



**E INK HOLDINGS INC.  
2015 ANNUAL GENERAL MEETING OF STOCKHOLDERS  
MEETING MINUTES**

Date and Time: 9 am, June 09, 2015 (Tuesday)

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

Presence: The total shares with voting right held by shareholders present in person or by proxy was 685,989,484 shares(including 101,770,906 shares casted electronically), representing 60.14% of the total outstanding shares of 1,140,467,715 shares

Observer: Jonhson Lee ( Director and President )  
Lloyd Chen ( Deputy Chief Financial Officer )  
Ten-Chung Chen ( Independent Director and Convener of the Audit Committee )  
MY Kuo ( Attorney-at-law of Lexcel Law Offices )  
Ya Ling Wong ( CPA of Deloitte & Touche )

Chairman: Frank Ko

Recorder: Enid Chuang

The aggregate shareholding of the shareholders present has reached the quorum. The Chairman called the meeting to order.

Chairman's Opening Remarks (Omitted)

## **Report Items:**

### **<Item 1>**

Subject: To report the 2014 business report and financial statements of the Company

Explanatory Note:

- (1) In 2014, the Company has the net sales of NT\$12,461,581,242, the consolidated net sales of NT\$14,571,205,413, the after-tax net profit of NT\$13,476,422 and the after-tax profit per share of NT\$0.01.
- (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 Audit Committee's review report

Explanatory Note:

- (1) The 2014 financial statements of the Company have been audited by the CPA with the business report and proposal for earnings distribution of the Company, reviewed by the Audit Committee. The 2014 audited financial statements are attached hereto as Appendices 1 to 3 of the Meeting Manual.
- (2) Please kindly note.

## **Adoption Items:**

### **<Item 1>**

(Proposed by Board of Directors)

Subject: To adopt the 2014 financial statements of the Company

Explanatory Note:

- (1) The 2014 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 2014 Business Report are attached hereto as Appendices 1 to 3 of the Meeting Manual.
- (3) Please kindly adopt.

Voting Results: 685,762,484 shares were represented at the time of voting; 666,190,068

shares voted for the proposal, (of which 82,204,250 shares were voted by way of electronic transmission), representing 97.14% of the total represented shares present; 14,334 shares voted against the proposal by way of electronic transmission, representing 0.0% of the total represented shares present; 19,558,082 votes were abstained, (of which 19,552,322 shares were voted by way of electronic transmission), representing 2.86% of the total represented shares present.

RESOLVED, that the above proposal be and hereby was accepted as proposed.

<Item 2>

(Proposed by Board of Directors)

Subject: To adopt the proposal for 2014 earnings distribution of the Company

Explanatory Note:

(1) The amount of the Company's accumulated non-distributed earnings is NT\$2,539,948,974 as of the beginning of the year. The amount of retained earnings have been reduced to reflect the investments under equity method of NT\$37,964,376 , actuarial loss of NT\$11,752,323 and retired treasury stock of NT\$16,328,033; after adding the Company's 2014 after-tax net profit of NT\$13,476,422 and setting aside legal reserve of NT\$1,347,642, the total amount of distributable retained earnings is NT\$2,486,033,022. In consideration of the Company's business development and funding needs 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 2014 earnings distribution table is attached hereto as Appendix 4 of the Meeting Manual.

(3) Please kindly adopt.

Voting Results: 685,762,484 shares were represented at the time of voting; 666,934,983 shares voted for the proposal, (of which 82,949,165 shares were voted by way of electronic transmission), representing 97.25% of the total represented shares present; 17,419 shares voted against the proposal by way of electronic transmission, representing 0.0% of the total represented shares present; 18,810,082 votes were abstained, (of which 18,804,322 shares were voted by way of electronic transmission), representing 2.75% of the total represented shares present.

RESOLVED, that the above proposal be and hereby was accepted as proposed.

## Discussion 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 transferring Guishan plant of SiPix Technology, Inc , a subsidiary of the Company, to the Company as the Company's Guishan plant and to conform to the Company's scope of business, it is proposed to add the business items of SiPix Technology, Inc to the Company's Articles of Incorporation. In addition, as the Company has already adopted the audit committee system, the Company plans to delete the transitional provisions relating to replacing supervisors by adoption of the audit committee system.
- (2) The comparison table of the Articles of Incorporation is attached as the Appendix 5 of the Meeting Manual.
- (3) Please kindly discuss.

Voting Results: 685,804,484 shares were represented at the time of voting; 666,917,056 shares voted for the proposal, (of which 82,931,238 shares were voted by way of electronic transmission), representing 97.24% of the total represented shares present; 34,346 shares voted against the proposal by way of electronic transmission, representing 0.0% of the total represented shares present; 18,853,082 votes were abstained, (of which 18,805,322 shares were voted by way of electronic transmission), representing 2.76% of the total represented shares present.

RESOLVED, that the above proposal be and hereby was accepted as proposed.

<Item 2>

(Proposed by Board of Directors)

Subject: To release 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 director, 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 directors' concurrent positions in other entity disclosed 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.

