be adopted by a majority vote of shareholders present at the meeting whose aggregate shares account for the majority of the total issued shares of the Company.

Chapter IV Directors and Supervisors

Article 13 The Company shall have nine (9) directors and three (3) supervisors, all to be elected at a shareholders' meeting from those who have disposing capacity (natural person, legal person or the representative appointed by the legal person as the case may be) in accordance with Articles 198 and 227 of the Company Act, and all eligible for re-election.

In accordance with Article 14-2 of the Securities and Exchange Act, at least two (2) of the above directors of the Company must be independent directors accounting for at least one-fifth (1/5) of the total number of directors. Independent directors are elected according to the candidate nomination system as provided by Article 192-1 of the Company Act. The professional qualifications, restrictions on shareholding and concurrent posts held, nomination and election methods, and other matters for compliance with respect to independent directors are governed by the applicable regulations of the competent securities authority. The aggregate shareholding of all directors and supervisors is governed by the regulations of the regulatory securities authority.

Article 14 The board of directors will be organized by the directors. Directors will duly elect one from among themselves as the chairman and may elect another as the vice chairman of the board of directors with the approval of a majority of the directors present at a meeting attended by two-thirds (2/3) of all the directors. The chairman of the board of directors will carry out all businesses of the Company on behalf of the Company. If the chairman is on leave of absence or unable to exercise his authority for whatever reason, the vice chairman will act in his stead. If no vice chairman is elected or no agent is designated to act on behalf of the chairman, the directors will elect one from among themselves to act on behalf of the chairman.

Article 15 The meeting of the board of directors shall be convened at least once per quarter, but extraordinary meeting of the board of directors shall be convened when necessary. In the event a director cannot attend a meeting for any cause whatsoever, he may issue a proxy document stating the powers vested in the proxy in connection with the purpose of the meeting to designate a proxy to attend the meeting on his behalf.

A director may not act as proxy for more than one absent director.

The reasons for convening a Board meeting shall be notified to each director and supervisor at least seven days in advance of such meeting. In case of emergency, the meeting may be convened anytime. The notice may be made by fax or email to serve each director and supervisor.

The proceeding of the meeting of the board of directors shall be conducted in accordance with the "Rules for Proceedings of Board of Directors Meetings" of the Company.

Article 16 Regardless of surplus or deficit of the Company, each Directors or Supervisors is entitled to the remuneration determined by the Board of Directors, taking into consideration of the participation and contribution devoted by the Directors and Supervisors to the Company as well as the general standard of other companies in the same industry. Where the Company has surplus earnings, a special remuneration to the Directors and Supervisors shall be paid pursuant to Article 19.

Article 16-1 The Company may purchase liability insurance policies for the Directors, Supervisors and Officers covering their duties during their terms.

Chapter V Managerial Officers

Article 17 The Company may have managerial officers. The title, appointment, discharge of and remuneration to the managerial officers are governed by the Company Act.

Chapter VI Accounting

Article 18 The fiscal year of the Company begins from January 1st and ends on December 31st of each year. At the end of each fiscal year, the board of directors shall prepare (1) a report of operations, (2) financial statements, and (3) proposals for the distribution of profit or the making up of losses, etc., thirty (30) days prior to the convention of the shareholders' meeting for supervisors' review and examination, and present the same at the general shareholders' meeting for adoption.

Article 19 The Company is in the emerging technology business. For purpose of continuing operation, the Company adopts the residual dividend policy to comply with its long-term financial plan.

Out of the profit of the Company upon annual closing of books, after paying taxes and making up the losses of previous years, the Company shall first set aside a legal reserve of 10% and a special reserve pursuant to the applicable laws and regulations. The balance, if any, upon the assessment of the capital need for the upcoming year by the Board of Directors in accordance with the

future capital budget plan, shall first be allocated as part of the funds required for financing the retained earnings, and at least fifty (50) percent of the remaining balance shall be allocated for distribution pursuant to the following order:

1. The dividends distributed to the shareholders shall not exceed one percent (1%) per annum.
2. The remaining balance shall be distributed as the employee bonuses, remuneration for Directors and Supervisors and the shareholder bonuses. Among those, employee bonuses shall be at least one percent (1%) but shall not be more than ten percent (10%), and remuneration for Directors and Supervisors shall not be higher than one percent (1%).

