

Code: 8069



E INK HOLDINGS INC.

2014 ANNUAL GENERAL MEETING OF STOCKHOLDERS

MEETING MANUAL

Date: June 18, 2014

Venue: 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.
2014 ANNUAL GENERAL MEETING OF STOCKHOLDERS
MEETING AGENDA

Date and Time: 9 am, June 18, 2014 (Wednesday)

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 2013 business and financial status of the Company
 - (2) To report the Supervisors' review report for the 2013 audited financial statements of the Company
 - (3) To report the Company's capital reduction by elimination of the second tranche of treasury stocks
 - (4) To report the implementation status of the first private placement of common shares in 2013
4. Adoption Items:
 - (1) To adopt the 2013 financial statements of the Company
 - (2) To adopt the proposal for 2013 earnings distribution of the Company
5. Discussion and Election Items:
 - (1) To amend the Company's Articles of Incorporation
 - (2) To amend the Company's Rules of Election of Directors and Supervisors
 - (3) To amend the Company's Procedures of Loaning of Funds and Making of Endorsements/Guarantees
 - (4) To amend the Company's Procedures for Acquisition or Disposition of Assets
 - (5) To elect 6 Directors and 3 Independent Directors of the 9th term
 - (6) 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 2013 business and financial status of the Company

Explanatory Note:

- (1) In 2013, the Company has the net sales of NT\$14,427,628,013, the consolidated net sales of NT\$18,905,129,471, the after-tax net profit of NT\$29,302,914 and the after-tax profit per share of NT\$0.03.
- (2) The business report and the relevant financial statements of the Company are attached hereto as Appendices 1 and 2 of the Meeting Manual.
- (3) Please kindly note.

<Item 2>

Subject: To report the Supervisors' review report for the 2013 audited financial statements of the Company

Explanatory Note:

- (1) The 2013 financial statements of the Company have been audited by the CPA and, with the business report of the Company, reviewed by the Supervisors. The 2013 audited financial statements are attached hereto as Appendices 1 to 3 of the Meeting Manual.
- (2) Please kindly note.

<Item 3>

Subject: To report the Company's capital reduction by elimination of the second tranche of treasury stocks

Explanatory Note:

- (1) The Company has repurchased 522,000 common stocks from the market on April 11, 2011 for transferring common stocks to employees. The average repurchase price is NT\$49.6431 per share (including the processing fee) and the total repurchase amount is NT\$25,913,708.
- (2) Pursuant to Paragraph 4, Article 28-2 of Securities and Exchange Act, if the Company fails to transfer the repurchased treasury stocks to the employees, such treasury stocks should be deemed as non-issued shares and should be reduced from the Company's paid-in capital and registered as such.

(3) Accordingly, the Company has determined that April 11, 2014 should be the record date for reduction of NT\$5,220,000 paid-in capital and elimination of 522,000 common shares. The amount of the Company's paid-in capital should be NT\$11,404,677,150 after the capital reduction.

(4) Please kindly note.

<Item 4>

Subject: To report the implementation status of the first private placement of common shares in 2013

Explanatory Note:

(1) To increase operation funds and repay bank loans, as well as improving financial structure to benefit long-term operation and development of the Company, the Company's general meeting of shareholders as of May 3, 2013 passed the resolution to issue no more than 60,000,000 new common shares through cash offering in Taiwan via private placement. The Company has received the subscription proceeds of NT\$987,000,000 on July 2, 2013.

(2) The actual implementation status is provided in Appendix 4 of the Meeting Manual.

(3) Please kindly note.

Adoption Items:

<Item 1>

(Proposed by Board of Directors)

Subject: To adopt the 2013 financial statements of the Company

Explanatory Note:

- (1) The 2013 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 2013 Business Report are attached hereto as Appendices 1 to 3 of the Meeting Manual.
- (3) Please kindly adopt.

Resolution:

<Item 2>

(Proposed by Board of Directors)

Subject: To adopt the proposal for 2013 earnings distribution of the Company

Explanatory Note:

- (1) After adoption of IFRS for adjustment, the amount of the Company's accumulated non-distributed earnings is NT\$2,316,173,786 as of the beginning of the year. The amount of retained earnings have been reduced to reflect the long-term investment of NT\$206,753,838 and actuarial loss of NT\$8,672,756; after adding the Company's 2013 after-tax net profit of NT\$29,302,914 and setting aside legal reserve of NT\$2,930,291 and reversal reserve of NT\$412,829,159, the total amount of distributable retained earnings is NT\$2,539,948,974. In consideration of the Company's capital budget plan for the future fiscal year, it is proposed the above mentioned distributable retained earnings not be distributed and be reserved for future years.
- (2) The 2013 earnings distribution table is attached hereto as Appendix 5 of the Meeting Manual.
- (3) Please kindly adopt.

Resolution:

Discussion and Election Items:

<Item 1> (Proposed by Board of Directors)

Subject: To amend the Company's Articles of Incorporation

Explanatory Note:

- (1) To meet the requirement for establishment of audit committee, it is proposed to amend or delete the provisions relevant to supervisors under the Articles of Incorporation and add new provisions relating to establishment of audit committee.
- (2) The comparison table of the Articles of Incorporation is attached 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 Election of Directors and Supervisors

Explanatory Note:

- (1) To meet the requirement for establishment of audit committee, it is proposed to amend name of the Rules of Election of Directors and Supervisors and to amend or delete the provisions relevant to supervisors therein.
- (2) The comparison table of the Rules of Election of Directors and Supervisors is attached 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 of Loaning of Funds and Making of Endorsements/Guarantees

Explanatory Note:

- (1) To meet the requirement for establishment of audit committee, it is proposed to amend or delete the provisions relevant to supervisors under the Procedures of Loaning of Funds and Making of Endorsements/Guarantees.

(2) The comparison table of the Procedures of Loaning of Funds and Making of Endorsements/Guarantees is attached as the Appendix 8 of the Meeting Manual.

(3) Please kindly discuss.

Resolution:

<Item 4>

(Proposed by Board of Directors)

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

Explanatory Note:

(1) The Financial Supervision Committee (the "FSC") has amended and promulgated the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" on December 30, 2013 to respond to the public companies' adoption of IFRS, to accommodate market practice and to adopt the principle that "par value per stock is not limited to NT\$10". To follow the above amendment made by the FSC, it is proposed to amend the relevant provisions under the Company's Procedures for Acquisition or Disposition of Assets.

(2) In addition, to meet the requirement for establishment of audit committee, it is proposed to amend or delete the provisions relevant to supervisors under the Company's Procedures for Acquisition or Disposition of Assets.

(3) The comparison table of the Procedures for Acquisition or Disposition of Assets is attached as the Appendix 9 of the Meeting Manual.

(4) Please kindly discuss.

Resolution:

<Item 5>

(Proposed by Board of Directors)

Subject: To elect 6 Directors and 3 Independent Directors for the 9th term

Explanatory Note:

(1) The 3-year term of the Directors and Independent Directors for the 8th term shall be expired on June 23, 2014.

(2) Pursuant to the Articles of Incorporation, it is proposed to elect 6 Directors and 3 Independent Directors for a three-year term of office starting from June 18, 2014 until June 17, 2017.

(3) The election of Directors and Independent Directors shall be proceeded via candidate nomination system. The list of candidates nominated by shareholder(s) holding 1% or more of the Company's shares and approved by the board of directors' meeting is attached as the Appendix 10 of the Meeting Manual.

(4) Please kindly elect.

Resolution:

<Item 6> (Proposed by Board of Directors)

Subject: To release newly elected 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 person 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. Where any newly elected Director for the 9th term, including corporate director and its representative, encounters the condition mentioned above, it is proposed to release the Director and its representative from non-compete restrictions set forth in Article 209 of the Company Act.

(2) As the newly elected directors' concurrent positions in other entity disclosed in the detailed list attached in the venue of the shareholders' meeting after the election do not affect their duty owed to the Company, it is proposed, pursuant to Article 209 of the Company Act, to release the Directors and its representative from non-compete restrictions set forth in article 209 of the Company Act as well as waive its right to claim against the Directors for disgorgement of profits.

(3) Please kindly discuss.

Resolution:

Any Other Business:

Appendix 1

2013 Business Report

E Ink Holdings Inc. has been devoted to the development of electronic paper industry with its technological edge, expanded patent strategies and innovative concepts. After a complete integration with SiPix in the areas of talents, technologies and resources, the Company is equipped with even more comprehensive strategies in the e-paper business. On the solid basis of our existing e-Reader markets, the Company continues its transformation towards a diversified application and development of the electronic paper displays (EPD).

2013 Business Report

For E Ink Holdings Inc., 2013 is a year full of challenges and a transition period during which the Company was adjusting the way we do business. Overall speaking, thanks to the concerted efforts and hard work of all our staff, we have made some rewarding accomplishments for the year. In 2013, E Ink has a combined revenue of NT\$ 18.9 billion, a gross profit of NT\$ 3 billion with a gross profit margin at 16% and a net income after tax of NT\$ 29 million. The earnings per share (EPS) for 2013 are NT\$ 0.03. Compared to 2012, we have strived for improving our product portfolio and improve efficiency by eliminating certain poorly performed products. This led to our healthier revenue income and an improved gross profit margin.

For the EPD business, we are facing a more difficult manufacturing and production environment due to the market demand and clients' repeated requests for new product specifications and designs. Despite of these challenges, the hard work of our staff pushed up the overall shipment of the eReader devices in 2012, contrary to the previous pessimistic expectation. On the other hand, the business of electronic shelf label (ESL) continues to grow as we have received new purchase orders from a good number of retailers in Europe and the US, which is likely to grow in the future. As to the application of EPD such as mobile phones and wrist watches, we expect to see a more mature markets for new applications in several years to come, which will bring more business to the Company. In terms of TFT LCD, E Ink chose to shun away from the price-cutting competitions in the consumer markets and worked on our niche markets we are developing as well as the technology licensing for fringe field switching (FFS) so as to

maintain a more profitable operating strategy.

In addition, inspired by our quest for excellence and bold and daring spirit, we are undergoing an organizational reengineering plan by changing our business model of running subsidiaries to a global integration strategy. Through the establishment of functional organizations and business unit, we are gradually moving toward our goal of a global integration. We hope doing so will successfully integrate front and back offices and designs and materials of electronic mechanisms in order to effectively support the development of new products and business activities with an ultimate goal of a diversified development in the EPD market.

2013 is also a year of a vibrant emergence of e-paper technologies within E Ink. We subsequently launched different EPD technologies including Carta, Spectra, Aurora, Mobius and Fina, each focusing on a different product or market sector. Carta, utilizing a brand new e-paper technology that greatly improves the contrast and reflectivity and creates an enviable visual and reading experience, has been first used in Kindle Paperwhite, the latest eReader device from Amazon. Spectra, allowing red, black and white colors, works best with the ESL system in the retail marketplace and enables real-time transmission of valuable information such as new product launches or promotions to consumers. This technology also has its application in the electronic identification system for the industry, smart cards and medical purpose. Aurora operates perfectly in an environment of a super low temperature as cold as minus 25°C, giving more efficiency and flexibility to retailing, medical and logistic service providers when using technologies such as ESL and smart cards. Mobius replaces the material of TFT substrate from traditional glass with plastic material, creating the benefits of lightweight and durability. Take the 13.3" displays. A single Mobius display weighs only 60 grams, which is a great news for large-size mobile device manufacturers. The Fina EPD uses the TFT technology employing thin glass substrate to give a product an extra light and thin look. This characteristic plays an especially important role for larger size mobile devices.

In R&D, E Ink's accomplishments can hardly be ignored with several major recognitions from local and international awards. At its first launch at the Society for Information Display (SID) in 2013, Spectra became an instant sensation for its brilliant red-black-white display effect and received the Best in Show award. Another recognition

worthy of framing is the new generation Triton color e-paper that received the Excellent Optoelectronic Product award at Taiwan's 2013 International Flat Panel Display Exposition due to its excellent product performance enabled by a successful combination of the front light module.

