



E INK HOLDINGS INC.

2018 ANNUAL GENERAL MEETING OF STOCKHOLDERS MEETING MANUAL

Date: June 22, 2018

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.)

TABLE OF CONTENTS

	Page
1. Meeting Agenda	1
2. Report Items.....	2
3. Adoption Items.....	5
4. Discussion Items.....	7
5. Special Motion.....	7
 Appendix	
1. Business Report	8
2. 2017 Audited Financial Statement.....	12
3. 2017 Audit Committee's Review Report	44
4. Third Share Repurchase and Employee Incentive Plan.....	45
5. Comparison Table of the Amendment to Rules of Board of Directors Meeting	47
6. Rules of Board of Directors Meeting.....	49
7. 2017 Earning Distribution Statements	54
8. Comparison Table of the Draft Amendment to Procedures of Acquisition or Disposal of Asset.....	55
9. Procedures of Acquisition or Disposal of Asset.....	60
10. Articles of Incorporation.....	79
11. Rules of Shareholder Meeting.....	84
12. Information of Remuneration to Directors and Employees.....	88
13. Impact Caused by Stock Dividends on Business Performance, Earnings per Share, and Return on Equity.....	88
14. Number of Shares of Directors on Record Date.....	89

E INK HOLDINGS INC.
2018 ANNUAL GENERAL MEETING OF STOCKHOLDERS
MEETING AGENDA

Date and Time: 22 June, 2018 (Friday), 9 A.M. (Taipei Time)

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) To report the 2017 business and financial status of the Company
 - (2) To report the 2017 Audit Committee's Review Report
 - (3) To report the status of the Company's distribution of remuneration of directors and employees
 - (4) To report the amendment to Rules of Board of Directors Meeting
 - (5) To report the execution status and transfer to employees of the treasury stocks
4. Adoption Items:
 - (1) To adopt the 2017 financial statements of the Company
 - (2) To adopt the proposal for 2017 earnings distribution of the Company
5. Discussion Items:
 - (1) To amend the Operational Procedures for Acquisition or Disposition of Assets
6. Special Motion
7. Announcement of Adjournment

Report Items

<Item 1>

Subject: To report the 2017 business and financial status of the Company

Explanatory Note:

- (1) In 2017, the Company has the annual sales revenue of NT\$ 13,905,359,000 and the consolidated sales revenue of NT\$ 15,203,334,000 respectively, whose net profit after tax is NT\$ 2,078,065,000. And the earnings per share is NT\$ 1.85.
- (2) The annual business report and the relevant financial statements of the Company for 2017 are attached hereto as Appendixes 1 and 2 of the Meeting Manual.
- (3) Please Kindly Note.

<Item 2>

Subject: To report the 2017 Audit Committee's Review Report

Explanatory Note:

- (1) The 2017 financial statements of the Company have been audited by the CPA and, with the business report, earning distribution proposal of the Company, reviewed by Audit Committee already. The 2017 audited financial statements of the Company and the Audit Committee's review report for the 2017 audited financial statements are attached hereto as Appendixes 1 to 3 of the Meeting Manual.
- (2) Please Kindly Note.

<Item 3>

Subject: To report the 2017 status of distribution of the remuneration for employees and Directors of the Company.

Explanatory Note:

- (1) According to Article 19 of the Company's Articles of Incorporation, "if the Company earns profits in a year, it shall distribute at least one percent (1%) but not more than ten percent (10%) of the profits as employee remuneration and not more than one percent (1%) of the profits as the Directors' remuneration."

(2) The earnings (which are the earnings before tax and the deduction of the earnings distributed as employee and director remuneration) of the Company in 2017 amounts to NT\$ 2,267,954,000 ("profit"). It is proposed to distribute NT\$ 23,000,000 (which accounts for about 1.01% of the profit) as employee remuneration and NT\$ 13,000,000 (which accounts for about 0.57% of the profit) as director remuneration; both shall be paid by cash. The employee remuneration includes the employees of the Company's subsidiaries. The Chairman is authorized to establish the scope and conditions for the employees of the Company's subsidiaries.

(3) Please Kindly Note.

<Item 4>

Subject: To amend some provisions of the Company's "Rules of Board of Directors Meeting"

Explanatory Note:

(1) To Comply with the letter No.Financial-Supervisory-Securities-Auditing-1060027112 of the Financial Supervisory Commission issued on 28 July 2017, the Company shall amend part of the Company's "Rules of Board of Directors Meeting". Please refer to Appendix 5 to 6 of the Meeting Manual for the amended Rules and the comparison table of the amendment to the Rules.

(2) Please Kindly Note.

<Item 5>

Subject: To report the execution status and transfer to employees of the treasury stocks.

Explanatory Note:

(1) To transfer treasury stocks to employees as the incentives in order to retain personnel with high performance and to recruit professional talents, it was adopted in the 12th meeting of the 9th Term of Board of Directors that the Company to repurchase 20,000,000 shares of the Company by NT\$ 13 to NT\$ 24.6 per share.

(2) Starting from 14 June 2016, the Company had been repurchasing stocks and as of 4 August 2016, we had repurchased 20,000,000 shares by an average price of NT\$ 18.02 per share (administration fee included). The repurchased shares account for 1.754% of the company's issued shares, 2,896,000 shares of which were transferred to employees during July, 2017 and there are 17,104,000 treasury stocks available for employees.

