

Stock Code: 8069



**E INK HOLDINGS INC.**

**2019  
ANNUAL GENERAL MEETING OF  
STOCKHOLDERS  
MEETING MANUAL**

Date: June 18, 2019

Venue: Meeting Room at the Allied Association for Science Park Industries  
No.2, Zhanye 1st Rd., East Dist., Hsinchu Science Park Hsinchu City,  
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.**  
**2019 ANNUAL GENERAL MEETING OF STOCKHOLDERS**  
**MEETING AGENDA**

Date and Time: June 18, 2019 (Tue.) 9:00 a.m.

Venue: Meeting Room at the Allied Association for Science Park Industries No.2,  
Zhanye 1st Rd., East Dist., Hsinchu Science Park Hsinchu City, Taiwan  
(R.O.C.)

Meeting Procedure:

1. Announcement of the Commencement
2. Chairman's Opening Remarks
3. Report Items:
  - (1) 2018 business report and financial statements
  - (2) To report the 2018 Audit Committee's Review Report
  - (3) 2018 report on the distribution of remuneration for employees and directors.
  - (4) Company's buyback of the treasury shares and the transfer of such shares to the employee.
  - (5) Amendment to the report of the "Third Share Repurchase and Employee Incentive Plan".
4. Adoption Items:
  - (1) To adopt the 2018 financial statements of the Company.
  - (2) To adopt the proposal for 2018 earnings distribution of the Company.
5. Discussion Items:
  - (1) Revise part of articles of the Company's Articles of Association.
  - (2) Revise part of articles of the Company's "Procedures of Acquisition or Disposal of Asset".
  - (3) Revise part of articles of the Company's "Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee".
  - (4) Rescind the non-competition restriction on directors of the Company.
6. Elections Items:
  - (1) The by-election for the one seat of the tenth term of independent directors.
7. Special Motion
8. Announcement of Adjournment

## **Reports Items:**

### **<Item 1>**

Subject: 2018 business report and financial statements

Explanatory Note:

- (1) In 2018, the Company's net individual operating revenue was NT\$12,773,679,000; the net consolidated operating revenue was NT\$14,208,661,000; net profit for the Company was NT\$2,613,673,000.
- (2) In 2018, the earnings per share after taxes was NT\$2.32.
- (3) The business report and financial statements are attached hereto in Appendix 1~2.
- (4) Please Kindly Note.

### **<Item 2>**

Subject: 2018 Audit Committee's Review Report.

Explanatory Note:

- (1) The Company's financial statements for the year 2018 have been audited by CPA, and reviewed by the Audit Committee together with the business report and proposal on the distribution of earnings. The audited financial statements of the Company and the Audit Committee's review report for the audited financial statements are attached hereto in Appendix 1~3.
- (2) Please Kindly Note.

### **<Item 3>**

Subject: The Company's 2018 report on the distribution of remuneration for employees and directors.

Explanatory Note:

(1) Pursuant to Article 19 of the Articles of Association, "it the Company earns profits in the year, it shall set aside at least 1% but not more than 10% of the profits as the remuneration for employees and set aside not more than 1% of the profits as the remuneration for directors."

(2) In 2018, the Company's pre-tax profits were NT\$2,667,383,000, and profits (i.e. the amount of pre-tax profits before deducting the part of remuneration distributed to employees and directors) were NT\$2,706,721 (hereinafter referred to as "profits"). According to the above-mentioned Article 19, it's planned to distribute NT\$27,100,000 (making up about 1.001% of the profits) as the remuneration for employees, and distribute NT\$12,238,000 (making up about 0.45% of the profits) as the remuneration for directors; such remuneration will all be paid in cash. Remuneration for employees will be paid together with the 2019 year-end bonus. Objects of the distribution include employees of subsidiaries. The chairman of the board is authorized to determine the scope and conditions for the distribution to employees of subsidiaries.

(3) Please Kindly Note.

**<Item 4>**

Subject: Company's buyback of the treasury shares and the transfer of such shares to the employees.

Explanatory Note:

(1) To match with the Company's overall incentives, the scheme for the stay of personnel with excellent performance and the scheme for the engagement of special talents, according to the resolution of the 12<sup>th</sup> meeting of the 9th Board of Directors, the Company buys back 20,000,000 shares at the price of NT\$13 to NT\$24.6 per share, which will be transferred to employees.

(2) Since June 14, 2016, the Company started to buy back the treasury shares. As of August 4, 2016, 20,000,000 shares were bought back at the price of NT\$18.02 (including service charge) per share, which made up 1.754% of the Company's issued shares. During July 2017 to July 2018, 9,741,000 shares were transferred to employees and the remaining 10,259,000 treasury shares are available to be transferred to employees.

(3) The third time of buyback of the Company's shares and the transfer of such shares:

Items	Notes
Details about the third time (in 2016) of buyback of the Company's shares	
Passed by the board resolution	June 13, 2016
Purpose of the buyback	To match with the Company's overall incentives, the scheme for the stay of personnel with excellent performance and the scheme for the engagement of special talents, the shares will be transferred to employees.
The type of buyback shares	Common share
Upper limit of the total amount of buyback shares	NT\$13,263,604,327
Planned period of buyback	June 14, 2016 - August 13, 2016
Planned number of buyback (Proportion in the total number of issued shares)	20,000,000 shares (1.754%)
Planned range of price for the buyback	NT\$13.00 - NT\$24.60

Way of buyback	Buyback from the stock exchange market
Details about the third time (in 2016) of buyback of the Company's shares	
Period of buyback	June 14, 2016 - August 4, 2016
Number of the buyback (Proportion in the total number of issued shares)	20,000,000 shares (1.754%)
Total amount of buyback shares	NT\$360,463,846
Average price of each share for the buyback	NT\$18.02
Details about the third time (in 2017) of transfer of the treasury shares to employees (the first time of transfer)	
Period of transfer	July 2017
Number of transferred shares	2,896,000 shares
The remaining treasury shares available for being transferred to employees	17,104,000 shares
Price of shares transferred to employees	NT\$18.02
Details about the third time (in 2017) of transfer of the treasury shares to employees (the second times of transfer)	
Period of transfer	July 2018
Number of transferred shares	6,845,000 shares
The remaining treasury shares	10,259,000 shares

available for being transferred to employees	
Price of shares transferred to employees	NT\$18.02

(4) Please Kindly Note.

**<Item 5>**

Subject: Amendment to the report of the “Third Share Repurchase and Employee Incentive Plan”.

Explanatory Note:

- (1) To comply with the revision of Article 28-2 of the Securities Exchange Act, it is proposed to amend some provisions of the “Third Share Repurchase and Employee Incentive Plan”.
- (2) The proposed plan and comparison table for the amended provisions are on Appendix 4.
- (3) Please Kindly Note.



## Adoption Items

### <Item 1>

(Proposed by the Board of Directors)

Subject: To adopt the 2018 financial statements of the Company.

Explanatory Note:

(1) The annual individual financial statements and consolidated financial statements of the Company for 2018 have been audited by Deloitte & Touche CPA Firm.

(2) The aforesaid individual financial statements and consolidated financial statements, together with the business report of the Company for 2018 have been included in the Appendix 1-2 hereof.

(3) Please kindly adopt.

Resolution:

### <Item 2>

(Proposed by the Board of Directors)

Subject: To adopt the proposal for 2018 earnings distribution of the Company.

Explanatory Note:

(1) The undistributed earnings of the Company at the period beginning was NT\$2,184,846,587. Due to the amount affected by the retroactive application IFRS 9 and 15, the increased retained earnings is NT\$327,467,976; the increased retained earnings of long-term equity investment is NT\$18,930,638; and the decreased retained earnings of remeasured amount of confirmed welfare is NT\$6,834,021. Plus the after-tax net profit of the Company in 2018 which is NT\$2,613,673,179, setting aside the statutory surplus reserve which is NT\$261,367,318 and the special surplus reserve which is NT\$184,796,348, the total amount of earnings available for distribution is NT\$4,691,920,693.

(2) According to the Articles of Association, the amount of earnings in 2018 available for distribution is: In terms of cash dividends of shareholders, NT\$2.10

will be distributed for each share and the total amount will be NT\$2,373,438,302.

(3) Dividends and bonuses will be distributed according to the names of shareholders recorded on the register and the number of shares held by them on the base date. The distribution will be rounded to an integer. Odds of amount not reaching NT\$1 will be recognized in other income of the Company.

(4) The amount of cash dividends in this distribution is calculated according to the actual number of outstanding shares on February 28, 2019; in the future, if the amount of outstanding shares is affected by buyback, or the transfer, cancellation of treasury shares, or other factors, and some shareholders give up their rights for distribution of dividends and bonuses, which results in the change of ratio of dividend distribution, the shareholders' meeting shall authorize the chairman to adjust that according to the actual total number of outstanding shares on the case date of dividend distribution.

(5) The table for the distribution of earnings in 2018 refer to Appendix 5.

(6) Please kindly adopt.

Resolution:

## Discussions Items

### <Item 1>

(Proposed by the Board of Directors)

Subject: Revise part of articles of the Company's Articles of Association.

Explanatory Note:

(1) Considering the flexibility of corporate governance and coordinating with the revision of the Company Act on August 1, 2018, it's planned to amend part of articles of the "Articles of Association".

(2) Comparison table for the amended articles refer to Appendix 6.

(3) Please kindly discuss.

Resolution:

### <Item 2>

(Proposed by the Board of Directors)

Subject: Revise part of articles of the Company's "Procedures of Acquisition or Disposal of Asset".

Explanatory Note:

(1) Since the Financial Supervisory Commission amended the "Handling Procedures for Public Stock Companies to Acquire or Dispose of Assets", it's planned to revise part of articles of "Procedures of Acquisition or Disposal of Asset".

(2) Comparison table for the amended articles of "Procedures of Acquisition or Disposal of Asset" refer to Appendix 8.

(3) Please kindly discuss.

Resolution:

**<Item 3>**

(Proposed by the Board of Directors)

Subject: Revise part of articles of the Company's "Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee".

Explanatory Note:

(1) To fit to the prevailing laws and regulations, it's planned to revise part of articles of the Company's "Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee".

(2) Comparison table for the amended articles of "Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee" refer to Appendix 10.

(3) Please kindly discuss.

Resolution:

**<Item 4>**

(Proposed by the Board of Directors)

Subject: Rescind the non-competition restriction on directors of the Company.

Explanatory Note:

(1) According to Article 209 of the Company Act "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval", any director of the Company (including the legal person director and the representative) has any circumstance specified in the aforesaid law, such director shall apply to the shareholders' meeting for rescinding the non-competition restriction according to Article 209 of the Company Act.

(2) Details of newly-added posts of directors of the Company see the table below.

Director	Company	Post
Johnson Lee	Tech Smart Logistics Ltd. E Ink Japan, Inc.	Director
Fang-Yuan Gan	Yuanli Electronic Platform (Shareholding) Company	Director

(3) The director of this Company taking this post has no influence to the duty performance as a director, so it's applied to the shareholders' meeting to rescind the non-competition restriction according to Article 209 of the Company Act.

(4) Please kindly discuss.

Resolution:

## Elections Items

### <Item 1>

Subject: The by-election for the one seat of the tenth term of independent directors.

Explanation:

(1) According to Article 13 of the Articles of Association, the number of independent directors shall be not less than 3. Since the independent directors Ping-sheng Wu resigned, the Company plans to elect another independent director in this year's general shareholders' meeting, whose term of office will be from June 18, 2019 to June 19, 2020.

(2) Election of the Company's directors and independent directors adopt the candidate nomination system. The list of candidates proposed by shareholders holding more than 1% shares which has been reviewed and passed by the Board of Directors is as below:

No	Job title	List of candidates	Major education experience	Shares (Unit: share)
1	Independent Director	Bo-yong Chu	PhD, Purdue University (USA) Professor, Department of Management Science, National Chiao Tung University	0

(3) Please kindly elect.

Resolution:

## Special Motions

## **Appendix 1**

### **2018 Business Report**

Dear Shareholders,

#### **2018 Business Report**

In 2018, US-China trade tensions and fluctuations in the international financial markets led to increased uncertainty in the once stable global economy. E Ink's business growth was therefore less than expected, with a consolidated revenue of 14.2 Billion NTD and gross profit of 5.9 Billion NTD in 2018. Despite the slide in our company's annual revenues compared to 2017, gross margin remained steady at 41.7% in 2018. Net profit was 2.61 Billion NTD and earnings per share (EPS) was 2.32 NTD.

The business- ePaper did not achieve expected growth target in 2018. The main reason for this was that the eReader business did not perform as well as expected. The eNote business grew year-on-year due to growth in smart education and hand-writing digital , and we expect that eNote business will continues to develop positively.

The Electronic Shelf Label (ESL) business applied in new retail market has proved popular with retailers. It is therefore not only growing at a steady pace in the US and European markets, but also rapidly gaining popularity in China market, where it is being quickly adopted by large supermarket chains. As for the Signage business, sustainable smart city polices are being actively implemented around the world. E Ink has continued to work with the eco-system partners to develop the ePaper display application in smart transportation segment. Smart bus stop signs with ePaper display deliver a strong growth momentum with deployment in major global area, including in Europe, America, Japan, Shanghai and Taipei.

In terms of new technological developments, the ACeP (Advanced Color ePaper) technology has become even mature now. E Ink is continuing to optimize its cost structure in preparation for stable mass production. ACeP will be targeted at the commercial signage market. ACeP has won the "Outstanding Technology Award" at the "Gold Panel Awards 2018".

After years of realizing the sustainable development in the economic,

environment and society aspects, E Ink won a trio of top awards at the "11th Taiwan Corporate Sustainability Awards (TCSA)" including the "Comprehensive Performance - Top 50" award, the "Corporate Sustainability Report Gold Award" and "Best Performance in a Specific Category - Social Inclusion Award". The awards recognized our efforts in the "application of core product values to expand contributions to society and environmental sustainability."

## **2019 Business Focus**

According to the IoT Devices Market Tracker issued by the international research firm IHS Markit, there will be 22.9 billion IoT devices around the world by 2030.<sup>1</sup> With the support of local governments and tech companies around the world, the development of IoT and smart city applications will create business opportunities with tremendous growth potential. Ultra-low power consumption, wireless Internet, wireless power transmission, and sunlight readable display are the key features to realize the development of smart city IoT devices. E Ink will leverage the benefits of ePaper technology, including low-power consumption and excellent outdoor readability to work with partners from supply chain and vertical markets to co-create an ePaper ecosystem and promote ePaper applications as the ideal IoT devices in smart cities.

**Business development:** E Ink will continue to focus on two main business areas, Consumer Electronics (CE) and Internet of Things (IoT). The eReader market is now maturing and the trend is towards a large display size of eReader display. Emerging markets will also be targeted for the development of related businesses. The global push towards an eye-friendly learning environment means that eNote will offer advantages such as the ability to store and record learning path and non-backlit display that prevent eye fatigue. The Company will leverage the local government policies and resources to take advantage of the massive business opportunities in the education market. For the IoT business, ESL application in smart retail segment is continuing to grow at a steady pace. Besides, the deployment of ePaper signage in retail premises as well as ePaper applications in the logistics sector are continuously promoted. In addition to the smart bus stop signs with ePaper display, the application is now been rolled out to a number of cities after a long-term development.

**Technology development:** There is a strong demand for battery-free and

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<sup>1</sup> IHS Markit, 2019: [IoT Devices Market Tracker](#)



connectivity solution in retail and logistics sectors. E Ink will continue to invest in Energy Harvesting technology for ePaper to support the development of broader applications. At the same time, R&D and production optimization means yields for flexible ePaper have continued to reach new levels.

Business management: E Ink will continue to optimize our supply chain management and cost control. Production efficiency will be improved through automation to meet customer demands and improve customer satisfaction on delivery services.

### **Future Prospects**

E Ink will continue to leverage the advantage of "ePaper: the ideal display technology for reading, writing and IoT applications" to refine our ePaper technology and manufacturing. We will consolidate the leadership in the electronics industry and realize steady growth by continuing to work with our eco-system partners on the development of new smart ePaper applications. The company's goal is to become a benchmark for sustainable development and contribute to a future that is sustainable, smart and "paper" free.

Best regards

Frank Ko, Chairman

Johnson Lee, President

**Appendix 2**  
**E INK HOLDINGS INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2018 AND 2017**  
**(In Thousands of New Taiwan Dollars)**

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,695,106	21	\$ 11,878,649	33
Financial assets at fair value through profit or loss (Notes 4 and 7)	1,840,835	5	-	-
Financial assets at amortized cost (Notes 4 and 9)	3,860,537	10	-	-
Contract assets (Notes 4 and 24)	187,329	1	-	-
Debt investments with no active market (Notes 4 and 12)	-	-	519,209	1
Accounts receivable (Notes 4, 13 and 33)	2,243,412	6	2,009,800	6
Other receivables (Note 4)	223,850	1	325,740	1
Current tax assets (Notes 4 and 26)	44,850	-	315,229	1
Inventories (Notes 4 and 14)	1,926,990	5	2,143,359	6
Prepayments (Note 33)	318,982	1	220,007	1
Non-current assets held for sale (Notes 4 and 15)	10,166	-	-	-
Other financial assets (Notes 4 and 6)	-	-	199,391	-
Other current assets (Note 34)	518,868	1	136,356	-
Total current assets	<u>18,870,925</u>	<u>51</u>	<u>17,747,740</u>	<u>49</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	3,431,736	9	-	-
Available-for-sale financial assets (Notes 4 and 10)	-	-	2,749,317	8
Financial assets measured at cost (Notes 4 and 11)	-	-	267,981	1
Investments accounted for using the equity method (Note 4)	82,802	-	88,756	-
Property, plant and equipment (Notes 4, 15 and 17)	4,521,441	12	4,752,982	13
Goodwill (Notes 4 and 18)	6,781,244	19	6,702,636	19
Other intangible assets (Notes 4 and 18)	1,744,809	5	1,889,153	5
Deferred tax assets (Notes 4 and 26)	1,071,888	3	1,425,249	4
Other non-current assets (Notes 33 and 34)	409,263	1	252,106	1
Total non-current assets	<u>18,043,183</u>	<u>49</u>	<u>18,128,180</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 36,914,108</u>	<u>100</u>	<u>\$ 35,875,920</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 1,480,000	4	\$ 377,600	1
Short-term bills payable (Note 19)	564,722	2	-	-
Contract liabilities (Notes 4 and 24)	1,573,002	4	-	-
Notes and accounts payable (Note 33)	1,347,676	4	2,201,116	6
Other payables (Notes 20 and 30)	1,351,759	4	1,641,420	5
Current tax liabilities (Notes 4 and 26)	128,343	-	153,649	-
Provisions (Notes 4 and 21)	26,095	-	637,781	2
Receipts in advance (Note 15)	18,373	-	1,701,659	5
Current portion of long-term borrowings (Note 19)	-	-	117,993	-
Other current liabilities (Notes 4 and 7)	79,147	-	40,334	-
Total current liabilities	<u>6,569,117</u>	<u>18</u>	<u>6,871,552</u>	<u>19</u>
<b>NON-CURRENT LIABILITIES</b>				
Contract liabilities (Notes 4 and 24)	1,761,719	5	-	-
Long-term borrowings (Note 19)	44,752	-	45,545	-
Deferred revenue - non-current (Note 4)	-	-	1,607,917	5
Net defined benefit liabilities (Notes 4 and 22)	80,770	-	70,350	-
Other non-current liabilities (Notes 4, 26 and 33)	143,306	-	53,661	-
Total non-current liabilities	<u>2,030,547</u>	<u>5</u>	<u>1,777,473</u>	<u>5</u>
Total liabilities	<u>8,599,664</u>	<u>23</u>	<u>8,649,025</u>	<u>24</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 23 and 28)</b>				
Share capital	11,404,677	31	11,404,677	32
Capital surplus	10,243,293	28	10,108,119	28
Retained earnings				
Legal reserve	1,512,287	4	1,304,481	4
Special reserve	70,678	-	70,678	-
Unappropriated earnings	5,138,085	14	4,246,203	12
Total retained earnings	<u>6,721,050</u>	<u>18</u>	<u>5,621,362</u>	<u>16</u>
Other equity	(255,475)	(1)	106,609	-
Treasury shares	(184,900)	-	(308,269)	(1)
Total equity attributable to owners of the Corporation	27,928,645	76	26,932,498	75
<b>NON-CONTROLLING INTERESTS (Notes 23 and 29)</b>	<u>385,799</u>	<u>1</u>	<u>294,397</u>	<u>1</u>
Total equity	<u>28,314,444</u>	<u>77</u>	<u>27,226,895</u>	<u>76</u>
<b>TOTAL</b>	<u>\$ 36,914,108</u>	<u>100</u>	<u>\$ 35,875,920</u>	<u>100</u>