The distribution of retained earning provided in the preceding paragraph may be done together with the cumulative unappropriated retained earning of the preceding years.

The distribution of shareholder bonuses and dividends may be in cash or shares, provided cash dividends shall not be lower than 10% of the total dividends.

The rules of distribution of employee bonuses shall be stipulated by the Board of Directors; in respect of share dividends, the distributees may include certain employees of a subsidiary.

The proposal of earning distribution of each fiscal year shall be proposed by the board of directors for the resolution of shareholders' meeting.

Chapter VII Supplementary Provisions

Article 20 Issues not addressed by these Articles of Incorporation are governed by the Company Act.

Article 21 These Articles of Incorporation were established on June 1, 1992.

The first amendment was made on December 23, 1993.

The second amendment was made on May 31, 1994.

The third amendment was made on April 12, 1995.

The fourth amendment was made on November 19, 1996.

The fifth amendment was made on April 12, 1997.

The sixth amendment was made on June 2, 1998.

The seventh amendment was made on July 28, 1999.

The eighth amendment was made on May 12, 2000.

The ninth amendment was made on November 2, 2001.

The tenth amendment was made on June 20, 2002.

The eleventh amendment was made on June 24, 2003.

The twelfth amendment was made on June 21, 2004.

The thirteenth amendment was made on June 30, 2006.

The fourteenth amendment was made on June 15, 2007.

The fifteenth amendment was made on June 19, 2009.

The sixteenth amendment was made on November 18, 2009.

The seventeenth amendment was made on June 18, 2010.

The eighteenth amendment was made on June 24, 2011.

Appendix 10

E INK HOLDINGS INC. RULES OF SHAREHOLDERS MEETING

- Article 1 The shareholders' meeting of the Company shall be proceeded with in accordance with these rules, unless otherwise provided by laws and regulations.
- Article 2 The Company shall prepare a sign-in book for shareholders to sign in, and an attending shareholder may hand in an attendance card in lieu of signing on the sign-in book. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the sign-in book or the attendance cards.
- Article 3 The presence of shareholders and any voting in a shareholders' meeting shall be made on the basis of counting the number of shares.
- Article 4 The shareholders' meetings shall be held at the premises of the Company, or any other place convenient for attending by shareholders, and suitable for holding of such meetings. The meetings shall not be commenced earlier than 9 a.m. or later than 3 p.m.
- Article 5 If a shareholders' meeting is convened by the board of directors, the chairman of the board of directors shall preside at the shareholders' meeting. In case the chairman is on leave or unable to exercise his/her functions the vice chairman shall act in his/her place. If there is no vice chairman or the vice chairman is also on leave or unable to exercise his/her functions, the chairman shall designate a managing director to act in lieu of the chairman. If there are no managing directors, the chairman shall designate a director to exercise his/her functions. If the chairman does not designate a director, the managing directors or directors shall elect one from among themselves to act in lieu of the chairman.
- If a shareholders' meeting is convened by any person other than the board of directors, the person who is entitled to convene the meeting shall preside at the meeting. If there are more than two such persons, one shall be elected among themselves to preside at the meeting.
- Article 6 The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders' meeting.
- The personnel handling the affairs of a shareholders' meeting shall each wear an identification badge or an arm-band.
- Article 7 All proceedings of the shareholders' meeting shall be recorded with an audio or

video tape, and such audio tapes or video tapes shall be kept for at least one year.

Article 8 When it is time to commence a shareholders' meeting, the person presiding the meeting shall immediately commence the meeting, provided, however, that if the total amount of shares represented at the meeting do not exceed one-half of the total number of the issued shares, the person presiding the meeting may postpone the meeting; provided, however, that the postponement of the meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the total amount of shares represented at the meeting still do not exceed one-half of the total number of the issued shares, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act of ROC, if the total amount of shares represented at the meeting is more than one-third of the total number of the issued shares.

If, before the end of the meeting, the total amount of shares represented at the meeting becomes to exceed one-half of the total number of the issued shares, the person presiding the meeting may present the previously adopted tentative resolution to the meeting for resolution in accordance with Article 174 of the Company Act of ROC.

Article 9 If a shareholders' meeting is convened by the board of directors, the agenda of the meeting shall be prepared by the board of directors, and the meeting shall be proceeded with in accordance with the agenda. The agenda shall not be changed without a resolution made by the shareholders' meeting.