(3) The execution status of the third share repurchase is illustrated below:

Item	Notes
The plan for third share repurchase (for the fiscal year 2016)	
Approved by board resolution	June 13, 2016
Purpose for the share repurchase	To transfer treasury stocks to employees as the incentives in order to retain personnel with high performance and to recruit professional talents.
Category of shares to repurchase	Common shares
Monetary limit for share repurchase	NT\$13,263,604,327
Planned period for repurchase	June 14, 2016 to August 13, 2016
Planned number of shares to repurchase (in proportion to total number of shares issued)	20,000,000 shares (1.754%)
Planned price range for repurchase	NT\$13.00 to NT\$24.60
Manner of repurchase	From public market
Actual execution status of the third share repurchase (for the fiscal year 2016)	
Period for repurchase	June 14, 2016 to August 4, 2016
Number of shares repurchased (in proportion to total number of shares issued)	20,000,000 shares (1.754%)
Total repurchase amount paid	NT\$ 360,463,846
Average repurchase price paid per share	NT\$18.02
Actual transfer of treasury stocks to employees (for the fiscal year 2016)	
Period for transfer	July, 2017
Number of shares transferred	2,896,000 shares
Number of treasury shares available for employees	17,104,000 shares
Transfer price sold per share to employees	NT\$18.02

(4) Please kindly note.

Adoption Items

<Item 1>

(Proposed by Board of Directors)

Subject: To adopt the 2017 financial statements of the Company

Explanatory Note:

- (1) The 2017 financial statements and consolidated financial statements of the Company have been audited by Deloitte & Touche CPA Firm.
- (2) The aforementioned financial statements, consolidated financial statements and the Company's 2017 Business Report are attached hereto as Appendixes 1 to 3 of the Meeting Manual.
- (3) Please kindly adopt.

Resolution:

<Item 2>

(Proposed by Board of Directors)

Subject: To adopt the proposal for 2017 earnings distribution of the Company

Explanatory Note:

- (1) The amount of the Company's accumulated earnings available to distribute is NT\$2,429,638,421 as of the beginning of the year. The amount of retained earnings have been reduced to reflect the Investments under equity method of NT\$255,600,846 and re-measurement of defined benefit plan of NT\$5,899,692, after adding the Company's 2016 net profit after tax of NT\$2,078,065,371 and setting aside legal reserve of NT\$207,806,537, the total amount of distributable retained earnings is NT\$4,038,396,717.
- (2) According to the Articles of Incorporation of the Company, the distributable retained earnings proposed to be distributed are as follows:

The cash dividend per share to be distributed is NT\$1.65 which amounts to NT\$1,853,550,130 in total.

- (3) Shareholders' dividends and bonus shall be distributed to the shareholders listed in the shareholder register based on the number of the shares held on the ex-dividend date and round up to the dollar. The total amount of the fractional shares shall be recognized as the other income of the Company.
- (4) The cash dividends distribution percentage is calculated by the total number of outstanding shares on 28 February 2018. Authorize the board of the directors to adjust the proposal according to the total number of outstanding shares on the record date in the case that the number of

outstanding shares changes due to the Company's buying back of shares, transferring or eliminating of treasury shares or other reasons resulting in change of total number of outstanding shares and the shareholders' waiving of rights of dividends resulting in change of the dividend distribution percentage.

- (5) The 2017 earnings distribution table is attached hereto Appendix 7 of the Meeting Manual.
- (6) Please kindly adopt.

Resolution:

Discussion Items

<Item 1>

(Proposed by Board of Directors)

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

Explanatory Note:

- (1) To comply with the letter No.1060200852 from the Taipei Exchange, the Company shall amend part of the Company's "Procedures for Acquisition or Disposition of Assets".
- (2) The comparison table of the Procedures for Acquisition or Disposition of Assets is attached hereto on p.56, as Appendix 8 of the Meeting Manual.
- (3) Please kindly discuss.

Resolution:

Special Motion:

Appendix 1

2017 Business Report

Ladies and Gentlemen,

2017 Business Report

In 2017, under the joint efforts of our global team, E Ink Holdings (the Company) has seen continuous improvement in operational performance compared with the previous year. In 2017, the Company had consolidated revenue of NT\$ 15.2 billion, gross profit of NT\$ 6.28 billion with gross profit margin of 41.3% and net income after taxes of NT\$ 2.08 billion. The earnings per share (EPS) for 2017 was NT\$ 1.85.

The development of Internet of Things (IoT) applications in recent years is becoming more and more encouraging and widespread. Relevant applications have been probed to smart retailing (or new retailing), smart manufacturing, smart medicals and smart city, etc., which involve various business activities and daily-life uses. According to the market intelligence report issued by Gartner, a research and advisory company, there will be 20.4 billion devices for IoT applications in 2020. Numerous low powered end devices, integrate with software and hardware, will be installed in all kinds of circumstances to realize the real value of IoT applications. Most of the end devices, however, will need a display or a sensor as the interface between humans and the devices. ePaper, with the feature of low power consumption, is the most suitable display for IoT applications. Following such mega trends, E Ink has been aggressively conducting various actions not only promotes the use of ePaper in new application domains but works with the supply chain partners to build ecosystems for IoT applications .

The business achievements of the Company in 2017 were fruitful. The Company has been keeping continuing to dedicate for eReader business on the digital reading market and also concentrating on IoT applications such as the Electronic Shelf Label (ESL), smart tag, smart card, signage, mobile and wearable products. With the benefit of ePaper's bistable and low power consumption capabilities, the Company has been supporting customers in these

different application domains to introduce multiple innovative products. Among them, thanks to the dramatic growth on smart retailing applications in Europe, US and China, the ESL business has become one of the important growth engines to E Ink.

IoT applications as the basis of organizational operations, solid technology development and complete manufacturing capability were main drivers to the Company's business growth in 2017. The Company has been also working aggressively with strategic partners in the ecosystems, integrating technologies and resources from upstream to downstream, and adopting the well-established ePaper supply chain to provide the customers comprehensive products and services including hardware, software, materials, components, manufacturing and development. The goal is to collaborate with the customers to develop and manufacture diversified multiple ePaper applications.