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

## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 14,208,661	100	\$ 15,203,334	100
OPERATING COSTS (Notes 14, 25 and 33)	<u>8,278,485</u>	<u>58</u>	<u>8,918,918</u>	<u>59</u>
GROSS PROFIT	<u>5,930,176</u>	<u>42</u>	<u>6,284,416</u>	<u>41</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	796,893	6	728,467	5
General and administrative expenses	2,604,270	18	2,517,180	16
Research and development expenses	<u>2,071,848</u>	<u>15</u>	<u>1,936,382</u>	<u>13</u>
Total operating expenses	<u>5,473,011</u>	<u>39</u>	<u>5,182,029</u>	<u>34</u>
INCOME FROM OPERATIONS	<u>457,165</u>	<u>3</u>	<u>1,102,387</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income (Note 33)	176,439	1	90,819	-
Royalty income (Note 24)	2,360,815	17	2,606,703	17
Dividend income	136,225	1	100,951	1
Other income (Note 33)	119,853	1	99,243	1
Interest expenses (Note 17)	(28,579)	-	(24,895)	-
Net gain on disposal of property, plant and equipment	796	-	50,317	-
Net gain (loss) on foreign currency exchange (Note 36)	310,568	2	(728,477)	(5)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	6,413	-	101,591	1
Impairment loss (Note 17)	(223,627)	(2)	(21,672)	-
Other expenses	<u>(56,800)</u>	<u>-</u>	<u>(38,956)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,802,103</u>	<u>20</u>	<u>2,235,624</u>	<u>15</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,259,268	23	3,338,011	22
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(567,192)</u>	<u>(4)</u>	<u>(405,713)</u>	<u>(3)</u>
NET INCOME FROM CONTINUING OPERATIONS	2,692,076	19	2,932,298	19
NET LOSS FROM DISCONTINUED OPERATIONS (Notes 4 and 15)	<u>-</u>	<u>-</u>	<u>(849,968)</u>	<u>(5)</u>

(Continued)

## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET INCOME FOR THE YEAR	\$ 2,692,076	19	\$ 2,082,330	14
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 23)	(10,235)	-	(7,076)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(432,897)	(3)	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	4,226	-	1,165	-
	(438,906)	(3)	(5,911)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	59,248	-	(482,418)	(3)
Unrealized gain on available-for-sale financial assets	-	-	122,316	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(900)	-	(2,102)	-
	58,348	-	(362,204)	(3)
Other comprehensive loss for the year, net of income tax	(380,558)	(3)	(368,115)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 2,311,518	16	\$ 1,714,215	11
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,613,673	18	\$ 2,078,065	14
Non-controlling interests	78,403	1	4,265	-
	\$ 2,692,076	19	\$ 2,082,330	14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,236,019	16	\$ 1,690,155	11
Non-controlling interests	75,499	-	24,060	-
	\$ 2,311,518	16	\$ 1,714,215	11

(Continued)

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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	<u>2018</u>		<u>2017</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 27)				
From continuing and discontinued operations				
Basic	<u>\$ 2.32</u>		<u>\$ 1.85</u>	
Diluted	<u>\$ 2.31</u>		<u>\$ 1.85</u>	
From continuing operations				
Basic	<u>\$ 2.32</u>		<u>\$ 2.57</u>	
Diluted	<u>\$ 2.31</u>		<u>\$ 2.56</u>	

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

(Concluded)

**E INK HOLDINGS INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation												
	Share Capital						Other Equity						
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating The Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	1,140,468	\$ 11,404,677	\$ 10,071,683	\$ 1,113,687	\$ 70,678	\$ 4,301,134	\$ 261,704	\$ 226,916	\$ -	\$ (360,464)	\$ 27,090,015	\$ (876)	\$ 27,089,139
Appropriation of 2016 earnings													
Legal reserve	-	-	-	190,794	-	(190,794)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,680,702)	-	-	-	-	(1,680,702)	-	(1,680,702)
Net income for the year ended December 31, 2017	-	-	-	-	-	2,078,065	-	-	-	-	2,078,065	4,265	2,082,330
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(5,899)	(504,327)	122,316	-	-	(387,910)	19,795	(368,115)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	2,072,166	(504,327)	122,316	-	-	1,690,155	24,060	1,714,215
Difference between actual consideration paid and carrying amount of subsidiaries acquired	-	-	(2,223)	-	-	(255,601)	-	-	-	-	(257,824)	191,413	(66,411)
Share-based payments	-	-	38,825	-	-	-	-	-	-	-	38,825	-	38,825
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	79,800	79,800
Treasury shares transferred to employees	-	-	(166)	-	-	-	-	-	-	52,195	52,029	-	52,029
BALANCE AT DECEMBER 31, 2017	1,140,468	11,404,677	10,108,119	1,304,481	70,678	4,246,203	(242,623)	349,232	-	(308,269)	26,932,498	294,397	27,226,895
Effect of retrospective application	-	-	-	-	-	327,468	-	(349,232)	376,899	-	355,135	15,903	371,038
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,140,468	11,404,677	10,108,119	1,304,481	70,678	4,573,671	(242,623)	-	376,899	(308,269)	27,287,633	310,300	27,597,933
Appropriation of 2017 earnings													
Legal reserve	-	-	-	207,806	-	(207,806)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,853,550)	-	-	-	-	(1,853,550)	-	(1,853,550)
Unclaimed dividends extinguished by prescription	-	-	14	-	-	-	-	-	-	-	14	-	14
Net income for the year ended December 31, 2018	-	-	-	-	-	2,613,673	-	-	-	-	2,613,673	78,403	2,692,076
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(6,052)	61,295	-	(432,897)	-	(377,654)	(2,904)	(380,558)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	2,607,621	61,295	-	(432,897)	-	2,236,019	75,499	2,311,518
Share-based payments	-	-	135,552	-	-	-	-	-	-	-	135,552	-	135,552
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	18,149	-	-	(18,149)	-	-	-	-
Treasury shares transferred to employees	-	-	(392)	-	-	-	-	-	-	123,369	122,977	-	122,977
BALANCE AT DECEMBER 31, 2018	<u>1,140,468</u>	<u>\$ 11,404,677</u>	<u>\$ 10,243,293</u>	<u>\$ 1,512,287</u>	<u>\$ 70,678</u>	<u>\$ 5,138,085</u>	<u>\$ (181,328)</u>	<u>\$ -</u>	<u>\$ (74,147)</u>	<u>\$ (184,900)</u>	<u>\$ 27,928,645</u>	<u>\$ 385,799</u>	<u>\$ 28,314,444</u>

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

## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 3,259,268	\$ 3,338,011
Loss before income tax from discontinued operations	<u>-</u>	<u>(695,735)</u>
Income before income tax	3,259,268	2,642,276
Adjustments for		
Depreciation expenses	683,786	760,250
Amortization expenses	420,594	406,647
Expected credit loss recognized (impairment loss reversed) on accounts receivable	21,200	(10,107)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(6,413)	(101,591)
Interest expenses	28,579	24,895
Interest income	(176,439)	(90,819)
Dividend income	(136,225)	(100,951)
Compensation costs of share-based payments	135,552	38,825
Share of loss of associates and joint ventures accounted for using the equity method	5,054	9,333
Net gain on disposal of property, plant and equipment	(796)	(50,317)
Net gain on disposal of non-current assets held for sale	-	(7,280)
Net loss (gain) on disposal of investments	1,888	(2,775)
Impairment loss	223,627	181,060
(Reversal of) write-downs of inventories	204,382	(246,721)
Net unrealized gain on foreign currency exchange	(4,553)	(16,992)
Changes in operating assets and liabilities		
Financial assets held for trading	-	115,789
Contract assets	134,610	-
Accounts receivable	(224,772)	(453,004)
Other receivables	31,774	266,000
Inventories	80,370	(585,945)
Prepayments	(183,310)	10,373
Other current assets	(363,464)	146,036
Contract liabilities	105,027	-
Notes and accounts payable	(879,066)	1,119,507
Other payables	(359,033)	394,143
Provisions	(602,151)	136,062
Receipts in advance	18,034	1,082,400
Other current liabilities	33,871	(37,043)
Net defined benefit liabilities	<u>376</u>	<u>(1,654)</u>
Cash generated from operations	2,451,770	5,628,397
Income tax received (paid)	<u>29,534</u>	<u>(113,125)</u>
Net cash generated from operating activities	<u>2,481,304</u>	<u>5,515,272</u>

(Continued)

## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (968,590)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	184,552	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,431	-
Acquisition of financial assets at amortized cost	(4,317,194)	-
Proceeds from disposal of financial assets at amortized cost	1,152,197	-
Acquisition of financial assets at fair value through profit or loss	(1,818,502)	-
Acquisition of available-for-sale financial assets	-	(839,986)
Acquisition of debt investments with no active market	-	(1,571,696)
Proceeds from repayments of principal of debt investments with no active market	-	1,479,431
Proceeds from disposal of financial assets measured at cost	-	25,080
Disposal of subsidiaries	(713)	-
Proceed from disposal of non-current assets held for sale	-	815,316
Acquisition of property, plant and equipment	(575,061)	(332,067)
Proceeds from disposal of property, plant and equipment	32,128	63,378
Acquisition of other intangible assets	(249,190)	(111,594)
Increase in other financial assets	-	(180,145)
Decrease (increase) in other non-current assets	(154,318)	40,124
Interest received	172,454	88,871
Dividends received	<u>136,225</u>	<u>100,951</u>
Net cash used in investing activities	<u>(6,399,581)</u>	<u>(422,337)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,101,625	(45,088)
Increase in short-term bills payable	564,722	-
Repayments of long-term borrowings	(118,148)	(122,700)
Increase in other non-current liabilities	6,783	5,109
Cash dividends	(1,853,550)	(1,680,702)
Proceeds from treasury shares transferred to employees	122,977	52,029
Interest paid	(27,922)	(24,322)
Changes in non-controlling interests	-	13,389
Proceeds from unclaimed dividends extinguished by prescription	<u>14</u>	<u>-</u>
Net cash used in financing activities	<u>(203,499)</u>	<u>(1,802,285)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(61,767)</u>	<u>23,250</u>

(Continued)



## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

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	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (4,183,543)	\$ 3,313,900
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,878,649</u>	<u>8,564,749</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,695,106</u>	<u>\$ 11,878,649</u>

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

(Concluded)

# E INK HOLDINGS INC.

## BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,166,960	3	\$ 639,359	2
Accounts receivable (Notes 4 and 9)	676,905	2	256,077	1
Accounts receivable from related parties (Notes 4 and 24)	3,210,369	9	4,262,113	12
Inventories (Notes 4 and 10)	1,676,864	5	1,913,792	6
Prepayments	114,487	1	101,863	-
Other current assets (Notes 4, 18, 24 and 25)	<u>73,796</u>	-	<u>86,113</u>	-
Total current assets	<u>6,919,381</u>	<u>20</u>	<u>7,259,317</u>	<u>21</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4 and 7)	1,120,180	3	-	-
Available-for-sale financial assets (Notes 4 and 8)	-	-	1,077,878	3
Investments accounted for using the equity method (Notes 4 and 11)	25,350,261	72	23,992,123	70
Property, plant and equipment (Notes 4 and 12)	1,376,998	4	1,435,385	4
Other intangible assets (Note 4)	254,224	-	209,607	1
Deferred tax assets (Notes 4 and 18)	259,469	1	204,676	1
Other non-current assets (Note 4)	<u>53,888</u>	-	<u>53,218</u>	-
Total non-current assets	<u>28,415,020</u>	<u>80</u>	<u>26,972,887</u>	<u>79</u>
<b>TOTAL</b>	<u>\$ 35,334,401</u>	<u>100</u>	<u>\$ 34,232,204</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 13)	\$ 1,230,000	4	\$ 228,800	1
Short-term bills payable (Note 13)	399,812	1	-	-
Contract liabilities (Notes 4 and 16)	203,605	1	-	-
Notes and accounts payable	1,181,788	3	1,810,318	5
Accounts payable to related parties (Note 24)	3,173,821	9	4,074,739	12
Other payables (Note 21)	588,257	2	604,396	2
Other payables to related parties (Notes 21 and 24)	257,880	1	14,885	-
Current tax liabilities (Notes 4 and 18)	93,272	-	123,943	-
Receipts in advance (Notes 4 and 24)	71,185	-	301,798	1
Other current liabilities	<u>59,674</u>	-	<u>35,776</u>	-
Total current liabilities	<u>7,259,294</u>	<u>21</u>	<u>7,194,655</u>	<u>21</u>
<b>NON-CURRENT LIABILITIES</b>				
Contract liabilities (Notes 4 and 16)	65,806	-	-	-
Net defined benefit liabilities (Notes 4 and 14)	64,818	-	55,892	-
Other non-current liabilities (Notes 4, 18 and 24)	<u>15,838</u>	-	<u>49,159</u>	-
Total non-current liabilities	<u>146,462</u>	-	<u>105,051</u>	-
Total liabilities	<u>7,405,756</u>	<u>21</u>	<u>7,299,706</u>	<u>21</u>
<b>EQUITY (Notes 14, 15 and 20)</b>				
Share capital	<u>11,404,677</u>	<u>32</u>	<u>11,404,677</u>	<u>33</u>
Capital surplus	<u>10,243,293</u>	<u>29</u>	<u>10,108,119</u>	<u>30</u>
Retained earnings				
Legal reserve	1,512,287	4	1,304,481	4
Special reserve	70,678	-	70,678	-
Unappropriated earnings	<u>5,138,085</u>	<u>15</u>	<u>4,246,203</u>	<u>13</u>
Total retained earnings	<u>6,721,050</u>	<u>19</u>	<u>5,621,362</u>	<u>17</u>
Other equity	<u>(255,475)</u>	<u>(1)</u>	<u>106,609</u>	<u>-</u>
Treasury shares	<u>(184,900)</u>	<u>-</u>	<u>(308,269)</u>	<u>(1)</u>
Total equity	<u>27,928,645</u>	<u>79</u>	<u>26,932,498</u>	<u>79</u>
<b>TOTAL</b>	<u>\$ 35,334,401</u>	<u>100</u>	<u>\$ 34,232,204</u>	<u>100</u>

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

## E INK HOLDINGS INC.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 16 and 24)	\$ 12,773,679	100	\$ 13,905,359	100
OPERATING COSTS (Notes 10, 17 and 24)	<u>10,582,105</u>	<u>83</u>	<u>11,256,560</u>	<u>81</u>
GROSS PROFIT	<u>2,191,574</u>	<u>17</u>	<u>2,648,799</u>	<u>19</u>
UNREALIZED LOSS ON TRANSACTIONS WITH SUBSIDIARIES	<u>(1,492)</u>	<u>-</u>	<u>(2,314)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,190,082</u>	<u>17</u>	<u>2,646,485</u>	<u>19</u>
OPERATING EXPENSES (Notes 17 and 24)				
Selling and marketing expenses	381,269	3	264,124	2
General and administrative expenses	757,525	6	759,309	5
Research and development expenses	<u>794,738</u>	<u>6</u>	<u>688,278</u>	<u>5</u>
Total operating expenses	<u>1,933,532</u>	<u>15</u>	<u>1,711,711</u>	<u>12</u>
INCOME FROM OPERATIONS	<u>256,550</u>	<u>2</u>	<u>934,774</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income	4,279	-	6,499	-
Royalty income (Note 16)	241,696	2	201,774	2
Dividend income	51,892	-	32,151	-
Other income	42,744	-	45,586	-
Interest expenses (Notes 12 and 24)	(14,688)	-	(9,984)	-
Share of profit of subsidiaries accounted for using the equity method	2,119,710	17	1,006,612	7
Net gain (loss) on disposal of property, plant and equipment	(1,316)	-	42,842	-
Net gain (loss) on foreign currency exchange (Note 27)	56,663	1	(28,301)	-
Impairment loss (Notes 4 and 12)	(86,805)	(1)	-	-
Other expenses	<u>(3,342)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Total non-operating income and expenses	<u>2,410,833</u>	<u>19</u>	<u>1,297,179</u>	<u>9</u>
INCOME BEFORE INCOME TAX	2,667,383	21	2,231,953	16
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(53,710)</u>	<u>-</u>	<u>(153,888)</u>	<u>(1)</u>
NET INCOME FOR THE YEAR	<u>2,613,673</u>	<u>21</u>	<u>2,078,065</u>	<u>15</u>

(Continued)

# E INK HOLDINGS INC.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 14)	\$ (11,060)	-	\$ (6,853)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	42,302	1	-	-
Share of other comprehensive loss of subsidiaries accounted for using the equity method	(474,417)	(4)	(211)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 18)	<u>4,226</u>	<u>-</u>	<u>1,165</u>	<u>-</u>
	<u>(438,949)</u>	<u>(3)</u>	<u>(5,899)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	-	-	97,714	1
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	<u>61,295</u>	<u>-</u>	<u>(479,725)</u>	<u>(4)</u>
	<u>61,295</u>	<u>-</u>	<u>(382,011)</u>	<u>(3)</u>
Other comprehensive loss for the year, net of income tax	<u>(377,654)</u>	<u>(3)</u>	<u>(387,910)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,236,019</u>	<u>18</u>	<u>\$ 1,690,155</u>	<u>12</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 2.32</u>		<u>\$ 1.85</u>	
Diluted	<u>\$ 2.31</u>		<u>\$ 1.85</u>	

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

(Concluded)

**E INK HOLDINGS INC.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity			Treasury Shares	Total
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI		
	BALANCE AT JANUARY 1, 2017	1,140,468		\$ 11,404,677	\$ 10,071,683	\$ 1,113,687	\$ 70,678	\$ 4,301,134	\$ 261,704		
Appropriation of 2016 earnings											
Legal reserve	-	-	-	190,794	-	(190,794)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,680,702)	-	-	-	-	(1,680,702)
Net income for the year ended December 31, 2017	-	-	-	-	-	2,078,065	-	-	-	-	2,078,065
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(5,899)	(504,327)	122,316	-	-	(387,910)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	2,072,166	(504,327)	122,316	-	-	1,690,155
Difference between actual consideration paid and carrying amount of subsidiaries acquired	-	-	(2,223)	-	-	(255,601)	-	-	-	-	(257,824)
Share-based payments	-	-	38,825	-	-	-	-	-	-	-	38,825
Treasury shares transferred to employees	-	-	(166)	-	-	-	-	-	-	52,195	52,029
BALANCE AT DECEMBER 31, 2017	1,140,468	11,404,677	10,108,119	1,304,481	70,678	4,246,203	(242,623)	349,232	-	(308,269)	26,932,498
Effect of retrospective application	-	-	-	-	-	327,468	-	(349,232)	376,899	-	355,135
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,140,468	11,404,677	10,108,119	1,304,481	70,678	4,573,671	(242,623)	-	376,899	(308,269)	27,287,633
Appropriation of 2017 earnings											
Legal reserve	-	-	-	207,806	-	(207,806)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,853,550)	-	-	-	-	(1,853,550)
Unclaimed dividends extinguished by prescription	-	-	14	-	-	-	-	-	-	-	14
Net income for the year ended December 31, 2018	-	-	-	-	-	2,613,673	-	-	-	-	2,613,673
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(6,052)	61,295	-	(432,897)	-	(377,654)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	2,607,621	61,295	-	(432,897)	-	2,236,019
Share-based payments	-	-	135,552	-	-	-	-	-	-	-	135,552
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	18,149	-	-	(18,149)	-	-
Treasury shares transferred to employees	-	-	(392)	-	-	-	-	-	-	123,369	122,977
BALANCE AT DECEMBER 31, 2018	1,140,468	\$ 11,404,677	\$ 10,243,293	\$ 1,512,287	\$ 70,678	\$ 5,138,085	\$ (181,328)	\$ -	\$ (74,147)	\$ (184,900)	\$ 27,928,645