Operation Highlights in 2014

With the ever popularity of EPD in various applications such as ESL, mobile phones, wrist watches and electronic billboards, together with the gradually comprehensive eco-system we have created with our business partners, and driven by the growth momentum of eReader devices in Europe, Japan and other emerging markets, we are convinced the EPD markets will continue to grow in 2014. To achieve our performance objectives, we will implement the following operation strategies in 2014:

(1) Strengthen the integration of production and R&D to push down the defect rate

With the spirit of "developing forward-looking technologies", E Ink continues our quest and R&D efforts for critical technologies in EPD. We have had breakthroughs in areas such as front light, touch, flexible and color EPD, which have been introduced for various market applications. As the product applications continue to diversify, our clients have more diversified product designs and specifications requirements, which translates into more difficulties in our production. In response, E Ink will strive to strengthen the organizational integration through organizational reengineering and bringing the manufacturing and R&D units more closer to each other so as to overcome the various difficulties we may encounter in the production process, effectively reduce the defect rate in a meaningful sense, and meet the client's products requirements.

(2) Optimize the environmental, manufacturing process and improve labor force efficiency

E Ink continues to optimize our manufacturing process and the environment of our factory campus, while working hard to improve our labor efficiency. Starting 2013 we have significantly devoted to optimization and automation of our production line to improve the product quality, shorten the manufacturing time, and cut down the labor force required for unit output. Meanwhile, we are taking various measures to improve the working environment and quality of life to strengthen the employee's loyalty to the Company. We have seen encouraging results and this endeavor will continue this year.

(3) Actively establish the EPD eco-system

While striving to develop the EPD, E Ink is also working hard to form a strategic alliance with suppliers in the upstream, downstream and peripheral sectors, and engage in technological cooperation with our major component suppliers to build a complete EPD market with an ultimate goal of pushing up our revenues and profits. Also, E Ink is collaborating with chip suppliers in a joint effort to develop new chip designs so as to make our EPD products more price competitive and more powerful functionally.

(4) Provide diversified tailor-made services

E Ink has had in-depth and broad technological planning in the sector of e-paper devices. We are also having a quick advancement on the development of new technologies and new applications. Into the future, E Ink will continue to offer clients more options with better product and technology choices and diversified tailored-made services to further advance our operation performance.

(5) Continue to promote the TFT LCD niche markets

With regard to TFT LCD, E Ink continues our strategies of a smaller production scale and OEM to reduce costs and strengthen competitiveness. In addition, E Ink will carefully select our customers and application markets to avoid price wars on low profit products by developing our niche markets in sectors such as aviation, vessels, automobiles, agricultural machinery, industrial control, medical services and entertainment.

(6) Continue the patent cross licensing to expand the TFT LCD market based on the FFS technology

E Ink has entered into patent cross licensing agreements with well-known display manufacturers including Japan's Sharp, AU Optronics, Chunghwa Picture Tubes, and Innolux Display. On the basis of equal treatment and mutual benefits, we are expanding the basis of cooperation with other display manufacturers to jointly expand the TFT LCD market based on the FFS technology.

Prospect

We have seen some preliminary accomplishments since our transformation efforts starting in 2012. With the ever growing popularity of the Internet of Things and portable devices, energy saving and lightweight/thinness/high efficiency have become an unstoppable trend into the future. We are optimistic about the broad applications of E

Ink's e-paper products in sectors other than eReader devices, such as ESL, mobile phones and wrist watches for their characteristics including paper-like, extra-low power consumption, durability, lightweight/thinness and sunlight readability. This will eventually turn a lot of conceptual product designs into real end-user products. We expect in the near future the new applications will continue to become more popular, which in turn will bring more advantages to our business operation.

We are sincerely thankful for our staff's long-term contribution to the Company, and all the support and recognition from our clients, partners, suppliers, shareholders and the public. We will do everything we can to lead all our staff to move along the set track and pragmatically implement the growth strategies we created to accomplish our goals.

Vice Chairman: Felix Ho

Manager: Eddie Chen

Accounting Officer: Jason 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, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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, 2013 and 2012, the investments in which the Corporation had equity-method investments by Hydis Technologies Co., Ltd. The investments amounted to NT\$175,316 thousand, NT\$188,713 thousand and NT\$176,378 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, which accounted for about 0.4% of the Corporation's total assets as of the above date. The Corporation's equity of NT\$12,577 thousand and NT\$12,335 thousand in their comprehensive income in 2013 and 2012 were about 1.1% and 1.4%, respectively, of the Corporation's total comprehensive income (loss). The investee's 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 the investee, 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, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

March 20, 2014

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 applied in the Republic of China.

For the convenience of readers, the independent 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 independent auditors' report and financial statements shall prevail.

E INK HOLDINGS INC.

BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 1,767,590	4	\$ 3,255,645	7	\$ 2,140,525	5
Financial assets at fair value through profit or loss (Notes 4 and 7)	1,498,361	4	-	-	238	-
Accounts receivable (Note 4)	205,661	-	412,437	1	448,217	1
Accounts receivable from related parties (Notes 4 and 22)	7,108,474	17	7,446,498	17	6,204,429	14
Other receivables from related parties (Note 22)	825,473	2	2,028,376	5	1,186,480	3
Inventories (Notes 4 and 10)	1,434,873	3	682,359	1	1,765,059	4
Prepayments	84,267	-	74,855	-	695,209	2
Other current assets	75,049	-	43,845	-	32,586	-
Total current assets	<u>12,999,748</u>	<u>30</u>	<u>13,944,015</u>	<u>31</u>	<u>12,472,743</u>	<u>29</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	1,431,150	3	1,411,950	3
Available-for-sale financial assets (Note 4)	766,310	2	614,444	2	331,247	1
Financial assets measured at cost (Notes 4 and 8)	77,601	-	77,601	-	77,601	-
Debt investment with no active market (Notes 4 and 9)	-	-	885,720	2	923,388	2
Investments accounted for using equity method (Notes 4 and 11)	26,453,736	62	25,911,497	58	26,065,964	61
Property, plant and equipment (Notes 4, 12 and 22)	2,064,620	5	1,498,249	3	1,575,086	4
Other intangible assets (Note 4)	45,038	-	49,790	-	67,403	-
Deferred tax assets (Notes 4 and 17)	209,144	1	176,970	1	141,780	-
Other non-current assets (Notes 4 and 14)	44,333	-	34,796	-	65,405	-
Total non-current assets	<u>29,660,782</u>	<u>70</u>	<u>30,680,217</u>	<u>69</u>	<u>30,659,824</u>	<u>71</u>
TOTAL	<u>\$ 42,660,530</u>	<u>100</u>	<u>\$ 44,624,232</u>	<u>100</u>	<u>\$ 43,132,567</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 13)	\$ 149,025	1	\$ 1,390,000	3	\$ -	-
Accounts payable	1,257,374	3	2,476,402	6	822,580	2
Accounts payable to related parties (Note 22)	9,045,728	21	9,855,565	22	8,341,365	19
Other payables	412,017	1	491,308	1	780,179	2
Current tax liabilities (Notes 4 and 17)	32,429	-	187,504	1	142,682	-
Receipts in advance (Note 22)	248,031	1	56,148	-	31,336	-
Current portion of long-term borrowings (Note 13)	1,780,629	4	1,771,886	4	-	-
Other current liabilities (Note 22)	32,072	-	7,166	-	4,599	-
Total current liabilities	<u>12,957,305</u>	<u>31</u>	<u>16,235,979</u>	<u>37</u>	<u>10,122,741</u>	<u>23</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 13)	3,870,943	9	4,429,714	10	5,061,000	12
Other non-current liabilities (Notes 4, 11, 14, 17 and 22)	63,195	-	116,186	-	128	-
Total non-current liabilities	<u>3,934,138</u>	<u>9</u>	<u>4,545,900</u>	<u>10</u>	<u>5,061,128</u>	<u>12</u>
Total liabilities	<u>16,891,443</u>	<u>40</u>	<u>20,781,879</u>	<u>47</u>	<u>15,183,869</u>	<u>35</u>
EQUITY (Notes 14, 15 and 19)						
Share capital	11,409,897	27	10,809,897	24	10,801,778	25
Capital surplus	10,073,700	24	9,686,700	22	9,669,721	23
Retain earnings						
Legal reserve	1,055,476	2	1,055,476	2	402,798	1
Special reserve	483,507	1	271,435	-	704,456	2
Unappropriated earnings	2,130,050	5	2,528,246	6	6,737,952	15
Total retain earnings	3,669,033	8	3,855,157	8	7,845,206	18
Other equity	642,351	1	(483,507)	(1)	(342,113)	(1)
Treasury shares	(25,894)	-	(25,894)	-	(25,894)	-
Total equity	<u>25,769,087</u>	<u>60</u>	<u>23,842,353</u>	<u>53</u>	<u>27,948,698</u>	<u>65</u>
TOTAL	<u>\$ 42,660,530</u>	<u>100</u>	<u>\$ 44,624,232</u>	<u>100</u>	<u>\$ 43,132,567</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 20, 2014)

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 22)	\$ 14,427,628	100	\$ 13,359,855	100
OPERATING COSTS (Notes 10, 14, 16 and 22)	<u>13,133,743</u>	<u>91</u>	<u>12,234,903</u>	<u>92</u>
GROSS PROFIT	<u>1,293,885</u>	<u>9</u>	<u>1,124,952</u>	<u>8</u>
OPERATING EXPENSES (Notes 14, 16 and 22)				
Selling and marketing expenses	121,963	1	122,889	1
General and administrative expenses	589,765	4	530,522	4
Research and development expenses	<u>522,855</u>	<u>4</u>	<u>470,052</u>	<u>3</u>
Total operating expenses	<u>1,234,583</u>	<u>9</u>	<u>1,123,463</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>59,302</u>	<u>-</u>	<u>1,489</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	35,116	-	58,223	1
Royalty income (Note 22)	30,716	-	48,634	-
Other income	95,592	1	128,717	1
Interest expense (Note 12)	(98,912)	(1)	(93,328)	(1)
Share of profit or loss of subsidiaries and associates	(175,617)	(1)	(772,136)	(6)
Gain on disposal of property, plant and equipment (Note 22)	-	-	69,718	1
Net gain on foreign currency exchange	38,803	-	11,938	-
Net gain on fair value change of financial assets at fair value through profit or loss	67,211	1	-	-
Other expenses	<u>(9,322)</u>	<u>-</u>	<u>(19,909)</u>	<u>-</u>
Total non-operating income and expenses	<u>(16,413)</u>	<u>-</u>	<u>(568,143)</u>	<u>(4)</u>
PROFIT (LOSS) BEFORE INCOME TAX	42,889	-	(566,654)	(4)
INCOME TAX EXPENSE (Notes 4 and 17)	<u>(13,586)</u>	<u>-</u>	<u>(181,568)</u>	<u>(2)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>29,303</u>	<u>-</u>	<u>(748,222)</u>	<u>(6)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain on available-for-sale financial assets	151,866	1	147,710	1
Actuarial loss arising from defined benefit plans (Notes 4 and 14)	(10,449)	-	(3,049)	-

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries	\$ 987,944	7	\$ (289,104)	(2)
Income tax relating to components of other comprehensive income (loss) (Notes 4 and 17)	<u>1,776</u>	<u>-</u>	<u>519</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,131,137</u>	<u>8</u>	<u>(143,924)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,160,440</u>	<u>8</u>	<u>\$ (892,146)</u>	<u>(7)</u>
EARNINGS (LOSS) PER SHARE (Note 18)				
Basic	<u>\$ 0.03</u>		<u>\$ (0.69)</u>	

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

(With Deloitte & Touche audit report dated March 20, 2014)

(Concluded)

E INK HOLDINGS INC.

STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets		
BALANCE AT JANUARY 1, 2012	1,080,173	10,801,778	\$ 9,669,721	\$ 402,798	\$ 704,456	\$ 6,737,952	\$ -	\$ (342,113)	\$ (25,894)	\$ 27,948,698
Appropriation of 2011 earnings										
Reversal of special reserve	-	-	-	-	(433,021)	433,021	-	-	-	-
Legal reserve	-	-	-	652,678	-	(652,678)	-	-	-	-
Cash dividends - \$3 per share	-	-	-	-	-	(3,239,278)	-	-	-	(3,239,278)
Net loss for the year ended December 31, 2012	-	-	-	-	-	(748,222)	-	-	-	(748,222)
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(2,530)	(559,205)	417,811	-	(143,924)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	-	(750,752)	(559,205)	417,811	-	(892,146)
Partial acquisition of interests in subsidiaries	-	-	-	-	-	(19)	-	-	-	(19)
Change in capital surplus from investments in subsidiaries accounted for by using equity method	-	-	8,190	-	-	-	-	-	-	8,190
Conversion of employee share options	817	8,119	8,789	-	-	-	-	-	-	16,908
BALANCE AT DECEMBER 31, 2012	1,080,990	10,809,897	9,686,700	1,055,476	271,435	2,528,246	(559,205)	75,698	(25,894)	23,842,353
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	-	70,678	(70,678)	-	-	-	-
Special reserve	-	-	-	-	141,394	(141,394)	-	-	-	-
Net profit for the year ended December 31, 2013	-	-	-	-	-	29,303	-	-	-	29,303
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	5,279	620,774	505,084	-	1,131,137
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	34,582	620,774	505,084	-	1,160,440
Private issue of ordinary shares for cash - July	60,000	600,000	387,000	-	-	-	-	-	-	987,000
Change in equity from investments in associates accounted for by using equity method	-	-	-	-	-	(25,705)	-	-	-	(25,705)
Partial acquisition of interests in subsidiaries	-	-	-	-	-	(195,001)	-	-	-	(195,001)
BALANCE AT DECEMBER 31, 2013	1,140,990	11,409,897	\$ 10,073,700	\$ 1,055,476	\$ 483,507	\$ 2,130,050	\$ 61,569	\$ 580,782	\$ (25,894)	\$ 25,769,087

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

(With Deloitte & Touche audit report dated March 20, 2014)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 42,889	\$ (566,654)
Adjustments for:		
Depreciation expenses	257,580	229,362
Amortization expenses	33,744	62,879
Net loss (gain) on fair value change of financial assets at fair value through profit or loss	(67,211)	18,706
Interest expense	98,912	93,328
Interest income	(35,116)	(58,223)
Dividend income	(16,639)	(11,574)
Share of loss of subsidiaries and associates	175,617	772,136
Net gain on disposal of property, plant and equipment	-	(69,718)
Impairment loss recognized on non-financial assets	9,322	-
Write-down of inventories	77,000	100,000
Unrealized net loss (gain) on foreign currency exchange	80,359	(40,254)
Royalty income	(30,716)	(48,634)
Changes in operating assets and liabilities		
Accounts receivable	209,299	33,559
Accounts receivable from related parties	406,482	(1,287,734)
Inventories	(829,514)	982,700
Prepayments	(32,106)	57,166
Other current assets	(31,077)	(11,263)
Accounts payable	(1,246,661)	1,669,297
Accounts payable to related parties	(943,015)	1,606,452
Other payables	(61,942)	(353,109)
Receipts in advance	200,969	34,724
Other current liabilities	16,176	3,774
Cash generated from (used in) operations	(1,685,648)	3,216,920
Income tax paid	(203,992)	(166,484)
Net cash generated from (used in) operating activities	<u>(1,889,640)</u>	<u>3,050,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	-	(135,487)
Proceeds on sale of debt investments with no active market	885,720	-
Acquisition of subsidiaries	-	(1,339,066)
Payments for property, plant and equipment	(823,913)	(163,411)
Decrease in other receivables from related parties	1,234,133	414,353
Payments for intangible assets	(22,888)	(21,981)
Increase in other non-current assets	(1,953)	(5,703)
Interest received	34,989	58,227
Dividends received	33,368	20,070
Net cash generated from (used in) investing activities	<u>1,339,456</u>	<u>(1,172,998)</u>

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	\$ (1,242,000)	\$ 1,390,000
Proceeds from long-term borrowings	1,200,000	1,190,000
Repayments of long-term borrowings	(1,769,542)	-
Increase (decrease) in other non-current liabilities	(2)	122,761
Cash dividends paid	-	(3,239,278)
Proceeds from issue of ordinary shares	987,000	-
Conversion of employee share options	-	16,908
Payments for partial acquisition of interests in subsidiaries	(7,024)	(154,542)
Interest paid	<u>(106,303)</u>	<u>(88,167)</u>
Net cash used in financing activities	<u>(937,871)</u>	<u>(762,318)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,488,055)	1,115,120
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,255,645</u>	<u>2,140,525</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,767,590</u>	<u>\$ 3,255,645</u>

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

(With Deloitte & Touche audit report dated March 20, 2014)

(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, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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, 2013 and 2012, respectively. The investments amounted to NT\$175,316 thousand, NT\$188,713 thousand and NT\$176,378 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, which accounted for about 0.4% of the Corporation's total assets as of the above date. The Corporation's equity of NT\$12,577 thousand and NT\$12,335 thousand in their comprehensive income in 2013 and 2012 were about 1.2% and 1.0%, respectively, of the Corporation's total comprehensive income (loss). The investee's 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 the investee, 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 the Corporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of E Ink Holdings Inc. as of and for the years ended December 31, 2013 and 2012 on which we have issued a modified unqualified report.

March 20, 2014

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, financial performance 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
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 4,664,263	11	\$ 6,890,362	15	\$ 4,373,327	9
Financial assets at fair value through profit or loss (Notes 4 and 7)	1,586,260	4	168,260	-	238	-
Notes and accounts receivable (Notes 4 and 10)	3,499,785	9	6,775,984	15	9,432,609	20
Accounts receivable from related parties (Notes 4 and 27)	27,776	-	43,454	-	272,372	1
Inventories (Notes 4 and 11)	3,197,831	8	3,399,110	7	5,773,028	13
Prepayments (Note 27)	306,778	1	572,535	1	451,668	1
Other current assets (Notes 4, 19 and 28)	933,751	2	670,985	2	349,643	1
Total current assets	<u>14,216,444</u>	<u>35</u>	<u>18,520,690</u>	<u>40</u>	<u>20,652,885</u>	<u>45</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Notes 4 and 7)	259,929	1	1,682,655	4	1,672,015	4
Available-for-sale financial assets (Notes 4 and 8)	2,044,551	5	1,539,466	3	985,957	2
Financial assets measured at cost (Notes 4 and 9)	2,833,107	7	2,730,367	6	2,635,442	6
Investments accounted for using equity method (Note 4)	237,271	1	271,748	1	282,542	-
Property, plant and equipment (Notes 4, 12 and 28)	9,835,142	24	10,194,178	22	9,821,881	21
Goodwill (Notes 4, 13 and 22)	6,761,078	17	6,732,067	15	6,062,358	13
Other intangible assets (Notes 4 and 13)	3,036,726	8	3,535,232	8	3,179,627	7
Deferred tax assets (Notes 4 and 19)	604,725	1	471,877	1	537,771	1
Other non-current assets (Notes 4, 16, 27 and 28)	256,122	1	237,340	-	413,864	1
Total non-current assets	<u>25,868,651</u>	<u>65</u>	<u>27,394,930</u>	<u>60</u>	<u>25,591,457</u>	<u>55</u>
TOTAL	<u>\$ 40,085,095</u>	<u>100</u>	<u>\$ 45,915,620</u>	<u>100</u>	<u>\$ 46,244,342</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	\$ 894,150	2	\$ 3,878,689	9	\$ 909,069	2
Accounts payable	2,478,235	6	5,176,708	11	5,533,246	12
Accounts payable to related parties (Note 27)	66,420	-	23,928	-	33,896	-
Other payables (Note 22)	1,416,847	4	1,712,376	4	1,921,174	4
Current tax liabilities (Notes 4 and 19)	38,074	-	188,907	-	159,470	-
Receipts in advance	992,165	3	656,469	1	189,226	-
Current portion of long-term borrowings and bonds payable (Notes 14 and 28)	2,419,308	6	3,116,320	7	30,275	-
Current portion of long-term payables to related parties (Notes 15 and 27)	118,171	-	-	-	-	-
Other current liabilities	138,201	-	191,888	-	196,256	1
Total current liabilities	<u>8,561,571</u>	<u>21</u>	<u>14,945,285</u>	<u>32</u>	<u>8,972,612</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 15)	-	-	-	-	601,973	1
Long-term borrowings (Notes 14 and 28)	4,877,848	12	6,135,908	13	7,425,079	16
Accrued pension liabilities (Notes 4 and 16)	397,056	1	769,321	2	683,612	2
Long-term payables to related parties (Notes 15 and 27)	452,360	1	-	-	-	-
Other non-current liabilities (Notes 4, 15 and 19)	244,145	1	282,462	1	444,515	1
Total non-current liabilities	<u>5,971,409</u>	<u>15</u>	<u>7,187,691</u>	<u>16</u>	<u>9,155,179</u>	<u>20</u>
Total liabilities	<u>14,532,980</u>	<u>36</u>	<u>22,132,976</u>	<u>48</u>	<u>18,127,791</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 16, 17 and 21)						
Share capital	11,409,897	28	10,809,897	24	10,801,778	24
Capital surplus	10,073,700	25	9,686,700	21	9,669,721	21
Retain earnings						
Legal reserve	1,055,476	3	1,055,476	2	402,798	1
Special reserve	483,507	1	271,435	1	704,456	1
Unappropriated earnings	2,130,050	5	2,528,246	5	6,737,952	15
Total retain earnings	3,669,033	9	3,855,157	8	7,845,206	17
Other equity	642,351	2	(483,507)	(1)	(342,113)	(1)
Treasury shares	(25,894)	-	(25,894)	-	(25,894)	-
Total equity attributable to owners of the Corporation	25,769,087	64	23,842,353	52	27,948,698	61
NON-CONTROLLING INTERESTS (Note 17)	(216,972)	-	(59,709)	-	167,853	-
Total equity	<u>25,552,115</u>	<u>64</u>	<u>23,782,644</u>	<u>52</u>	<u>28,116,551</u>	<u>61</u>
TOTAL	<u>\$ 40,085,095</u>	<u>100</u>	<u>\$ 45,915,620</u>	<u>100</u>	<u>\$ 46,244,342</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 20, 2014)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 18,905,129	100	\$ 26,704,782	100
OPERATING COSTS (Notes 11, 16, 18 and 27)	<u>15,886,448</u>	<u>84</u>	<u>23,884,994</u>	<u>89</u>
GROSS PROFIT	<u>3,018,681</u>	<u>16</u>	<u>2,819,788</u>	<u>11</u>
OPERATING EXPENSES (Notes 16, 18 and 27)				
Selling and marketing expenses	453,723	3	419,716	2
General and administrative expenses	2,641,962	14	2,154,987	8
Research and development expenses	<u>1,571,313</u>	<u>8</u>	<u>1,693,493</u>	<u>6</u>
Total operating expenses	<u>4,666,998</u>	<u>25</u>	<u>4,268,196</u>	<u>16</u>
LOSS FROM OPERATIONS	<u>(1,648,317)</u>	<u>(9)</u>	<u>(1,448,408)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	152,255	1	157,154	1
Royalty income	1,610,262	9	491,229	2
Dividend income	62,161	-	31,301	-
Other income (Note 27)	255,609	1	270,434	1
Interest expense (Note 12)	(176,668)	(1)	(195,965)	(1)
Net gain on foreign currency exchange	142,446	1	257,408	1
Impairment loss (Notes 5, 12 and 13)	(59,212)	-	(144,528)	(1)
Other expenses (Notes 16 and 27)	<u>(550,026)</u>	<u>(3)</u>	<u>(53,622)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,436,827</u>	<u>8</u>	<u>813,411</u>	<u>3</u>
LOSS BEFORE INCOME TAX	(211,490)	(1)	(634,997)	(2)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 19)	<u>175,481</u>	<u>1</u>	<u>(447,410)</u>	<u>(2)</u>
NET LOSS FOR THE YEAR	<u>(36,009)</u>	<u>-</u>	<u>(1,082,407)</u>	<u>(4)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translating foreign operations	607,206	3	(540,130)	(2)
Unrealized gain on available-for-sale financial assets	505,084	3	417,811	1
Actuarial gain and loss arising from defined benefit plans (Notes 4 and 16)	8,405	-	(3,049)	-