A. List of newly added concurrent position held by directors and their representatives :

Name	Company where a concurrent position is held	Title
Frank Ko	Yuen Yu Investment Co., Ltd	Director
	Kai Yu Investment Co., Ltd.	Director
	New Field E-Paper Co., Ltd.	Director
	Sipix Technology Inc.	Director
	Hydis Technologies Co., Ltd.	Director
	PVI Global Corp.	Director
	Tech Smart Logistics Ltd.	Director
	Hot Track International Ltd.	Director
	Dream Pacific International Corp.	Director
	Prime View Communications Ltd.	Director
	PVI International Corp.	Director
	Mobilio Limited	Director
	Leading Concept Ltd.	Director
	Lucky Joy Holdings Ltd.	Director
	Ruby Lustre Ltd.	Director
	North Diamond International Co., Ltd.	Director
	Rock Pearl International Corp.	Director
	Dream Universe Ltd.	Director
Johnson Lee	Yuen Yu Investment Co., Ltd	Director
	Kai Yu Investment Co., Ltd.	Director
	New Field E-Paper Co., Ltd.	Director
	Yangzhou Huaxia Integrated O/E System Co., Ltd.	Director
	YangZhou QiDi Eletronics Corp.	Director
	YangZhou QiFu Eletronics Corp.	Director
	YangZhou Effect Media International Investment Corp.	Director
	Foongtone Technology Co., Ltd.	Director
	BoardTek Electronics Corp.	Director

Name	Company where a concurrent position is held	Title
BIING-SENG WU	Himax Technologies Limited	Director
	Iris Optronics Co., Ltd.	Director
	Himax Display, Inc.	Director
	Himax Analogic, Inc.	Director
	Himax Semiconductor, Inc.	Director
	Himax Media Solutions, Inc.	Director
	Harvest Investment Limited	Director
	Chi Duan Investment Ltd.	Director
	Sanfair Asia Investment Ltd.	Director
	Himax Technologies, Inc.	Director
	Himax Technologies Korea Ltd.	Director
	Himax Imaging, Inc.	Director
	Himax Display (USA) Inc.	Director
CHAO-TUNG WEN	Pharmadax Inc.	Independent Director
	Tatung System Technologies Inc.	Independent Director

(3) Please kindly discuss.

Voting Results: 685,671,444 shares were represented at the time of voting; 666,782,740 shares voted for the proposal, (of which 82,929,962 shares were voted by way of electronic transmission), representing 97.24% of the total represented shares present; 35,488 shares voted against the proposal by way of electronic transmission, representing 0.0% of the total represented shares present; 18,853,216 votes were abstained, (of which 18,805,456 shares were voted by way of electronic transmission), representing 2.76% of the total represented shares present.

RESOLVED, that the above proposal be and hereby was accepted as proposed.

### **Any Other Business**

(The shareholders with shareholder No. 291598 、6131 、276318 、230835 inquired. The said inquiring was supplemented and explained by the Chair and related personnel.)

The meeting was adjourned at AM 10:05 on the same day.

## **Appendix 1**

### **2014 Business Report**

For E Ink, 2014 was a year of continuing challenges and a transition during which the Company completed its adjustment in the management corporate structure to better align with the markets we do business in and set the foundation for longer term growth by diverting more resources to new markets. Despite the fact that the new management team has made the efforts and hard work, we have been unable to make rewarding accomplishments for the year. In 2014, E Ink had a combined revenue of NT\$ 14.6 billion, a gross profit of NT\$ 1.57 billion with a gross profit margin at 11% and a net income after tax of NT\$ 13 million. The earnings per share (EPS) for 2014 are NT\$ 0.01.

The EPD business continues to be a difficult manufacturing and production environment due to market demand and our customers' repeated requests for new product capabilities and designs. Despite these challenges, the hard work of our staff continued to push up the overall shipment of eReader displays. We continued to see new product announcements from all of our major eReader customers. As reported last year, the electronic shelf label (ESL) business continues to grow. ESL using E Ink EPDs are being deployed in Europe, Asia and the United States. Thanks to the number of existing engagements and evaluations, we expect to see continued growth in 2015. Beyond these more established markets, during 2014 we adoption of EPDs in mobile phones, wearable devices and health and fitness products. These applications will bring increased business to the company as these markets continue to grow and mature.

For the LCD market, E Ink has chosen not to directly engage in the highly competitive, price cutting LCD business for the consumer market. We continue to focus on niche markets that have special needs, as well as by licensing Fringe Field Switching (FFS) technology.

We have completed the organizational reengineering plan in 2014. The establishment of functional organizations and business units is complete and our global operations are fully integrated enabling E Ink to better serve existing customers and focus on developing new businesses, with an ultimate goal of a diversified portfolio in the EPD market.

With the introduction of a number of new E Ink products, 2014 was the year where these products were adopted by our customers for their end products. E Ink Carta has been adopted by the major eReader suppliers and continues to see significant demand. E Ink Spectra and Aurora have been adopted by our leading ESL partners as part of their products and will be seeing deployment in 2015. E Ink Mobius has been adopted by our leading mobile and wearable product customers and will be seeing a significant growth in 2015.