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

# E INK HOLDINGS INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,667,383	\$ 2,231,953
Adjustments for		
Depreciation expenses	240,682	240,562
Amortization expenses	39,643	25,735
Expected credit loss recognized on accounts receivable	1,120	-
Interest expenses	14,688	9,984
Interest income	(4,279)	(6,499)
Dividend income	(51,892)	(32,151)
Compensation costs of share-based payments	91,454	20,257
Share of profit of subsidiaries accounted for using the equity method	(2,119,710)	(1,006,612)
Net loss (gain) on disposal of property, plant and equipment	1,316	(42,842)
Net gain on disposal of investments	-	(2,775)
Impairment loss	86,805	-
Write-downs of (reversal of) inventories	217,212	(13,244)
Unrealized loss on transactions with subsidiaries	1,492	2,314
Net unrealized loss (gain) on foreign currency exchange	30,515	(53,660)
Royalty income	(241,696)	(201,774)
Changes in operating assets and liabilities		
Accounts receivable	(423,076)	227,144
Accounts receivable from related parties	1,106,122	(1,097,866)
Inventories	19,716	(984,235)
Prepayments	(102,474)	(13,335)
Other current assets	(12,470)	(10,936)
Contract liabilities	340,470	-
Notes and accounts payable	(638,927)	852,434
Accounts payable to related parties	(969,117)	190,578
Other payables	(46,591)	94,104
Receipts in advance	(90,006)	458,137
Other current liabilities	25,409	8,918
Net defined benefit liabilities	(2,134)	(2,504)
Cash generated from operations	181,655	893,687
Income tax paid	(137,519)	(21,344)
Net cash generated from operating activities	<u>44,136</u>	<u>872,343</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of available-for-sale financial assets	-	(279,998)
Proceeds from disposal of financial assets measured at cost	-	25,080
Acquisition of property, plant and equipment	(176,100)	(131,298)
Proceeds from disposal of property, plant and equipment	72	48,784
Decrease in other receivables from related parties	26,481	52,946
Acquisition of other intangible assets	(67,646)	(34,290)
Increase in other non-current assets	(674)	(977)
Interest received	4,171	6,531

(Continued)



# E INK HOLDINGS INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

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	2018	2017
Dividends received	<u>\$ 798,083</u>	<u>\$ 613,674</u>
Net cash generated from investing activities	<u>584,387</u>	<u>300,452</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	999,900	230,100
Increase in short-term bills payable	399,812	-
Increase in other payables to related parties	244,802	-
Increase (decrease) in other non-current liabilities	(566)	1,688
Cash dividends	(1,853,550)	(1,680,702)
Proceeds from treasury shares transferred to employees	122,977	52,029
Interest paid	(14,311)	(9,772)
Proceeds from unclaimed dividends extinguished by prescription	<u>14</u>	<u>-</u>
Net cash used in financing activities	<u>(100,922)</u>	<u>(1,406,657)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	527,601	(233,862)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>639,359</u>	<u>873,221</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,166,960</u>	<u>\$ 639,359</u>

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

(Concluded)

## **Appendix 3**

### **Audit Committee's Review Report**

We express our consent on the separate and consolidated financial statements compiled by the Board of Directors covering the year ended on December 31, 2018. These financial statements were audited by Weng Ya-Ling and Shao Chi-Ming, CPAs of Deloitte Taiwan with the issuance of Auditors' Report.

The Board of Directors also presented the 2018 Business Report and Proposal for Distribution of Income of the year for our review. In our opinion, these reports and statements were fairly presented in accordance with applicable legal rules. We present the aforementioned statements and report to the Shareholders Meeting pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2019 Annual General Meeting of Stockholders Meeting

E INK HOLDINGS INC.

Convener of the Audit Committee: Ten Chung Chen

Date: March 20, 2019

## Appendix 4

### E INK HOLDINGS INC.

#### Third Share Repurchase and Employee Incentive Plan

Adoption date: June 13, 2016  
First amendment: August 9, 2016  
Second amendment: May 8, 2019

Article 1 In order to enhance execution performance of projects, to recruit professional talents and to retain employees with high performance, pursuant to subparagraph 1 of paragraph 1 of Article 28-2 of Securities and Exchange Act, Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies by Financial Supervisory Commission and other related laws, the Company has established this Share Repurchase and Employee Incentive Plan (the "Plan"). On June 13, 2016, the Board of Directors has resolved to repurchase the Company's shares and transfer to above-mentioned employees, and that except as otherwise regulated in relevant laws, then it shall be conducted according to this Plan.

(Approval for Transferee and Number of Shares)

Article 2 Projects, employees participating in the projects, professional talents recruited that are qualified pursuant to the preceding article and the number of shares allowed for subscription should be submitted to the Compensation Committee for review then submitted to the Board of Directors for approval. The employees qualified as transferees set forth include employees of the Company or of any of its Subsidiaries, domestic or overseas ("Subsidiaries" shall have the meaning given in item 1, (2) in Order No. Financial-Supervisory-Securities-I-0960073134 on December 26, 2007 of FSC.)

(Type of Shares to Be Transferred, Rights and Limitations of the Rights)

Article 3 The shares to be transferred to employees (the "Shares") shall be common shares of the Company. Unless as otherwise provided for in the Plan and relevant laws, the Shares bear the identical rights and obligations as other outstanding common shares of the Company.

(Transfer Period)

Article 4 The shares repurchased by the Company can be transferred by installments within five years from the date of buyback in accordance with the Plan.

(Rules of Allotment and Procedures of Transfer)

Article 5 An employee shall be deemed to have waived the right for the number of shares such employee is entitled to subscribe according to the resolution of Board of Directors of Article 2 if subscription or payment is not made during the set period for subscription or payment. For Shares not subscribed, the Chairman of the Board is authorized to engage other qualified employees to subscript.

(Procedures for Transfer)

- Article 6 The procedures for transfer of repurchased Shares are as follows:
- (1) The Company shall make announcement and report and repurchase the Shares within the execution period in accordance with the resolution of the Board of Directors.
  - (2) The Chairman of the Board is authorized to decide and announce the record date of subscription, the subscription and payment period, the rights and limitations of shares, etc. according to this Plan.
  - (3) The Company shall calculate the number of Shares actually subscribed and paid for then transfer those Shares and register such transfer.

(Transfer Price per Share)

- Article 7 The transfer price of the Shares equals to the average of the actual share repurchase price. If the number of the Company's issued common shares increases or decreases prior to transfer, the transfer price may be adjusted in proportion to the actual number of issued shares at that time (rounded off to the second decimal place).
- Adjustment formula of the transfer price:  
Adjusted transfer price = average of the actual share repurchase price × ( number of issued common shares at the time repurchase is reported / number of issued common shares prior to transfer of repurchased Shares to employees.

(Rights and Obligations of Shares after Transfer)

- Article 8 After Shares have been transferred to employees and such transfer has been registered, unless otherwise provided, the rights and obligations shall be identical with those attached to common shares.
- Article 9 The Company shall transfer all of the repurchased Shares to employees within five years from the last date of actual repurchase period. The Shares that has not been transferred after expiry of the foregoing time limit shall be deemed as not yet been issued and the Company shall register cancellation of such shares accordingly.
- Article 10 The Plan shall take affect upon adoption of the resolution by the Board of Directors and may be submitted to the Board of Directors for a resolution for amendment.
- Article 11 After the repurchase period resolved by the Board of Directors expires or the Plan is fully carried out (whichever happens first), the Plan shall be reported at the most recent Shareholders' meeting.

## E INK HOLDINGS INC.

### Comparison Table of the Third Share Repurchase and Employee Incentive Plan

Article	After Amendment	Before Amendment	Amendment reason
4	The shares repurchased by the Company can be transferred by installments within <u>five</u> years from the date of buyback in accordance with the Plan.	The shares repurchased by the Company can be transferred by installments within three years from the date of buyback in accordance with the Plan.	Amended in accordance with the provisions of the Securities Exchange Act. °

9	The Company shall transfer all of the repurchased Shares to employees within <u>five</u> years from the last date of actual repurchase period. The Shares that has not been transferred after expiry of the foregoing time limit shall be deemed as not yet been issued and the Company shall register cancellation of such shares accordingly.	The Company shall transfer all of the repurchased Shares to employees within three years from the last date of actual repurchase period. The Shares that has not been transferred after expiry of the foregoing time limit shall be deemed as not yet been issued and the Company shall register cancellation of such shares accordingly.	Amended in accordance with the provisions of the Securities Exchange Act.
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## Appendix 5

### E Ink Holdings Incorporated

#### Table for the Distribution of Earnings in 2018

Unit: NT\$

Item	Amount	Notes
<b>Earnings undistributed at the period-beginning</b>	<b>2,184,846,587</b>	
The amount affected by retroactive application	327,467,976	
<b>Adjusted undistributed earnings at the period-beginning</b>	<b>2,512,314,563</b>	
Adjusted retained earnings for investment due to the use of the equity approach	18,930,638	
Remeasured amount of confirmed welfare plan listed in the retained earnings	(6,834,021)	
<b>Adjusted undistributed earnings</b>	<b>2,524,411,180</b>	
Net profits in this year	2,613,673,179	
Statutory surplus reserve set aside (10%)	(261,367,318)	
Special surplus reserve set aside according to law	(184,796,348)	
<b>Earnings available for distribution in this period</b>	<b>4,691,920,693</b>	

Items of distribution		
Cash dividends and bonuses for shareholders	2,373,438,302	Distributing a dividend of NT\$2.10 for each share
Earnings undistributed at the period-end	2,318,482,391	

Chairman: Frank Ko    President: Johnson Lee    CFO: Lloyd Chen    Controller: James Huang

## Appendix 6

### E INK HOLDINGS INC.

#### Comparison Table of the Draft the Amendment of the "Articles of Association"

Article No.	After amendment	Before amendment	Amendment reason
Article 19	<p>If the Company gains profits in the year, it shall set aside at least 1% of the profits as the remuneration for employees and set aside not more than 1% of the profits as the remuneration for directors. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance.</p> <p>Remuneration for directors shall be paid in cash. Remuneration for employees can be paid in cash or stock and such employees include employees of subsidiaries who satisfy certain conditions. The Board of Directors shall be authorized to determine such conditions. The ratio for the payment of remuneration to directors, the way and ratio for the payment of remuneration to employees shall be determined by the Board of Directors with the attendance of more than 2/3 of directors and the consent of more than half of the present directors, and reported to the shareholders' meeting.</p> <p>When calculating the remuneration for employees and directors, the accumulated loss shall be deducted first from the profits of the year (i.e., the pre-tax profits before deducting the amount of remuneration for employees and directors).</p>	<p>If the Company gains profits in the year, it shall set aside at least 1% but not more than 10% of the profits as the remuneration for employees and set aside not more than 1% of the profits as the remuneration for directors. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance.</p> <p>Remuneration for directors shall be paid in cash. Remuneration for employees can be paid in cash or stock and such employees include employees of subsidiaries who satisfy certain conditions. The Board of Directors shall be authorized to determine such conditions. The ratio for the payment of remuneration to directors, the way and ratio for the payment of remuneration to employees shall be determined by the Board of Directors with the attendance of more than 2/3 of directors and the consent of more than half of the present directors, and reported to the shareholders' meeting.</p> <p>When calculating the remuneration for employees and directors, the accumulated loss shall be deducted first from the profits of the year (i.e., the pre-tax profits before deducting the amount of remuneration for employees and directors).</p>	<p>Considering the flexibility of corporate governance, and according to the method for determining the ratio of remuneration for employees in Jing-Shang-Tze#10402413890 of the Ministry of Economics Affairs (June 11, 2015), the upper limit for the proportion of remuneration provision shall be deleted.</p>



Article No.	After amendment	Before amendment	Amendment reason
Article 19-2	With the attendance of more than 2/3 of directors in the Board Meeting and the resolution of more than half of the present directors, all or part of the dividends and bonuses to be distributed shall be paid in cash, and the issue shall be reported to the shareholders' meeting.	(This article is newly increased)	To coordinate with the modified Paragraph 5 of Article 240 of the Company Act, the Company shall authorize the Board of Directors in the Articles of Association to distribute in cash all or part of the dividends and bonuses which should be distributed through special resolution, and then report it to the shareholders' meeting. This article is newly added.

Article No.	After amendment	Before amendment	Amendment reason
Article	The Articles of Association was concluded on June 1, 1992.	The Articles of Association was concluded on June 1, 1992.	
	The first amendment was made on December 23, 1993.	The first amendment was made on December 23, 1993.	
	The second amendment was made on May 31, 1994.	The second amendment was made on May 31, 1994.	
	The third amendment was made on April 12, 1995.	The third amendment was made on April 12, 1995.	
	The fourth amendment was made on November 19, 1996	The fourth amendment was made on November 19, 1996	
	The fifth amendment was made on April 12, 1997	The fifth amendment was made on April 12, 1997	
	The sixth amendment was made on June 2, 1998	The sixth amendment was made on June 2, 1998	
	The seventh amendment was made on July 28, 1999	The seventh amendment was made on July 28, 1999	
	The eighth amendment was made on May 12, 2000	The eighth amendment was made on May 12, 2000	
	The ninth amendment was made on November 2, 2001	The ninth amendment was made on November 2, 2001	
	The tenth amendment was made on June 20, 2002	The tenth amendment was made on June 20, 2002	
	The eleventh amendment was made on June 24, 2003	The eleventh amendment was made on June 24, 2003	
	The twelfth amendment was made on June 21, 2004	The twelfth amendment was made on June 21, 2004	
	The thirteenth amendment was made on June 30, 2006	The thirteenth amendment was made on June 30, 2006	
	The fourteenth amendment was made on June 15, 2007	The fourteenth amendment was made on June 15, 2007	
	The fifteenth amendment was made on June 19, 2009	The fifteenth amendment was made on June 19, 2009	
	The sixteenth amendment was made on November 18, 2009	The sixteenth amendment was made on November 18, 2009	
	The seventeenth amendment was made on June 18, 2010	The seventeenth amendment was made on June 18, 2010	
	The eighteenth amendment was made on June 24, 2011	The eighteenth amendment was made on June 24, 2011	
	The nineteenth amendment was made on June 18, 2012	The nineteenth amendment was made on June 18, 2012	
	The twentieth amendment was made on May 3, 2013	The twentieth amendment was made on May 3, 2013	
	The twenty first amendment was made on June 18, 2014	The twenty first amendment was made on June 18, 2014	
	The twenty second amendment was made on June 9, 2015	The twenty second amendment was made on June 9, 2015	
	The twenty third amendment was made on June 22, 2016	The twenty third amendment was made on June 22, 2016	
The twenty fourth amendment			

## Appendix 7

### E INK HOLDINGS INC. ARTICLES OF INCORPORATION

(before amendment)

#### Chapter 1 General Provisions

Article 1: This Company is incorporated according to the provisions of the Company Act, and named as E INK HOLDINGS INC.

Article 2: Businesses of the Company include the following:

- (1) CC01080 Electronic components manufacturing
- (2) F119010 Wholesales of electronic materials (limited operation outside the area)
- (3) F219010 Retail of electronic materials (limited operation outside the area)
- (4) F113050 Wholesales of computers and transactional machinery equipment (limited operation outside the area)
- (5) F213030 Retail of computers and transactional machinery equipment (limited operation outside the area)
- (6) F118010 Wholesales of information software (limited operation outside the area)
- (7) F218010 Retail of information software (limited operation outside the area)
- (8) I301010 Information software services (limited operation outside the area)
- (9) CC01101 Manufacturing of restrained telecom RF equipment and materials (limited operation outside the area)
- (10) F401021 Import of restrained telecom RF equipment and materials (limited operation outside the area)
- (11) F113070 Wholesales of telecom equipment and materials (limited operation outside the area)
- (12) F213060 Retail of telecom equipment and materials (limited operation outside the area)

(13) ZZ99999 Apart from the permitted businesses, other business not prohibited or restricted by laws (limited operation outside the area)

(14) F401010 International trade

Research, development, production, manufacturing and sales of the following products:

(1) TFT-LCD.

(2) TFT-LCD television, monitoring systems, and components of the aforesaid systems (limited operation outside the area).

The Company also does import and export of products related to the business scope.

Article 3: The Company shall externally undertake that:

The total amount of external investment of the Company shall not be restricted by the amount of the 40% paid-in capital.

Article 4: The head office of the Company is located in Hsinchu Science Park. When necessary, branches can be established at home and abroad through the resolution of the Board of Directors and the approval of competent authorities.

## **Chapter 2 Shares**

Article 5: Capital sum of the Company is determined to be NT\$20 billion, which is divided into 2 billion shares priced at NT\$10 per share.

The Board of Directors shall be authorized to issue the aforesaid shares by several times.

NT\$1.4 billion in the capital mentioned in Article 1 shall be retained for issuing share subscription warrants for employees, which will be divided into 140 million shares priced at NT\$10 per share, and issued by several times according to the resolutions of the Board of Directors.

Article 5-1: The Company shall issue the share subscription warrants for employees at a subscription price lower than the market price, and shall issue that according to Article 56-1 and Article 76 of Guidelines for Issuers to Raise and Issue Negotiable Securities

after being decided by the shareholders' meeting.

Article 5-2: The Company shall transfer the buyback shares to employees at a price lower than the average buyback price and handle the transfer according to Article 10-1 and Article 13 of the Measures for Listed Companies or OTC Companies to Buy back Their Own Shares after decision is made on the latest shareholders' meeting.

Article 5-3: (Deletion)

Article 5-4: (Deletion)

Article 5-5: (Deletion)

Article 5-6: (Deletion)

Article 6: The shares of the Company are generally registered shares, which were signed or sealed by more than 3 directors and issued after being certified according to law. The Company can also use stocks which are not issued by any entity and not necessarily printed, and negotiate with centralized securities depository enterprises for the selling.

Article 7: Unless otherwise specified by laws and regulations, affairs of the Company related to shares shall be handled according to the "Criteria Governing Handling of Stock Affairs by Public Stock Companies".

### **Chapter 3 Shareholders' meeting**

Article 8: Within 60 days before the commencement of each general shareholders' meeting, and within 30 days before the commencement of shareholders' interim meeting and within 5 days before the base date that the Company decides to distribute dividend and bonus or other interests, the transfer of shares shall be stopped.

Article 9: Shareholders' meeting includes general meeting and interim meeting. The regular meeting will be convened once a year by the Board of Directors according to law within 6 months after the end of each fiscal year. Interim meeting can be convened according to when necessary. The Rules of Order of Shareholders' Meeting shall be followed for discussions. The convening of the general shareholders' meeting shall be before the 30th day; shareholders shall be notified of the convening of an interim meeting before the 15th day and the cause shall be clarified.

Article 10: When a shareholder cannot attend the shareholders' meeting due to some reasons, he/she may issue a letter of authorization printed by the Company stating the scope of authorization, sign or seal it to delegate an agent to attend the meeting. Apart from the provision of Article 177 of the Company Act, the "Rules of Public Stock Companies for the Use of Letter of Authorization for the Attendance of Shareholders' Meeting" shall be adopted by a shareholder to delegate an agent to attend the meeting.