If a shareholders' meeting is not convened by the board of directors, but by the person who is entitled to convene such meeting, the preceding paragraph shall apply mutatis mutandis to the change of agenda of the meeting.

The person presiding the meeting shall not adjourn a meeting without a resolution adopted by shareholders if the motions (including extraordinary motions) in the agenda arranged in the above two Paragraphs shall not have been resolved. If the person presiding the meeting declares the adjournment of the meeting in a manner in violation of these rules, a new person presiding the meeting may be elected to continue the proceedings of the meeting by a resolution representing the majority of the shares represented at the meeting. If the meeting is duly adjourned, the shareholders may not elect another person presiding the meeting to continue to hold the meeting at the same place or at any other place.

Article 10 A shareholder wishing to speak in a shareholders' meeting shall first fill out a slip, specifying therein the gist of his/her speech, his/her shareholder identification number (or the number of attendance certification) and his/her name, and the

person presiding the meeting shall determine such shareholders' order of giving a speech.

A shareholder who submits his/her slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his/her speech are different from those specified on the slip, the contents of his speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the person presiding the meeting and the speaking shareholder, and the person presiding the meeting may prevent others from interrupting.

Article 11 A shareholder shall not speak more than two times and each of his speech shall not exceed five minutes for one subject, unless he has obtained the prior consent from the person presiding the meeting.

If a shareholder violates the preceding paragraph or his/her speech is irrelevant to the subject, the person presiding the meeting may stop him from continuing speaking.

Article 12 If corporate shareholder is mandated by another shareholder to attend a shareholders' meeting, it may designate only one representative to the meeting. If a corporate shareholder designates two or more representatives to represent it at the shareholders' meeting, only one of its representatives may speak on the same subject.

Article 13 After a shareholder has given a speech, the person presiding the meeting may answer in person or designate relevant person to respond.

Article 14 When the person presiding the meeting considers that the discussion for a subject has reached to the degree that a resolution may be adopted, he may discontinue the discussions and submit the subject for resolution.

Article 15 The persons scrutinizing the casting of votes and the counting thereof for resolutions shall be designated by the person presiding the meeting, provided, however, that the person scrutinizing the casting of votes shall be a shareholder. The results of resolution(s) shall be announced in the meeting immediately, and recorded in the minutes of the meeting.

Article 16 During the meeting, the person presiding the meeting may announce for a break with a time period he thinks fit.

Article 17 Unless otherwise provided by laws and regulations or the Articles of Incorporation, the resolutions of the shareholders' meeting shall be adopted by the majority of the shares represented at the meeting.

The resolution may also be adopted when there is no disagreement after the person presiding the meeting consults with all shareholders. The effect of the resolutions so adopted shall be the same as those adopted by voting.

- Article 18 If there is an amendment or a substitute proposal to a subject being discussed, the person presiding the meeting may combine the amendment or substitute proposal into the original subject, and determine their orders for voting. If any one of the above has been passed, the others shall be considered as rejected, upon which no further resolution shall be required.
- Article 19 The person presiding the meeting may direct order-maintaining personnel (or security personnel) to maintain the order of the meeting. For doing so they shall wear an arm-band bearing the words of "order-maintaining personnel"(or security personnel).
- Article 20 Establishment of and amendment to these rules shall be subject to the adoption by the shareholders at a shareholders' meeting.

Appendix 11

E Ink Holdings Inc . Procedures for Acquisition or Disposition of Assets

Amendment date: June 19, 2009

Article 1: Purpose

To protect investors, ensure freedom of information, and strengthen management of acquisition or disposition of assets of E Ink Holdings Inc. (the "Company"), the Procedures for Acquisition or Disposition of Assets (the "Procedures") are thus adopted.

Article 2: Governing Rules

The Procedures are enacted pursuant to Article 36-1 of the Securities and Exchange Act (the "Act") and "Regulations Governing the Acquisition and Disposition of Assets by Public Companies" issued by the Securities and Futures Bureau of the Financial Supervisory Commission Executive Yuan, ROC (the "FSC").

Article 3: Scope of Assets

The term "assets" as used in the Procedures includes the following:

1. Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including inventories of construction enterprises) and other fixed assets.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 4: Definitions

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts,

long-term leasing contracts, or long-term purchase (sales) agreements.

2. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law:

Refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or shares acquired from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.