### **Operation Highlights in 2015**

With the increasing popularity of EPD in various applications such as ESL, mobile phones, smart watches and electronic signage, together with a comprehensive eco-system we have created with our business partners, and driven by the growth of eReader devices in Europe, Japan and other emerging markets, we are convinced the EPD markets will continue to grow in 2015. To achieve our performance objectives, we will implement the following operation strategies in 2015:

- (1) Strengthen the integration of production and R&D to decrease 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 challenges in our production. In response, E Ink will strive to strengthen our organizational integration through organizational reengineering and bring the manufacturing and R&D units closer to each other so as to overcome the difficulties we may encounter in the production process, effectively reduce the defect rate in a meaningful sense, and meet the clients' products requirements.

(2) Optimize 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 in 2013 we have significantly committed to the optimization and automation of our production lines to improve product quality, shorten manufacturing time, and cut down the labor force required per unit output. Meanwhile, we are taking various measures to improve the working environment and quality of life to strengthen our employees' loyalty to the Company. We have seen encouraging results and this endeavor will continue this year.

(3) Revitalize idle assets

For those production lines that need operational efficiency and idle assets, E Ink has adopted a number of projects to reduce the operational burdens and enhance efficiency. We are looking for making major accomplishments in 2015.

(4) Actively establish the EPD ecosystem

While striving to develop EPD, E Ink is also working hard to form a strategic alliance with suppliers in the upstream, downstream and peripheral sectors, and engage in technology 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 to make our EPD products more price competitive and functionally more powerful.

(5) Continue to promote new products and application markets

E Ink has broad and in-depth technologies for e-paper devices. We have also had a number of advances in the development of new technologies and new applications, such as digital signage and architecture applications. In the future, E Ink will continue to offer clients more options through the collaboration with leading brands, channels, and designers so as to become our main driving forces to advance our operation performance.

## **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 such as 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.



The management team will strive to enhance operation efficiency and allocate more R&D resources. We will continue our efforts in product innovation and help create values for our customers. 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.

Chairman: Frank ko

Manager: Lloyd 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, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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, the investments in which the Corporation had equity-method investments by Hydis Technologies Co., Ltd. The investments amounted to NT\$175,316 thousand as of December 31, 2013, 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 in their comprehensive income in 2013 were about 1.1% of the Corporation's total comprehensive income. 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 Regulations Governing Auditing and Attestation 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, 2014 and 2013, and the financial performance and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

March 13, 2015

#### 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 accepted and 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

DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 791,496	2	\$ 1,767,590	4
Financial assets at fair value through profit or loss (Notes 4 and 7)	58,813	-	1,498,361	4
Debt investments with no active market (Notes 4 and 9)	600,000	2	-	-
Accounts receivable (Note 4)	402,446	1	205,661	-
Accounts receivable from related parties (Notes 4 and 23)	2,996,556	8	7,108,474	17
Other receivables from related parties (Note 23)	1,925,469	5	825,473	2
Inventories (Notes 4 and 10)	962,025	3	1,434,873	3
Prepayments	81,527	-	84,267	-
Other current assets (Notes 4, 17 and 24)	87,976	-	75,049	-
Total current assets	7,906,308	21	12,999,748	30
NON-CURRENT ASSETS				
Available-for-sale financial assets (Note 4 )	851,785	2	766,310	2
Financial assets measured at cost (Notes 4 and 8)	22,305	-	77,601	-
Debt investments with no active market (Notes 4 and 9)	600,000	2	-	-
Investments accounted for using equity method (Notes 4 and 11)	26,692,398	69	26,453,736	62
Property, plant and equipment (Notes 4, 12 and 23)	1,994,224	5	2,064,620	5
Other intangible assets (Note 4 )	106,479	-	45,038	-
Deferred tax assets (Notes 4 and 17)	338,397	1	209,144	1
Other non-current assets	28,323	-	44,333	-
Total non-current assets	30,633,911	79	29,660,782	70
TOTAL	\$ 38,540,219	100	\$ 42,660,530	100
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	\$ 1,132,325	3	\$ 149,025	1
Accounts payable	513,658	1	1,257,374	3
Accounts payable to related parties (Note 23)	5,505,527	14	9,045,728	21
Other payables (Note 20)	490,729	1	412,017	1
Other payable to related parties (Notes 20 and 23)	61,147	-	-	-
Current tax liabilities (Notes 4 and 17)	81,850	-	32,429	-
Receipts in advance (Note 23)	132,531	1	248,031	1
Current portion of long-term borrowings (Note 13)	2,089,715	6	1,780,629	4
Other current liabilities (Note 23)	32,107	-	32,072	-
Total current liabilities	10,039,589	26	12,957,305	31
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 13)	1,812,857	5	3,870,943	9
Other non-current liabilities (Notes 4, 11, 14, 17 and 23)	54,247	-	63,195	-
Total non-current liabilities	1,867,104	5	3,934,138	9
Total liabilities	11,906,693	31	16,891,443	40
EQUITY (Notes 14, 15 and 19)				
Share capital	11,404,677	30	11,409,897	27
Capital surplus	10,071,578	26	10,073,700	24
Retained earnings				
Legal reserve	1,058,406	3	1,055,476	2
Special reserve	70,678	-	483,507	1
Unappropriated earnings	2,487,381	6	2,130,050	5
Total retained earnings	3,616,465	9	3,669,033	8
Other equity	1,540,806	4	642,351	1
Treasury shares	-	-	(25,894)	-
Total equity	26,633,526	69	25,769,087	60
TOTAL	\$ 38,540,219	100	\$ 42,660,530	100