To continue the eReader's excellent reputation over the global market, the Company has successfully integrated the handwriting feature to eNote products. Collaborating with global brands, the handwriting embedded eNote has been providing paper-less, convenient, light-weighted and easy-edited reading and writing experience to users for education, office and professional applications. To strengthen the development on handwriting applications and facilitate the introduction of paper-less circumstances, the Company established a joint venture with Sony Semiconductor Solutions Corporation to plan, design, develop, manufacture, sell, distribute and license ePaper relevant products and applications. The new company also offers comprehensive solutions for customers in different application domains while the goal is to provide a convenient way of introducing ePaper products to shorten time to market.

The Company's development and research deliverables on ePaper technology was also highly recognized in 2017 besides the fruitful business achievements. The 32" Color ePaper Display won the Taiwan Excellence Gold Award from the Ministry of Economic Affairs and the 6.1" Non-Geometrical Flexible ePaper Display for Wearables was awarded the Gold Panel Award-Best Product, from the Taiwan Display Union Association.

In addition, the Company has been devoting to corporate social responsibility (CSR) for many years. The Company helped elementary schools build a "mobile library of eBooks" derivative

from eReader's core value to share the company's resources with society. Furthermore, the Company's "2016 CSR Report" earned the Golden Award of the electronic information manufacturing category from the 10th Taiwan Sustainability Awards.

Operation Highlights in 2018

To business growth, diversification of products, innovation of products, shortening time to market and creation of suitable ecosystems with partners for application domains are main focuses for the two main business segments, Consumer Electronics (CE) and IoT.

To technology development, the technology preparation for Advanced Color ePaper (ACeP) will be completed for further commercialization and mass production. The Company will also continue to refine the technological performances of another critical technology- flexible display, as well as collaborate with supply chain partners to enhance manufacturing capability and increase manufacturing capacity.

To operations management, productivity increment by raising automation level is critical. Cost control and supply chain management are also main focuses in order to provide more timely delivery for customers by preventing the shortage on critical components in recent years .

Prospect

The Company has been developing ePaper technology for years and obtained various technological breakthroughs which led to important critical patent assets. The Company manages a comprehensive ePaper supply chain from upstream to downstream as well as creates innovative, user-experience focused products developed with customers in different application domains. All of this puts the Company on a critical kernel role over the ePaper ecosystems. The Company will continue to devote resources to the research and development of products to keep its' leading position in the global ePaper display industry through technological and innovative prowess. At the same time, the Company will continue to be actively devoted to corporate social responsibility and make contributions to society.

Frank Ko, Chairman & CEO

Appendix 2

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

Opinion

We have audited the accompanying consolidated financial statements of E Ink Holdings Inc. and subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these

matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2017 are stated as follows:

Impairment of Goodwill

As disclosed in Notes 4 and 16 as well as Table 7 to the consolidated financial statements, the Group's goodwill was arisen from acquiring related subsidiaries to obtain electronic ink research and development and manufacturing centers, as well as to integrate patents of ePaper techniques. The amount of goodwill is material to the overall consolidated financial statements, therefore, management annually accesses the impairment of goodwill in accordance with the IAS 36 "Impairment of Assets".

Management assesses goodwill for any impairment by comparing the carrying amount with the calculated recoverable amount as assessed based on the entire consolidated financial statements of the subsidiaries. In order to perform the assessment, management needs to estimate future operating cash flows allocated to the subsidiaries and determine their suitable discount rates to calculate the recoverable amount. When determining future operating cash flows, management considers the forecasted growth rate of sales and profit rate, etc. based on future operating perspective of the subsidiaries to calculate weighted average cost of capital as their discount rates. Since the major assumptions are subject to management's judgement and may be variable to future market or prosperity of economy, which has its uncertainty, the impairment of goodwill has been identified as a key audit matter.

Our key audit procedures performed in respective of the above area included the following:

1. Understood the related process and controls that management used to assess the impairment of goodwill, including basis of assumptions and source of the data used in evaluation.
2. Evaluated whether management has taken into account the Group's recent operating performance and its industry conditions when estimating future growth of sales and profit rate to assess their achievability.
3. Evaluated the reasonableness of the discount rates that management used, and re-performed to check the calculation.

Impairment of Inventories

As disclosed in Notes 4 and 12 to the consolidated financial statements, inventories of the Group are stated at the lower of cost or net realizable value. Management estimates net realizable value based on current market conditions and historical experience with product sales of a similar nature. Impairment is recognized on inventories without any moving for certain periods. Rapid changes in the development of technology and market conditions may have influence on the estimation, and results in obsolete and aged inventories. Consequently, impairment of inventories has been identified as a key audit matter.

Our key audit procedures performed in respective of the above area included the following:

1. Understood management's accounting policy and method of calculation of obsolete and aged inventories, and inquired if there were significant issues in the current year that would impact the accounting treatment.
2. Evaluated the process and basis on management's decision on the impairment ratio of obsolete and aged inventories, and examined the conditions of obsolete and aged inventories when performing inventories physical counts, to confirm the reasonableness of impairment recognized on inventories.
3. Acquired inventory aging reports and, with the assistance of our internal computer audit specialists, tested the consistency of inventories movement with management's estimation.