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive loss of associates	\$ (4,588)	-	\$ (15,399)	-
Income tax relating to components of other comprehensive income (loss) (Notes 4, 16 and 19)	<u>1,776</u>	<u>-</u>	<u>519</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,117,883</u>	<u>6</u>	<u>(140,248)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,081,874</u>	<u>6</u>	<u>\$ (1,222,655)</u>	<u>(5)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Corporation	\$ 29,303	-	\$ (748,222)	(3)
Non-controlling interests	<u>(65,312)</u>	<u>-</u>	<u>(334,185)</u>	<u>(1)</u>
	<u>\$ (36,009)</u>	<u>-</u>	<u>\$ (1,082,407)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Corporation	\$ 1,160,440	6	\$ (892,146)	(4)
Non-controlling interests	<u>(78,566)</u>	<u>-</u>	<u>(330,509)</u>	<u>(1)</u>
	<u>\$ 1,081,874</u>	<u>6</u>	<u>\$ (1,222,655)</u>	<u>(5)</u>
EARNINGS (LOSS) PER SHARE (Note 20)				
Basic	<u>\$ 0.03</u>		<u>\$ (0.69)</u>	

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

(With Deloitte & Touche audit report dated March 20, 2014)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation											Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests	
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
BALANCE AT JANUARY 1, 2012	1,080,173	10,801,778	\$ 9,669,721	\$ 402,798	\$ 704,456	\$ 6,737,952	\$ -	\$ (342,113)	\$ (25,894)	\$ 27,948,698	\$ 167,853	\$ 28,116,551
Appropriation of 2011 earnings	-	-	-	-	(433,021)	433,021	-	-	-	-	-	-
Reversal of special reserve	-	-	-	652,678	-	(652,678)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	(3,239,278)	-	-	-	(3,239,278)	-	(3,239,278)
Cash dividends - \$3 per share	-	-	-	-	-	(748,222)	-	-	-	(748,222)	(334,185)	(1,082,407)
Net loss for the year ended December 31, 2012	-	-	-	-	-	(748,222)	-	-	-	(748,222)	(334,185)	(1,082,407)
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(2,530)	(559,205)	417,811	-	(143,924)	3,676	(140,248)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	-	(750,752)	(559,205)	417,811	-	(892,146)	(330,509)	(1,222,655)
Partial acquisition of interests in subsidiaries	-	-	-	-	-	(19)	-	-	-	(19)	102,947	102,928
Conversion of employee share options	817	8,119	16,979	-	-	-	-	-	-	25,098	-	25,098
BALANCE AT DECEMBER 31, 2012	1,080,990	10,809,897	9,686,700	1,055,476	271,435	2,528,246	(559,205)	75,698	(25,894)	23,842,353	(59,709)	23,782,644
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	-	70,678	(70,678)	-	-	-	-	-	-
Special reserve	-	-	-	-	141,394	(141,394)	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2013	-	-	-	-	-	29,303	-	-	-	29,303	(65,312)	(36,009)
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	-	5,279	620,774	505,084	-	1,131,137	(13,254)	1,117,883
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	34,582	620,774	505,084	-	1,160,440	(78,566)	1,081,874
Private issue of ordinary shares for cash - July	60,000	600,000	387,000	-	-	-	-	-	-	987,000	-	987,000
Change in equity from investments in associates accounted for by using equity method	-	-	-	-	-	(25,705)	-	-	-	(25,705)	-	(25,705)
Partial acquisition of interests in subsidiaries	-	-	-	-	-	(195,001)	-	-	-	(195,001)	(78,697)	(273,698)
BALANCE AT DECEMBER 31, 2013	1,140,990	11,409,897	\$ 10,073,700	\$ 1,055,476	\$ 483,507	\$ 2,130,050	\$ 61,569	\$ 580,782	\$ (25,894)	\$ 25,769,087	\$ (216,972)	\$ 25,552,115

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

(With Deloitte & Touche audit report dated March 20, 2014)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (211,490)	\$ (634,997)
Adjustments for:		
Depreciation expenses	1,597,401	1,554,630
Amortization expenses	460,916	505,238
Net gain on fair value change of financial assets at fair value through profit or loss	(69,337)	(21,548)
Interest expense	176,668	195,965
Interest income	(152,255)	(157,154)
Dividend income	(62,161)	(31,301)
Compensation cost of employee share options	-	8,190
Share of profit of associates	(1,105)	(7,063)
Net loss on disposal of property, plant and equipment	13,428	18,470
Gain on disposal of investments	(10,312)	-
Impairment loss recognized on non-financial assets	59,212	144,528
Write-down (reversal) of inventories	(779,069)	566,863
Unrealized net loss (gain) on foreign currency exchange	27,317	(41,298)
Changes in operating assets and liabilities		
Financial assets held for trading	81,000	(167,762)
Notes and accounts receivable	3,393,023	2,442,330
Accounts receivable from related parties	15,678	347,285
Inventories	1,101,181	1,652,564
Prepayments	221,374	(152,839)
Other current assets	127,650	(110,468)
Accounts payable	(2,743,718)	(308,806)
Accounts payable to related parties	42,492	(10,593)
Other payables	(168,102)	(292,015)
Receipts in advance	258,976	490,209
Other current liabilities	6,314	(340,397)
Accrued pension liabilities	(377,044)	55,351
Cash generated from operations	<u>3,008,037</u>	<u>5,705,382</u>
Income tax paid	<u>(85,250)</u>	<u>(397,317)</u>
Net cash generated from operating activities	<u>2,922,787</u>	<u>5,308,065</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	-	(135,697)
Acquisition of associates	(4,302)	-
Acquisition of subsidiaries	-	(1,269,527)
Payments for property, plant and equipment	(1,095,298)	(1,470,805)
Proceeds from disposal of property, plant and equipment	15,946	57,361
Payments for intangible assets	(32,273)	(30,651)
Decrease (increase) in other financial assets	45,752	(45,752)

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Decrease in other non-current assets	\$ 38,737	\$ 135,322
Interest received	154,262	176,712
Dividends received	<u>62,161</u>	<u>31,301</u>
Net cash used in investing activities	<u>(815,015)</u>	<u>(2,551,736)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(3,012,590)	2,175,396
Repayments of bonds payable	(624,938)	-
Proceeds from long-term borrowings	1,200,000	1,294,012
Repayments of long-term borrowings	(2,617,975)	-
Decrease in other non-current liabilities	(43,164)	(114,740)
Cash dividends paid	-	(3,239,278)
Proceeds from issue of ordinary shares	987,000	-
Conversion of employee share options	-	16,908
Interest paid	(197,834)	(167,830)
Changes in non-controlling interests	<u>(168,769)</u>	<u>103,830</u>
Net cash generated from (used in) financing activities	<u>(4,478,270)</u>	<u>68,298</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>144,399</u>	<u>(307,592)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,226,099)	2,517,035
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,890,362</u>	<u>4,373,327</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,664,263</u>	<u>\$ 6,890,362</u>

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

(With Deloitte & Touche audit report dated March 20, 2014)

(Concluded)

Appendix 3

SUPERVISORS' REVIEW REPORT

To: The Company's 2014 Annual General Meeting of Stockholders

The Board of Directors has prepared the Company's 2013 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 2014 Annual General Meeting of stockholders of the Company.

E INK HOLDINGS INC.

Supervisors: Li-Chun Hsiao

Ching-I Wang

Ching-Yuan Chang

Date: March 25, 2014

Appendix 4

E INK HOLDINGS INC.

The Impelementation Status of the First Privae Placement of Common Stocks in 2013

Item	Description																				
Class of the Privately Placed Securities	Common Stocks																				
Date of the Shareholders Meeting and the Volume of Securities	Date of Shareholders Meeting: May 3, 2013 Number of Shares: No more than 60 million shares Issue Amount: NT\$987,000,000																				
Pricing Base and Rationality	The simple arithmetic average of the closing prices of the Company's common shares for 30 trading days immediately prior to the pricing date (i.e., NT\$20.56) multiply 80%																				
Method to Determine the Specific Subscribers	The specific subscribers should meet the requirements under relevant regulations promulgated by competent authority and Article 43-6 of the Securities and Exchange Act.																				
Necessity to Issue Securities by Private Placement	In consideration of the timing, the feasibility and the issue cost for raising capital, the Company should be able to raise the required capital most immediately by way of private placement.																				
Payment Date of the Subscription Price	Payment Date of the Subscription Price: July 2, 2013																				
Information of the Specific Subscribers	<table border="1"> <thead> <tr> <th>Specific Subscriber</th> <th>Qualification</th> <th>Number of shares</th> <th>Relation with the Company</th> <th>Participation of the Management</th> </tr> </thead> <tbody> <tr> <td>YFY Inc.</td> <td>Paragraph1, Item 3, Article 43-6 of Securities and Exchange Act</td> <td>20,000,000</td> <td>Insider</td> <td>The Company's corporate director</td> </tr> <tr> <td>Chung Hwa Pulp Corp.</td> <td>Paragraph1, Item 2, Article 43-6 of Securities and Exchange Act</td> <td>20,000,000</td> <td>Related party</td> <td>None</td> </tr> <tr> <td>Show-Chung Ho</td> <td>Paragraph1, Item 3, Article 43-6 of Securities and Exchange Act</td> <td>20,000,000</td> <td>Insider</td> <td>Representative of the Company's corporate director</td> </tr> </tbody> </table>	Specific Subscriber	Qualification	Number of shares	Relation with the Company	Participation of the Management	YFY Inc.	Paragraph1, Item 3, Article 43-6 of Securities and Exchange Act	20,000,000	Insider	The Company's corporate director	Chung Hwa Pulp Corp.	Paragraph1, Item 2, Article 43-6 of Securities and Exchange Act	20,000,000	Related party	None	Show-Chung Ho	Paragraph1, Item 3, Article 43-6 of Securities and Exchange Act	20,000,000	Insider	Representative of the Company's corporate director
	Specific Subscriber	Qualification	Number of shares	Relation with the Company	Participation of the Management																
	YFY Inc.	Paragraph1, Item 3, Article 43-6 of Securities and Exchange Act	20,000,000	Insider	The Company's corporate director																
	Chung Hwa Pulp Corp.	Paragraph1, Item 2, Article 43-6 of Securities and Exchange Act	20,000,000	Related party	None																
Show-Chung Ho	Paragraph1, Item 3, Article 43-6 of Securities and Exchange Act	20,000,000	Insider	Representative of the Company's corporate director																	
Final Subscription Price	NT\$16.45 per share																				
Difference Between Actual Subscription Price and Reference Price	The simple arithmetic average of the closing prices of the Company's common shares for 30 trading days immediately prior to the pricing date (i.e., NT\$20.56) multiply 80%.																				
The Impact of Private Placement on Shareholders' Equity	Increasing the working capital, repaying bank loan, and contemplating to improve the Company's financial structure to facilitate the Company's long term operation and development; should have positive benefit for the shareholders' equity.																				
The implementation status of the funds raised by private placement	The implementation of the raised funds had been completed by the third quarter of 2013.																				
Effectiveness of the Private Placement	As the funds raised from the private placement shall be used to strengthen the Company's financial structure and the ability for repayment of debt, it would reduce the Company's operation risk and enhance the Company's competitiveness in the market and reduce the cost.																				