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

(With Deloitte & Touche audit report dated March 13, 2015)

# E INK HOLDINGS INC.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 12,461,581	100	\$ 14,427,628	100
OPERATING COSTS (Notes 10, 14, 16 and 23)	<u>11,542,526</u>	<u>93</u>	<u>13,133,743</u>	<u>91</u>
GROSS PROFIT	<u>919,055</u>	<u>7</u>	<u>1,293,885</u>	<u>9</u>
OPERATING EXPENSES (Notes 14, 16 and 23)				
Selling and marketing expenses	154,728	1	121,963	1
General and administrative expenses	702,895	6	589,765	4
Research and development expenses	<u>548,338</u>	<u>4</u>	<u>522,855</u>	<u>4</u>
Total operating expenses	<u>1,405,961</u>	<u>11</u>	<u>1,234,583</u>	<u>9</u>
INCOME (LOSS) FROM OPERATIONS	<u>(486,906)</u>	<u>(4)</u>	<u>59,302</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 23)	29,115	-	35,116	-
Royalty income (Notes 4 and 23)	30,716	-	30,716	-
Other income (Note 4)	36,984	-	95,592	1
Interest expense (Note 12)	(105,267)	(1)	(98,912)	(1)
Share of profit or loss of subsidiaries and associates	443,162	4	(175,617)	(1)
Net gain on foreign currency exchange	-	-	38,803	-
Net gain on fair value change of financial assets at fair value through profit or loss	60,452	1	67,211	1
Net loss on foreign currency exchange	(30,971)	-	-	-
Impairment loss (Notes 4, 5, 8 and 11)	<u>(5,296)</u>	<u>-</u>	<u>(9,322)</u>	<u>-</u>
Total non-operating income and expenses	<u>458,895</u>	<u>4</u>	<u>(16,413)</u>	<u>-</u>
INCOME (LOSS) BEFORE INCOME TAX	(28,011)	-	42,889	-
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 17)	<u>41,487</u>	<u>-</u>	<u>(13,586)</u>	<u>-</u>
NET INCOME FOR THE YEAR	<u>13,476</u>	<u>-</u>	<u>29,303</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME				
Unrealized gain on available-for-sale financial assets	9,805	-	151,866	1
Actuarial loss arising from defined benefit plans (Notes 4 and 14)	(14,159)	-	(10,449)	-

(Continued)

**E INK HOLDINGS INC.**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2014</b>		<b>2013</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Share of other comprehensive income of subsidiaries	\$ 941,398	8	\$ 987,944	7
Income tax relating to components of other comprehensive income (Notes 4, 14 and 17)	<u>2,407</u>	<u>-</u>	<u>1,776</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>939,451</u>	<u>8</u>	<u>1,131,137</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 952,927</u>	<u>8</u>	<u>\$ 1,160,440</u>	<u>8</u>
EARNINGS PER SHARE (Note 18)				
Basic	<u>\$0.01</u>		<u>\$0.03</u>	

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

(With Deloitte & Touche audit report dated March 13, 2015)

(Concluded)

# E INK HOLDINGS INC.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Shares (In 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, 2013	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 income 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 issuance 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
Legal reserve	-	-	-	2,930	-	(2,930)	-	-	-	-
Reversal of special reserve	-	-	-	-	(412,829)	412,829	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	-	13,476	-	-	-	13,476
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	40,996	1,020,437	(121,982)	-	939,451
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	54,472	1,020,437	(121,982)	-	952,927
Retirement of treasury stock	(522)	(5,220)	(4,346)	-	-	(16,328)	-	-	25,894	-
Partial acquisition of interests in subsidiaries	-	-	2,224	-	-	(90,712)	-	-	-	(88,488)
BALANCE AT DECEMBER 31, 2014	<u>1,140,468</u>	<u>\$ 11,404,677</u>	<u>\$ 10,071,578</u>	<u>\$ 1,058,406</u>	<u>\$ 70,678</u>	<u>\$ 2,487,381</u>	<u>\$ 1,082,006</u>	<u>\$ 458,800</u>	<u>\$ -</u>	<u>\$ 26,633,526</u>

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

(With Deloitte & Touche audit report dated March 13, 2015)