3. Related party: As defined in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation ("ARDF").
4. Subsidiary: As defined in Statements of Financial Accounting Standards No. 5 and No.7 published by the ARDF.
5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.
6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
7. Mainland China area investment: Refers to investments in Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in Mainland China area.

Article 5: Exclusion of related party

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 6: Scope and Limitation of Investment

Limitation of investment in the following items is as follows:

1. Total amount of real property not for business use shall not exceed the Company's shareholders' equity.
2. Total amount of securities investment shall not exceed three times of the Company's shareholders' equity.

3. Total amount of investment in individual securities shall not exceed 1.5 times of the Company's shareholders' equity.
4. Transaction amount for acquisition and disposition of memberships or intangible assets shall not exceed 50 percent of the Company's shareholders' equity.
5. Total amount of investment in Mainland China area shall not exceed the limitation set by the competent authorities.

Same limitation as to total amount of investment in real property not for business use or securities, as well as limitation on amount of investment in individual securities applies to the Company's subsidiaries.

Article 7: Appraisal and Operating Procedures for Acquisition or Disposition of Assets

1. Acquisition or disposition of securities
 - (1) The responsible department should report the reasons for acquisition or disposition of securities in the centralized exchange market or over-the-counter ("OTC") market, transaction target, reference price, etc. to the level in-charge and submit to the department-in-charge for decision in accordance with the Company's internal regulations.
 - (2) As for securities or privately placed securities not acquired or disposed in the centralized exchange market or OTC market, the responsible department should report the reasons for such acquisition or disposition, transaction target, transactional party, transfer price, payment and collection terms and reference price, etc. to the board of directors for resolution. After the board of directors' resolution, the responsible department should report the transaction in accordance with the Company's internal regulations to responsible levels and submit to the department-in-charge for decision.
2. As for acquisition or disposition of real property or other assets, the responsible department should report the reasons for such acquisition or disposition, the target, transactional party, transfer price, payment and collection terms and reference price, etc., in accordance with the Company's internal regulations, to responsible levels and submit to the department-in-charge for decision.

Article 8: Procedures of Transactional Terms Determination

1. Method and reference of price determination in assets acquisition or disposition
 - (1) Acquisition or disposition of securities
 1. Price for securities purchased or sold in the centralized exchange market or OTC market should be determined by the fair market price of the securities at the time of transaction.
 2. Price for securities not acquired or disposed in the centralized

exchange market or OTC market should be determined by its book value per share, profitability, development potentials, and fair market value at the time of transaction.

(2) Acquisition or disposition of other assets should be conducted with price comparison, price negotiation, invitation to tender or other methods.

2. Acquisition or disposal of assets should be done by the responsible department in accordance with the Company's internal regulations, verified by responsible levels and submitted to the department-in-charge for decision.

Article 9: When the transaction amount of acquisition or disposition of real property or other fixed assets reaches the amount that public announcement and regulatory filing are required, or where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. Where the appraisal is conducted before the contract execution, no more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original

professional appraiser.

Article 10: Acquisition of Real Property from a Related Party:

1. When real property is acquired through purchase from or exchange with a related party, it should be ensured that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in compliance with the provisions of the preceding Articles and this Article.
2. When acquiring real property from a related party, the following information should be submitted for approval by the board of directors and recognized by the supervisors before the transaction proceed:
 - (1) The purpose, necessity and anticipated benefit of the acquisition of real property
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) Relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 10 (3) and Article 10 (6).
 - (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (6) Restrictive covenants and other important stipulations associated with the transaction.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
3. Acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below):
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is calculated as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate

announced by the Ministry of Finance.

- (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
4. When acquiring real property from a related party and appraising the cost of the real property in accordance with preceding requirements, it shall also engage a certified public accountant to reexamine the appraisal and render a specific opinion.
5. When acquiring real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2 of this Article and the preceding two paragraphs do not apply:
 - (1) The related party acquired the real property through inheritance or as a gift.
 - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
 - (3) The real property is acquired through signing of a joint development contract with the related party.
6. When the results of an appraisal conducted in accordance with paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:
 - (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent

period as announced by the Ministry of Finance, whichever is lower.