Appendix 5

E INK HOLDINGS INC. 2013 EARNINGS DISTRIBUTION STATEMENT

Item	Amount (NTD)
Retained earnings at the beginning of this fiscal year	\$2,229,775,893
Adjustment by adoption of TIFRS	\$157,076,052
Special reserve set aside for adoption of TIFRS	(70,678,159) \$86,397,893
Adjusted retained earnings at the beginning of this fiscal year	\$2,316,173,786
Adjustment on retained earnings for long-term equity investment	(206,753,838)
Actuarial losses/gains on retained earnings	(8,672,756)
Adjusted retained earnings	\$2,100,747,192
Plus: After-tax profit of this year	29,302,914
Reversing the special reserve which had been set aside in accordance with the law	412,829,159
Deduct: Setting aside 10% legal reserve	(2,930,291)
Distributable retained earnings of this fiscal year	2,539,948,974
Item of Allocation	-
Unappropriated earnings at the end of this fiscal year	\$2,539,948,974

Note: None of the earnings will be allocated as bonuses of employees, directors and supervisors.

Vice Chairman: Felix Ho Manager: Eddie Chen Accounting Officer: Jason Lin

Appendix 6

E INK HOLDINGS INC.

Comparison Table of the Draft Amendment to Articles of Incorporation

Article	After Amendment	Before Amendment	Remarks
<p>Chapter IV Article 13</p>	<p><u>Directors and Supervisors and Audit Committee</u></p> <p>The Company shall have nine (9) <u>7 to 11</u> directors and three (3) supervisors, all to be nominated according to the candidate nomination system and then elected at a shareholders' meeting from the nominee list of directors and supervisors in accordance with Articles 198 and 227 of the Company Act, and all eligible for re-election. The term of office of both directors and supervisors shall be three years.</p> <p>In accordance with Article 14-2 of the Securities and Exchange Act, at least two (2) <u>three (3)</u> 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 at a shareholders' meeting from the nominee list of independent directors. 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.</p> <p>The aggregate shareholding of all directors and supervisors is governed by the regulations of the regulatory securities authority.</p>	<p>Directors and Supervisors</p> <p>The Company shall have nine (9) directors and three (3) supervisors, all to be nominated according to the candidate nomination system and then elected at a shareholders' meeting from the nominee list of directors and supervisors in accordance with Articles 198 and 227 of the Company Act, and all eligible for re-election. The term of office of both directors and supervisors shall be three years.</p> <p>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 at a shareholders' meeting from the nominee list of independent directors. 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.</p> <p>The aggregate shareholding of all directors and supervisors is governed by the regulations of the regulatory securities authority.</p>	<p>To follow the requirement on the Company for establishment of a audit committee, it is proposed to delete or revise the provisions relating to supervisors.</p>
<p>Article 13.1</p>	<p><u>Pursuant to Article 14-4 of the Securities and Exchange Act, the Company shall organize the audit committee to perform supervisors' power and duty under the Company Act, the Securities and Exchange Act and other relevant regulations.</u></p> <p><u>Audit committee shall comprise all the independent directors.</u></p>	<p>(Newly added provision)</p>	<p>To follow the requirement on the Company for establishment of a audit committee, it is proposed to add the relevant provisions to</p>

	<u>The relevant provisions regarding the supervisors shall cease to be effective from the date when the audit committee is established. The term of office of the elected supervisors will end on the date when the first audit committee is established.</u>		organize audit committee.
Article 15	<p>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.</p> <p>A director may not act as proxy for more than one absent director.</p> <p>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.</p>	<p>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.</p> <p>A director may not act as proxy for more than one absent director.</p> <p>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.</p>	To follow the requirement on the Company for establishment of a audit committee, it is proposed to add the relevant provisions to organize audit committee.
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.	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.	Same as above.
Article 16.1	The Company may purchase liability insurance policies for the Directors, Supervisors and Officers covering their duties during their terms.	The Company may purchase liability insurance policies for the Directors, Supervisors and Officers covering their duties during their terms.	Same as above.
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	The fiscal year of the Company begins from January 1 st and ends on December 31 st of each year. At the end of each fiscal year, the board of directors shall prepare (1) a report of operations, (2) financial statements,	Same as above.

	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 <u>in accordance with regulations.</u>	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	<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 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 be allocated for distribution pursuant to the following order:</p> <ol style="list-style-type: none"> 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. <p>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%).</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 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 be allocated for distribution pursuant to the following order:</p> <ol style="list-style-type: none"> 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. <p>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%).</p>	Same as above.
Article 21	<p>These Articles of Incorporation were established on June 1, 1992. The first amendment was made on December 23, 1993. The twentieth amendment was made on May 3, 2013. <u>The twenty-first amendment was made on June 18, 2014</u> °</p>	<p>These Articles of Incorporation were established on June 1, 1992. The first amendment was made on December 23, 1993. The twentieth amendment was made on May 3, 2013.</p>	Current revision date is added

Appendix 7

E INK HOLDINGS INC.

Comparison Table of the Draft Amendment to Rules of Election of Directors ~~and Supervisors~~

Article	After Amendment	Before Amendment	Remarks
1	The election of directors and supervisors of the Company shall be carried out in compliance with these rules, unless otherwise provided by statutes, regulations or the Company's Article of Incorporation.	The election of directors and supervisors of the Company shall be carried out in compliance with these rules, unless otherwise provided by statutes, regulations or the Company's Article of Incorporation.	To follow the requirement on the Company for establishment of audit committee, it is proposed to delete or revise the provisions relating to supervisors.
2	For the election of Directors and Supervisors , each share has votes in the amount of the number of Directors or Supervisors to be elected, and the votes may be casted for one or more nominees.	For the election of Directors and Supervisors, each share has votes in the amount of the number of Directors or Supervisors to be elected, and the votes may be casted for one or more nominees.	Same as above.
3	The Board of Directors shall prepare the form of vote for the election of Directors and Supervisors of the Company with the numbers of votes filled therein, and dispatch the form to each attending shareholder.	The Board of Directors shall prepare the form of vote for the election of Directors and Supervisors of the Company with the numbers of votes filled therein, and dispatch the form to each attending shareholder.	Same as above.
5	The Board of Directors shall prepare ballot boxes for the election of directors and supervisors respectively , which shall be examined in public by the scrutineers before the election.	The Board of Directors shall prepare ballot boxes for the election of directors and supervisors respectively, which shall be examined in public by the scrutineers before the election.	Same as above.

Article	After Amendment	Before Amendment	Remarks
8	<p>The Directors and Supervisors of the Company shall be elected by the general meeting from among the persons with legal capacity. The nominees in the number determined according to the Article of Incorporation, who receive the most votes, shall elected as the Directors or Supervisors.</p> <p>The Company has adopted the candidate system for the election of Independent Directors pursuant to the Company Act, and the election of Directors and Independent Directors shall be concurrently proceeded, with the number of electees calculated respectively.</p> <p>When anyone is simultaneously elected as a Director and a Supervisor, he or she shall determine which to be, and such vacancy therefrom shall be taken by the nominee who receives the second prevailing number of votes. If two or more nominees receive the same number of ballot cast and the remaining vacancy is insufficient, the Director or Supervisor elect shall be decided by lot. If any nominee is not present, the chairperson shall draw the lot on his or her behalf.</p>	<p>The Directors and Supervisors of the Company shall be elected by the general meeting from among the persons with legal capacity. The nominees in the number determined according to the Article of Incorporation, who receive the most votes, shall elected as the Directors or Supervisors.</p> <p>The Company has adopted the candidate system for the election of Independent Directors pursuant to the Company Act, and the election of Directors and Independent Directors shall be concurrently proceeded, with the number of electees calculated respectively.</p> <p>When anyone is simultaneously elected as a Director and a Supervisor, he or she shall determine which to be, and such vacancy therefrom shall be taken by the nominee who receives the second prevailing number of votes. If two or more nominees receive the same number of ballot cast and the remaining vacancy is insufficient, the Director or Supervisor elect shall be decided by lot. If any nominee is not present, the chairperson shall draw the lot on his or her behalf.</p>	Same as above.
10	<p>The Board of the Company shall issue a certificate to the Directors and Supervisors elect respectively.</p>	<p>The Board of the Company shall issue a certificate to the Directors and Supervisors elect respectively.</p>	Same as above.

Appendix 8

E INK HOLDINGS INC.

Comparison Table of the Draft Amendment to Regulations of Loaning of Funds and Making of Endorsements/Guarantees

Article	After Amendment	Before Amendment	Remarks
7.6	If due to a change of circumstances, the borrower becomes non-conforming with these Regulations or the outstanding balance of the loan exceeds the limit required thereof, the Company shall adopt an improvement plan and submitted to the Supervisors <u>Independent Directors of the audit committee</u> , and shall complete the improvement in accordance with the timeline specified therein.	If due to a change of circumstances, the borrower becomes non-conforming with these Regulations or the outstanding balance of the loan exceeds the limit required thereof, the Company shall adopt an improvement plan and submitted to the Supervisors, and shall complete the improvement in accordance with the timeline specified therein.	To follow the requirement on the Company for establishment of audit committee, it is proposed to add the relevant provisions to organize audit committee.
13	Where the subject of an endorsement/guarantee who was qualified under Article 8 later becomes not qualified, or where the amount of an endorsement/guarantee becomes in excess of the amount limit due to changes in the foundation for calculation of such amount limit, either the amount of the endorsement/guarantee for such subject or the excessive amount shall be discharged after expiry of the term of the endorsement/guarantee agreement, or the financial department shall adopt an improvement plan to discharge with the Chairman's approval the full amount within a specified time line and shall submit the improvement plan to the Board and each of the Supervisors <u>Independent Directors of the audit committee</u> .	Where the subject of an endorsement/guarantee who was qualified under Article 8 later becomes not qualified, or where the amount of an endorsement/guarantee becomes in excess of the amount limit due to changes in the foundation for calculation of such amount limit, either the amount of the endorsement/guarantee for such subject or the excessive amount shall be discharged after expiry of the term of the endorsement/guarantee agreement, or the financial department shall adopt an improvement plan to discharge with the Chairman's approval the full amount within a specified time line and shall submit the improvement plan to the Board and each of the Supervisors.	Same as above.

17	<p>The internal audit staff of the Company shall on a quarterly basis audit the implementation and execution of these Regulations and keep a written record. The internal audit staff shall immediately notify each of the Supervisors <u>Independent Directors of the audit committee</u> in writing upon discovery of any material violation.</p>	<p>The internal audit staff of the Company shall on a quarterly basis audit the implementation and execution of these Regulations and keep a written record. The internal audit staff shall immediately notify each of the Supervisors in writing upon discovery of any material violation.</p>	<p>Same as above.</p>
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Article	After Amendment	Before Amendment	Remarks
20	<p>These Regulations and any amendment thereof shall be effective after approval by <u>resolution passed by one-half or more of the members of audit committee and the Board,</u> review of each Supervisor and approval in a shareholders meeting. Any objection by the Director which is recorded or presented in writing shall be submitted to each Supervisor <u>Independent Directors of the audit committee</u> and the shareholders meeting for discussion.</p> <p>If the Company has established Independent Directors pursuant to the Act, when these Regulations are submitted to the Board for discussion pursuant to the preceding Paragraph, the opinions of each Independent Director shall be fully considered, and any concurring or reserved comment of such Independent Director shall be clearly recorded in the Board meeting minutes.</p> <p><u>If the first paragraph has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The term "all audit committee members" and "all directors" used in the preceding paragraph shall mean the actual number of persons currently holding those positions.</u></p>	<p>These Regulations and any amendment thereof shall be effective after approval by the Board, review of each Supervisor and approval in a shareholders meeting. Any objection by the Director which is recorded or presented in writing shall be submitted to each Supervisor and the shareholders meeting for discussion.</p> <p>If the Company has established Independent Directors pursuant to the Act, when these Regulations are submitted to the Board for discussion pursuant to the preceding Paragraph, the opinions of each Independent Director shall be fully considered, and any concurring or reserved comment of such Independent Director shall be clearly recorded in the Board meeting minutes.</p>	Same as above.