# E INK HOLDINGS INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (28,011)	\$ 42,889
Adjustments for:		
Depreciation expenses	267,555	257,580
Amortization expenses	34,248	33,744
Net gain on fair value change of financial assets at fair value through profit or loss	(60,452)	(67,211)
Interest expense	105,267	98,912
Interest income	(29,115)	(35,116)
Dividend income	(18,976)	(16,639)
Share of profit or loss of subsidiaries and associates	(443,162)	175,617
Net gain on disposal of property, plant and equipment	(2,946)	-
Net gain on disposal of investments	(359)	-
Impairment loss recognized on financial assets	5,296	-
Impairment loss recognized on non-financial assets	-	9,322
Write-down of inventories	312,000	77,000
Unrealized net loss on foreign currency exchange	122,977	80,359
Royalty income	(30,716)	(30,716)
Changes in operating assets and liabilities		
Accounts receivable	(188,803)	209,299
Accounts receivable from related parties	4,172,964	406,482
Inventories	160,848	(829,514)
Prepayments	2,740	(32,106)
Other current assets	(722)	(31,077)
Accounts payable	(745,670)	(1,246,661)
Accounts payable to related parties	(3,702,396)	(943,015)
Other payables	60,412	(61,942)
Receipts in advance	(115,500)	200,969
Other current liabilities	(4,812)	16,176
Cash used in operations	(127,333)	(1,685,648)
Income tax paid	(27,341)	(203,992)
Net cash used in operating activities	(154,674)	(1,889,640)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of financial assets at fair value through profit or loss	1,500,000	-
Purchase of available-for-sale financial assets	(28,120)	-
Proceeds on sale of available-for-sale financial assets	2,809	-
Purchase of debt investments with no active market	(1,500,000)	-
Proceeds on sale of debt investments with no active market	-	885,720
Proceeds from redemption of debt investments with no active market	300,000	-
Payments for property, plant and equipment	(121,576)	(823,913)
Proceeds from disposal of property, plant and equipment	3,592	-
Decrease in other receivables from related parties	797,240	1,234,133
Payments for intangible assets	(80,046)	(22,888)
Decrease (increase) in other non-current assets	367	(1,953)
		(Continued)

# E INK HOLDINGS INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
Interest received	\$ 18,371	\$ 34,989
Dividend received	<u>51,040</u>	<u>33,368</u>
Net cash generated from investing activities	<u>943,677</u>	<u>1,339,456</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	982,015	(1,242,000)
Proceeds from long-term borrowings	-	1,200,000
Repayments of long-term borrowings	(1,769,542)	(1,769,542)
Increase in other payables to related parties	444	-
Increase (decrease) in other non-current liabilities	1,712	(2)
Proceeds from issuance of ordinary shares	-	987,000
Payments for acquisition of interests in subsidiaries	(873,908)	(7,024)
Interest paid	<u>(105,818)</u>	<u>(106,303)</u>
Net cash used in financing activities	<u>(1,765,097)</u>	<u>(937,871)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(976,094)	(1,488,055)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,767,590</u>	<u>3,255,645</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 791,496</u>	<u>\$ 1,767,590</u>

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

(With Deloitte & Touche audit report dated March 13, 2015)

(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 subsidiaries (the "Corporation") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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. The investments amounted to NT\$175,316 thousand as of December 31, 2013, 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 in their comprehensive income in 2013 were about 1.2% of the Corporation's total comprehensive income. 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 Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of E Ink Holdings Inc. and subsidiaries as of December 31, 2014 and 2013, and the consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance translated by Accounting Research and Development Foundation 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, 2014 and 2013 on which we have issued an unqualified and a modified unqualified opinion, respectively.

March 13, 2015

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated 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 independent 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 independent auditors' report and consolidated financial statements shall prevail.*

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 8,124,294	21	\$ 4,664,263	12
Financial assets at fair value through profit or loss (Notes 4, 7 and 28)	173,358	-	1,586,260	4
Debt investments with no active market (Notes 4 and 10)	600,000	2	-	-
Notes and accounts receivable (Notes 4 and 11)	2,391,938	6	3,499,785	9
Accounts receivable from related parties (Notes 4 and 27)	64,162	-	27,776	-
Other receivables (Notes 4 and 9)	1,397,268	4	191,023	-
Current tax assets (Notes 4 and 20)	637,923	2	131,833	-
Inventories (Notes 4 and 12)	1,989,398	5	3,197,831	8
Prepayments	305,555	1	306,778	1
Other current assets (Note 28)	<u>198,357</u>	<u>-</u>	<u>610,895</u>	<u>1</u>
Total current assets	<u>15,882,253</u>	<u>41</u>	<u>14,216,444</u>	<u>35</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4 and 7)	282,799	1	259,929	1
Available-for-sale financial assets (Notes 4 and 8)	2,043,268	5	2,044,551	5
Financial assets measured at cost (Notes 4 and 9)	125,924	-	2,833,107	7
Debt investments with no active market (Notes 4 and 10)	600,000	1	-	-
Investments accounted for using equity method (Notes 4 and 9)	49,745	-	237,271	1
Property, plant and equipment (Notes 4 and 13)	9,041,082	23	9,835,142	24
Goodwill (Notes 4 and 14)	6,858,206	18	6,761,078	17
Other intangible assets (Notes 4 and 14)	2,817,788	7	3,036,726	8
Deferred tax assets (Notes 4 and 20)	1,023,992	3	604,725	1
Other non-current assets (Notes 27 and 28)	<u>228,795</u>	<u>1</u>	<u>256,122</u>	<u>1</u>
Total non-current assets	<u>23,071,599</u>	<u>59</u>	<u>25,868,651</u>	<u>65</u>
TOTAL	<u>\$ 38,953,852</u>	<u>100</u>	<u>\$ 40,085,095</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 1,796,975	5	\$ 894,150	2
Accounts payable	1,508,379	4	2,478,235	6
Accounts payable to related parties (Note 27)	38,106	-	66,420	-
Other payables (Note 16)	1,272,817	3	1,416,847	4
Current tax liabilities (Notes 4 and 20)	112,455	-	38,074	-
Receipts in advance	878,721	2	992,165	3
Current portion of long-term borrowings (Note 15)	2,894,548	7	2,419,308	6
Current portion of long-term payables to related parties (Notes 15 and 27)	-	-	118,171	-
Other current liabilities	<u>610,823</u>	<u>2</u>	<u>138,201</u>	<u>-</u>
Total current liabilities	<u>9,112,824</u>	<u>23</u>	<u>8,561,571</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	2,566,020	7	4,877,848	12
Long-term payables to related parties (Notes 15 and 27)	-	-	452,360	1
Accrued pension liabilities (Notes 4 and 17)	422,643	1	397,056	1
Other non-current liabilities (Notes 4, 15 and 20)	<u>339,363</u>	<u>1</u>	<u>244,145</u>	<u>1</u>
Total non-current liabilities	<u>3,328,026</u>	<u>9</u>	<u>5,971,409</u>	<u>15</u>
Total liabilities	<u>12,440,850</u>	<u>32</u>	<u>14,532,980</u>	<u>36</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 17, 18, 22 and 23)				
Share capital	<u>11,404,677</u>	<u>29</u>	<u>11,409,897</u>	<u>28</u>
Capital surplus	<u>10,071,578</u>	<u>26</u>	<u>10,073,700</u>	<u>25</u>
Retained earnings				
Legal reserve	1,058,406	3	1,055,476	3
Special reserve	70,678	-	483,507	1
Unappropriated earnings	<u>2,487,381</u>	<u>6</u>	<u>2,130,050</u>	<u>5</u>
Total retained earnings	<u>3,616,465</u>	<u>9</u>	<u>3,669,033</u>	<u>9</u>
Other equity	<u>1,540,806</u>	<u>4</u>	<u>642,351</u>	<u>2</u>
Treasury shares	<u>-</u>	<u>-</u>	<u>(25,894)</u>	<u>-</u>
Total equity attributable to owners of the Corporation	26,633,526	68	25,769,087	64
NON-CONTROLLING INTERESTS (Notes 18 and 23)	<u>(120,524)</u>	<u>-</u>	<u>(216,972)</u>	<u>-</u>
Total equity	<u>26,513,002</u>	<u>68</u>	<u>25,552,115</u>	<u>64</u>
TOTAL	<u>\$ 38,953,852</u>	<u>100</u>	<u>\$ 40,085,095</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 13, 2015)