Article 11: Except those with no voting right according to Article 179 or Article 197 of the Company Act, each share has one voting right for the shareholders of the Company.

Article 12: Unless otherwise specified by the Company Act, resolutions of shareholders' meeting shall be made with the attendance of shareholders representing more than half of the Company's issued shares and approved by more than half of the voting rights of present shareholders.

#### **Chapter 4 Directors and the Audit Committee**

Article 13: The Company arranges 7 to 11 directors, with a 3-year term of office. The candidate nomination system is adopted. The shareholders' meeting will select directors from the list of director candidates at random and they can be reappointed if they are select successively.

Among the aforesaid directors, the number of independent directors shall be at least 3 and shall not be less than 1/5 of seats for directors. The restrictions on the professional qualification, shares and part-time job of independent shareholders, their nomination and selection and other matters shall be done according to relevant regulations of securities regulatory authorities.

The total proportion of shareholding by all the directors shall be according to the regulations of securities regulatory authorities.

Article 13-1: According to Article 14-4 of the Securities Exchange Act, the Company sets up an Audit Committee to take charge of performing the duties of supervisor specified in the Company Act, the Securities Exchange Act and other laws and regulations.

The Audit Committee shall be formed by all the independent directors.

Article 14: The Board of Directors shall be organized by directors. With the attendance of more than 2/3 of directors and the consent of more than half of the present directors, the chairman can be elected and one vice-chairman can be selected to support the chairman. The chairman comprehensively handles all affairs on behalf of the Company. If the chairman asks for a leave or cannot perform the duties due to some reasons and there is a vice-chairman, the vice-chairman can act on his/her behalf; if there is no vice-chairman and the chairman designate no agent, directors can select one among them to take charge of that.

Article 15: The board meeting shall be convened at least once every quarter. When necessary, interim board meeting can be convened. When any director cannot attend the board meeting, he/she may issue a letter of authorization which states the purpose of the meeting and the scope of authorization, to delegate other director to attend the meeting on his/her behalf. The aforesaid agent can only accept the delegation of one director.

When convening a board meeting, the purpose shall be stated and directors shall be notified 7 days in advance. However, when there is an emergency, it can be convened at any time. Notification about the convening of a board meeting shall be given by fax or e-mail.

The implementation of the Company's board meeting shall be handled according to the Company's "Rules of Order of the Board Meetings".

Article 16: Remuneration shall be paid to the directors no matter the Company gained profit or not. The Board of Directors shall be authorized to determine their remuneration according to their participation in the operation of the Company and their contribution and by referring the general paid amount of peers; when the Company has profits, remuneration shall be distributed according to Article 19.

Article 16-1: The Company shall buy liability insurances for directors and managers with their term of office according to their scope of services.

## **Chapter 5 Managers**

Article 17: The Company shall have managers, whose title, appointment, resign and remuneration

shall be handled according to provisions of the Company Act.

## **Chapter 6 Accounting**

Article 18: The fiscal year of the Company is from January 1 of each year to December 31. At the end of each fiscal year, the Board of Directors shall issue (1) a business report, (2) the financial statements, (3) the proposal on the distribution of earnings or the provision for loss and other documents, submit them to the Audit Committee for review 30 days before the opening of the general shareholders' meeting, and request the general shareholders' meeting to confirm them according to the legal procedures.

Article 19: If the Company gains profits in the year, it shall set aside at least 1% but not more than 10% of the profits as the remuneration for employees and set aside not more than 1% of the profits as the remuneration for directors. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance.

Remuneration for directors shall be paid in cash. Remuneration for employees can be paid in cash or stock and such employees include employees of subsidiaries who satisfy certain conditions. The Board of Directors shall be authorized to determine such conditions. The ratio for the payment of remuneration to directors, the way and ratio for the payment of remuneration to employees shall be determined by the Board of Directors with the attendance of more than 2/3 of directors and the consent of more than half of the present directors, and reported to the shareholders' meeting.

When calculating the remuneration for employees and directors, the accumulated loss shall be deducted first from the profits of the year (i.e., the pre-tax profits before deducting the amount of remuneration for employees and directors).

Article 19-1: The Company is engaged in the emerging technological industry. To coordinate with the Company's long-term financial planning, and seek for sustainable operation, the residual dividend policy is adopted.

If there is surplus after the settlement of each year, 10% statutory surplus reserve shall be set aside according to law after taxes are paid and loss or previous years is offset. Then, special surplus reserve shall be set aside or transferred; if there is still surplus, the Board of Director shall measure the capital demand of future years according to



the future capital budget. After keeping the part for the future, at least 50% of the remaining amount shall be distributed as dividend and bonus for shareholders.

The distribution of the aforesaid surplus shall be together with the accumulated undistributed surplus of the previous years.

The distribution of dividend and bonus for shareholders shall be made in cash or stocks. Dividends made in cash shall not be less than 10% of the total dividend distribution of the year.

When Item 2 statutory surplus reserve reaches the amount of paid-in capital, the provision shall be stopped.

The proposal for the distribution of earnings each year shall be submitted by the Board of Directors to the shareholders' meeting for resolution.

## **Chapter 7 Supplementary provisions**

Article 20: Matters not covered herein shall be handled according to the provisions of the Company Act.

Article 21: The Articles of Association was concluded 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

The twenty first amendment was made on June 18, 2014

The twenty second amendment was made on June 9, 2015

The twenty third amendment was made on June 22, 2016

E INK Holdings Inc.  
Frank Ko, Chairman

## Appendix 8

### E INK Holdings Inc.

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

Article No.	Article No.	Before amendment	Amendment reason
Article 3	<p>The Handling Procedures are applicable to the following assets:</p> <p>1. Stocks, government bonds, corporate bonds, financial bonds, negotiable securities representing bonds, depository receipt, call (put) warrants, beneficial securities, asset backed securities and other investment.</p> <p>2. Immovables (including land, house and building, investment properties, inventory of the construction industry) and equipment.</p> <p>3. Membership card.</p> <p>4. Patent right, copyright, franchise and other intangible assets.</p> <p><b><u>5. Right-of-use asset.</u></b></p> <p>6. Creditor's rights of financial</p>	<p>The Handling Procedures are applicable to the following assets:</p> <p>1. Stocks, government bonds, corporate bonds, financial bonds, negotiable securities representing bonds, depository receipt, call (put) warrants, beneficial securities, asset backed securities and other investment.</p> <p>2. Immovables (including land, house and building, investment properties, inventory of the construction industry) and equipment.</p> <p>3. Membership card.</p> <p>4. Patent right, copyright, franchise and other intangible assets.</p> <p>5. Creditor's rights of financial institutions (including</p>	<p>1. To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.</p> <p>2. To change the articles.</p>

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	<p>institutions (including receivables, loans and bills purchased and discounted, and overdue receivables).</p> <p>7. Derivatives.</p> <p>8. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with acts of law.</p> <p>9. Other major assets.</p>	<p>receivables, loans and bills purchased and discounted, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with acts of law.</p> <p>8. Other major assets.</p>	
Article 4	<p>Definitions</p> <p>1. Derivatives: refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, or compound contracts with embedded derivatives or structured products, whose value is derived from specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other</p>	<p>Definitions</p> <p>1. Derivatives: refer to 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 rate, foreign exchange rate, indexes or other interests. The term forward contracts does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing</p>	<p>1. To coordinate with the revision of articles of the "Company Act".</p> <p>2. To coordinate with the definition of financial instruments in IFRS No.9 and clarify the scope of derivatives.</p>

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	<p>variable. 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 through mergers, splits, acquisitions, or assignment of shares in accordance with acts of law:</p> <p>Refer to assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to acquisitions of shares of another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as "acquisition of shares") under Article 156-3 of the Company Act.</p> <p>3. Related parties, subsidiaries:</p>	<p>contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets acquired or disposed through mergers, splits, acquisitions, or assignment of shares in accordance with acts of law:</p> <p>Refer to assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to acquisitions of shares of another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as "acquisition of shares") under Article 156-8 of the Company Act.</p> <p>3. Related parties, subsidiaries: shall be identified according to the provisions of the Guidelines for Preparation of Financial Reports by</p>	

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	<p>shall be identified according to the provisions of the Guidelines for Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.</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 area investment: refers to investment in Mainland China conducted according to</p>	<p>Securities Issuers.</p> <p>4. Professional appraiser: refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.</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 area investment: refers to investment in Mainland China conducted</p>	

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	<p>the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area formulated by the Ministry of Economic Affairs Investment Commission.</p> <p>7. Place of business of securities firms: place of business of domestic securities firms, refers to the place that securities firms specially provide counters for transactions according to Regulations Governing Trading of Securities on the Over-the-Counter Market; place of business of overseas securities firms, refers to the place of business of financial institutions administrated by overseas securities regulatory authorities and running the securities business._</p> <p>8. Total assets: refers to the calculated amount of total assets in the individual or separate financial reports of the latest period prepared according to the Criteria Governing the Preparation of Financial Reports</p>	<p>according to the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area formulated by the Ministry of Economic Affairs Investment Commission.</p> <p>7. Total assets: refers to the calculated amount of total assets in the individual or separate financial reports of the latest period prepared according to the Criteria Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>8. Paid-in capital: refers to that, for companies whose shares have no par value or the par value of each share is not NT\$10, 20% of the paid-in capital shall be calculated according to 10% of the equity attributable to the owner of the parent company.</p> <p>9. All members of the Audit Committee and all directors: refers to the incumbents of</p>	

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	<p>by Securities Issuers.</p> <p>9. Paid-in capital: refers to that, for companies whose shares have no par value or the par value of each share is not NT\$10, 20% of the paid-in capital shall be calculated according to 10% of the equity attributable to the owner of the parent company.</p> <p>10. All members of the Audit Committee and all directors: refers to the incumbents of such posts.</p>	such posts.	
Article 5	<p>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 satisfy the following provisions:</p> <p><b><u>1. Never being sentenced to imprisonment for one year or more due to the violation of this Act, the Company Act, the Banking Act, the Insurance Act,</u></b></p>	<p><u>Exclusion of related parties</u></p> <p>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</p>	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.



Article No.	Article No.	Before amendment	Amendment reason
	<p><u>the Financial Holding Company Act, the Commercial Accounting Act, or the act of fraud, breach of trust, misappropriation, forgery of documents or professional crime. However, those with sentence implemented, probation expired or pardon for more than 3 years shall be excluded.</u></p> <p><u>2. Not being a related party of any party to the transaction or having a substantially related party.</u></p> <p><u>3. If the Company needs the appraisal reports issued by more than 2 professional appraisers, different professional appraisers or their officers shall not be a related party of each other or have a substantially related party.</u></p> <p><u>When issuing the appraisal reports or opinions, the aforesaid personnel shall abide by the following:</u></p> <p><u>1. They shall prudently assess their own professional abilities,</u></p>		

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	<p><u>practical experience and independence before accepting cases.</u></p> <p><u>2. When auditing cases, they shall have good planning and implement proper operating process, so as to form conclusions and issue reports or opinions on the basis; and carefully record the implemented procedures, collected materials and conclusion in the work draft of such cases.</u></p> <p><u>3. As to the source, parameters and information of the materials used, the completeness, accuracy and reasonableness shall be assessed item by item, so that they can be the basis for issuing appraisal reports or opinions.</u></p> <p><u>4. Statement shall include that relevant personnel are professional and independent and they have assessed the reasonableness and accuracy of information used and followed</u></p>		

Article No.	Article No.	Before amendment	Amendment reason
	<b><u>relevant laws and regulations.</u></b>		
Article 6 Paragraph 1	The total amount of immovables and equipment for non-operating use and their right-of-use assets shall not exceed the equity of the Company's shareholders.	The total amount of immovables for non-operating use shall not exceed the equity of the Company's shareholders.	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.
Article 6 Paragraph 5	The total amount of investment in China Mainland shall not exceed the limit specified by relevant competent authorities for investment in China Mainland. The limit for the subsidiaries of the Company to purchase immovables for non-operating use and their right-of-use assets or negotiable securities or invest in specific negotiable securities is the same with that for the parent company.	The total amount of investment in China Mainland shall not exceed the limit specified by relevant competent authorities for investment in China Mainland. The limit for the subsidiaries of the Company to purchase immovables for non-operating use or negotiable securities or invest in specific negotiable securities is the same with that for the parent company.	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.
Article 9	For the acquisition or disposal of immovables, equipment or their right-of-use assets, except that the Company trades with	For the acquisition or disposal of immovables or the equipment transaction amount shall reach the	To coordinate with the revision of clauses of the Handling

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	<p>domestic government agencies, establishes on the Company's own land or has them established by others on the leased land, or acquires or disposes of equipment or their right-of-use assets for operating use, when the transaction amount reaches 20% of the Company's paid-in capital or is more than NT\$300 million, appraisal report issued by a professional appraiser before the date of occurrence shall be acquired and the following conditions shall be satisfied:</p> <p>1. If pegged price, specific price or special price shall be taken as the reference of transaction price due to special reasons, such transaction shall be submitted to the Board Meeting for resolution; if the conditions have any change later, it shall also be submitted to the Board Meeting for resolution.</p> <p>2. When the transaction amount is over NT\$1 billion, more than 2 professional appraisers shall be</p>	<p>declaration standard. Except that the Company trades with domestic government agencies, establishes on the Company's own land or has them established by others on the leased land, or acquires or disposes of machinery equipment, when the transaction amount reaches 20% of the Company's paid-in capital or is more than NT\$300 million, appraisal report issued by a professional appraiser before the date of occurrence shall be acquired and the following conditions shall be satisfied:</p> <p>1. If pegged price, specific price or special price shall be taken as the reference of transaction price due to special reasons, such transaction shall be submitted to the Board Meeting for resolution; if the conditions have any change later, it shall also be handled according to the aforesaid procedures.</p>	<p>Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.</p>

Article No.	Article No.	Before amendment	Amendment reason
	<p>invited for the appraisal.</p> <p>3. If the appraisal result provided by the professional appraiser has any of the following circumstances, except that the appraisal results of the acquired assets are all higher than the transaction amount, or the appraisal results of the disposed assets are all lower than the transaction amount, accountant shall be invited to handle that according to the Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as the "Accounting Research and Development Foundation"), and give concrete opinions on the reason of the difference and the fairness of the transaction price:</p> <p>(1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the appraisal results provided by</p>	<p>2. When the transaction amount is over NT\$1 billion, more than 2 professional appraisers shall be invited for the appraisal.</p> <p>3. If the appraisal result provided by the professional appraiser has any of the following circumstances, except that the appraisal results of the acquired assets are all higher than the transaction amount, or the appraisal results of the disposed assets are all lower than the transaction amount, accountant shall be invited to handle that according to the Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as the "Accounting Research and Development Foundation"), and give concrete opinions on the reason of the difference and the fairness of the</p>	

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	<p>more than 2 professional appraisals and the transaction amount is more than 10% of the transaction amount.</p> <p>4. The difference between the date of the reports issued by professional appraisers and the signing date of the contract shall not be more than 3 months. However, if the announced current value of the same period is applicable and it does not exceed 6 months, opinions shall be issued by the previous professional appraiser.</p>	<p>transaction price:</p> <p>(1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the appraisal results provided by more than 2 professional appraisals and the transaction amount is more than 10% of the transaction amount.</p> <p>4. The difference between the date of the reports issued by professional appraisers and the signing date of the contract shall not be more than 3 months. However, if the announced current value of the same period is applicable and it does not exceed 6 months, opinions shall be issued by the previous professional appraiser.</p>	
Article10 Item 2	When the Company acquires or disposes of immovables or their right-of-use assets from a related party, or acquires or disposes of	When the Company acquires or disposes of immovables from a related party, or acquires or disposes of any	To coordinate with the revision of clauses of the Handling

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	<p>any other assets other than the immovables or their right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 20% of the total assets or NT\$300 million or more, except that it trades Taiwan's public debt, bonds subject to buyback or resale conditions, and purchases or buys back money market funds issued by Taiwan Securities Investment Trust Enterprise, the following documents shall be approved by more than half of the members of the Audit Committee, and submitted to the Board Meeting for resolution. Then, the transaction contract can be signed and payment can be made. If without the consent of more than half of the members of the Audit Committee, consent shall be gained from more than 2/3 of all the directors and the resolution of the Audit Committee shall be recorded on the minutes of the Board</p>	<p>other assets other than the immovables with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, except that it trades Taiwan's public debt, bonds subject to buyback or resale conditions, and purchases or buys back money market funds issued by Taiwan Securities Investment Trust Enterprise, the following documents shall be approved by more than half of the members of the Audit Committee, and submitted to the Board Meeting for resolution. Then, the transaction contract can be signed and payment can be made. If without the consent of more than half of the members of the Audit Committee, consent shall be gained from more than 2/3 of all the directors and the resolution of the Audit Committee shall be recorded</p>	<p>Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.</p>

Article No.	Article No.	Before amendment	Amendment reason
	<p>Meeting:</p> <p>(1) The purpose, necessity and estimated benefit of the acquired or disposed assets.</p> <p>(2) The reason why the related party is chosen as the transaction counterparty.</p> <p>(3) Relevant documents related to the assessment of the reasonableness of the estimated transaction conditions according to Article 10-3 and 10-6 when acquiring immovables or their right-of-use assets from the related party.</p> <p>(4) The previous acquisition date and price of the related party, the transaction counterparty and the relationship between the Company and the related party, and other matters.</p> <p>(5) Estimated table of cash deposit and withdrawal for each month of the next year started from the estimated month of contract signing, and the assessment of the transaction's necessity and the</p>	<p>on the minutes of the Board Meeting:</p> <p>(1) The purpose, necessity and estimated benefit of the acquired or disposed assets.</p> <p>(2) The reason why the related party is chosen as the transaction counterparty.</p> <p>(3) Relevant documents related to the assessment of the reasonableness of the estimated transaction conditions according to Article 10-3 and 10-6 when acquiring immovables from the related party.</p> <p>(4) The previous acquisition date and price of the related party, the transaction counterparty and the relationship between the Company and the related party, and other matters.</p> <p>(5) Estimated table of cash deposit and withdrawal for each month of the next year started from the estimated month of contract signing, and</p>	



Article No.	Article No.	Before amendment	Amendment reason
	<p>reasonableness of the fund employment.</p> <p>(6) The appraisal reports issued by professional appraisers which are acquired according to the article above, or the opinions of accountants.</p> <p>(7) The restricted conditions of this transaction and other important agreements.</p> <p>The calculation of the aforesaid transaction amount shall be according to Article 14-2 and the one-year period referred to in the preceding paragraph shall be based on the date of occurrence of this transaction facts and shall be reckoned retroactively for one year, and the part agreed by the more than half of the members of Audit Committee and approved by the Board Meeting according to these Procedures does not need to be calculated.</p> <p>If the Company and its subsidiaries, or subsidiaries with 100% issued shares or total</p>	<p>the assessment of the transaction's necessity and the reasonableness of the fund employment.</p> <p>(6) The appraisal reports issued by professional appraisers which are acquired according to the article above, or the opinions of accountants.</p> <p>(7) The restricted conditions of this transaction and other important agreements.</p> <p>The calculation of the aforesaid transaction amount shall be according to Article 14-2 and the one-year period referred to in the preceding paragraph shall be based on the date of occurrence of this transaction facts and shall be reckoned retroactively for one year, and the part agreed by the Audit Committee and approved by the Board Meeting according to these Procedures does not need to be calculated.</p>	