Appendix 9

E INK HOLDINGS INC.

Procedures for Acquisition or Disposition of Assets

Article	After Amendment	Before Amendment	Remarks
2	<p>Governing Rules</p> <p>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 Supervisory Commission Executive Yuan, ROC (the "FSC").</p>	<p>Governing Rules</p> <p>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 Supervisory Commission Executive Yuan, ROC (the "FSC").</p>	<p>The name of the former Financial Supervisory Commission, Administrative Yuan has changed its name to the Financial Supervisory Commission from July 1, 2012. The texts of Article 2 have been amended to reflect the name change.</p>
3	<p>Scope of Assets</p> <p>The term "assets" as used in the Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including <u>land, house and building, investment real estate, land usage right</u>, inventories of construction enterprises) and other fixed assets equipment. 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. 	<p>Scope of Assets</p> <p>The term "assets" as used in the Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary 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. 	<p>The texts of sub-paragraph 2 have been amended to reflect the requirements of the International Financial Reporting Standards ("IFRS") following its adoption in Taiwan.</p>

Article	After Amendment	Before Amendment	Remarks
	8. Other major assets.		
4	<p>Definitions</p> <p>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.</p> <p>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 8 of the Company Act.</p> <p>3. Related party and subsidiary: As defined under the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers</u> in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation ("ARDF").</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized</p>	<p>Definitions</p> <p>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.</p> <p>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.</p> <p>3. Related party: As defined in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation ("ARDF").</p> <p>4. Subsidiary: As defined in Statements of Financial Accounting Standards No. 5 and No.7 published by the ARDF.</p> <p>5. Professional appraiser: Refers to a real property appraiser or</p>	<p>1. The texts of Sub-paragraph 2 of sub-article 1 has been amended to reflect the amendments to Article 156 of the Taiwan Company Act.</p> <p>2. The definitions of "related parties" and "subsidiary" have been amended to reflect the requirements of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Sub-paragraphs 3 and 4 of sub-article 1 have been combined and into the new sub-paragraph 3.</p> <p>3. Sub-paragraph 7 has been added because, following Taiwan's adoption of the IFRs, the financial report that Company is required to disclose is its consolidated financial reports. Considering that it is the Company that bears acquisition or disposal of the assets, the value of the material related parties transaction shall</p>

Article	After Amendment	Before Amendment	Remarks
	<p>by law to engage in the value appraisal of real property or other fixed assets equipments.</p> <p>5. 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.</p> <p>6. 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.</p> <p>7. <u>10% of total asset value: the calculation is based on the total asset value stated in the issuer's most recent individual or separate financial statement(s) that are prepared in accordance with IFRs.</u></p> <p>8. <u>Transaction value of 20% of the paid-in capital: where the Company's shares has no par value or the par value is not NT\$10, any reference to "20% of the paid-in capital" shall mean 10% of the equity attributable of the stockholders of the parent.</u></p> <p>9. <u>The term "all audit committee members" and "all directors" shall mean the actual number of persons currently holding those positions.</u></p>	<p>other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>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.</p> <p>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.</p>	<p>be determined with reference to the size of the Company.</p> <p>4. Sub-paragraph 7 has been added to reflect the adoption of the IFRs and the cancellation of the par value of NT\$ 10 in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.</p> <p>5. Sub-paragraph 9 has been added to reflect the Company's establishment of the audit committee.</p>

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9	<p>When the transaction amount of acquisition or disposition of real property or other fixed assets equipments 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:</p> <ol style="list-style-type: none"> 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, 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, a certified public accountant shall be engaged to perform 	<p>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:</p> <ol style="list-style-type: none"> 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, 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, a certified public accountant shall be engaged to perform the appraisal in accordance 	<ol style="list-style-type: none"> 1. The texts of sub-paragraph 1 have been amended to reflect the requirements of the IFRs following its adoption in Taiwan. 2. Clerical amendments have been made to the texts in sub-paragraph 3 of sub-article 1.

Article	After Amendment	Before Amendment	Remarks
	<p>the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the <u>ROC Accounting Research and Development Foundation</u> ("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 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.</p>	<p>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 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.</p>	
10.1	<p>1. When an asset is acquired from or disposed to a related party, in addition 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, an professional appraiser's appraisal report or a certified public accountant's opinion should be obtained 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-<u>1</u> of the Procedures.</p>	<p>1. When an asset is acquired from or disposed to a related party, in addition 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, an professional appraiser's appraisal report or a certified public accountant's opinion should be obtained 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>	Clerical amendments to the texts.

Article	After Amendment	Before Amendment	Remarks
10.2	<p>2. <u>Except for sale or purchase of governmental bonds, bonds under repurchase/resale agreements, and the subscription or redemption of domestic money market funds,</u> when acquiring from or disposing to real property a related party, 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, the following information should be submitted for approval by <u>resolution passed by one-half or more of the members of audit committee and the board of directors</u> and for recognition by the supervisors before executing the deal contracts and making payments <u>(if the above has not been approved with the consent of one-half or more of all audit committee members, it may be undertaken upon the consent of two-thirds or more of all directors and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting):</u></p> <ol style="list-style-type: none"> (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as a trading counterparty. (3) In the case of acquisition of real property from a related party, 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 	<p>2. When acquiring from or disposing to real property a related party, 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, the following information should be submitted for approval by the board of directors and for recognition by the supervisors before executing the deal contracts and making payments:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as a trading counterparty. (3) In the case of acquisition of real property from a related party, 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) The professional appraiser's appraisal report or the certified public accountant's opinion obtained in accordance with preceding Article. (7) Restrictive covenants and other important stipulations associated with the transaction. 	<p>1.As the risks associated with the sale or purchase of governmental bonds, bonds under repurchase/resale agreements, and the subscription and redemption of domestic money market funds , to or from related parties are comparatively lower, no disclosure of such transactions is required. Accordingly, such transactions do not need to be approved by the Board of Directors and acknowledged by the Supervisor.</p>

Article	After Amendment	Before Amendment	Remarks
	<p>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) The professional appraiser's appraisal report or the certified public accountant's opinion obtained in accordance with preceding Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>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 <u>resolution passed by one-half or more of the members of audit committee and</u> the board of directors and recognized by the supervisors need not be counted into the transaction amount.</p> <p>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.</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 <u>first</u> 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</p>	<p>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.</p> <p>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.</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>	

Article	After Amendment	Before Amendment	Remarks
	meeting.		
10.5	<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 <u>or the contracts for engaging related parties to build on land owned or leased by the Company.</u></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>As the contracts for engaging related parties to build on land owned or leased by the Company are similar to construction contracts, additional texts have been added.</p>
10.7	<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> <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</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 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</p>	<p>1. The name of the former Financial Supervisory Commission, Administrative Yuan has changed its name to the Financial Supervisory Commission from July 1, 2012. The texts of Article 2 have been amended to reflect the name change.</p> <p>2. Following the establishment of the Company's Audit Committee, regulations relating to the Supervisor are amended or deleted.</p>

Article	After Amendment	Before Amendment	Remarks
	<p>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 <u>Independent Directors of the audit committee</u> 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 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>	<p>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 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, prior to the date of occurrence of the event, 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</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, prior to the date of occurrence of the event, 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</p>	<p>The proviso / exceptions have been added considering that: (a) the risks associated with price manipulation in a sale of assets by governmental agencies are comparatively lower as all such sales need to be made in accordance with applicable laws; and (b) an expert opinion is no longer required in</p>

Article	After Amendment	Before Amendment	Remarks
	<p>public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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. 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 transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except for the transactions to be proceeded with governmental agency, the company,</u> shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The certified public accountant should follow the provisions of Statement of Auditing Standards No. 20.</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>public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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. 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 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 prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The certified public accountant should follow the provisions of Statement of Auditing Standards No. 20.</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>the sale and purchase of real estate between the Company and governmental agencies.</p>
12.6.2	<p>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 <u>immediately following</u> board of directors afterwards.</p>	<p>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.</p>	<p>Sub-paragraph 2 has been added to clarify the period in which post-transaction must be reported to the Board of Directors.</p>
12.9	Internal Audit System	Internal Audit System	To follow the

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	<p>(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 <u>independent directors of the audit committee</u> shall be notified in writing.</p> <p>(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."</p>	<p>(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.</p> <p>(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."</p>	<p>requirement on the Company for establishment of audit committee, it is proposed to add the relevant provisions to organize audit committee.</p>
13.3	<p>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 <u>FSC</u> 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:</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</p>	<p>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:</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</p>	<p>The name of the former Financial Supervisory Commission, Administrative Yuan has changed its name to the Financial Supervisory Commission from July 1, 2012. The texts of Article 2 have been amended to reflect the name change.</p>

Article	After Amendment	Before Amendment	Remarks
	<p>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 exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately 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 <u>FSC</u> 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>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 exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately 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>	
14	<p>Procedures for Disclosure of Information</p> <p>1. Under any of the following circumstances, a company acquiring or disposing of assets</p>	<p>Procedures for Disclosure of Information</p> <p>1. Under any of the following circumstances, a company acquiring or disposing of assets</p>	1. Considering that the nature of domestic money market funds is similar to bonds

Article	After Amendment	Before Amendment	Remarks
	<p>shall publicly announce and report the relevant information on the FSC designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Acquired or disposed real property from a related party, 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 assets, or NT\$300 million. However, trading of government bonds and trading of bonds under repurchase/resale agreements, <u>subscription or redemption of domestic money market funds</u> shall not apply.</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 three subparagraphs, or a disposal of receivables by a financial institution, or 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 <u>or subscription or redemption of domestic money market funds</u>. 3. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a 	<p>shall publicly announce and report the relevant information on the FSC designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Acquired or disposed real property from a related party, 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 assets, or NT\$300 million. However, trading of government bonds and trading of bonds under repurchase / resale agreements shall not apply.</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 three subparagraphs, or a disposal of receivables by a financial institution, or 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 	<p>under repurchase/resale agreements, the regulations relating to callable or puttable bonds should also apply to such fund. Amendments are made to remove it from an item that needs to be disclosed.</p> <p>2. The rest are clerical amendments.</p>

Article	After Amendment	Before Amendment	Remarks
	<p>related party, and the transaction amount is less than NT\$500 million.</p> <p>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).</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 preceding 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</p>	<p>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).</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 preceding 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</p>	

Article	After Amendment	Before Amendment	Remarks
	<p>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 commencing immediately 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> <p>(3) Change to the originally publicly announced and reported information.</p>	<p>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 commencing immediately 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> <p>(3) Change to the originally publicly announced and reported information.</p>	
18	<p>After the Procedures have been approved by <u>resolution passed by one-half or more of the members of audit committee and the board of directors</u>, they shall be submitted to</p>	<p>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;</p>	<p>To follow the requirement on the Company for establishment of adudit committee,</p>

Article	After Amendment	Before Amendment	Remarks
	<p>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 <u>independent director of audit committee.</u></p> <p>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.</p> <p><u>If the first paragraph has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>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.</p> <p>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.</p>	<p>it is proposed to add the relevant provisions to organize audit committee.</p>

Appendix 10

E INK HOLDINGS INC.