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 14,571,205	100	\$ 18,905,129	100
OPERATING COSTS (Notes 12, 17, 19 and 27)	<u>13,000,451</u>	<u>89</u>	<u>15,886,448</u>	<u>84</u>
GROSS PROFIT	<u>1,570,754</u>	<u>11</u>	<u>3,018,681</u>	<u>16</u>
OPERATING EXPENSES (Notes 17, 19 and 27)				
Selling and marketing expenses	576,458	4	453,723	3
General and administrative expenses	2,482,941	17	2,641,962	14
Research and development expenses	<u>1,746,266</u>	<u>12</u>	<u>1,571,313</u>	<u>8</u>
Total operating expenses	<u>4,805,665</u>	<u>33</u>	<u>4,666,998</u>	<u>25</u>
LOSS FROM OPERATIONS	<u>(3,234,911)</u>	<u>(22)</u>	<u>(1,648,317)</u>	<u>(9)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4)	148,145	1	152,255	1
Royalty income (Note 4)	3,561,145	24	1,610,262	9
Dividend income (Notes 4 and 27)	86,019	1	62,161	-
Other income (Note 27)	244,618	2	255,609	1
Interest expense (Note 13)	(153,031)	(1)	(176,668)	(1)
Net gain on foreign currency exchange	76,927	-	142,446	1
Loss on disposal of investments (Note 9)	(892,569)	(6)	-	-
Impairment loss (Notes 4, 5, 9, 13 and 14)	(120,389)	(1)	(59,212)	-
Other expenses (Note 17)	<u>(37,709)</u>	<u>-</u>	<u>(550,026)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>2,913,156</u>	<u>20</u>	<u>1,436,827</u>	<u>8</u>
LOSS BEFORE INCOME TAX	(321,755)	(2)	(211,490)	(1)
INCOME TAX BENEFIT (Notes 4 and 20)	<u>375,964</u>	<u>2</u>	<u>175,481</u>	<u>1</u>
NET INCOME (LOSS) FOR THE YEAR	<u>54,209</u>	<u>-</u>	<u>(36,009)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	1,014,257	7	607,206	3
Unrealized gain (loss) on available-for-sale financial assets	(121,982)	(1)	505,084	3
Actuarial gain arising from defined benefit plans (Notes 4 and 17)	41,523	1	8,405	-

(Continued)

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
Share of other comprehensive loss of associates	\$ (1,931)	-	\$ (4,588)	-
Income tax relating to components of other comprehensive income (Notes 4, 17 and 20)	<u>2,407</u>	<u>-</u>	<u>1,776</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>934,274</u>	<u>7</u>	<u>1,117,883</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 988,483</u>	<u>7</u>	<u>\$ 1,081,874</u>	<u>6</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 13,476	-	\$ 29,303	-
Non-controlling interests	<u>40,733</u>	<u>-</u>	<u>(65,312)</u>	<u>-</u>
	<u>\$ 54,209</u>	<u>-</u>	<u>\$ (36,009)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 952,927	7	\$ 1,160,440	6
Non-controlling interests	<u>35,556</u>	<u>-</u>	<u>(78,566)</u>	<u>-</u>
	<u>\$ 988,483</u>	<u>7</u>	<u>\$ 1,081,874</u>	<u>6</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$0.01</u>		<u>\$0.03</u>	