Other Matter

We have also audited the financial statements of E Ink Holdings Inc. as of and for the years ended December 31, 2017 and 2016, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2018

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,878,649	33	\$ 8,564,749	26
Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	405,325	1
Debt investments with no active market (Notes 4 and 10)	519,209	1	435,596	1
Accounts receivable (Notes 4, 11 and 30)	2,009,800	6	1,625,716	5
Other receivables (Note 4)	325,740	1	243,369	1
Current tax assets (Notes 4 and 23)	315,229	1	425,835	1
Inventories (Notes 4 and 12)	2,143,359	6	1,461,343	4
Prepayments (Note 30)	220,007	1	240,633	1
Non-current assets held for sale (Notes 4 and 13)	-	-	973,212	3
Other financial assets (Notes 4 and 6)	199,391	-	23,244	-
Other current assets (Note 31)	<u>136,356</u>	<u>-</u>	<u>308,200</u>	<u>1</u>
Total current assets	<u>17,747,740</u>	<u>49</u>	<u>14,707,222</u>	<u>44</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets (Notes 4 and 8)	2,749,317	8	1,787,015	5
Financial assets measured at cost (Notes 4 and 9)	267,981	1	300,255	1
Investments accounted for using the equity method (Note 4 and 30)	88,756	-	114,291	-
Property, plant and equipment (Notes 4, 13 and 15)	4,752,982	13	5,319,822	16
Goodwill (Notes 4 and 16)	6,702,636	19	6,907,594	21
Other intangible assets (Notes 4 and 16)	1,889,153	5	2,270,881	7
Deferred tax assets (Notes 4 and 23)	1,425,249	4	1,689,278	5
Other non-current assets (Notes 30 and 31)	<u>252,106</u>	<u>1</u>	<u>317,205</u>	<u>1</u>
Total non-current assets	<u>18,128,180</u>	<u>51</u>	<u>18,706,341</u>	<u>56</u>
TOTAL	<u>\$ 35,875,920</u>	<u>100</u>	<u>\$ 33,413,563</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 377,600	1	\$ 451,500	1
Notes and accounts payable (Note 30)	2,201,116	6	1,136,394	3
Other payables (Notes 18 and 27)	1,641,420	5	1,264,464	4
Current tax liabilities (Notes 4 and 23)	153,649	-	74,052	-
Provisions (Notes 4, 13 and 19)	637,781	2	482,188	2
Receipts in advance (Note 4)	1,701,659	5	1,528,641	5
Current portion of long-term borrowings (Note 17)	117,993	-	129,000	-
Other current liabilities	<u>40,334</u>	<u>-</u>	<u>77,711</u>	<u>-</u>
Total current liabilities	<u>6,871,552</u>	<u>19</u>	<u>5,143,950</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	45,545	-	170,981	1
Deferred revenue - non-current (Note 4)	1,607,917	5	906,903	3
Net defined benefit liabilities (Notes 4 and 20)	70,350	-	64,470	-
Other non-current liabilities (Notes 4, 23 and 30)	<u>53,661</u>	<u>-</u>	<u>38,120</u>	<u>-</u>
Total non-current liabilities	<u>1,777,473</u>	<u>5</u>	<u>1,180,474</u>	<u>4</u>
Total liabilities	<u>8,649,025</u>	<u>24</u>	<u>6,324,424</u>	<u>19</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 21, 25 and 26)				
Share capital	<u>11,404,677</u>	<u>32</u>	<u>11,404,677</u>	<u>34</u>
Capital surplus	<u>10,108,119</u>	<u>28</u>	<u>10,071,683</u>	<u>30</u>
Retained earnings				
Legal reserve	1,304,481	4	1,113,687	3
Special reserve	70,678	-	70,678	-
Unappropriated earnings	<u>4,246,203</u>	<u>12</u>	<u>4,301,134</u>	<u>13</u>
Total retained earnings	<u>5,621,362</u>	<u>16</u>	<u>5,485,499</u>	<u>16</u>
Other equity	<u>106,609</u>	<u>-</u>	<u>488,620</u>	<u>2</u>
Treasury shares	<u>(308,269)</u>	<u>(1)</u>	<u>(360,464)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	26,932,498	75	27,090,015	81
NON-CONTROLLING INTERESTS (Notes 21 and 26)	<u>294,397</u>	<u>1</u>	<u>(876)</u>	<u>-</u>
Total equity	<u>27,226,895</u>	<u>76</u>	<u>27,089,139</u>	<u>81</u>
TOTAL	<u>\$ 35,875,920</u>	<u>100</u>	<u>\$ 33,413,563</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, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 30)	\$ 15,203,334	100	\$ 14,006,206	100
OPERATING COSTS (Notes 12, 22 and 30)	<u>8,918,918</u>	<u>59</u>	<u>8,885,660</u>	<u>64</u>
GROSS PROFIT	<u>6,284,416</u>	<u>41</u>	<u>5,120,546</u>	<u>36</u>
OPERATING EXPENSES (Notes 22 and 30)				
Selling and marketing expenses	728,467	5	528,498	4
General and administrative expenses	2,517,180	16	2,684,352	19
Research and development expenses	<u>1,936,382</u>	<u>13</u>	<u>1,847,108</u>	<u>13</u>
Total operating expenses	<u>5,182,029</u>	<u>34</u>	<u>5,059,958</u>	<u>36</u>
INCOME FROM OPERATIONS	<u>1,102,387</u>	<u>7</u>	<u>60,588</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income (Note 30)	90,819	-	74,546	-
Royalty income	2,606,703	17	2,254,572	16
Dividend income	100,951	1	74,702	-
Other income (Note 30)	99,243	1	75,260	1
Interest expense (Note 15)	(24,895)	-	(29,677)	-
Net gain on disposal of property, plant and equipment	50,317	-	26,427	-
Net gain (loss) on foreign currency exchange (Note 33)	(728,477)	(5)	105,185	1
Net gain on fair value change of financial assets at fair value through profit or loss	101,591	1	268	-
Impairment loss (Notes 15 and 30)	(21,672)	-	(178,170)	(1)
Other expenses	<u>(38,956)</u>	<u>-</u>	<u>(55,177)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,235,624</u>	<u>15</u>	<u>2,347,936</u>	<u>17</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,338,011	22	2,408,524	17
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(405,713)</u>	<u>(3)</u>	<u>(350,615)</u>	<u>(2)</u>