2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

3. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

(2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

(3) Completed transactions for neighboring or closely valued parcels of land in subparagraphs 2 and 3 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

7. Where acquiring real property from a related party and the results of appraisals conducted in accordance with paragraphs 3 to 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken:

(1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. A company that has set aside a special reserve under the preceding regulation may not utilize the special reserve until it has recognized a loss on decline in

market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (2) Supervisors shall comply with Article 218 of the Company Act.
- (3) Actions taken pursuant to subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (4) Subparagraphs 1 to 3 of this paragraph shall be complied with if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 11: Standards of Consultation with Certified Public Accountant with respect to Acquisition or Disposition of Assets

1. The Company acquiring or disposing of securities shall obtain in advance financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.
2. Where a company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price
3. Where a company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant opinion.

Article 12: Engaging in Derivatives Trading

1. Operating or hedging strategies
When engaging in derivatives trading, it should specify whether it is for trading purpose. Risk hedging should be the primary concern, and sound internal control system shall be established. Trading counterparty should be those financial institutions that with sound operating system or the ones that have business relationships with the Company.
2. Segregation of duties

- (1) Trading department
 1. Gather market information, familiarize with derivatives, relevant regulations and risk evaluation.
 2. Conduct transaction and risk management within its authorized limit.
 3. Provide sufficient and timely information to the Company's senior management personnel, and evaluate profit-loss circumstances periodically.
 4. A log book shall be established in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates shall be recorded in detail in the log book.
- (2) Accounting department
 1. Confirmation of transaction.
 2. Understand the nature of the products, contracts and types of transaction and provide proper registration.
 3. Evaluate each department's profits and losses monthly.
 4. Prepare periodic financial statements and provide adequate disclosure.
3. Essentials of performance evaluation
 - (1) Derivatives trading should be evaluated regularly. The evaluation report should be submitted to the financial chief for verification.
 - (2) Performance evaluation should be compared with pre-set evaluation basis on the evaluation date as reference for future decision.
4. Total amount of derivatives contracts that may be traded and the maximum loss limit on total trading
 - (1) Limitation of total amount of derivatives contracts
 1. Not for trading purpose:
 - (1) Transaction for the purpose of avoiding foreign exchange risks: the total contract amount cannot exceed that year's total amount in import and export.
 - (2) Transaction for the purpose of avoiding interest rate risks: the total contract amount cannot exceed total amount of debt.
 - (3) Transaction to avoid foreign exchange rate and interest rate risks resulted from specific case: the total contract amount cannot exceed total amount of the budget of that specific case.
 2. For trading purpose: transaction personnel can proceed transaction within the approved limit for the specific case.
 - (2) The maximum loss limit on total trading and for individual contracts is as follows:
 1. Realized and unrealized loss amount in the Company's overall

signed derivatives contracts shall not exceed 30 percent of the total contracts amount.

2. Realized and unrealized loss amount in the Company's individual contracts shall not exceed 30 percent of the that specific contract amount.

5. Operating procedures

(1) Confirmation of transactional department

(2) Analysis and judgment of relevant trends

(3) Determination of methods for risk hedging:

1. Target of transaction

2. Transactional department

3. Target price and range

4. Strategies and types of transaction

(4) Obtaining approval for transaction

(5) Executing transaction

1. Trading counterparty: can only be domestic or overseas financial institutions. If not, consent from financial chief shall be obtained.

2. Trading personnel: Consent from the financial chief shall be first obtained before personnel dealing with derivatives trading; notification to the financial institutions that the Company has business relationships should also be made. Derivatives trading can only be conducted by these trading personnel.

(6) Confirmation of transaction: after trading personnel has completed the transaction, a transaction bill should be filled in and confirmed by the confirmation personnel as to whether the trading terms are in consistent with those on the transaction bill. The bill then should be submitted for approval by the responsible supervisor.

(7) Settlement: after the transaction has been confirmed and no mistake identified, settlement shall be made in the agreed price by settlement personnel appointed by the payment unit on the settlement date with whom purchase price brought and related documents prepared.