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

(With Deloitte & Touche audit report dated March 13, 2015)

(Concluded)

## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
	Share Capital			Retained Earnings			Other Equity		Treasury	Total	Non-controlling Interests	Total Equity
							Exchange Differences on Translating	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations		Shares			
BALANCE AT JANUARY 1, 2013	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 income (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 issuance 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
Legal reserve	-	-	-	2,930	-	(2,930)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(412,829)	412,829	-	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	-	13,476	-	-	-	13,476	40,733	54,209
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	40,996	1,020,437	(121,982)	-	939,451	(5,177)	934,274
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	54,472	1,020,437	(121,982)	-	952,927	35,556	988,483
Retirement of treasury stock	(522)	(5,220)	(4,346)	-	-	(16,328)	-	-	25,894	-	-	-
Partial acquisition of interests in subsidiaries	-	-	2,224	-	-	(90,712)	-	-	-	(88,488)	60,892	(27,596)
BALANCE AT DECEMBER 31, 2014	<u>1,140,468</u>	<u>\$ 11,404,677</u>	<u>\$ 10,071,578</u>	<u>\$ 1,058,406</u>	<u>\$ 70,678</u>	<u>\$ 2,487,381</u>	<u>\$ 1,082,006</u>	<u>\$ 458,800</u>	<u>\$ -</u>	<u>\$ 26,633,526</u>	<u>\$ (120,524)</u>	<u>\$ 26,513,002</u>

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

(With Deloitte & Touche audit report dated March 13, 2015)

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (321,755)	\$ (211,490)
Adjustments for:		
Depreciation expenses	1,529,110	1,597,401
Amortization expenses	433,575	460,916
Impairment loss recognized (reversal of impairment loss) on notes and accounts receivable	1,773	(10,063)
Net gain on fair value change of financial assets at fair value through profit or loss	(67,472)	(69,337)
Interest expense	153,031	176,668
Interest income	(148,145)	(152,255)
Dividend income	(86,019)	(62,161)
Share of profit or loss of associates	9,998	(1,105)
Net loss (gain) on disposal of property, plant and equipment	(248)	13,428
Net loss (gain) on disposal of investments	892,569	(10,312)
Impairment loss recognized on financial assets	5,296	-
Impairment loss recognized on non-financial assets	115,093	59,212
Write-down (reversal) of inventories	373,095	(779,069)
Unrealized net loss on foreign currency exchange	108,250	27,317
Changes in operating assets and liabilities		
Financial assets held for trading	(26,000)	81,000
Notes and accounts receivable	1,238,140	3,403,086
Accounts receivable from related parties	(36,386)	15,678
Other receivables	(100,859)	(95,569)
Inventories	1,001,440	1,101,181
Prepayments	14,167	221,374
Other current assets	430,291	223,219
Accounts payable	(1,011,606)	(2,743,718)
Accounts payable to related parties	(28,314)	42,492
Other payables	(107,530)	(168,102)
Receipts in advance	(252,914)	258,976
Other current liabilities	476,266	6,314
Accrued pension liabilities	57,674	(377,044)
Cash generated from operations	4,652,520	3,008,037
Income tax paid	(451,057)	(85,250)
Net cash generated from operating activities	4,201,463	2,922,787
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of financial assets at fair value through profit or loss	1,500,000	-
Purchase of available-for-sale financial assets	(67,729)	-
Proceeds on sale of available-for-sale financial assets	3,440	-
Purchase of debt investments with no active market	(1,500,000)	-
Proceeds from redemption of debt investments with no active market	300,000	-
Proceeds on sale of financial assets measured at cost	849,182	-

(Continued)

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds on sale of associates	\$ 84,918	\$ -
Payments for acquisition of associates	-	(4,302)
Payments for property, plant and equipment	(552,611)	(1,095,298)
Proceeds from disposal of property, plant and equipment	9,911	15,946
Payments for intangible assets	(131,224)	(32,273)
Decrease in other financial assets	-	45,752
Decrease in other non-current assets	19,662	38,737
Interest received	129,901	154,262
Dividend received	<u>86,019</u>	<u>62,161</u>
Net cash generated from (used in) investing activities	<u>731,469</u>	<u>(815,015)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	862,078	(3,012,590)
Repayments of bonds payable	-	(624,938)
Proceeds from long-term borrowings	-	1,200,000
Repayments of long-term borrowings	(2,556,966)	(2,617,975)
Increase (decrease) in other non-current liabilities	70,616	(43,164)
Proceeds from issuance of ordinary shares	-	987,000
Interest paid	(146,074)	(197,834)
Changes in non-controlling interests	<u>(27,596)</u>	<u>(168,769)</u>
Net cash used in financing activities	<u>(1,797,942)</u>	<u>(4,478,270)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>325,041</u>	<u>144,399</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,460,031	(2,226,099)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,664,263</u>	<u>6,890,362</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,124,294</u>	<u>\$ 4,664,263</u>

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

(With Deloitte & Touche audit report dated March 13, 2015)

(Concluded)



## Appendix 3

### AUDIT COMMITTEE'S REVIEW REPORT

To: The Company's 2015 Annual General Meeting of Stockholders

The Board of Directors has prepared the Company's 2014 business report, financial statements, consolidated 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, consolidated financial statement and proposal of earnings distribution have been reviewed and determined to be correct and accurate by us, so, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report to the 2015 Annual General Meeting of stockholders of the Company.