Article No.	Article No.	Before amendment	Amendment reason
	<p>capital directly or indirectly held by the Company have the following transactions, the Board of Directors shall authorize the chairman to make resolution first within the amount of NT\$500 million, which shall be submitted to and recognized by the latest Board Meeting.</p> <p><b><u>(1) Acquiring or disposing of the equipment or its right-of-use assets for operating use.</u></b></p> <p><b><u>(2) Acquiring or disposing of immovables' right-of-use assets for operating use.</u></b></p> <p>If independent directors are arranged, when the transaction is submitted to the Board Meeting for discussion according to Item 1, the opinions of independent directors shall be fully considered. If independent directors have any objection or retained opinion, such opinion shall be recorded on the minutes of the Board Meeting.</p>	<p>If the Company and its parent company or subsidiaries acquire or dispose of the equipment or its right-of-use assets for operating use, the Board of Directors shall authorize the chairman to make resolution first within the amount of NT\$500 million, which shall be submitted to and recognized by the latest Board Meeting.</p> <p>If independent directors are arranged according to the Act, when the transaction is submitted to the Board Meeting for discussion according to Item 1, the opinions of independent directors shall be fully considered. If independent directors have any objection or retained opinion, such opinion shall be recorded on the minutes of the Board Meeting.</p>	
Article 10 Item 3	When acquiring immovables or their right-of-use assets from	When acquiring immovables from related parties, the	To coordinate with the revision of

Article No.	Article No.	Before amendment	Amendment reason
	<p>related parties, the following methods shall be followed to assess the reasonableness of the transaction cost (when jointly purchasing or leasing the land and house of same subject matter, one of the following method shall be respectively adopted to assess the transaction cost for the land and house):</p> <p>(1) It shall be calculated according to the price of the related party transaction plus necessary, fund interest and the cost to be borne by the buyer according to law. The necessary fund interest cost shall be calculated according to the weighted average interest rate for the loan borrowed by the Company in the year the assets are acquired by the Company, but it shall not be higher than the highest lending rate for non-financial industry issued by the Ministry of Finance.</p> <p>(2) If the related party has mortgaged the subject matter to</p>	<p>following methods shall be followed to assess the reasonableness of the transaction cost (when jointly purchasing the land and house of same subject matter, one of the following method shall be respectively adopted to assess the transaction cost for the land and house):</p> <p>(1) It shall be calculated according to the price of the related party transaction plus necessary, fund interest and the cost to be borne by the buyer according to law. The necessary fund interest cost shall be calculated according to the weighted average interest rate for the loan borrowed by the Company in the year the assets are acquired by the Company, but it shall not be higher than the highest lending rate for non-financial industry issued by the Ministry of Finance.</p> <p>(2) If the related party has mortgaged the subject matter</p>	<p>clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.</p>

Article No.	Article No.	Before amendment	Amendment reason
	<p>get loans from any financial institution, the appraised total value of the subject matter for loans provided by the financial institution shall be adopted. However, the accumulated amount of loans released by the financial institution through such subject matter shall reach 70% of the appraised total value of the subject matter for loans and the period of lending have been more than 1 year. It's not applicable to the circumstance that the financial institution is a related party of any party of the transaction.</p>	<p>to get loans from any financial institution, the appraised total value of the subject matter for loans provided by the financial institution shall be adopted. However, the accumulated amount of loans released by the financial institution through such subject matter shall reach 70% of the appraised total value of the subject matter for loans and the period of lending have been more than 1 year. It's not applicable to the circumstance that the financial institution is a related party of any party of the transaction.</p>	
Article 10 Item 4	<p>When acquiring immovables or their right-of-use assets from a related party, besides that the cost of such immovables or their right-of-use assets shall be appraised according to the aforesaid provisions, accountant shall also be invited to review that and issue concrete opinions.</p>	<p>When acquiring immovables from a related party, besides that the cost of such immovables shall be appraised according to the aforesaid provisions, accountant shall also be invited to review that and issue concrete opinions.</p>	<p>To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.</p>
Article 10	<p>When acquiring immovables or</p>	<p>When acquiring immovables</p>	<p>To coordinate with</p>

Article No.	Article No.	Before amendment	Amendment reason
Item 5	<p>their right-of-use assets from a related party, and there is any of the following circumstances, Item 1 and 2 are not applicable, but procedures shall still be handled according to Item 2:</p> <p>(1) The related party acquires the immovables or their right-of-use assets by inheritance or gift.</p> <p>(2) The time when the related party signed the contract to acquire the immovables or their right-of-use assets is more than 5 years ago when this contract is signed.</p> <p>(3) The immovables are acquired by signing joint construction contract with a related party, or entrusting a related party to construct the immovables on the Company's own land or leased land.</p> <p><b><u>(4) The Company and its subsidiaries, or subsidiaries with 100% issued shares or total capital directly or indirectly held by the Company acquire the right-of-use assets of</u></b></p>	<p>from a related party, and there is any of the following circumstances, Item 1 and 2 are not applicable, but procedures shall still be handled according to Item 2:</p> <p>(1) The related party acquires the immovables by inheritance or gift.</p> <p>(2) The time when the related party signed the contract to acquire the immovables is more than 5 years ago when this contract is signed.</p> <p>(3) The immovables are acquired by signing joint construction contract with a related party, or entrusting a related party to construct the immovables on the Company's own land or leased land.</p>	<p>the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.</p>

Article No.	Article No.	Before amendment	Amendment reason
	<b><u>immovables for operating use.</u></b>		
Article 10 Item 6	<p>When acquiring immovables or their right-of-use assets from a related party, if the appraisals results conducted according to Item 3 of this Article are all lower than the transaction price, it shall be handled according to Item 7. However, the following circumstances with objective evidences and the provision of concrete and reasonable opinions issued by professional real estate appraisers and accountants are not limited:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions::</p> <p>1. Where the 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</p>	<p>When acquiring immovables from a related party, if the appraisals results conducted according to Item 3 of this Article are all lower than the transaction price, it shall be handled according to Item 7. However, the following circumstances with objective evidences and the provision of concrete and reasonable opinions issued by professional real estate appraisers and accountants are not limited:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions::</p> <p>1. Where the undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction</p>	<p>To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.</p>

Article No.	Article No.	Before amendment	Amendment reason
	<p>are valued in excess of the actual transaction price. The said reasonable construction profit shall be the average operating gross profit ratio of the construction department of the related party within the last 3 years or the most recent gross profit ratio of the construction industry published by the Ministry of Finance, whichever lower.</p> <p>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.</p> <p>(2) Where the Company acquiring immovables from a related party or acquiring the right-of-use assets of immovables through leasing</p>	<p>cost plus reasonable construction profit are valued in excess of the actual transaction price. The said reasonable construction profit shall be the average operating gross profit ratio of the construction department of the related party within the last 3 years or the most recent gross profit ratio of the construction industry published by the Ministry of Finance, whichever lower.</p> <p>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.</p> <p><u>3. Completed transactions by unrelated parties within the</u></p>	

Article No.	Article No.	Before amendment	Amendment reason
	<p>provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(3) (1), (2) Completed transactions for neighboring or closely valued parcels of land in the paragraph (1) and (2) 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; the term similar area means that in the case of transaction of non-related party, the area is not less than 50% of the property in question; within one year as mentioned above refers to the year preceding the base date of occurrence of the current transaction.</p>	<p><u>preceding year involving other floors of the same property, where transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with property leasing practices.</u></p> <p>(2) Where the Company acquiring immovables from a related party that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(3) (1), (2) Completed transactions for neighboring or closely valued parcels of land in the paragraph (1) and (2) 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</p>	



Article No.	Article No.	Before amendment	Amendment reason
		value; the term similar area means that in the case of transaction of non-related party, the area is not less than 50% of the property in question; within one year as mentioned above refers to the year preceding the base date of occurrence of the current transaction.	
Article 10 Item 7	Where the Company acquires immovables from a related party and the results of appraisals conducted in accordance with the provisions of Item 3-6 of this Article are uniformly lower than the transaction price, the following shall be done:  (1) The difference between the transaction price and the appraised costs of the immovables and their right-of-use assets shall be allocated as special reserve in accordance with the provisions of Article 41, paragraph 1 of the Act and distribution of dividend or capital increase converted from earnings shall not be	Where the Company acquires immovables from a related party and the results of appraisals conducted in accordance with the provisions of Item 3-6 of this Article are uniformly lower than the transaction price, the following shall be done:  (1) The difference between the transaction price and the appraised costs of the immovables shall be allocated as special reserve in accordance with the provisions of Article 41, paragraph 1 of the Act and distribution of dividend or capital increase converted	1. To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.  2. To consider the character revision.

Article No.	Article No.	Before amendment	Amendment reason
	<p>allowed. If an investor that has investment in the Company carried on the equity method is also a public stock company, it shall also list as special reserve under Article 41, paragraph 1 of the Act its share of the allocated portion in proportion to its shareholding. A public stock company that has allocated special reserve under the preceding paragraph may not utilize such special reserve until it has recognized loss due to price decline for the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and the Financial Supervisory Commission has agreed.</p>	<p>from earnings shall not be allowed. If an investor that has investment in the Company carried on the equity method is also a public stock company, it shall also list as special reserve under Article 41, paragraph 1 of the Act its share of the allocated portion in proportion to its shareholding. A public stock company that has allocated special reserve under the preceding paragraph may not utilize such special reserve until it has recognized loss due to price decline for the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and the Financial Supervisory Commission has agreed.</p> <p>(2) Independent director members of the Audit</p>	

Article No.	Article No.	Before amendment	Amendment reason
		<p>Committee shall follow Article 218 of the Company Act.</p> <p>(3) The circumstances of handling under paragraph (1) and paragraph (2) shall be reported to the shareholders' meeting and the detailed content of the transaction shall be disclosed in the annual report and public prospectus.</p> <p>(4) If there is other evidence indicating that the transaction is in any way inconsistent with regular business practices, the provisions of the preceding two paragraphs shall be followed.</p>	
Article 11 Item 2	When the transaction amount for acquiring or disposing of the membership certificate or its right-of-use assets or intangible assets reaches 20% of the Company's paid-in capital or more than NT\$300 million, except that such transaction is made with domestic government agencies, the Company shall	When the transaction amount for acquiring or disposing of the membership certificate or intangible assets reaches 20% of the Company's paid-in capital or more than NT\$300 million, except that such transaction is made with government agencies, the Company shall invite	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.

Article No.	Article No.	Before amendment	Amendment reason
	invite accountants to give opinions on the reasonableness of the transaction price before the date of occurrence and the accountants shall handle that according to provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.	accountants to give opinions on the reasonableness of the transaction price before the date of occurrence and the accountants shall handle that according to provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.	
Article 12 Item 8 Paragraph 3 Subparagraph 5	For the transaction of derivatives, the Company shall authorize relevant personnel to handle that according to the Handling Procedures for the Acquisition and Disposal of Assets. After that, the transaction shall be reported to the Board of Directors in the latest board meeting.	For the transaction of derivatives, the Company shall authorize relevant personnel to handle that according to the Handling Procedures for the Acquisition and Disposal of Assets. After that, the transaction shall be reported to the Board of Directors in the latest board meeting.	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.
Article 14 Item1 Paragraph 1	Acquiring or disposing of real estate or its right-of-use assets from the related party, or any other assets other than the real estate or its right-of-use assets acquired or disposed of with the related party, and the transaction amount amounts to	Acquiring or disposing of real estate from the related party, or any other assets other than the real estate acquired or disposed of with the related party, and the transaction amount amounts to 20% of the Company's paid-in capital,	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or

Article No.	Article No.	Before amendment	Amendment reason
	20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, provided, however, that it purchases or sells internal public debt, bonds subject to buyback or resale conditions, and purchases or buys back money market funds issued by domestic Securities Investment Trust Enterprise, which are not subject to the limits.	10% of the total assets or NT\$300 million or more, provided, however, that it purchases or sells internal public debt, bonds subject to buyback or resale conditions, and purchases or buys back money market funds issued by domestic Securities Investment Trust Enterprise, which are not subject to the limits.	Disposal of Assets.
Article 14 Item 1 Paragraph 3	The trading losses of equity derivatives reach the maximum amount of all or individual contract losses specified in the handling procedures.	The trading losses of equity derivatives reach the maximum amount of all or individual contract losses specified in the handling procedures.	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.
Article 14 Item 1 Paragraph 4	Acquiring or disposing of the equipment or its right-of-use assets for business use, and the transaction object is not a related party, and the transaction amount shall reach one of the following provisions:	Acquiring or disposing of the equipment or its right-of-use assets for business use, and the transaction object is not a related party, and the transaction amount shall reach one of the following	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the

Article No.	Article No.	Before amendment	Amendment reason
	<p>1. The transaction amount is over NT\$1 billion.</p> <p>2. To acquire real estate by means of land commission, land rental commission, co-construction sub-housing, co-construction sharing and co-construction sub-sale, the Company is expected to invest more than NT\$500 million of transaction amounts.</p>	<p>provisions:</p> <p>2. To acquire real estate by means of land commission, land rental commission, co-construction sub-housing, co-construction sharing and co-construction sub-sale, the Company is expected to invest more than NT\$500 million of transaction amounts.</p>	Acquisition or Disposal of Assets.
Article 14 Item 1 Paragraph 5 Subparagraph 1	Buying and selling of internal public debt.	Buying and selling of public debt.	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or Disposal of Assets.
Article 14 Item 2 Paragraph 3	The amount of the real estate of the same development plan or its right-of-use assets accumulated to acquire or disposed of (acquisition and disposal are respectively accumulated) within one year.	The accumulated amount of the same development plan assets acquired or disposed of within one year (acquisition and disposition accumulated respectively).	To coordinate with the revision of clauses of the Handling Procedures of Public Stock Companies for the Acquisition or

Article No.	Article No.	Before amendment	Amendment reason
			Disposal of Assets.

## Appendix 9

### E INK Holdings Inc.

#### Procedures of Acquisition or Disposal of Asset

(Draft of Revision)

##### Article 1: Purpose

To secure investment, implement the disclosure of information, and enhance the Company's management of asset acquisition or disposal, the Handling Procedures are hereby stipulated.

##### Article 2: Principle

The Handling Procedures are made according to Article 36-1 of the Securities Exchange Act (hereinafter referred to as the Act) and relevant provisions of the "Handling Procedures for Public Stock Companies to Acquire or Dispose of Assets" promulgated by the Financial Supervisory Commission of the Executive Yuan.

##### Article 3: Scope of assets

The Handling Procedures are applicable to the following assets:

1. Stocks, government bonds, corporate bonds, financial bonds, negotiable securities representing bonds, depository receipt, call (put) warrants, beneficial securities, asset backed securities and other investment.
2. Immovables (including land, house and building, investment properties, inventory of the construction industry) and equipment.
3. Membership card.
4. Patent right, copyright, franchise and other intangible assets.
5. Right-of-use asset.
6. Creditor's rights of financial institutions (including receivables, loans and bills purchased and discounted, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with acts of law.



## 9. Other major assets.

### Article 4: Definitions

1. Derivatives: refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, or compound contracts with embedded derivatives or structured products, whose value is derived from specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable. 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 through mergers, splits, acquisitions, or assignment of shares in accordance with acts of law:

Refer to assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to acquisitions of shares of another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as "acquisition of shares") under Article 156-3 of the Company Act.

3. Related parties, subsidiaries: shall be identified according to the provisions of the Guidelines for Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.

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.

6. Mainland area investment: refers to investment in Mainland China conducted

according to the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area formulated by the Ministry of Economic Affairs Investment Commission.

7. Place of business of securities firms: place of business of domestic securities firms, refers to the place that securities firms specially provide counters for transactions according to Regulations Governing Trading of Securities on the Over-the-Counter Market; place of business of overseas securities firms, refers to the place of business of financial institutions administrated by overseas securities regulatory authorities and running the securities business.

8. Total assets: refers to the calculated amount of total assets in the individual or separate financial reports of the latest period prepared according to the Criteria Governing the Preparation of Financial Reports by Securities Issuers.

9. Paid-in capital: refers to that, for companies whose shares have no par value or the par value of each share is not NT\$10, 20% of the paid-in capital shall be calculated according to 10% of the equity attributable to the owner of the parent company.

10. All members of the Audit Committee and all directors: refers to the incumbents of such posts.

Article 5: 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 satisfy the following provisions:

1. Never being sentenced to imprisonment for one year or more due to the violation of this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Commercial Accounting Act, or the act of fraud, breach of trust, misappropriation, forgery of documents or professional crime. However, those with sentence implemented, probation expired or pardon for more than 3 years shall be excluded.

2. Not being a related party of any party to the transaction or having a substantially related party.

3. If the Company needs the appraisal reports issued by more than 2 professional

appraisers, different professional appraisers or their officers shall not be a related party of each other or have a substantially related party.

When issuing the appraisal reports or opinions, the aforesaid personnel shall abide by the following:

1. They shall prudently assess their own professional abilities, practical experience and independence before accepting cases.
2. When auditing cases, they shall have good planning and implement proper operating process, so as to form conclusions and issue reports or opinions on the basis; and carefully record the implemented procedures, collected materials and conclusion in the work draft of such cases.
3. As to the source, parameters and information of the materials used, the completeness, accuracy and reasonableness shall be assessed item by item, so that they can be the basis for issuing appraisal reports or opinions.
4. Statement shall include that relevant personnel are professional and independent and they have assessed the reasonableness and accuracy of information used and followed relevant laws and regulations.

#### Article 6: Scope and limit of investment

The limits for the Company's investment of assets are as below:

1. The total amount of immovables and equipment for non-operating use and their right-of-use assets shall not exceed the equity of the Company's shareholders.
2. The total amount of investment in negotiable securities shall not exceed 3 times of the equity of the Company's shareholders.
3. The total amount of investment in specific negotiable securities shall not exceed 1.5 times of the equity of the Company's shareholders.
4. The amount of transaction for the acquisition or disposal of the membership certificate or intangible assets shall not exceed 50% of the equity of the Company's shareholders.
5. The total amount of investment in China Mainland shall not exceed the limit specified by relevant competent authorities for investment in China Mainland.

The limit for the subsidiaries of the Company to purchase immovables for non-operating use and their right-of-use assets or negotiable securities or invest in specific negotiable securities is the same with that for the parent company.

#### Article 7: Assessment Procedures for the Acquisition or Disposal of Assets

##### 1. Acquisition or disposal of negotiable securities

(1) For negotiable securities acquired from or disposed of in centralized securities exchange market or over-the-counter (OTC) market, the handler shall deal with the reason of acquisition or disposal, the subject matter, price reference and other matters according to the Company's table of limits for the investment in equity type negotiable securities or the decision-making authority in measures of administration by levels, and request the responsible unit to make decisions.

(2) For negotiable securities not acquired from or disposed of in centralized securities exchange market or over-the-counter (OTC) market, the handler shall deal with the reason of acquisition or disposal, the subject matter, the trading counterparties, transfer price, conditions for receiving or making payments, price reference and other matters according to the Company's table of limits for the investment in equity type negotiable securities or the decision-making authority in measures of administration by levels, and request the responsible unit to make decisions.

2. For the acquisition or disposal of immovables or other assets, the handler shall deal with the reason of acquisition or disposal, the subject matter, the trading counterparties, transfer price, conditions for receiving or making payments, price reference and other matters according to the Company's table of limits for the investment in equity type negotiable securities or the decision-making authority in measures of administration by levels, and request the responsible unit to make decisions.

#### Article 8: Procedure for determining the transaction conditions and the transaction process

##### 1. The way for determine the price of the acquired or disposed assets and the reference:

###### (1) Acquisition or disposal of negotiable securities

1. For negotiable securities traded in centralized securities exchange market or over-the-counter (OTC) market, the price shall be determined according to the

current market price of the negotiable securities.

2. For negotiable securities not acquired from or disposed of in centralized securities exchange market or over-the-counter (OTC) market, the price shall be determined according to the industry, business performance, the industrial and market condition of peers. The price-to-book ratio approach, price-to-earnings ratio approach or cost approach can be chosen as the assessment method. The average transaction price of peers in the latest month in the centralized securities exchange market can be taken as reference.

(2) The acquisition or disposal of other assets shall be done through price comparison, price negotiation, bidding or other approaches.