NET INCOME FROM CONTINUING OPERATIONS	2,932,298	19	2,057,909	15
LOSS FROM DISCONTINUED OPERATIONS (Notes 4 and 13)	<u>(849,968)</u>	<u>(5)</u>	<u>(64,588)</u>	<u>(1)</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
NET INCOME FOR THE YEAR	<u>\$ 2,082,330</u>	<u>14</u>	<u>\$ 1,993,321</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	(7,076)	-	(10,787)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>1,165</u>	<u>-</u>	<u>1,353</u>	<u>-</u>
	<u>(5,911)</u>	<u>-</u>	<u>(9,434)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(482,418)	(3)	(689,513)	(5)
Unrealized gain on available-for-sale financial assets	122,316	-	112,699	1
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	<u>(2,102)</u>	<u>-</u>	<u>(5,085)</u>	<u>-</u>
	<u>(362,204)</u>	<u>(3)</u>	<u>(581,899)</u>	<u>(4)</u>
Other comprehensive loss for the year, net of income tax	<u>(368,115)</u>	<u>(3)</u>	<u>(591,333)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,714,215</u>	<u>11</u>	<u>\$ 1,401,988</u>	<u>10</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,078,065	14	\$ 1,907,939	14
Non-controlling interests	<u>4,265</u>	<u>-</u>	<u>85,382</u>	<u>-</u>
	<u>\$ 2,082,330</u>	<u>14</u>	<u>\$ 1,993,321</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,690,155	11	\$ 1,306,583	9
Non-controlling interests	<u>24,060</u>	<u>-</u>	<u>95,405</u>	<u>1</u>

\$ 1,714,215 11 \$ 1,401,988 10
(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 24)				
From continuing and discontinued operations				
Basic	<u>\$1.85</u>		<u>\$1.69</u>	
Diluted	<u>\$1.85</u>		<u>\$1.69</u>	
From continuing operations				
Basic	<u>\$2.57</u>		<u>\$1.74</u>	
Diluted	<u>\$2.56</u>		<u>\$1.74</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, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets				
BALANCE AT JANUARY 1, 2016	1,140,468	\$ 11,404,677	\$ 10,071,578	\$ 1,059,754	\$ 70,678	\$ 2,992,433	\$ 966,474	\$ 114,217	\$ -	\$ 26,679,811	\$ (96,281)	\$ 26,583,530
Appropriation of 2015 earnings												
Legal reserve	-	-	-	53,933	-	(53,933)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(536,020)	-	-	-	(536,020)	-	(536,020)
Changes in equity from investments in associates accounted for using the equity method	-	-	105	-	-	-	-	-	-	105	-	105
Net income for the year ended December 31, 2016	-	-	-	-	-	1,907,939	-	-	-	1,907,939	85,382	1,993,321
Other comprehensive loss for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(9,285)	(704,770)	112,699	-	(601,356)	10,023	(591,333)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	1,898,654	(704,770)	112,699	-	1,306,583	95,405	1,401,988
Acquisition of treasury shares - 20,000 thousand shares	-	-	-	-	-	-	-	-	(360,464)	(360,464)	-	(360,464)
BALANCE AT DECEMBER 31, 2016	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 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 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 - 2,896 thousand shares	-	-	(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

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, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 3,338,011	\$ 2,408,524
Loss before income tax from discontinued operations	<u>(695,735)</u>	<u>(384,150)</u>
Income before income tax	<u>2,642,276</u>	<u>2,024,374</u>
Adjustments for:		
Depreciation expenses	760,250	893,220
Amortization expenses	406,647	417,554
Reversal of impairment loss recognized on accounts receivable	(10,107)	(11,245)
Net gain on fair value change of financial assets at fair value through profit or loss	(101,591)	(268)
Interest expense	24,895	29,677
Interest income	(90,819)	(74,546)
Dividend income	(100,951)	(74,702)
Share-based payments	38,825	-
Share of loss of associates and joint ventures	9,333	10,800
Net gain on disposal of property, plant and equipment	(50,317)	(26,427)
Net gain on disposal of non-current assets held for sale	(7,280)	(5,808)
Net loss (gain) on disposal of investments	(2,775)	4,202
Impairment loss recognized on non-financial assets	181,060	328,046
Reversal of write-down of inventories	(246,721)	(232,336)
Net unrealized gain on foreign currency exchange	(16,992)	(17,498)
Changes in operating assets and liabilities		
Financial assets held for trading	115,789	-
Accounts receivable	(453,004)	(34,334)
Other receivables	266,000	832,097
Inventories	(585,945)	170,737
Prepayments	10,373	(59,783)
Other current assets	146,036	(93,460)
Notes and accounts payable	1,119,507	108,084
Other payables	394,143	56,562
Provisions	136,062	(231,888)
Receipts in advance	1,082,400	1,343,318

Other current liabilities	(37,043)	19,936
Net defined benefit liabilities	<u>(1,654)</u>	<u>(25,997)</u>
Cash generated from operations	5,628,397	5,350,315
Income tax paid	<u>(113,125)</u>	<u>(521,847)</u>
Net cash generated from operating activities	<u>5,515,272</u>	<u>4,828,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(839,986)	-
Purchase of debt investments with no active market	(1,571,696)	(435,596)
Proceeds from repayments of debt investments with no active market	1,479,431	600,000
Purchase of financial assets measured at cost	-	(191,470)
Proceeds from disposal of financial assets measured at cost	25,080	-
		(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Acquisitions of associates and joint ventures	\$ -	\$ (83,697)
Proceed from disposal of non-current assets held for sale	815,316	6,003
Payments for property, plant and equipment	(332,067)	(303,217)
Proceeds from disposal of property, plant and equipment	63,378	180,527
Payments for other intangible assets	(111,594)	(196,721)
Increase (decrease) in other financial assets	(180,145)	333,740
Decrease in other non-current assets	40,124	15,350
Interest received	88,871	78,769
Dividend received	<u>100,951</u>	<u>74,702</u>
Net cash generated from (used in) investing activities	<u>(422,337)</u>	<u>78,390</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(45,088)	351,682
Repayments of long-term borrowings	(122,700)	(2,093,750)
Increase in other non-current liabilities	5,109	11,186
Cash dividends	(1,680,702)	(536,020)
Cash paid for acquisition of treasury shares	-	(360,464)
Proceeds from treasury shares transferred to employees	52,029	-
Interest paid	(24,322)	(30,038)
Changes in non-controlling interests	<u>13,389</u>	<u>-</u>
Net cash used in financing activities	<u>(1,802,285)</u>	<u>(2,657,404)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>23,250</u>	<u>(266,880)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,313,900	1,982,574
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,564,749</u>	<u>6,582,175</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$11,878,649</u>	<u>\$ 8,564,749</u>