List of Candidates of the Ninth Term of Directors and Independent Directors

The list of director and independent director candidates below is provided pursuant to Article 192-1 of the ROC Company Act:

No.	Title	Name of Candidate	Key Qualifications / Experience	Shareholding (see note)
1	Director	Aidatek Electronics, Inc. Representative : Felix Ho	Master in Finance Management from MIT Sloan School of Management / Chairman of Yuen Foong Yu Consumer Products Co., Ltd and YFY Packaging Inc. /director of Sinopac Financial Holdings Co., Ltd.	100,000
2	Director	Aidatek Electronics, Inc Representative : Show-Chung Ho	Master in Engineering from the University of Wisconsin/ chairman of Sinopac Financial Holdings Co., Ltd.	100,000
3	Director	Aidatek Electronics, Inc. Representative : Cheng-Hao Lee	Bachelors of Economic and Electrical Engineering from Tufts University / director of Ultrachip / Supervisor of Netronix /managing director of SLGAS	100,000
4	Director	YFY Inc. Representative : Chuang-Chuang Tsai	PhD from the University of Chicago /general manager of E Ink Holdings Inc.	133,472,904
5	Director	YFY Inc. Representative : Fu-Jen Ko	PhD in Optoelectronics from National Chiao Tung University / General Manager of the Technology and Strategy Division of AU Optronics Corp.	133,472,904
6	Director	YFY Inc. Representative: Ching-Yuan Chang	Master in Finance from the University of Essex / Chief Strategy Officer and Chief Financial Officer of Sinopac Financial Holdings Co., Ltd.	133,472,904
7	Independent Director	Ten-Chung Chen	Master in Business Administration from the University of Indiana/General Manager of Advantech in the US	—
8	Independent Director	Biing-Seng Wu	PhD in Engineering from the National Cheng Kung University / Chairman of Himax Technologies Inc.	278

9	Independent Director	Chao-Tung Wen	PhD in Urban and Environmental Management from the Rensselaer Polytechnic Institute / Professor of the Graduate Institute of Technology, Innovation & Intellectual Property Management of the National Chengchi University and founder of the EMBA Cultural Creativity, technology and information communications division of the EMBA school at the National Chengchi University	—
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Note: the shareholdings of each candidate is as at April 20, 2014, the book closure date for the Annual General Meeting

Appendix 11

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 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 and then registered with the securities central depository institution.
- 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 or 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 and Article 197-1 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 nominated according to the candidate nomination system and then elected at a shareholders' meeting from the nominee list of directors and supervisors in accordance with Articles 198 and 227 of the Company Act, and all eligible for re-election. The term of office of both directors and supervisors shall be three years. 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 at a shareholders' meeting from the nominee list of independent directors. 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.
- Article 14 The aggregate shareholding of all directors and supervisors is governed by the regulations of the regulatory securities authority. 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 of Board of Directors Meeting" 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 having provided for taxes and covered the losses of previous years, there shall first be duly set aside 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 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.

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.
Each year's profit distribution proposal should be approved by the board of directors and passed by 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.

The nineteenth amendment was made on June 18, 2012.

The twentieth amendment was made on May 3, 2013.

Felix Ho, Vice Chairman
E INK Holdings Inc.

Appendix 12

E INK HOLDINGS INC.

Rules of Election of Directors and Supervisor

- Article 1 The election of directors and supervisors of the Company shall be carried out in compliance with these rules, unless otherwise provided by statutes, regulations or the Company's Article of Incorporation.
- Article 2 For the election of Directors and Supervisors, each share has votes in the amount of the number of Directors or Supervisors to be elected, and the votes may be casted for one or more nominees.
- Article 3 The Board of Directors shall prepare the form of vote for the election of Directors and Supervisors of the Company with the numbers of votes filled therein, and dispatch the form to each attending shareholder.
- Article 4 Before the election, the chairperson shall appoint several scrutineers and vote counters for relevant works.
- Article 5 The Board of Directors shall prepare ballot boxes for the election of directors and supervisors respectively, which shall be examined in public by the scrutineers before the election.
- Article 6 In the event that the nominee is also a shareholder, the voter shall fill the name and number of the nominee's shareholder ID in the "candidate" blank of the voting form; while in the event that the nominee is not a shareholder, the voter shall fill the name and citizen ID number of the nominee therein. In the event that the nominee is a governmental body or other legal entity, the voter shall fill therein the name of the governmental body or the legal entity (or together with the name of the representatives thereof). If there are several representatives, their names shall be filled in the voting form respectively.
- Article 7 The voting form is invalid if:
1. it is not provided according to these Rules;
 2. it is blank when being put into the ballot box;
 3. the handwriting is crabbed or altered;
 4. in the event that the nominee is a shareholder, the name or the shareholder ID number filled therein is inconsistent with those registered in the shareholder list; or in the event that the nominee is not a shareholder, the name or citizen ID number filled therein is inconsistent with those registered in the authority;
 5. any script other than the names or number of the nominees' citizen ID (or shareholder ID) or the respective votes is written thereon;
 6. the names or number of the nominees' citizen ID (or shareholder ID) is not filled therein; or

7. two or more nominees are filled in the voting form.

Article 8 The Directors and Supervisors of the Company shall be nominated according to the candidate nomination system and then elected by the general meeting from the nominee list of Directors and Supervisors. The nominees in the number determined according to the Article of Incorporation, who receive the most votes, shall be elected as the Directors or Supervisors.

The election of Directors and Independent Directors shall be concurrently proceeded, with the number of electees calculated respectively.

When anyone is simultaneously elected as a Director and a Supervisor, he or she shall determine which to be, and such vacancy therefrom shall be taken by the nominee who receives the second prevailing number of votes. If two or more nominees receive the same number of ballot cast and the remaining vacancy is insufficient, the Director or Supervisor elect shall be decided by lot. If any nominee is not present, the chairperson shall draw the lot on his or her behalf.

Article 9 The ballot shall be counted immediately and the chairperson shall announce the results right on the spot.

Article 10 The Board of the Company shall issue a certificate to the Directors and Supervisors elect respectively.

Article 11 The Company Act, the Articles of Incorporation and the related regulations promulgated by the governmental bodies will apply if these rules contained herein are insufficient.

Article 12 Establishment of and amendment to these rules shall be subject to the adoption by the general meeting.

Appendix 13

E INK HOLDINGS INC.

Regulations of Loaning of Funds and Making of Endorsements/Guarantees

Article 1 Purpose

These Regulations are promulgated in order to enhance the financial management for granting loans and making endorsements/guarantees and lower operational risks.

Article 2 Authority

These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act ("Act") and relevant regulations under the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission ("FSC").

Article 3 The Company shall not grant loans to shareholders or any other person except the following:

1. A company or business with business transactions with the Company, who does not have bad records such as bounced check, refused account, etc.
2. A company or business between whom and the Company there are short-term financing needs; provided that the amount of loans shall not exceed forty percent of the Company's net worth. "Short-term" as referred to above shall mean one year or one operating cycle (whichever is longer). "Short-term financing needs" as referred to above shall mean the following:
 - A. A subsidiary of the Company of which the Company directly or indirectly holds fifty percent or more of its shares having a business need for short-term financing;
 - B. A company or business having short-term financing needs due to purchase of materials or operational needs; or
 - C. Other situations where granting of loans is approved by the Board of the Company.

The restriction under Subparagraph 2 of the preceding Paragraph shall not apply to granting of loans between the Company's foreign subsidiaries of whom the Company directly and indirectly holds one hundred percent of voting shares, provided that the total amount of loans does not exceed 40% of the net worth of the Company, and the amount of an individual loan does not exceed 40% of the net worth of the Company, for a term of not more than three years or three business cycles, whichever is longer.

Article 4 The total amount of loans granted to others by the Company shall not exceed forty percent of its net worth in its most recent financial statement certified or audited by a certified public accountant.

The amount of an individual loan granted by the Company to a company or business due to business transactions with the Company shall not exceed the business

transactions amount between them. "Business transaction amount" as referred to above shall mean the amount of purchase or sale between them, whichever is higher.

Article 5 Prior to granting loans to others, in addition to the requirements under Article 3, the financial department shall conduct detailed examination process against the borrower and prepare an evaluation report, which shall include:

1. Evaluation of the necessity and reasonableness of the loan to be granted;
2. The borrower's credit investigation and risk evaluation: the financial condition of its business, solvency, credibility, profitability, purpose of the loan, maximum amount of loan that may be granted, term, interest calculation, etc.;
3. Impact on the Company's operational risk, financial condition and shareholders' rights; and
4. Appraisal report on the value of the collateral.

The aforesaid matters shall be submitted to the Board for approval. The comments of each Independent Director shall be duly considered, and any concurring or reserved comment of such Independent Director shall be clearly recorded in the Board meeting minutes.

Loans between the Company and its subsidiary or between the Company's subsidiaries shall be submitted to the Board for approval pursuant to the foregoing. The Board may authorize the Chairman to make several loans or recurring loans to the same borrower to the extent within a specific amount and within a period no longer than one year.

"Specific amount" as referred to in the preceding Paragraph shall mean that the authorized amount of loans by the Company or its subsidiary to an individual entity shall not exceed ten percent of its net worth in its most recent financial statement, except that there shall be no limit to the authorized amount of loans between the Company's foreign subsidiaries of whom the Company directly and indirectly holds one hundred percent of voting shares, as conforming to Paragraph 2, Article 3.

Article 6 Issues that should be noted when granting loans

1. The loan agreement by the Company with a borrower shall be based on the seal as used in the registration of legal entity or group with the competent authority, and the financial department shall verify the seals and signatures of the borrower and its guarantor.
2. After the completion of each loan, the financial department shall prepare the memorandum journal voucher of collateral or guarantee obtained, record the borrower, amount, date of Board approval, date of the grant of loan and the evaluation report prepared pursuant to Article 5 in the memorandum book, evaluate the status of loans and make adequate provision of reserve for bad debts, and make appropriate disclosure of relevant information in the financial reports and provide the certifying accountants with relevant information.

Article 7 Issues that should be noted after drawdown on a loan has been made

1. Once drawdown on a loan has been made, the financial department shall regularly investigate and evaluate the financial, business and relevant credit conditions of the borrower and the guarantor. Where collateral is provided, changes in its values shall

also be noted, and any material change thereto shall be immediately reported to the Chairman and be dealt with as appropriate according to the relevant instruction.

2. When the borrower is making a repayment upon or prior to maturity, the interest shall first be calculated and repaid together with the principal, before the cancellation and return of the relevant evidence of claim to the borrower or the cancellation of the mortgage registration.
3. If the borrower fails to perform pursuant to the loan agreement, the Company may dispose of and claim against the collateral or the guarantor provided by the borrower in accordance with the law.
4. The term of each loan shall be determined by the Board based on the particular borrower and the loan limit. Upon the expiry of the term, the Board may approve an extension, and the principal and interests of those not extended by approval of the Board shall be collected in full or otherwise claimed for repayment pursuant to the law.
5. The interest rate of the loan by the Company shall not be lower than the average short-term bank loan interest rate. In the event of Paragraph 3 or 4 above, the Company may, in addition to dispose of and claim against the collateral provided, charge a penalty calculated at ten percent in addition to the stipulated interest rate.
6. If due to a change of circumstances, the borrower becomes non-conforming with these Regulations or the outstanding balance of the loan exceeds the limit required thereof, the Company shall adopt an improvement plan and submitted to the Supervisors, and shall complete the improvement in accordance with the timeline specified therein.

Article 8 The Company may provide endorsements/guarantees to the following:

1. A company with which it does business;
2. A company in which the Company directly and indirectly holds more than fifty percent of the voting shares;
3. A company that directly and indirectly holds more than fifty percent of the voting shares in the Company.

Endorsements/guarantees may be made between the Company's subsidiaries of whom the Company directly or indirectly holds ninety percent or more of voting shares; provided that Board approval by resolution shall be required in advance and that, except endorsements/guarantees between the Company's subsidiaries of whom the Company directly and indirectly holds one hundred percent of voting shares, the amount shall not exceed ten percent of its net worth in its most recent financial statement.

The preceding two Paragraphs shall not apply where the Company is in a joint venture and all capital contributing shareholders make endorsements/guarantees for the jointly invested company in proportion to their shareholdings. "Capital contribution" as referred to above shall mean capital contribution directly by the Company or through a company in which it holds one hundred percent of voting shares.