2. The acquisition or disposal of assets shall be handled by the responsible unit according to the Company's table of limits for the investment in equity type negotiable securities or the decision-making authority in measures of administration by levels, and submitted to the responsible unit for decisions.

(1) Table of limits for the investment in equity type negotiable securities:

Decision-making unit Amount of transaction	Chairman	Board of Directors
Below NT\$300 million	Review and decision-making	
More than NT\$300 million		Review and decision-making

Note: Trading of government bonds, and trading of bonds subject to buyback or resale conditions, purchasing or buying back of the money market funds issued by domestic securities investment trust enterprise shall be handled according to the decision-making authority in measures of administration by levels. The table of limits is not applicable.

(2) The acquisition or disposal of assets shall be handled according to the decision-making authority in measures of administration by levels, and submitted

to the responsible unit for decisions.

3. The implementation unit and transaction procedures for the Company's acquisition or disposal of assets shall be handled according to the following:

(1) For the acquisition or disposal of assets in Item 1 of Article 3, relevant department shall make the analysis report and it shall be handled according to the Company's table of limit for investment in negotiable securities. Trading of government bonds, and trading of bonds subject to buyback or resale conditions, purchasing or buying back of the money market funds issued by domestic securities investment trust enterprise shall be handled according to the decision-making authority in measures of administration by levels, and is not limited by this provision.

(2) Immovables and equipment: relevant department shall make the analysis report and it shall be handled according to the decision-making authority in measures of administration by levels; if immovables are acquired from or disposed of to related parties, Article 10 hereof shall be followed.

(3) Derivatives: it shall be handled by relevant department according to Article 12 hereof.

(4) Assets acquired or disposed through mergers, splits, acquisitions, or assignment of shares in accordance with acts of law: it shall be handled by relevant department according to Article 13 hereof.

Article 9: For the acquisition or disposal of immovables, equipment or their right-of-use assets, the transaction amount shall reach the declaration standard. Except that the Company trades with domestic government agencies, establishes on the Company's own land or has them established by others on the leased land, or acquires or disposes of machinery equipment or their right-of-use assets for operating use, when the transaction amount reaches 20% of the Company's paid-in capital or is more than NT\$300 million, appraisal report issued by a professional appraiser before the date of occurrence shall be acquired and the following conditions shall be satisfied:

1. If pegged price, specific price or special price shall be taken as the reference of transaction price due to special reasons, such transaction shall be submitted to the

Board Meeting for resolution; if the conditions have any change later, it shall also be submitted to the Board Meeting for resolution.

2. When the transaction amount is over NT\$1 billion, more than 2 professional appraisers shall be invited for the appraisal.
3. If the appraisal result provided by the professional appraiser has any of the following circumstances, except that the appraisal results of the acquired assets are all higher than the transaction amount, or the appraisal results of the disposed assets are all lower than the transaction amount, accountant shall be invited to handle that according to the Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as the "Accounting Research and Development Foundation"), and give concrete opinions on the reason of the difference and the fairness of the transaction price:
  - (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
  - (2) The difference between the appraisal results provided by more than 2 professional appraisals and the transaction amount is more than 10% of the transaction amount.
4. The difference between the date of the reports issued by professional appraisers and the signing date of the contract shall not be more than 3 months. However, if the announced current value of the same period is applicable and it does not exceed 6 months, opinions shall be issued by the previous professional appraiser.

Article 10: Related party transactions:

1. If the Company acquires assets from or disposes of assets to related parties, besides handling relevant resolution procedures and the reasonableness of the appraisal and transaction conditions according to the article above and this article, if the transaction amount reaches more than 10% of the Company's total assets, the appraisal reports or accountant's opinions issued by professional appraisers shall be acquired according to provisions. The calculation of the transaction amount shall be according to Article 11-1 hereof.
2. When the Company acquires or disposes of immovables or their right-of-use assets from a related party, or acquires or disposes of any other assets other than the immovables or

their right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, except that it trades internal public debt, bonds subject to buyback or resale conditions, and purchases or buys back money market funds issued by domestic Securities Investment Trust Enterprise, the following documents shall be approved by more than half of the members of the Audit Committee, and submitted to the Board Meeting for resolution. Then, the transaction contract can be signed and payment can be made. If without the consent of more than half of the members of the Audit Committee, consent shall be gained from more than 2/3 of all the directors and the resolution of the Audit Committee shall be recorded on the minutes of the Board Meeting:

- (1) The purpose, necessity and estimated benefit of the acquired or disposed assets.
- (2) The reason why the related party is chosen as the transaction counterparty.
- (3) Relevant documents related to the assessment of the reasonableness of the estimated transaction conditions according to Article 10-3 and 10-6 when acquiring immovables or their right-of-use assets from the related party.
- (4) The previous acquisition date and price of the related party, the transaction counterparty and the relationship between the Company and the related party, and other matters.
- (5) Estimated table of cash deposit and withdrawal for each month of the next year started from the estimated month of contract signing, and the assessment of the transaction's necessity and the reasonableness of the fund employment.
- (6) The appraisal reports issued by professional appraisers which are acquired according to the article above, or the opinions of accountants.
- (7) The restricted conditions of this transaction and other important agreements.

The calculation of the aforesaid transaction amount shall be according to Article 14-2 and the one-year period referred to in the preceding paragraph shall be based on the date of occurrence of this transaction facts and shall be reckoned retroactively for one year, and the part agreed by the Audit Committee and approved by the Board Meeting according to these Procedures does not need to be calculated.

If the Company and its subsidiaries, or subsidiaries with 100% issued shares or total capital



directly or indirectly held by the Company have the following transactions, the Board of Directors shall authorize the chairman to make resolution first within the amount of NT\$500 million, which shall be submitted to and recognized by the latest Board Meeting.

- (1) Acquiring or disposing of the equipment or its right-of-use assets for operating use.
- (2) Acquiring or disposing of immovables' right-of-use assets for operating use.

If independent directors are arranged according to the Act, when the transaction is submitted to the Board Meeting for discussion according to Item 1, the opinions of independent directors shall be fully considered. If independent directors have any objection or retained opinion, such opinion shall be recorded on the minutes of the Board Meeting.

3. When acquiring immovables or their right-of-use assets from related parties, the following methods shall be followed to assess the reasonableness of the transaction cost (when jointly purchasing or leasing the land and house of same subject matter, one of the following method shall be respectively adopted to assess the transaction cost for the land and house):

(1) It shall be calculated according to the price of the related party transaction plus necessary, fund interest and the cost to be borne by the buyer according to law. The necessary fund interest cost shall be calculated according to the weighted average interest rate for the loan borrowed by the Company in the year the assets are acquired by the Company, but it shall not be higher than the highest lending rate for non-financial industry issued by the Ministry of Finance.

(2) If the related party has mortgaged the subject matter to get loans from any financial institution, the appraised total value of the subject matter for loans provided by the financial institution shall be adopted. However, the accumulated amount of loans released by the financial institution through such subject matter shall reach 70% of the appraised total value of the subject matter for loans and the period of lending have been more than 1 year. It's not applicable to the circumstance that the financial institution is a related party of any party of the transaction.

4. When acquiring immovables or their right-of-use assets from a related party, besides that the cost of such immovables or their right-of-use assets shall be appraised according to the

aforesaid provisions, accountant shall also be invited to review that and issue concrete opinions.

5. When acquiring immovables or their right-of-use assets from a related party, and there is any of the following circumstances, Item 1 and 2 are not applicable, but procedures shall still be handled according to Item 2:

(1) The related party acquires the immovables or their right-of-use assets by inheritance or gift.

(2) The time when the related party signed the contract to acquire the immovables or their right-of-use assets is more than 5 years ago when this contract is signed.

(3) The immovables are acquired by signing joint construction contract with a related party, or entrusting a related party to construct the immovables on the Company's own land or leased land.

(4) The Company and its subsidiaries, or subsidiaries with 100% issued shares or total capital directly or indirectly held by the Company acquire the right-of-use assets of immovables for operating use.

6. When acquiring immovables or their right-of-use assets from a related party, if the appraisals results conducted according to Item 3 of this Article are all lower than the transaction price, it shall be handled according to Item 7. However, the following circumstances with objective evidences and the provision of concrete and reasonable opinions issued by professional real estate appraisers and accountants are not limited:

(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 the 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 said reasonable construction profit shall be the average operating gross profit ratio of the construction department of the related party within the last 3 years or the most recent gross profit ratio of the construction industry published by the Ministry of Finance, whichever 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.

(2) Where the Company acquiring immovables from a related party or acquiring the right-of-use assets of immovables through leasing 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 the paragraph (1) and (2) 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; the term similar area means that in the case of transaction of non-related party, the area is not less than 50% of the property in question; within one year as mentioned above refers to the year preceding the base date of occurrence of the current transaction.

7. Where the Company acquires immovables from a related party and the results of appraisals conducted in accordance with the provisions of Item 3-6 of this Article are uniformly lower than the transaction price, the following shall be done:

(1) The difference between the transaction price and the appraised costs of the immovables and their right-of-use assets shall be allocated as special reserve in accordance with the provisions of Article 41, paragraph 1 of the Act and distribution of dividend or capital increase converted from earnings shall not be allowed. If an investor that has investment in the Company carried on the equity method is also a public stock company, it shall also list as special reserve under Article 41, paragraph 1 of the Act its share of the allocated portion in proportion to its shareholding. A public stock company that has allocated special reserve under the preceding paragraph may not utilize such special reserve until it has recognized loss due to price decline for the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and the Financial Supervisory Commission has agreed.

(2) Independent director members of the Audit Committee shall follow Article 218 of the Company Act.

(3) The circumstances of handling under paragraph (1) and paragraph (2) shall be reported to the shareholders' meeting and the detailed content of the transaction shall be disclosed in the annual report and public prospectus.

(4) If there is other evidence indicating that the transaction is in any way inconsistent with regular business practices, the provisions of the preceding two paragraphs shall be followed.

Article 11: Criteria for considering opinions of accountants when acquiring or disposing of assets

1. When acquiring or disposing of negotiable securities, the Company shall get the most recent financial statements of the target company which have been audited, signed or reviewed by accountants before the date of occurrence as the reference for assessing the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, accountants shall be invited to give opinions on the reasonableness of the transaction price before the date of occurrence. If the accountants need experts' reports, it shall be handled according to provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation. However, negotiable securities with public price in active market or with other provisions specified by the Financial Supervisory Commission shall be excluded.
2. When the transaction amount for acquiring or disposing of the membership certificate or its right-of-use assets or intangible assets reaches 20% of the Company's paid-in capital or more than NT\$300 million, except that such transaction is made with domestic government agencies, the Company shall invite accountants to give opinions on the reasonableness of the transaction price before the date of occurrence and the accountants shall handle that according to provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.
3. If assets are acquired or disposed of through auction procedures of a court, the evidence issued by the court shall replace the appraisal reports or opinions of the accountants.

Article 11-1: The calculation of the transaction amount in the preceding 3 paragraphs shall be according to Article 14-2, and the one-year period referred to in the preceding

paragraph shall be based on the date of occurrence of this transaction facts and shall be reckoned retroactively for one year, and the part with appraisal reports or accountants' opinions issued by professional appraisers which are acquired according to these Procedures does not need to be calculated.

## Article 12: Engagement in transaction of derivatives

### 1. Operating and hedging strategies

Whether it's for trading purpose or not shall be clearly defined for transaction of derivatives and good internal control policies shall be established mainly for avoidance of risks; the transaction counterparty shall be financial institutions with complete system or with business contact with the Company.

### 2. Division of duties

#### (1) Transaction department

1. Collecting market information, getting familiar with the derivatives, laws and regulations, and assessing risks.
2. Carrying out transactions and risk management within the granted line.
3. Providing sufficient and timely information to senior managers of the Company and regularly assessing the profit and loss.
4. Establishing a memorandum book and recording in details the types and amounts of transaction of derivatives, the date of approval by the Board Meeting in the book.

#### (2) Accounting department

1. Confirming transactions.
2. Knowing the nature of the derivatives, the types of contracts and transactions, and properly logging in the systems of the exchange.
3. Assessing the profit and loss at the end of each month.
4. Preparing the regular financial statements and conducting sufficient disclosure.

### 3. Main points of performance assessment

(1) Transactions of derivatives shall be regularly assessed and the assessment reports shall be submitted to the financial supervisor for review.

(2) When being assessed, the performance shall be compared with the previously set assessment criteria on the assessment date and the assessment result will be taken as reference for future decision-making.

#### 4. Total amount of contracts that can be signed and the upper limit for loss

(1) The limits for the total amounts of contracts are as below:

##### 1. Transactions for non-trading purpose:

(1) Transactions to avoid foreign exchange risks: The total transaction amount shall not exceed the total amount of import and export in the year.

(2) Transactions to avoid interest rate risks: The total transaction amount shall not exceed the total amount of liabilities.

(3) Transactions to avoid foreign exchange risks and interest rate risks brought by projects: The total transaction amount shall not exceed the total amount of budget for the project and the upper limit for the budget of such project shall be USD10 million.

2. Transactions for trading purpose: Transaction handlers shall carry out the transactions within the reported and approved amount of the project and the upper limit for the budget of such project shall be USD10 million.

(2) Upper limits for the loss of all or individual contract are as below:

1. The amount of realized and unrealized loss generated by all the signed contracts of the Company for derivatives shall not exceed 30% of the total amount of all the contracts.

2. The amount of realized and unrealized loss generated by individual contract shall not exceed 30% of the amount of such contract.

#### 5. Operating procedures

(1) Confirming the traded part

(2) Analyzing and judging relevant trend

(3) Deciding concrete methods for risk avoidance:

1. Object of transaction

2. Traded part

3. Target price and range

4. Transaction strategy and form

(4) Approval of acquired transaction

(5) Transactions

1. Transaction counterparty: It shall be limited to domestic and overseas financial institutions. Otherwise, it shall be approved by the financial supervisor.

2. Transaction handler: Personnel of the Company implementing the transaction of derivatives shall be approved by the financial supervisor first and then their information can be given to financial institutions with business contract with the Company. Personnel not satisfying the aforesaid requirement shall not be engaged in transactions.

(6) Confirmation of transactions: After the transactions, the handlers shall complete the transaction notes. After the confirmation personnel confirm that the conditions of the transaction are in line with the transaction notes, the notes can be submitted to the responsible supervisor for approval.

(7) Delivery: After the transactions are confirmed, the fund unit shall designate delivery personnel to prepare the payment and relevant documents, and accomplish the delivery at the determined price on the date of delivery.

6. Granted line

(1) The granted lines for transactions of derivatives for non-trading purpose are as below.

Decision maker Contract amount	Financial supervisor	General Manager	Board of Directors
Less than US\$2 million	Review and decision-making		
		Review and decision-making	
More than US\$10 million			Review and

			decision-making
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(2) When the Company is engaged in the transaction of derivatives for non-trading purpose and authorizes relevant personnel to handle that according to these Procedures, such transaction shall be submitted and reported to the latest Board Meeting after that.

(3) When the Company is engaged in the transaction of derivatives for trading purpose, such transaction can only be carried out after it's submitted to the Board Meeting as a project and gains approval.

## 7. Accounting treatment

The accounting treatment for financial commodities shall be according to the International Accounting Standards and the orders of relevant competent authorities.

## 8. Internal control

### (1) Risk management measures

1. Credit risk management: The Transaction counterparty shall mainly be banks with business contact with the Company.

2. Market risk management: Transactions shall be limited in centralized securities exchange market and OTC market.

3. Liquidity risk management: To ensure the liquidity, it shall be confirmed with the fund personnel before the transaction that the transaction amount will not cause insufficient liquidity.

4. Cash flow risk management: To ensure the stable circulation of the Company's operating fund, the source of fund for the Company to conduct transaction of derivatives shall be limited to its own fund and the operating amount shall be subject to the estimated fund demand of the cash deposit and withdrawal in the next 3 months.

5. Operating risk management: The granted line and operating procedures shall be strictly followed to avoid operating risks.

6. Legal risk management: All documents to be signed with any bank shall be checked by the legal personnel before being formally signed, so as to avoid legal risks.



## (2) Internal control

1. The transaction handler shall not concurrently be personnel taking charge of confirmation, delivery or other operation.
2. The transaction handler shall hand over the transaction documents or contract to the login personnel for records.
3. The login personnel shall regularly check the accounts with the transaction counterparty or log in the system.
4. The login personnel shall establish a memorandum book and record in details the types and amounts of transaction of derivatives, the date of approval by the Board Meeting and relevant matters which shall be prudently assessed in the book.
5. Personnel taking charge of the measurement, supervision and control of transaction risks shall belong to departments different from that of personnel taking charge of transaction, confirmation and delivery and such information shall be regularly reported to the Board of Directors.

## (3) Regular assessment

1. The Board of Directors shall designate the accounting supervisor to pay attention to the risk supervision and control of transactions of derivatives at any time according to the "Implementing Rules for Internal Control", and shall regularly assess whether the performance of transactions satisfy the existing operating strategies and whether the risks borne are within the allowed range.
2. The accounting supervisor shall assess, in the middle and at the end of each month, whether the risk management procedures adopted to avoid risks are proper and whether they are really implemented according to these Procedures.
3. Risk-avoidance transactions conducted for business need shall be regularly assessed.
4. When there is abnormal circumstance, senior financial supervisor shall take necessary countermeasures and immediately report to the Board of Directors. Where independent directors are arranged, independent directors shall attend the Board Meeting and give opinions.
5. For the transaction of derivatives, the Company shall authorize relevant personnel to

handle that according to the Handling Procedures for the Acquisition and Disposal of Assets. After that, the transaction shall be reported to the Board of Directors in the latest board meeting.

#### 9. Internal audit policy

(1) Internal audit personnel shall follow the provisions of the "Implementing Rules for Internal Audit" to regularly figure out the properness of internal control over transactions of derivatives, and monthly check the observance of the transaction department of the "Handling Procedures for the Acquisition and Disposal of Assets", and analyze the transaction cycle to form the audit report. If any major violation is found, it shall be reported to the independent directors of the Audit Committee in writing.

(2) According to provisions of "Criteria for Public Stock Companies to Establish Internal Control Policies", the aforesaid audit report and the improvement of abnormal matters shall be timely reported to the Security Exchange Commission for check.

#### Article 13: Merger, division, acquisition or transfer of shares

1. For the handling of merger, division, acquisition or transfer of shares, the Company shall, before the meeting of the Audit Committee is convened, the Company shall invite accountants, attorneys or securities underwriters to give opinions on the reasonableness of the proportion of share transfer, price of acquisition or the cash or other properties distributed to shareholders. After gaining consent from more than 1/2 of members of the Audit Committee, it shall be submitted to the Board Meeting for discussion and approval. However, it's not necessary to get the opinions issued by experts on the reasonableness for the merger of or between subsidiaries with 100% issued shares or total capital directly or indirectly held by the Company.

2. The Company shall prepare unclassified document for important agreements and related matters of merger, division, acquisition before the convening of the shareholders' meeting, which shall be given to the shareholders together with the experts' opinions mentioned in the paragraph above and the notice of shareholders' meeting, as the reference for whether to agree with such merger, division or acquisition. However, merger, division or acquisition not needing the convening of shareholders' meeting according to other laws is not limited. If the shareholders' meeting cannot be convened due to the insufficient number of present shareholders,

insufficient voting rights or other restrictions of laws, or the resolution or proposal is declined by the shareholders' meeting, the reason, later operating procedures and the estimated date of another shareholders' meeting shall be explained to the outside immediately.

3. Unless otherwise specified by other laws, or if the prior consent of the Financial Supervisory Commission shall be gained for special factors, companies participating in the merger, division or acquisition shall convene the board meeting or shareholders' meeting on the same day to make resolution for matters related to the merger, division or acquisition. Companies participating in the merger, division, acquisition which are listed or with shares traded in place of business of securities firms shall make the following documents into complete written record and keep it for 5 years for check:

(1) Basic information of personnel: the title, name and ID card number (passport number for foreigners) of all personnel participating in the plan of merger, division, acquisition or transfer of shares before the information is disclosed or personnel implementing the plan.