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

Opinion

We have audited the accompanying financial statements of E Ink Holdings Inc. (the Company), which comprise the balance sheets as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2017, are stated as follows:

Impairment of Goodwill Included in the Investments in Subsidiaries Accounted for Using Equity Method

As disclosed in Notes 4 and 10 as well as Table 7 to the financial statements, investments accounted for using equity method include acquiring subsidiaries to obtain electronic ink research and development and manufacturing centers, as well as to integrate patents of ePaper techniques. Excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities at the date of acquisition was recorded as goodwill, which is material to the overall financial statements, therefore, management annually assesses the impairment of the excess of the cost in accordance with the International Accounting Standard 36 "Impairment of Assets".

Management assesses the excess of the cost for any impairment by comparing the carrying amount with the calculated recoverable amount as assessed based on the entire financial statements of the subsidiaries. In order to perform the assessment, management needs to estimate future operating cash flows allocated to the subsidiaries and determine their suitable discount rates to calculate the recoverable amount. When determining future operating cash flows, management considers the forecasted growth rate of sales and profit rate, etc. based on future operating perspective of the subsidiaries to calculate weighted average cost of capital as their discount rates. Since the major assumptions are subject to management's judgement and may be variable to future market or prosperity of economy, which has its uncertainty, the impairment of excess of the cost has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. Understood the related process and controls that management used to assess the impairment, including basis of assumptions and source of the data used in evaluation.
2. Evaluated whether management has taken into account the Company's recent operating performance and its industry conditions when estimating future growth of sales and profit rate to assess their achievability.
3. Evaluated the reasonableness of the discount rates that management used, and re-performed to check the calculation.

Impairment of Inventories

As disclosed in Notes 4 and 9 to the financial statements, inventories of the Company are stated at the lower of cost or net realizable value. Management estimates net realizable value based on current market conditions and historical experience with product sales of a similar nature. Impairment is recognized on inventories without any moving for certain periods. Rapid changes in the development of technology and market conditions may have influence on the estimation, and results in obsolete and aged inventories. Consequently, impairment of

inventories has been identified as a key audit matter.

Our key audit procedures performed in respective of the above area included the following:

1. Understood management's accounting policy and method of calculation of obsolete and aged inventories, and inquired if there were significant issues in the current year that would impact the accounting treatment.
2. Evaluated the process and basis on management's decision on the impairment ratio of obsolete and aged inventories, and examined the conditions of obsolete and aged inventories when performing inventories physical counts, to confirm the reasonableness of impairment recognized on inventories.
3. Acquired inventory aging reports and, with the assistance of our internal computer audit specialists, tested the consistency of inventories movement with management's estimation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2018

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices

generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

E INK HOLDINGS INC.