Article 9 The scope of "endorsements/guarantees" referred to in these Regulations shall be the following:

1. Financing endorsements and guarantees:
 - A. Bill discount financing.
 - B. Endorsement or guarantee made to meet the financing needs of another company.
 - C. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.
2. Customs duty endorsement/guarantee: meaning an endorsement or guarantee for the Company or another company with respect to customs duty matters.
3. Other endorsements/guarantees: meaning endorsements or guarantees beyond the scope of the above two Paragraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

Article 10 The total amount of the Company's liability in respect of endorsements/guarantees cannot exceed one hundred percent of the Company's net worth, and the accumulated amount of the endorsements/guarantees for an individual entity cannot exceed twenty-five percent of the Company's net worth.

The aggregate total amount of the Company's and its subsidiaries' liability in respect of endorsements/guarantees cannot exceed one hundred percent of the Company's net worth, and the accumulated amount of the endorsements/guarantees for an individual entity by the Company and its subsidiaries cannot exceed twenty-five percent of the Company's net worth. If approved by the Board, endorsements/guarantees between the Company and its subsidiaries of whom the Company directly or indirectly holds fifty percent or more of voting shares may be exempted from the aforesaid restriction for endorsements/guarantees for an individual entity.

Article 11 Level of determination and authorization for endorsements/guarantees:

1. Where any department needs to make endorsement/guarantee due to business needs, the Board's advance approval shall be required; provided that the Board may authorize the Chairman to approve the endorsements/guarantees under US\$15,000,000 in the interest of time and submit the same for the Board's ratification afterwards.
2. Where the Company needs to make endorsement/guarantee in excess of the limits set out under Article 10 due to business needs, the Company shall first obtain approval from the Board and have half or more of the Directors act as joint guarantors. The Company shall also amend these Regulations and submit the same for ratification in a shareholders meeting. If it is disapproved in the shareholders meeting, the Company shall adopt a plan to discharge the excessive amount within a given time limit.
3. If the Company has established Independent Directors pursuant to the Act, the opinions of each Independent Director shall be fully considered, and any concurring or reserved comment of such Independent Director shall be clearly recorded in the Board meeting minutes.

Article 12 Procedures for Making Endorsements/Guarantees

1. When the Company is to make endorsements/guarantees, the financial department shall item by item review the subject company's qualification and whether the amount conforms to these Regulations, and shall analyze the necessity and reasonableness of such endorsements/guarantees, evaluate the risk thereof and put it in record, and shall obtain collateral when necessary. After the contents, reason and risk evaluation of such endorsements/guarantees are clearly explained and approved by the Chairman, it shall be submitted to the Board for approval in order to proceed; provided that if the amount is within the authorized amount, the Chairman may approve it.
2. When the Company is to make endorsements/guarantees, it shall prepare a memorandum book. After the Board approval or authorization by the Chairman, in addition to the application for sealing pursuant to the relevant Regulations, the matters of endorsement/guarantee, the name of the entity for which the endorsement/guarantee is made, result of risk evaluation, the amount, content of the collateral, terms and date for discharge of liability, etc. shall be recorded in detail for reference.
3. The financial department shall prepare a breakdown list for the guaranteed matters that occurred or terminated in each month in order to keep trace and control, and shall evaluate or identify loss contingencies of the endorsements/guarantees and disclose information relevant to the endorsements/guarantees as appropriate in the financial statement.
4. When the Company or its subsidiary is to make endorsements/guarantees for a subsidiary whose net worth is lower than half of its paid-in capital, in addition to following the preceding three Paragraphs, the financial department of the Company or its subsidiary shall quarterly evaluate the financial and business conditions of the subject of such endorsements/guarantees and, if it is evaluated that a material credit risk is likely to occur, shall immediately report to the Board in writing. If the shares of the subsidiary has no par value or the par value is not NT\$10 per share, the paid-in capital shall be the sum of capital plus the sum of additional paid-in capital - share premium.

Article 13 Where the subject of an endorsement/guarantee who was qualified under Article 8 later becomes not qualified, or where the amount of an endorsement/guarantee becomes in excess of the amount limit due to changes in the foundation for calculation of such amount limit, either the amount of the endorsement/guarantee for such subject or the excessive amount shall be discharged after expiry of the term of the endorsement/guarantee agreement, or the financial department shall adopt an improvement plan to discharge with the Chairman's approval the full amount within a specified time line and shall submit the improvement plan to the Board and each of the Supervisors.

Article 14 Safekeeping and procedures for seals

The Company shall use the company seal it used to apply for registration with the Ministry of Economic Affairs as the dedicated seal for endorsements/guarantees. The seal shall be kept in the custody of a designated person approved by the Board, and

such person shall not be one of those who process the relevant procedures of endorsements/guarantees for others. The seal may only be affixed or used to issue negotiable instruments if the Company's procedures are followed. The replacement of the custodian of the seal shall be approved by the Board.

Article 15 Procedures for public disclosure of information:

1. The Company shall, prior to the tenth day of each month, publicly disclose the Company's and its subsidiaries' balance of granted loans and endorsements/guarantees for the previous month at the information reporting website designated by the FSC.
2. Where the balance of granted loans reaches one of the following thresholds, the Company shall publicly disclose relevant information within two days from the day of occurrence of such event at the information reporting website designated by the FSC using the prescribed format based on the nature:
 - A. The balance of the granted loans of the Company and its subsidiaries reaches twenty percent or more of the Company's net worth in its most recent financial statement.
 - B. The balance of the granted loans of the Company and its subsidiaries in respect of a single business reaches ten percent or more of the Company's net worth in its most recent financial statement.
 - C. The amount of the newly granted loan of the Company or its subsidiaries exceeds NT\$10,000,000 and has reached two percent or more of the Company's net worth in its most recent financial statement.
3. Where the balance of endorsements/guarantees reaches one of the following thresholds, the Company shall publicly disclose relevant information within two days from the day of occurrence of such event at the information reporting website designated by the FSC using the prescribed format based on the nature:
 - A. The balance of endorsements/guarantees of the Company and its subsidiaries reaches fifty percent or more of the Company's net worth in its most recent financial statement.
 - B. The balance of endorsements/guarantees of the Company and its subsidiaries in respect of a single business reaches twenty percent or more of the Company's net worth in its most recent financial statement.
 - C. The balance of endorsements/guarantees of the Company and its subsidiaries in respect of a single business exceeds NT\$10,000,000 and the total amount of endorsements/guarantees, investment of a long-term nature and loan in respect of the business reaches thirty percent of the Company's net worth in the most recent financial statement.
 - D. The amount of the new endorsements/guarantees by the Company or its subsidiaries exceeds NT\$30,000,000 and has reached five percent or more of the Company's net worth in its most recent financial statement.
4. If any subsidiary of the Company is not a public company in the Republic of China, the Company shall make the appropriate disclosure if such subsidiary meets the threshold under Subparagraph 3 of Paragraph 2 or Subparagraph 4 of Paragraph 3 above.

The subsidiary and parent company herein shall be defined according to the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers;

The net worth herein shall mean the equity ownership belonging to the parent company in the balance sheet according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers;

The day of occurrence of an event herein shall mean the date of signing of a transaction contract, payment date, date of Board resolution, or any other date when the trading counterpart and amount of transaction can be sufficiently confirmed, whichever is earlier.

Article 16 Management of subsidiaries

1. Where a subsidiary intends to grant loans to or make endorsements/guarantees for others, it shall promulgate relevant procedures and submit the same (including any amendments thereof) for the Company's Board's approval. The subsidiary shall follow such procedures it promulgated when granting loans or making endorsements/guarantees. Any matter not specified therein shall be subject to these Regulations.
2. Each subsidiary shall report to the Company prior to the fifth day of each month the amount, subject and term of granted loans and endorsements/guarantees by such subsidiary for the previous month.

Article 17 The internal audit staff of the Company shall on a quarterly basis audit the implementation and execution of these Regulations and keep a written record. The internal audit staff shall immediately notify each of the Supervisors in writing upon discovery of any material violation.

Article 18 If any relevant staff of the Company violates these Procedure and the relevant laws and regulations, the Company may, depending on the seriousness of the violation, impose upon such staff a warning, demerit, demotion, suspension, salary reduction or other penalties and subject the violation to internal review.

Article 19 Any matter not specified in these Regulations shall be subject to the relevant laws and regulations and the Company's other internal rules.

Article 20 These Regulations and any amendment thereof shall be effective after approval by the Board, review of each Supervisor and approval in a shareholders meeting. Any objection by the Director which is recorded or presented in writing shall be submitted to each Supervisor and the shareholders meeting for discussion.

If the Company has established Independent Directors pursuant to the Act, when these Regulations are submitted to the Board for discussion pursuant to the preceding Paragraph, the opinions of each Independent Director shall be fully considered, and

any concurring or reserved comment of such Independent Director shall be clearly recorded in the Board meeting minutes.

Appendix 14

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

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 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, depositary 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, 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, 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. 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: Related Party Transaction:

1. When an asset is acquired from or disposed to a related party, in addition 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, an professional appraiser's appraisal report or a certified public accountant's opinion should be obtained 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.
2. When acquiring from or disposing to real property a related party, 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, the following information should be submitted for approval by the board of directors and for recognition by the supervisors before executing the deal contracts and making payments:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) In the case of acquisition of real property from a related party, 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) The professional appraiser's appraisal report or the certified public accountant's opinion obtained in accordance with preceding Article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

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.

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.

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, prior to the date of occurrence of the event, 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 prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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. 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 prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The certified public accountant should follow the provisions of Statement of Auditing Standards No. 20.
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 11-1: 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.

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 commencing immediately 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 commencing immediately from the date of occurrence of the event:
 - (1) Acquired or disposed real property from a related party, 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 assets, or NT\$300 million. However, trading of government bonds and trading of bonds under repurchase / resale agreements shall not apply.
 - (2) Merger, spin-off, acquisition, or transfer of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures.
 - (4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, or a disposal of receivables by a financial institution, or 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:
 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 preceding 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 commencing immediately 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.
- (3) Change to the originally publicly announced and reported information.

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 or 10 percent of the total assets " for the subsidiary making announcement and filing should be calculated based on the Company's paid-in capital or total assets.

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 15

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, as well as shares with voting rights exercised in writing or by means of electronic transmission.
- 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 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.

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.

Article 17-1 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 respect of any extemporary motion(s) and/or the amendment(s) to the original proposal(s) at the shareholders' meeting.

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.

In case a shareholder who has exercised his/her/its voting right in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, at least two days prior to the scheduled meeting date of the 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.

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.

- 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 16

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 20, 2014 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, 2014.

	Employees Bonuses (Cash)	Remuneration to Directors and Supervisors	Total
Amount Approved by the Board of Directors	0	0	0
Amount Showed in the 2013 Annual Financial Statements	0	0	0
Discrepancy	The distribution amount approved by the Board of Directors is the same as listed on the accounts.		

Appendix 17

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

Not applicable as the Company did not issue any stock dividends this year.

Appendix 18

E INK HOLDINGS INC.

List of Directors and Supervisors

Record Date: April 20, 2014

Position	Name		Date of Election/ Assumption of Office	Number of Shares on Date of Election			Current Number of Shares			Remark
				Type	Number of Shares	%	Type	Number of Shares	%	
Vice Chairman	Felix Ho	Representatives of Cheng-Yu Co., Ltd.	June 24, 2011	Common Stock	167,137	0.02%	Common Stock	167,137	0.01%	
Director	Scott Liu		June 24, 2011							
Director	Show-Chung Ho		June 24, 2011							
Director	Cheng-Hao Lee		June 24, 2011							
Director	Chuang-Chuang Tsai	Representatives of YFY Inc.	June 24, 2011	Common Stock	113,472,904	10.50%	Common Stock	133,472,904	11.7%	
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%	
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	1.13%	
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%		146,487,561	12.84%	

Total issued shares as of April 20, 2014: 1,140,989,715 shares.

Note: The number of shares legally required to be held by all Directors: 40,000,000 shares; as of April 20, 2014, all Directors held 133,640,041 shares.

The number of shares legally required to be held by all Supervisors: 4,000,000 shares; as of April 20, 2014, 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