(2) Date of important matters: including the date for the signing of the letter of intention or memorandum, the date that accounting or legal consultant is entrusted to sign the contract, and the date of the board meeting, etc.

(3) Important documents and minutes: including the transfer plan, letter of intention or memorandum for the merger, division, acquisition or transfer of shares, important contracts, the minutes of the board meetings and other documents.

Companies participating in the merger, division, acquisition which are listed or with shares traded in place of business of securities firms shall, within 2 days from the resolution is passed by the board meeting, submit the documents mentioned in subparagraph (1) and (2) of the first paragraph in the required format to the Internet information system for the check by the Financial Supervisory Commission.

If companies participating in the merger, division, acquisition including those which are not listed or with shares traded in place of business of securities firms, companies which are listed or with shares traded in place of business of securities firms sign agreement with them and handle such affairs according to paragraph 3 and 4 of this Article.

4. All those participating in or knowing the Company's plan for the merger, division, acquisition or transfer of shares shall issue written non-disclosure agreement. Before the information is disclosed to the public, they shall not reveal the content of the plan to the outside, or trade, in the name of themselves or other people, the stocks and other negotiable securities with equity nature of all companies related to the merger, division, acquisition or transfer of shares.
5. Except under the following circumstances, the proportion of share transfer or the acquisition price shall not be changed arbitrarily and the changes shall be specified in the agreement for the merger, division, acquisition or transfer of shares:
  - (1) Handling capital increase in cash, issuing convertible bonds, stock grants, corporate bond with warrants, preferred shares with warrants, certificate of warrants and other negotiable securities with equity nature.
  - (2) Disposing of major assets of the Company or having other behavior affecting the financial business of the Company.
  - (3) The occurrence of any major disaster, important technical reform or other circumstance affecting the Company's shareholders' rights and interests or security price.
  - (4) The adjustment that any party participating in the merger, division, acquisition or transfer of shares buys back the treasury shares according to law.
  - (5) The increase or decrease of number of companies participating in the merger, division, acquisition or transfer of shares.
  - (6) Other conditions for changes already agreed in the agreement and disclosed to the outside.
6. The agreement for the merger, division, acquisition or transfer of shares shall record relevant rights and obligations and recording the following matters:
  - (1) The treatment of breach of contract.
  - (2) The principle for the disposal of negotiable securities with equity nature issued by or treasury shares bought back by companies eliminated due to the merger or companies divided.

(3) The principle for the disposal of and the number of treasury shares bought back by participating companies after the base date for calculating the proportion of share transfer.

(4) The method for treating the increase or decrease of number of participating companies.

(5) Predicted progress and schedule of plan implementation.

(6) Planned date of shareholders' meeting and relevant handling procedures according to law when the plan is not accomplished within the time limit.

7. After the Company participates in the merger, division, acquisition or transfer of shares and the information is disclosed to the outside, if it's planned to conduct the merger, division, acquisition or transfer of shares with some other company, the procedures or legal behaviors already accomplished in the previous merger, division, acquisition or transfer of shares shall be conducted again, except that the number of participating companies decreases, and the shareholders' meeting has made a resolution and authorized the Board of Directors the authority for changes, for which it's not necessary to convene a shareholders' meeting for a resolution.

8. If any party participating in the merger, division, acquisition or transfer of shares is not a public stock company, the Company shall sign an agreement with it and handle that according to Item 3, 4 and 7 of this Article.

#### Article 14: Procedures for information disclosure

1. The Company shall make announcement and declaration to information declaration network designated by Financial Supervisory Commission within two days from the date of occurrence based on nature and prescribed format, if the loan and balance meet one of the following standards in case of the acquisition or disposal of assets, under any of the following circumstances:

(1) Acquiring or disposing of real estate or its right-of-use assets from the related party, or any other assets other than the real estate or its right-of-use assets acquired or disposed of with the related party, and the transaction amount amounts to 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, provided, however, that it purchases or sells internal public debt, bonds subject to buyback or

resale conditions, and purchases or buys back money market funds issued by domestic Securities Investment Trust Enterprise, which are not subject to the limits.

(2) Merger, division, acquisition or transfer of shares.

(3) The trading losses of equity derivatives reach the maximum amount of all or individual contract losses specified in the handling procedures.

(4) Acquiring or disposing of the equipment or its right-of-use assets for business use, and the transaction object is not a related party, and the transaction amount shall reach one of the following provisions:

1. The transaction amount is over NT\$1 billion.

2. To acquire real estate by means of land commission, land rental commission, co-construction sub-housing, co-construction sharing and co-construction sub-sale, the Company is expected to invest more than NT\$500 million of transaction amounts.

(5) For transaction in assets other than (1) - (4) or investment in Mainland China, its transaction amount amounts 20% of the paid-in capital of the Company or more than NT\$300 million. However, the following cases are not subject to the limits:

1. Buying and selling of internal public debt.

2. Buying and selling of the bonds subject to buyback or resale conditions, and purchasing or buying back of the money market funds issued by domestic Securities Investment Trust Enterprise.

2. The transaction amount referred to in the preceding paragraph shall be calculated as follows:

(1) Amount of each transaction.

(2) The accumulated amount of the transaction of the subject matter of the same nature acquired or disposed of with the same counterpart within one year.

(3) The amount of the real estate of the same development plan or its right-of-use assets accumulated to acquire or disposed of (acquisition and disposal are respectively accumulated) within one year.

(4) The accumulated amount of the same negotiable securities acquired or disposed of

within one year (acquisition and disposition accumulated respectively).

3. The one-year period referred to in the preceding paragraph shall be based on the date of occurrence of this transaction facts and shall be reckoned retroactively for one year, and the announcement part shall be exempted in accordance with the provisions of these handling procedures.
4. The Company and its subsidiaries of non-domestic public stock companies shall, in accordance with the prescribed form, input the status of the transactions of equity derivatives as of the end of last month of the Company and its subsidiaries monthly to the information declaration website designated by the Financial Supervisory Commission of the Executive Yuan before the 10th day of each month.
5. In the event that there is any error or omission in the announcement of the items that should be announced in accordance with the provisions should be corrected, all items shall be re-announced and declared within two days from the date of knowledge.
6. For the acquisition or disposal of assets, the Company shall keep relevant contracts, journals, memorandum books, appraisal reports, opinions of accountants, lawyers or consortium of underwriters in this Company for at least five years, unless otherwise stipulated by other laws.
7. Transactions announced and declared by this Company in accordance with the regulations, under any of the following circumstances, the Company shall submit the relevant information to the information declaration website designated by the Financial Supervisory Commission for announcement and declaration within two days from the date of occurrence:
  - (1) There is a change, termination or rescission of the relevant contract signed by the original transaction.
  - (2) The merger, division, acquisition or transfer of shares has not been completed as scheduled in the contract.
  - (3) There are changes in the declaration contents of the original announcement.

#### Article 15: Management of Subsidiary

1. In the event that a subsidiary of this Company is a public stock company, it shall, in

accordance with the provisions, stipulate the "Procedures of Acquisition or Disposal of Asset", when they are approved by the Board of Directors, it shall submit to the shareholders' meeting of both parties for report, and the same shall apply to the amendment.

2. This Company directly holds more than 50% of the voting shares or voting right proportions or indirectly holds of those through its subsidiaries, moreover, it is a non-public stock company. In case its acquisition or disposal of assets meets the announcement and declaration standards, this Company shall also make the announcement, declaration and copy for it. In the standards of the announcement and declaration of subsidiaries, what it calls "Up to 20% of the paid-in capital or 10% of the total assets of the Company" shall be subject to the paid-in capital or the total assets of this Company.

Article16: In case any relevant personnel violates this handling procedure and relevant laws and decrees, the Company shall, in accordance with the seriousness of the case, give warning, demerit recording, demotion, suspension, salary reduction or other disposition, and take it as an internal review item.

Article17: Any matters not covered herein shall be implemented in accordance with the relevant laws and decrees as well as relevant regulations of this Company.

Article18: This handling procedure shall be submitted to the Board of Directors for approval after more than one half of whole members of the Audit Committee agree with it, and shall be submitted to the shareholders' meeting for approval, the same applies to amendment. Where any director demurs and there is a record or written statement, the Company shall also send the objection materials of the directors to the independent board members of the Audit Committee.

In addition, in the event that the Company has set up independent directors in accordance with the provisions of this law, when these handling procedures are submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be set forth in the journals of the Board of Directors. Without the consent of more than one half of whole members of the Audit Committee, the first provision can only be done with the



consent of more than two thirds of all the directors, and the resolutions of the board of auditors shall be set forth in the journals of the Board of Directors

## Appendix 10

### E INK HOLDINGS INC.

#### Comparison Table of the Draft Amendment of "Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee"

Article No.	Article No.	Before amendment	Amendment reason
Article 3	<p>The funds of this Company shall not be loaned to shareholder or any others, unless:</p> <p>1. They are companies or businesses that have business relationship with the Company. What is more, there are no dishonored bills, bank refused to exchange and other bad records.</p> <p>2. They are companies or businesses necessary for short-term financing.</p> <p>The amount of individual financing shall not exceed the amount of business contact between the both parties, and the total amount of monetary loan shall not exceed 40% of the net value of this Company. What it calls short-term refers to the period of one year or one operating cycle, whichever is the longer. What it calls financing amount refers to the cumulative balances of this Company's short-term financing funds.</p>	<p>The funds of this Company shall not be loaned to shareholder or any others, unless:</p> <p>1. They are companies or businesses that have business relationship with the Company. What is more, there are no dishonored bills, bank refused to exchange and other bad records.</p> <p>2. They are companies or businesses necessary for short-term financing.</p> <p>The amount of individual financing shall not exceed the amount of business contact between the both parties, and the total amount of monetary loan shall not exceed 40% of the net value of this Company.</p> <p>What it calls short-term refers to the period of one year or one operating cycle, whichever is the longer. What it calls financing amount refers to the cumulative balances of this</p>	<p>To coordinate with the revision of Article 4 of these Procedures</p>

Article No.	Article No.	Before amendment	Amendment reason
	<p>What it calls the necessity of short-term financing refers to the following circumstances:</p> <p>(1) A subsidiary in which the Company holds more than 50% of the shares directly or indirectly with the demand for short-term financing because of business needs.</p> <p>(2) Other companies or businesses with the demand for short-term financing because of material purchase or operating turnover.</p> <p>(3) Other monetary loans approved by the Board of Directors of this Company.</p>	<p>Company's short-term financing funds. What it calls the necessity of short-term financing refers to the following circumstances:</p> <p>(1) A subsidiary in which the Company holds more than 50% of the shares directly or indirectly with the demand for short-term financing because of business needs.</p> <p>(2) Other companies or businesses with the demand for short-term financing because of material purchase or operating turnover.</p> <p>(3) Other monetary loans approved by the Board of Directors of this Company.</p> <p><u>Monetary loans between this Company and foreign subsidiaries in which it directly and indirectly holds 100% of the voting shares are not subject to the restrictions of the second item of this Article, provided that the total amount of monetary loans shall not exceed 40% of the net value of this Company, and individual loans and amounts shall not exceed 40% of the net value of this Company; what is more, the loan</u></p>	

Article No.	Article No.	Before amendment	Amendment reason
		<u>period shall not exceed three years or three operating cycles (whichever is the longer).</u>	
Article 4	<p>The total amount of monetary loans made by this Company to others shall not exceed 40% of the net value of this Company's most recent financial statements audited and certified by an accountant.</p> <p>In the event that the Company and other companies or businesses have monetary loan because of business contact relationship, the individual monetary loan and amount shall be limited to the amount of business contact between the both parties within one year or one operating cycle (whichever is the longer). What it calls business contact amount refers to the higher amount of purchase or sales between the both parties.</p> <p><u>Monetary loans between this Company and foreign subsidiaries in which it directly and indirectly holds 100% of the voting shares are not subject to the restrictions of Article 3 and the first item of this Article, provided that the total amount of monetary loans shall not exceed 100% of the net value of this</u></p>	<p>The total amount of monetary loans made by this Company to others shall not exceed 40% of the net value of this Company's most recent financial statements audited and certified by an accountant.</p> <p>In the event that the Company and other companies or businesses have monetary loan because of business contact relationship, the individual monetary loan and amount shall be limited to the amount of business contact between the both parties. What it calls business contact amount refers to the higher amount of purchase or sales between the both parties.</p>	<p>To comply with the revision of Paragraph 2 of Article 9 of Standards for the Handling of Monetary Loan, Endorsement, or Provision of Guarantee of Public Stock Companies and loosen the monetary loan and restriction for overseas subsidiaries with 100% shares directly or</p>

Article No.	Article No.	Before amendment	Amendment reason
	<u>Company, and individual loans and amounts shall not exceed 100% of the net value of this Company; what is more, the loan period shall not exceed three years or three operating cycles (whichever is the longer).</u>		indirectly held by the Company.
Article 5	<p>Monetary loaning to others, in addition to conforming to the specified requirements of Article 3, shall be subject to a detailed examination procedure by the finance and accounting departments regarding the objects of financing, and an assessment report shall be stipulated, which shall include the following:</p> <ol style="list-style-type: none"> <li>1. Assessment of the necessity and reasonability of monetary loaning to others.</li> <li>2. Credit checking and risk assessment of the borrower: its financial situation, debt repayment, credit capacity, profit situation, purpose of loan, maximum loanable amount, period as well as method for calculating interest, etc.</li> <li>3. The method for calculating interest shall not be lower than the short-term interest rate on borrowings of</li> </ol>	<p>Monetary loaning to others, in addition to conforming to the specified requirements of Article 3, shall be subject to a detailed examination procedure by the finance and accounting departments regarding the objects of financing, and an assessment report shall be stipulated, which shall include the following:</p> <ol style="list-style-type: none"> <li>1. Assessment of the necessity and reasonability of monetary loaning to others.</li> <li>2. Credit checking and risk assessment of the borrower: its financial situation, debt repayment, credit capacity, profit situation, purpose of loan, maximum loanable amount, period as well as method for calculating interest, etc.</li> <li>3. The method for calculating interest shall not be lower than the</li> </ol>	To coordinate with the revision of Article 4 of these Procedures.

Article No.	Article No.	Before amendment	Amendment reason
	<p>this Company, and shall be calculated in installments or settled once upon maturity.</p> <p>4. Impact on the Company's operational risk, financial situation and shareholders' equity.</p> <p>5. A report on acquiring the assessed value of collateral security.</p> <p>The aforesaid items shall be conducted after they are submitted to the Board of Directors for approval, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be set forth in the journals of the Board of Directors.</p> <p>Monetary loan between this Company and its subsidiaries, or between subsidiaries of this Company, shall be submitted to the Board of Directors for resolution in accordance with the provisions of the preceding paragraph, and the Chairman shall be authorized to allocate in batches or recycle to employ to a certain quota for the same borrower as determined by the Board of Directors and within a period not exceeding one year.</p>	<p>short-term interest rate on borrowings of this Company, and shall be calculated in installments or settled once upon maturity.</p> <p>4. Impact on the Company's operational risk, financial situation and shareholders' equity.</p> <p>5. A report on acquiring the assessed value of collateral security.</p> <p>The aforesaid items shall be conducted after they are submitted to the Board of Directors for approval, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be set forth in the journals of the Board of Directors.</p> <p>Monetary loan between this Company and its subsidiaries, or between subsidiaries of this Company, shall be submitted to the Board of Directors for resolution in accordance with the provisions of the preceding paragraph, and the Chairman shall be authorized to allocate in batches or recycle to</p>	

Article No.	Article No.	Before amendment	Amendment reason
	<p>For a certain quota referred to in the preceding paragraph, except monetary loans between the Company and its foreign subsidiaries referred to in Article 4-3 in which it directly or indirectly holds 100% voting shares which are exempt from any authorization limit, the authorization limit of monetary loans made by this Company or its subsidiaries to a single enterprise shall not exceed 10% of the net value of the Company's latest financial statements.</p>	<p>employ to a certain quota for the same borrower as determined by the Board of Directors and within a period not exceeding one year.</p> <p>For a certain quota referred to in the preceding paragraph, except monetary loans between the Company and its foreign subsidiaries referred to in Article 3-2 in which it directly or indirectly holds 100% voting shares which are exempt from any authorization limit, the authorization limit of monetary loans made by this Company or its subsidiaries to a single enterprise shall not exceed 10% of the net value of the Company's latest financial statements.</p>	
Article 7	<p>Notes after the issuance of the loan</p> <p>1. The finance and accounting departments shall regularly investigate and evaluate the financial situation, business status and related credit conditions of the debtor and the guarantor. If there is any collateral, the finance and accounting departments shall pay attention to the change of the</p>	<p>Notes after the issuance of the loan</p> <p>1. The finance and accounting departments shall regularly investigate and evaluate the financial situation, business status and related credit conditions of the debtor and the guarantor. If there is any collateral, the finance and accounting departments shall pay</p>	<p>To comply with the revision of Paragraph 2 of Article 3 of "Standards for the Handling of</p>

Article No.	Article No.	Before amendment	Amendment reason
	<p>value of such collateral. In the event of major changes to such collateral, the finance and accounting departments shall immediately inform the Chairman of the Board of Directors and follow the instructions to make appropriate treatment.</p> <p>2. If the debtor repays the loan at the expiration of the loan or before the loan expires, the interest payable shall be paid first. After the principal is paid off, the note-based loan can be written off and the note, such as promissory note, can be returned to the debtor or the procedures can be undertaken to nullify the mortgage.</p> <p>3. If the debtor fails to perform the loan contract for any reason, the Company may dispose of the collateral or recover the debts from the guarantor in accordance with the law.</p> <p>4. The term of the loan, depending on the circumstances of the debtor and the amount of the loan, shall be determined by the Board of Directors in accordance with the provisions of this operating procedure. When the term of the loan expires, the principal and interest shall be paid off, otherwise the Company shall</p>	<p>attention to the change of the value of such collateral. In the event of major changes to such collateral, the finance and accounting departments shall immediately inform the Chairman of the Board of Directors and follow the instructions to make appropriate treatment.</p> <p>2. If the debtor repays the loan at the expiration of the loan or before the loan expires, the interest payable shall be paid first. After the principal is paid off, the note-based loan can be written off and the note, such as promissory note, can be returned to the debtor or the procedures can be undertaken to nullify the mortgage.</p> <p>3. If the debtor fails to perform the loan contract for any reason, the Company may dispose of the collateral or recover the debts from the guarantor in accordance with the law.</p> <p>4. The term of the loan, depending on the circumstances of the debtor and the amount of the loan, shall be determined by the Board of Directors in accordance with the provisions of this operating</p>	<p>Monetary Loan, Endorsement, or Provision of Guarantee of Public Stock Companies".</p>



Article No.	Article No.	Before amendment	Amendment reason
	<p>recover the principal and interest in accordance with the law.</p> <p>5. The loan rate of the Company shall not be lower than the average interest rate of the short-term lending of the financial industry. In the event of Item 3 and 4 of this Article, the Company shall not only dispose of the collateral and recover the debts, but also impose an additional 10% penalty based on the agreed interest rate.</p> <p>6. If the debtor's qualifications do not conform to the provisions of this operating procedure or the amount of the loan exceeds the limit due to the change of circumstances, an improvement plan shall be formulated. The relevant improvement plan shall be sent to the Independent Director of the Audit Committee and shall be completed as planned.</p>	<p>procedure. When the term of the loan expires, it can be extended after being reviewed by the Board of Directors. If the extension is not reviewed and determined by the Board of Directors, the principal and interest shall be paid off, otherwise the Company shall recover the principal and interest in accordance with the law.</p> <p>5. The loan rate of the Company shall not be lower than the average interest rate of the short-term lending of the financial industry. In the event of Item 3 and 4 of this Article, the Company shall not only dispose of the collateral and recover the debts, but also impose an additional 10% penalty based on the agreed interest rate.</p> <p>6. If the debtor's qualifications do not conform to the provisions of this operating procedure or the amount of the loan exceeds the limit due to the change of circumstances, an improvement plan shall be formulated. The relevant improvement plan shall be sent to the Independent Director of the</p>	

Article No.	Article No.	Before amendment	Amendment reason
		Audit Committee and shall be completed as planned.	
Article 16	<p>Management of subsidiaries</p> <p>1. In case the subsidiary intends to lend money to others or make a guaranty endorsement for others, procedures relevant to capital loan and guaranty endorsement shall be set up, and it shall be submitted to Board of Directors of its company for approval, procedure is same for any amendment. The subsidiary shall handle as per procedures prescribed herein, when capital loan and guaranty endorsement is made, for matters not covered herein, provisions of the procedure shall be applied.</p> <p>2. The subsidiary shall report capital loan and amount of guaranty endorsement, the object and deadline etc. (deal with last month) to the Company prior to the 5th day of each month.</p>	<p>Management of subsidiaries</p> <p>1. In case the subsidiary intends to lend money to others or make a guaranty endorsement for others, procedures relevant to capital loan and guaranty endorsement shall be set up, and it shall be submitted to Board of Directors of its company for approval, procedure is same for any amendment. The subsidiary shall handle as per procedures prescribed herein, when capital loan and guaranty endorsement is made, for matters not covered herein, provisions of the procedure shall be applied.</p> <p>2. The subsidiary shall report capital loan and amount of guaranty endorsement, the object and deadline etc. (deal with last month) to the Company prior to the 5th day of each month.</p>	<p>To simplify the procedures for the revision of the "Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee".</p>

## Appendix 11

### E INK HOLDINGS INC.

#### Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee

(Draft of Revision)

##### Article 1: Purpose

In order to strengthen the financial management of handling monetary loan, endorsement, or provision of guarantee and reduce business risk, therefore, this operating procedure is stipulated for compliance.