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 639,359	2	\$ 873,221	3
Accounts receivable (Notes 4 and 8)	256,077	1	491,967	2
Accounts receivable from related parties (Notes 4 and 22)	4,262,113	12	3,306,359	10
Other receivables from related parties (Note 22)	29,526	-	82,533	-
Inventories (Notes 4 and 9)	1,913,792	6	916,313	3
Prepayments (Note 22)	101,863	-	94,356	-
Other current assets (Notes 4, 16 and 23)	<u>56,587</u>	-	<u>46,926</u>	-
Total current assets	<u>7,259,317</u>	<u>21</u>	<u>5,811,675</u>	<u>18</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets (Note 4)	1,077,878	3	700,166	2
Financial assets measured at cost (Notes 4 and 7)	-	-	22,305	-
Investments accounted for using the equity method (Notes 4 and 10)	23,992,123	70	24,288,540	74
Property, plant and equipment (Notes 4 and 11)	1,435,385	4	1,511,731	5
Other intangible assets (Note 4)	209,607	1	198,165	-
Deferred tax assets (Notes 4 and 16)	204,676	1	227,774	1
Other non-current assets	<u>53,218</u>	-	<u>52,252</u>	-
Total non-current assets	<u>26,972,887</u>	<u>79</u>	<u>27,000,933</u>	<u>82</u>
TOTAL	<u>\$ 34,232,204</u>	<u>100</u>	<u>\$ 32,812,608</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 12)	\$ 228,800	1	\$ -	-
Notes and accounts payable	1,810,318	5	985,728	3
Accounts payable to related parties (Note 22)	4,074,739	12	4,051,329	12
Other payables (Notes 19 and 22)	619,281	2	491,509	2
Current tax liabilities (Notes 4 and 16)	123,943	-	29,498	-
Receipts in advance (Notes 4 and 22)	301,798	1	75,465	-
Other current liabilities	<u>35,776</u>	-	<u>32,686</u>	-
Total current liabilities	<u>7,194,655</u>	<u>21</u>	<u>5,666,215</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Net defined benefit liabilities (Notes 4 and 13)	55,892	-	51,543	-
Other non-current liabilities (Notes 4, 16 and 22)	<u>49,159</u>	-	<u>4,835</u>	-
Total non-current liabilities	<u>105,051</u>	-	<u>56,378</u>	-
Total liabilities	<u>7,299,706</u>	<u>21</u>	<u>5,722,593</u>	<u>17</u>
EQUITY (Notes 13, 14 and 18)				
Share capital	<u>11,404,677</u>	<u>33</u>	<u>11,404,677</u>	<u>35</u>
Capital surplus	<u>10,108,119</u>	<u>30</u>	<u>10,071,683</u>	<u>31</u>
Retained earnings				
Legal reserve	1,304,481	4	1,113,687	4
Special reserve	70,678	-	70,678	-
Unappropriated earnings	<u>4,246,203</u>	<u>13</u>	<u>4,301,134</u>	<u>13</u>
Total retained earnings	<u>5,621,362</u>	<u>17</u>	<u>5,485,499</u>	<u>17</u>
Other equity	<u>106,609</u>	-	<u>488,620</u>	<u>1</u>
Treasury shares	<u>(308,269)</u>	<u>(1)</u>	<u>(360,464)</u>	<u>(1)</u>
Total equity	<u>26,932,498</u>	<u>79</u>	<u>27,090,015</u>	<u>83</u>
TOTAL	<u>\$ 34,232,204</u>	<u>100</u>	<u>\$ 32,812,608</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, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 22)	\$ 13,905,359	100	\$ 13,112,855	100
OPERATING COSTS (Notes 9, 15 and 22)	<u>11,256,560</u>	<u>81</u>	<u>11,372,610</u>	<u>87</u>
GROSS PROFIT	2,648,799	19	1,740,245	13
UNREALIZED LOSS ON TRANSACTIONS WITH SUBSIDIARIES	<u>(2,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,646,485</u>	<u>19</u>	<u>1,740,245</u>	<u>13</u>
OPERATING EXPENSES (Notes 15 and 22)				
Selling and marketing expenses	264,124	2	184,341	1
General and administrative expenses	759,309	5	789,521	6
Research and development expenses	<u>688,278</u>	<u>5</u>	<u>635,614</u>	<u>5</u>
Total operating expenses	<u>1,711,711</u>	<u>12</u>	<u>1,609,476</u>	<u>12</u>
INCOME FROM OPERATIONS	<u>934,774</u>	<u>7</u>	<u>130,769</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4)	6,499	-	12,808	-
Royalty income (Notes 4 and 22)	201,774	2	12,798	-
Dividend income (Note 4)	32,151	-	26,350	-
Other income (Notes 4 and 8)	45,586	-	24,905	-
Interest expense (Note 11)	(9,984)	-	(16,340)	-
Share of profit of subsidiaries	1,006,612	7	1,914,510	15
Net gain on disposal of property, plant and equipment	42,842	-	98	-
Net loss on foreign currency exchange (Note 25)	(28,301)	-	(15,644)	-
Impairment loss (Notes 4 and 11)	<u>-</u>	<u>-</u>	<u>(128,699)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,297,179</u>	<u>9</u>	<u>1,830,786</u>	<u>14</u>
INCOME BEFORE INCOME TAX	2,231,953	16	1,961,555	15
INCOME TAX EXPENSE (Notes 4 and 16)	<u>(153,888)</u>	<u>(1)</u>	<u>(53,616)</u>	<u>-</u>

NET INCOME FOR THE YEAR	<u>2,078,065</u>	<u>15</u>	<u>1,907,939</u>	<u>15</u>
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OTHER COMPREHENSIVE INCOME (LOSS)

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 13)	\$ (6,853)	-	\$ (7,956)	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	(211)	-	(2,682)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 16)	<u>1,165</u>	<u>-</u>	<u>1,353</u>	<u>-</u>
	<u>(5,899)</u>	<u>-</u>	<u>(9,285)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	97,714	1	41,419	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	<u>(479,725)</u>	<u>(4)</u>	<u>(633,490)</u>	<u>(5)</u>
	<u>(382,011)</u>	<u>(3)</u>	<u>(592,071)</u>	<u>(5)</u>
Other comprehensive loss for the year, net of income tax	<u>(387,910)</u>	<u>(3)</u>	<u>(601,356)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,690,155</u>	<u>12</u>	<u>\$ 1,306,583</u>	<u>10</u>
EARNINGS PER SHARE (Note 17)				
Basic	<u>\$1.85</u>		<u>\$1.69</u>	
Diluted	<u>\$1.85</u>		<u>\$1.69</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, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets		
BALANCE AT JANUARY 1, 2016	1,140,468	\$ 11,404,677	\$ 10,071,578	\$ 1,059,754	\$ 70,678	\$ 2,992,433	\$ 966,474	\$ 114,217	\$ -	\$ 26,679,811
Appropriation of 2015 earnings										
Legal reserve	-	-	-	53,933	-	(53,933)	-	-	-	-
Cash dividends	-	-	-	-	-	(536,020)	-	-	-	(536,020)
Changes in equity from investments in associates accounted for using the equity method	-	-	105	-	-	-	-	-	-	105
Net income for the year ended December 31, 2016	-	-	-	-	-	1,907,939	-	-	-	1,907,939
Other comprehensive loss for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(9,285)	(704,770)	112,699	-	(601,356)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	1,898,654	(704,770)	112,699	-	1,306,583
Acquisition of treasury shares - 20,000 thousand shares	-	-	-	-	-	-	-	-	(360,464)	(360,464)
BALANCE AT DECEMBER 31, 2016	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
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 loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(5,899)	(504,327)	122,316	-	(387,910)
Total comprehensive income 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 - 2,896 thousand shares	-	-	(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