6. Authorized ceiling

(1) Authorized ceiling for derivatives trading not for trading purpose is as follows:

Verification personnel	Financial	President	Board of
Total amount of contracts	Chief		Directors
Below USD 2 million	Verification		
USD 2 million – 10 million		Verification	
Above USD 10 million			Verification

- (2) When a company engages in derivatives trading not for trading purpose and authorizes certain personnel in charge of such trading pursuant to the Procedures, it should be reported to the board of directors afterwards.
 - (3) Derivatives trading for trading purpose can only be proceeded after such trading being reported to the board of directors as a specific case and approval obtained.
7. Accounting handling
Accounting handling for financial products should be conducted in accordance with Statements of Financial Accounting Standards No. 34 and No. 36.
 8. Internal Control
 - (1) Risk management measures
 1. Credit risk management: trading counterparty should be mainly the banks with which the Company has business interaction.
 2. Market risk management: limited to stock exchange market and OTC transaction.
 3. Liquidity risk management: to ensure liquidity, should check with funds personnel before trading whether the transaction would result in insufficient liquidity.
 4. Cash flow risk management: to ensure stability of the company's working capital turnover, the Company's funding source for derivatives trading should be limited to equity fund. In determining trading amount, fund needed (based on the upcoming three-month cash flow forecast) should also be taken into consideration.
 5. Operating risk management: must comply with authorized ceiling and operating procedures to avoid operating risks.
 6. Legal risk management: to avoid legal risks, all documents intended to be entered into with banks can only be executed after being reviewed by legal department.
 - (2) Internal control
 1. Trading personnel may not serve concurrently in other operations such as confirmation and settlement.
 2. Trading personnel should provide those trading certificates or contracts for registration personnel for records.
 3. Registration personnel should login or check accounts with trading counterparty regularly.
 4. Registration personnel shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated shall be recorded in detail in the log book.

5. Personnel engaging in evaluation, supervision and control of trading risks should not serve concurrently in other operations such as trading, confirmation and settlement. Such personnel should report to the board of directors regularly.

(3) Periodic evaluation

1. The board of directors should designate financial chief to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the "Implementation Rules for Internal Control." Financial chief should also periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
2. Financial chief should periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures.
3. Risk hedging transaction required by business shall be evaluated regularly.
4. When irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
5. The Company shall report to the most recent board of directors meeting after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures.

9. Internal Audit System

- (1) Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives pursuant to the "Implementation Rules for Internal Audit." It should conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.
- (2) Internal audit personnel should report to the Securities and Futures Bureau for future reference the aforementioned audit report and improvements on irregular circumstances in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies."

Article 13: Mergers and Consolidations, Spin-offs, Acquisitions, and Transfer of Shares

1. The Company conducting a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage

a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

2. The Company participating in a merger, spin-off, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

Where the shareholders meeting of the Company fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

3. A company participating in a merger, spin-off, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference.

- (1) Basic identification data for personnel: including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- (3) Important documents and minutes: including merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors

meetings.

When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of paragraph 3 of this Article to the FSC for recordation.

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4 of this Article.

4. Every person participating in or privy to the plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.
5. A company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (2) An action, such as a disposal of major assets, that affects the company's financial operations.
 - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (5) An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

6. The contract for participation in a merger, spin-off, acquisition, or of shares shall record the relevant rights and obligations and shall also specify the following:
 - (1) Handling of breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is spin-offed.
 - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The manner of handling changes in the number of participating entities or companies.
 - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
7. After public disclosure of the information, if the Company participating in the merger, spin-off, acquisition, or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, it shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such company may be exempted from calling another shareholders meeting to resolve on the matter anew.
8. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by paragraphs 3, 4 and 7 of this Article.

Article 14: Procedures for Disclosure of Information

1. Under any of the following circumstances, a company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC designated website in the appropriate format as prescribed by regulations within 2 days from the date of occurrence of the event:
 - (1) Acquired real property from a related party.
 - (2) Engage in investment in Mainland China area.
 - (3) Merger, spin-off, acquisition, or transfer of shares.

- (4) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures.
 - (5) Where an asset transaction other than any of those referred to in the preceding four subparagraphs, or a disposal of receivables by a financial institution reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 1. Trading of government bonds.
 2. Trading of bonds under repurchase / resale agreements.
 3. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 4. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount is less than NT\$500 million (based on the company's expected input amount).
2. The amount of transactions above shall be calculated as follows:
 - (1) The amount of any individual transaction.
 - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 - (3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
 3. "Within the preceding year" as used in paragraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.
 4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
 5. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is

required to correct it, all the items shall be again publicly announced and reported in their entirety.

6. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and certified public accountant, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.
7. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

Article 15: Management of Subsidiaries

1. If the Company's subsidiary is a public company, the subsidiary should prepare its "Procedures for Acquisition or Disposition of Assets" in accordance with relevant regulations. After being passed in board of directors resolution, the procedures should be reported in shareholders' meeting in both the Company and the subsidiary. The same applies when the procedures are amended.
2. When the assets acquired or disposed by a non-public company that is owned more than 50 percent of voting rights by the Company directly or indirectly via subsidiary reach the amount that a public announcement and regulatory filing are required, the Company should also make the required public announcement, regulatory filing or carbon copy to competent authorities.

The standard of "reaching 20 percent of paid-in capital" for the subsidiary making announcement and filing should be calculated based on the Company's paid-in capital.

Article 16: When personnel violates the Procedures or other related regulations, the Company may impose penalties such as warning, demerit, demotion, suspension, remuneration decrease or other penalties depending on seriousness of the incidents. Such violation should also be served as internal discussion matters.

Article 17: For matters not mentioned in the Procedures, related regulations and other internal rules of the Company should govern.

Article 18: After the Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Appendix 12

INFORMATION REGARDING REMUNERATION TO DIRECTORS AND SUPERVISORS AND BONUSES FOR EMPLOYEES

The details of the remuneration to Directors and Supervisors and the bonuses for employees approved by the Board of Directors on March 16, 2012 are set forth as follows, which will be conducted pursuant to the relevant rules upon the resolution passed at the general meeting on June 18, 2012.

	Employees Bonuses (Cash)	Remuneration to Directors and Supervisors	Total
Amount Approved by the Board of Directors	41,395,842	25,200,000	66,595,842
Amount Showed in the 2011 Annual Financial Statements	41,395,842	25,200,000	66,595,842
Discrepancy	The distribution amount approved by the Board of Directors is the same as listed on the accounts.		

Appendix 13

IMPACT CAUSED BY STOCK DIVIDENDS ON BUSINESS PERFORMANCE, EARNINGS PER SHARE, AND RETURN ON EQUITY

Not applicable in 2012.

Appendix 14

E INK HOLDINGS INC.

Number of Shares Held by Each Director and Supervisor on the Record Date of the 2012 Annual General Meeting

List of Directors and Supervisors

Record Date: April 20, 2012

The total issued shares as of April 20, 2012: 1,080,398,095 shares

Position	Name		Date of Election	Number of Shares on Date of Election			Current Number of Shares			Remark
				Type	Number of Shares	Percentage	Type	Number of Shares	Percentage	
Chairman	Su-Cheng Liu	Representatives of Cheng-Yu Co., Ltd.	June 24, 2011	Common Stock	167,137	0.02%	Common Stock	167,137	0.02%	
Vice Chairman	Yi-Da Ho		June 24, 2011							
Director	Show-Chung Ho		June 24, 2011							
Director	Cheng-Hao Lee		June 24, 2011							
Director	Chuang-Chuang Tsai	Representatives of Yuen Foong Yu Paper MFG. Co., Ltd.	June 24, 2011	Common Stock	113,472,904	10.50%	Common Stock	113,472,904	10.50%	
Director	Ta-Shau Shih		June 24, 2011							
Director	Chun-Chieh Huang		June 24, 2011							
Independent Director	Ten-Chung Chen		June 24, 2011	Common Stock	0	0.00%	Common Stock	0	0.00%	
Independent Director	Yung-Cheng Chen		June 24, 2011	Common Stock	0	0.00%	Common Stock	0	0.00%	
Supervisor	Li-Chun Hsiao	Representatives of Yuen Foong Paper Co., Ltd.	June 24, 2011	Common Stock	12,847,520	1.19%	Common Stock	12,847,520	1.19%	
Supervisor	Ching-Yuan Chang		June 24, 2011	Common Stock						
Supervisor	Ching-I Wang		June 24, 2011	Common Stock	0	0.00%	Common Stock	0	0.00%	
Total					126,487,561	11.71%		126,487,561	11.71%	

Note: The number of shares legally required to be held by all Directors: 40,000,000 shares; as of April 20 2012, all Directors held 113,640,041 shares.

The number of shares legally required to be held by all Supervisors: 4,000,000 shares; as of April 20, 2012, all Supervisors held 12,847,520 shares.

◎ The shares held by the Independent Directors will not be counted as the number of shares held by the Directors and Supervisors.

MEMO