##### Article 2: Principle

This operating procedure is stipulated in accordance with one of Article 36 of the Securities Exchange Act (hereinafter referred to as the Act) and the relevant provisions of the " standards for the handling of monetary loan, endorsement, or provision of guarantee of public stock companies" promulgated by the Securities and Futures Authority of Financial Supervisory Commission (hereinafter referred to as the FSC).

Article 3: The funds of the Company shall be loaned to others and shall not be loaned to any shareholder or any others, in addition to the following requirements:

1. They are companies or businesses that have business relationship with the Company. What is more, there are no dishonored bills, bank refused to exchange and other bad records.
2. They are companies or businesses necessary for short-term financing.

The amount of individual financing shall not exceed the amount of business contact between the both parties, and the total amount of monetary loan shall not exceed 40% of the net value of this Company. What it calls short-term refers to the period of one year or one operating cycle, whichever is the longer. What it calls financing amount

refers to the cumulative balances of this Company's short-term financing funds. What it calls the necessity of short-term financing refers to the following circumstances:

- (1) A subsidiary in which the Company holds more than 50% of the shares directly or indirectly with the demand for short-term financing because of business needs.
- (2) Other companies or businesses with the demand for short-term financing because of material purchase or operating turnover.
- (3) Other monetary loans approved by the Board of Directors of the Company.

Article 4: The total amount of monetary loans made by the Company to others shall not exceed 40% of the net value of the Company's most recent financial statements audited and certified by an accountant.

In the event that the Company and other companies or businesses have monetary loan because of business contact relationship, the individual monetary loan and amount shall be limited to the amount of business contact between the both parties within one year or one operating cycle (whichever is the longer). What it calls business contact amount refers to the higher amount of purchase or sales between the both parties.

Monetary loans between this Company and foreign subsidiaries in which it directly and indirectly holds 100% of the voting shares are not subject to the restrictions of Article 3 and the first item of this Article, provided that the total amount of monetary loans shall not exceed 100% of the net value of this Company, and individual loans and amounts shall not exceed 100% of the net value of this Company; what is more, the loan period shall not exceed three years or three operating cycles (whichever is the longer).

Article 5: Monetary loaning to others, in addition to conforming to the specified requirements of Article 3, shall be subject to a detailed examination procedure by the finance and accounting departments regarding the objects of financing, and an assessment report shall be stipulated, which shall include the following:

1. Assessment of the necessity and reasonability of monetary loaning to others.
2. Credit checking and risk assessment of the borrower: its financial situation, debt

repayment, credit capacity, profit situation, purpose of loan, maximum loanable amount, period as well as method for calculating interest, etc.

3. The method for calculating interest shall not be lower than the short-term interest rate on borrowings of this Company, and shall be calculated in installments or settled once upon maturity.
4. Impact on the Company's operational risk, financial situation and shareholders' equity.
5. A report on acquiring the assessed value of collateral security.

The aforesaid items shall be conducted after they are submitted to the Board of Directors for approval, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be set forth in the journals of the Board of Directors.

Monetary loan between this Company and its subsidiaries, or between subsidiaries of this Company, shall be submitted to the Board of Directors for resolution in accordance with the provisions of the preceding paragraph, and the Chairman shall be authorized to allocate in batches or recycle to employ to a certain quota for the same borrower as determined by the Board of Directors and within a period not exceeding one year.

For a certain quota referred to in the preceding paragraph, except monetary loans between the Company and its foreign subsidiaries referred to in Article 4-3 in which it directly or indirectly holds 100% voting shares which are exempt from any authorization limit, the authorization limit of monetary loans made by this Company or its subsidiaries to a single enterprise shall not exceed 10% of the net value of the Company's latest financial statements.

#### Article 6: Notes of providing loans

1. When the Company signs a loan contract with a debtor, the debtor shall affix the seal of the legal person or group registered with the competent authority to the contract. And the finance and accounting departments shall be responsible for arranging the sealing and signing procedure of the guarantor of the debtor and verifying the seal and signature of such guarantor of the debtor.

2. When completing the procedures for each loan, the finance and accounting departments shall prepare a memorandum of journal vouchers for obtaining collateral or credit guarantee, and shall record the information of the debtor, the amount of the loan, the approval date of the loan by the Board of Directors, the application date and issuance date of the loan and the evaluation report prepared in accordance with Article 5 in the memorandum book. The finance and accounting departments shall also evaluate the loan and provide an adequate allowance for bad debts, and appropriately disclose the information of the endorsement or guarantee and provide relevant information of the certifying CPA in the financial report.

#### Article 7: Notes after the issuance of the loan

1. The finance and accounting departments shall regularly investigate and evaluate the financial situation, business status and related credit conditions of the debtor and the guarantor. If there is any collateral, the finance and accounting departments shall pay attention to the change of the value of such collateral. In the event of major changes to such collateral, the finance and accounting departments shall immediately inform the Chairman of the Board of Directors and follow the instructions to make appropriate treatment.
2. If the debtor repays the loan at the expiration of the loan or before the loan expires, the interest payable shall be paid first. After the principal is paid off, the note-based loan can be written off and the note, such as promissory note, can be returned to the debtor or the procedures can be undertaken to nullify the mortgage.
3. If the debtor fails to perform the loan contract for any reason, the Company may dispose of the collateral or recover the debts from the guarantor in accordance with the law.
4. The term of the loan, depending on the circumstances of the debtor and the amount of the loan, shall be determined by the Board of Directors in accordance with the provisions of this operating procedure. When the term of the loan expires, the principal and interest shall be paid off, otherwise the Company shall recover the principal and interest in accordance with the law.

5. The loan rate of the Company shall not be lower than the average interest rate of the short-term lending of the financial industry. In the event of Item 3 and 4 of this Article, the Company shall not only dispose of the collateral and recover the debts, but also impose an additional 10% penalty based on the agreed interest rate.
6. If the debtor's qualifications do not conform to the provisions of this operating procedure or the amount of the loan exceeds the limit due to the change of circumstances, an improvement plan shall be formulated. The relevant improvement plan shall be sent to the Independent Director of the Audit Committee and shall be completed as planned.

#### Article 8: The Company's object of external endorsement and guarantee

1. A company that has business relations with the Company.
2. A company of which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting shares of the Company.

Companies of which the Company directly or indirectly holds more than 90% of the voting shares can provide endorsement or guarantee to each other. Where such endorsement or guarantee is required, the relevant application shall be submitted to the Board of Directors of the Company and shall be approved by the Board of Directors of the Company before the relevant formalities can be processed, and the amount of such endorsement or guarantee shall not exceed 10% of the net value described in the Company's latest financial statement. However, where companies of which the Company directly or indirectly holds 100% of the voting shares provide endorsement or guarantee to each other, the amount of the endorsement or guarantee is not subject to this restriction.

Where the Company provides endorsement or guarantee to the invested company by all the contributing shareholders in accordance with their shareholding ratio due to the co-investment relationship, such endorsement or guarantee shall not be restricted by the preceding two provisions. The term "capital contribution" refers to the Company's

direct investment or indirect investment through a company of which the Company holds 100% of the voting shares.

Article 9: The scope of endorsement and guarantee as stated in this operating procedure

1. Endorsement or guarantee for financing includes:

(1) bill discount financing;

(2) endorsement or guarantee for the purpose of financing to other companies;

(3) issuing bills as endorsement or guarantee for non-financial undertakings with the aim of financing to the Company.

2. Endorsement or guarantee for tariff, which refers to endorsement or guarantee provided to the Company or other companies in respect of tariff matters.

3. Other endorsement or guarantee refers to endorsement or guarantee that cannot be classified in the previous two items.

Where the Company provides movable property or real estate to establish a pledge or a mortgage as the loan guarantee for other companies, such guarantee shall also be handled under the provisions of this operating procedure.

Article 10: The total amount of endorsement or guarantee of the Company shall not exceed 100% of the net value of the Company. The cumulative amount of endorsement or guarantee for a single company shall not exceed 20% of the net value of the Company.

The total amount of external endorsement or guarantee of the Company and its subsidiaries shall not exceed 100% of the net value of the Company. The cumulative amount of endorsement or guarantee of the Company and its subsidiaries for a single company shall not exceed 20% of the net value of the Company. If approved by the Board of Directors, the amount of endorsement or guarantee provided to a subsidiary of which the Company directly or indirectly holds more than 50% of the voting shares shall not be subject to the aforementioned restriction on the amount of endorsement or guarantee for a single company.



#### Article 11: Decision-making and authorization organizations of endorsement or guarantee

1. Due to the business needs, where any department must apply for the endorsement or guarantee, such application shall be approved by the Board of Directors first. However, in order to meet the time-limit requirement, with the authorization of the Board of Directors, the Chairman of the Board of Directors has the right to approve the application of endorsement or guarantee with an amount under US\$15 million and report to the Board of Directors for ratification afterwards.
2. If it is necessary for the business to exceed the amount limitation of the endorsement or guarantee stipulated in Article 10, it must be approved by the Board of Directors and jointly guaranteed by more than half of the directors. Also, this operating procedure shall be amended and submitted to the shareholders' meeting for approval. Where the shareholders' meeting disagrees, a plan shall be formulated to eliminate the excess within a certain period.
3. In addition, in the event that the Company has set up independent directors in accordance with the provisions of this law, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be set forth in the journals of the Board of Directors.

#### Article 12: Procedure of providing endorsement or guarantee

1. When the Company provides endorsement or guarantee, the finance and accounting departments shall review whether the qualifications of the guaranteed company and the amount of the endorsement or guarantee conform to the provisions of this operating procedure. The finance and accounting departments shall also analyze the necessity and rationality of the endorsement or guarantee, assess and record the risks of the endorsement or guarantee and obtain collateral if necessary. The contents, causes and risk assessment result of the endorsement or guarantee shall be submitted to the Chairman of the Board for approval, and then shall be submitted to the Board of Directors for discussion and approval. If the amount of the endorsement or guarantee is within the prescribed authorization amount, it can be approved by the Chairman of the Board.

2. The Company shall establish a memorandum book when handling the formalities of endorsement or guarantee. After the endorsement or guarantee has been approved by the Board of Directors or the Chairman of the Board of Directors, in addition to applying for affixing the official seal of the Company in accordance with the prescribed procedures, the relevant information such as the guarantee matters, the name of the guaranteed company, the result of risk assessment, the amount of endorsement or guarantee, the information of the collateral obtained, and the conditions and dates for the cancellation of the endorsement or guarantee shall be recorded in the memorandum book in detail.
3. The finance and accounting departments shall prepare a detailed list for the occurrence and cancellation of the endorsement or guarantee of each month to control and track the relevant circumstances. In accordance with the provisions of Statements of Financial Accounting Standards No. 9, the contingent losses of the endorsement or guarantee shall be assessed or specified quarterly and the information of the endorsement or guarantee shall be disclosed appropriately in financial reports.
4. When the Company or any subsidiary of the Company provides endorsement or guarantee to other subsidiaries whose net worth is less than 1/2 of the paid-in capital, the finance and accounting departments of the Company or the subsidiary of the Company shall, in addition to abiding by the above three provisions, evaluate the financial and business status of the guaranteed company on a quarterly basis. If the evaluation results indicate that a significant credit risk may arise, the finance and accounting departments shall immediately report to the Board of Directors in writing. If the stock of the subsidiary is no par value stock or the par value per share is not NT \$10, the total amount of paid-in capital shall be the sum of share capital plus capital reserve (share premium).

Article 13: If the object of endorsement or guarantee is originally in compliance with the provisions of Article 8 but does not conform to the requirements after a period, or the amount of endorsement or guarantee exceeds the set amount due to the change in the basis on which the amount is calculated, the amount of endorsement or guarantee for such

object or such excess shall be eliminated at the expiration of the contract. Or the finance and accounting departments may make an improvement plan, which shall eliminate the amount of endorsement or guarantee for such object or such excess within a fixed period after approval by the Chairman of the Board and shall be reported to the Board of Directors and the independent directors of the Audit Committee.

#### Article 14: Seal custody and its procedure

Company seal that the Company has applied for registration to Ministry of Economic Affairs shall be special seal of guaranty endorsement. The seal shall be kept by designated staff approved by Board of Directors, and the person shall not be the one mentioned above who endorses a guarantee for others. It should deal with seal or issue a note in accordance with company procedure. The change of seal custodian shall be reported to Board of Directors for approval.

#### Article 15: Procedures for information disclosure:

1. The Company shall announce and declare loan and/or endorsement balance of the Company and its subsidiaries last month to information declaration network designated by Financial Supervisory Commission prior to the 10th of each month.
2. The Company shall make announcement and declaration to information declaration network designated by Financial Supervisory Commission within two days from the date of occurrence based on nature and prescribed format, if the loan and balance meet one of the following standards:
  - (1) The balance of monetary loans of the Company's and its subsidiaries reaches 20% of the net value of the Company's most recent financial statements.
  - (2) The balance of monetary loans of the Company's and its subsidiaries to a single enterprise reaches 10% of the net value of the Company's most recent financial statements.
  - (3) New loans of the Company and its subsidiaries are over NT\$10 million and up to 2% of net value of the Company's most recent financial statements.

3. The Company shall make announcement and declaration to information declaration website designated by Financial Supervisory Commission within two days from the date of occurrence based on nature and prescribed format, if balance of guaranty endorsement meets one of the following standards:
- (1) Endorsement balance of the Company and its subsidiaries is over 50% of net value of the Company's most recent financial statements.
  - (2) Endorsement balance on single enterprise of the Company and its subsidiaries is more than 20% of net value of the Company's most recent financial statements.
  - (3) Endorsement balance on single enterprise for the Company and its subsidiaries is over NT\$10 million, sum of long-term investment, capital loan and balance is more than 30% of the Company's most recent financial statements.
  - (4) Amount of new guarantee endorsement of the Company and its subsidiaries is over NT\$30 million and is more than 5% of net value of the Company's most recent financial statements.
4. In case, the subsidiary is non-domestic public stock company, matters that originally should be declared in the announcement by the subsidiary according to paragraph 2(3) and paragraph 3(4), shall be taken by the Company on its behalf.
5. Subsidiaries and the parent company mentioned in the procedure shall be identified as per provisions in standards of financial report preparation for security issuer;
- Net value mentioned in the procedure, shall refer to equity attributable to the owner of the parent company in accordance with provisions in standards of financial report preparation for security issuer;
- Date of occurrence mentioned in the procedure, refers to date of transaction signature, cash day, resolution day for the Board of Directors or other date of transaction object and amount being determined etc., which prevail in the first arrival date.

#### Article 16: Management of subsidiaries

1. In case the subsidiary intends to lend money to others or make a guaranty

endorsement for others, procedures relevant to capital loan and guaranty endorsement shall be set up, and it shall be submitted to Board of Directors of its company for approval, procedure is same for any amendment. The subsidiary shall handle as per procedures prescribed herein, when capital loan and guaranty endorsement is made, for matters not covered herein, provisions of the procedure shall be applied.

2. The subsidiary shall report capital loan and amount of guaranty endorsement, the object and deadline etc. (deal with last month) to the Company prior to the 5th day of each month.

Article 17: Internal auditors shall quarterly audit Operating Procedures for Monetary Loan, Endorsement, or Provision of Guarantee and its implementation, and make corresponding written record; if there is serious violation, independent director of Audit Committee shall be notified immediately in written form.

Article 18: For the personnel who violate the procedure and relevant laws and regulations, the Company shall make punishment to him/her such as warning, recording a demerit, demotion, suspension, salary cut, or other punishment depends on seriousness of the case, and it shall be taken as a matter of internal review.

Article 19: For matters not covered herein, it shall be handled according to relevant laws and related rules of the Company.

Article 20: This procedure shall be submitted to the Board of Directors for approval after more than one half of whole members of the Audit Committee agree with it, and shall be submitted to the shareholders' meeting for approval. Where any director demurs and there is a record or written statement, the Company shall also send the objection materials of the directors to the independent board members of the Audit Committee and submit the same to the general meeting of shareholders for approval.

In addition, in the event that the Company has set up independent directors in accordance with the provisions of this law, when these handling procedures are submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be set forth in the journals of the Board of Directors.

Without the consent of more than one half of whole members of the Audit Committee, the first provision can only be done with the consent of more than two thirds of all the directors, and the resolutions of the board of auditors shall be set forth in the journals of the Board of Directors

All members of Audit Committee and all directors mentioned in the preceding paragraph shall be the incumbents of such posts.

## Appendix 12

### 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    amendment to these rules shall be subject to the adoption by the shareholders at a shareholders' meeting.

## Appendix 13

### INFORMATION REGARDING REMUNERATION TO DIRECTORS AND EMPLOYEES

The details of the remuneration of Directors and employees approved by the Board of Directors on March 20, 2019 are set forth as follows, which will be conducted pursuant to the relevant rules upon the resolution passed at the general shareholders meeting on June 18, 2019.

(NTD)	Employees Bonuses (Cash)	Remuneration to Directors	Total
Amount Approved by the Board of Directors	27,100,000	12,238,356	39,338,356
Amount Showed in the 2018 Annual Financial Statements	27,100,000	12,238,356	39,338,356
Discrepancy	The distribution amount approved by the Board of Directors is the same as listed on the accounts.		

## Appendix 14

### 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 15

### E INK HOLDINGS INC

Record Date: April 20, 2019

#### List of Directors

Position	Name		Current Number of Shares
Chairman	Frank Ko	The representative of Aidatek Electronics, Inc.	100,000
Director	Shou-Chung Ho		
Director	Felix Ho		
Director	Johnson Lee		
Director	CC Tsai	The representative of YFY Inc.	133,472,904
Director	FY Gan		
Independent Director	Ten-Chung Chen		0
Independent Director	Chao-Tung Wen		0
Total			133,572,904

Total issued shares as of April 20, 2019: 1,140,467,715 shares.

The number of shares legally required to be held by all Directors: 32,000,000 shares; as of April 20, 2019, all Directors have held 133,572,904 shares. (The shares held by the Independent Directors will not be counted as the number of shares held by the Directors).

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