E INK HOLDINGS INC.

Convener of the Audit Committee: Ten Chung Chen

Date: March 13, 2015

## Appendix 4

### E INK HOLDINGS INC. 2014 EARNINGS DISTRIBUTION STATEMENT

Unit: NTD

Item	Amount (NTD)	Note
<b>Retained earnings at the beginning of this fiscal year</b>	\$2,539,948,974	
Adjustment on retained earnings for Investments under equity method	(37,964,376)	
Actuarial losses/gains on retained earnings	(11,752,323)	
Adjustment on retained earnings for retired treasury stock	(16,328,033)	Note(1)
<b>Adjusted retained earnings</b>	<b>\$2,473,904,242</b>	
Plus: After-tax profit of this year	13,476,422	
Deduct: Setting aside 10% legal reserve	(1,347,642)	
<b>Distributable retained earnings of this fiscal year</b>	<b>2,486,033,022</b>	
Item of Allocation		
Unappropriated earnings at the end of this fiscal year	\$2,486,033,022	

Note(1): Because the book value of 522,000 shares of retired treasury stock exceeds the total amount of par value and share premium of these shares, the excess is offset by the capital reserve arising from the same type of treasury stock first and then by retained earnings in the event that the former is insufficient to cover the excess.

Note(2):None of the earnings will be allocated as bonuses of employees and remuneration of directors .

Chairman:Frank Ko    Manager: Lloyd Chen    Accounting Officer: Jason Lin

## Appendix 5

### E INK HOLDINGS INC.

#### Comparison Table of the Draft Amendment to Articles of Incorporation

Article	After Amendment	Before Amendment	Remarks
Chapter I Article 2	<p>The scope of business of the Company shall be as follows:</p> <p>(1) CC01080 Electronic Parts and Components Manufacturing</p> <p>(2) <u>F119010 Wholesale of Electronic Materials (limited to the operation outside the territory of the Republic of China ("ROC"))</u></p> <p>(3) <u>F219010 Retail Sale of Electronic Materials (limited to the operation outside the territory of ROC)</u></p> <p>(4) <u>F113050 Wholesale of Computing and Business Machinery Equipment (limited to the operation outside the territory of ROC)</u></p> <p>(5) <u>F213030 Retail Sale of Computing and Business Machinery Equipment (limited to the operation outside the territory of ROC)</u></p> <p>(6) <u>F118010 Wholesale of Computer Software (limited to business outside the area)</u></p> <p>(7) <u>F218010 Retail Sale of Computer Software (limited to the operation outside the territory of ROC)</u></p> <p>(8) <u>I301010 Software Design Services (limited to the operation outside the territory of ROC)</u></p> <p>(9) <u>CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing (limited to the operation outside the territory of ROC)</u></p> <p>(10) <u>F401021 Restrained Telecom Radio Frequency Equipment and Materials Import (limited to the operation outside the territory of ROC)</u></p> <p>(11) F401010 International Trade Business</p> <p>Researching, developing, producing, manufacturing and marketing the following products:</p> <p>(i) TFT-LCD</p> <p>(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"))</p> <p>To concurrently operate the import and export business involving the related</p>	<p>The scope of business of the Company shall be as follows:</p> <p>(1) CC01080 Electronic Parts and Components Manufacturing</p> <p>(2) F401010 International Trade Business</p> <p>Researching, developing, producing, manufacturing and marketing the following products:</p> <p>(i) TFT-LCD</p> <p>(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"))</p> <p>To concurrently operate the import and export business involving the related business of the Company.</p>	<p>1. To meet the requirement for transferring Guishan plant of SiPix Technology, Inc , a subsidiary of the Company, to the Company as the Company's Guishan plant, it is proposed to add new items to the Company's scope of business,</p> <p>2. Renumber the former (2) as (11).</p>

	business of the Company.		
Chapter IV Article 13-1	<p>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.</p> <p>The Audit Committee shall comprise all the independent directors. <del>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.</del></p>	<p>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.</p> <p>The Audit Committee shall comprise all the independent directors. 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.</p>	To follow the requirement on the Company for effective implementation of the Audit Committee, it is proposed to delete the transitional provisions relating to replacing supervisors by adoption of the Audit Committee system.
Article 21	<p>These Articles of Incorporation were established on June 1, 1992. The first amendment was made on December 23, 1993.</p> <p>.....</p> <p>The twenty-first amendment was made on June 18, 2014. <u>The twenty-second amendment was made on June 9, 2015.</u></p>	<p>These Articles of Incorporation were established on June 1, 1992. The first amendment was made on December 23, 1993.</p> <p>.....</p> <p>The twenty-first amendment was made on June 18, 2014.</p>	Current revision date is added