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, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,231,953	\$ 1,961,555
Adjustments for:		
Depreciation expenses	240,562	267,257
Amortization expenses	25,735	29,888
Reversal of impairment loss on accounts receivable	-	(10,600)
Interest expenses	9,984	16,340
Interest income	(6,499)	(12,808)
Dividend income	(32,151)	(26,350)
Share-based payments	20,257	-
Share of profit of subsidiaries	(1,006,612)	(1,914,510)
Net gain on disposal of property, plant and equipment	(42,842)	(98)
Net gain on disposal of investments	(2,775)	-
Impairment loss recognized on non-financial assets	-	128,699
Reversal of write-down of inventories	(13,244)	(150,398)
Unrealized loss on transactions with subsidiaries	2,314	-
Net unrealized gain on foreign currency exchange	(53,660)	(52,401)
Royalty income	(201,774)	(12,798)
Changes in operating assets and liabilities		
Accounts receivable	227,144	(272,800)
Accounts receivable from related parties	(1,097,866)	(269,094)
Inventories	(984,235)	84,904
Prepayments	(13,335)	142,319
Other current assets	(10,936)	4,441
Notes and accounts payable	852,434	204,332
Accounts payable to related parties	190,578	655,865
Other payables	94,104	(38,007)
Receipts in advance	458,137	76,374
Other current liabilities	8,918	805
Net defined benefit liabilities	<u>(2,504)</u>	<u>19,141</u>
Cash generated from operations	893,687	832,056
Income tax paid	<u>(21,344)</u>	<u>(10,031)</u>
Net cash generated from operating activities	<u>872,343</u>	<u>822,025</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(279,998)	-
Proceeds from repayments of debt investments with no active market	-	600,000

Proceeds from disposal of financial assets measured at cost	25,080	-
Proceeds from disposal of investment accounted for using the equity method	-	1,251,070
Payments for property, plant and equipment	(131,298)	(135,027)
Proceeds from disposal of property, plant and equipment	48,784	114
Decrease (increase) in other receivables from related parties	52,946	(52,896)
Payments for other intangible assets	(34,290)	(93,942)

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Decrease (increase) in other non-current assets	\$ (977)	\$ 231
Interest received	6,531	18,313
Dividends received	<u>613,674</u>	<u>376,936</u>
Net cash generated from investing activities	<u>300,452</u>	<u>1,964,799</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	230,100	(100,000)
Repayments of long-term borrowings	-	(1,624,771)
Increase (decrease) in other non-current liabilities	1,688	(1)
Cash dividends	(1,680,702)	(536,020)
Cash paid for acquisition of treasury shares	-	(360,464)
Proceeds from treasury shares transferred to employees	52,029	-
Interest paid	<u>(9,772)</u>	<u>(16,800)</u>
Net cash used in financing activities	<u>(1,406,657)</u>	<u>(2,638,056)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(233,862)	148,768
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>873,221</u>	<u>724,453</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 639,359</u>	<u>\$ 873,221</u>

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

(Concluded)

Appendix 3

AUDIT COMMITTEE'S REVIEW REPORT

To: The Company's 2018 Annual General Meeting of Stockholders

The Board of Directors has prepared the Company's 2017 financial statements, consolidated financial statements. And the certified accountants appointed by the Board of Directors, Wong, Ya-Ling and Shao, Chih-Ming of Deloitte & Touche, a CPA firm, have completed the audit to the Company's financial statements and issued an audit report thereof.

In addition, the 2017 business report and proposal of earnings distribution prepared by the Board of Directors have been reviewed and determined to have been conducted pursuant to Company Act and relative regulations by us, so according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report to the 2018 Annual General Meeting of shareholders of the Company.

E INK HOLDINGS INC.

Chairman of the Audit Committee: Ten Chung Chen

Date: March 22, 2018

Appendix 4

E INK HOLDINGS INC.

Third Share Repurchase and Employee Incentive Plan

Adoption date: June 13, 2016
First amendment: August 9, 2016

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 three 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 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.

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.

Appendix 5

E INK HOLDINGS INC.

Comparison Table of the Amendment to Rules of Board of Directors Meeting

Article	After Amendment	Before Amendment	Remarks
7	<p>The following matters shall be submitted for discussion at the Board meeting:</p> <ol style="list-style-type: none"> 1. The Company's business plan. 2. Annual and semi-annual financial reports; unless the law provides that semi-annual financial reports do not require audit and certification by CPA. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act <u>and an assessment of effectivity of the internal control system.</u> 4. Adoption of amendment of procedures for acquisition or disposal of assets, derivatives trading, monetary lending, endorsement or guarantee, or any other financial or business acts of significance under Article 36-1 of the Securities and Exchange Act. 5. The offering, issuance, or private placement of any equity-like securities. 6. The appointment or discharge of a financial, accounting, or internal auditing officer. 7. Donations to related parties or significant donations to non-related parties; provided that pro bono donations as disaster relief in the event of major natural disasters may be retrospectively recognized at the next Board meeting. 8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other statute, regulation, or the Company's Articles of Incorporation to be approved by the general meeting or Board meeting, or any other significant matter prescribed by the competent authority. 	<p>The following matters shall be submitted for discussion at the Board meeting:</p> <ol style="list-style-type: none"> 1. The Company's business plan. 2. Annual and semi-annual financial reports; unless the law provides that semi-annual financial reports do not require audit and certification by CPA. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act. 4. Adoption of amendment of procedures for acquisition or disposal of assets, derivatives trading, monetary lending, endorsement or guarantee, or any other financial or business acts of significance under Article 36-1 of the Securities and Exchange Act. 5. The offering, issuance, or private placement of any equity-like securities. 6. The appointment or discharge of a financial, accounting, or internal auditing officer. 7. Donations to related parties or significant donations to non-related parties; provided that pro bono donations as disaster relief in the event of major natural disasters may be retrospectively recognized at the next Board meeting. 8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other statute, regulation, or the Company's Articles of Incorporation to be approved by the general meeting or Board meeting, or any other significant matter prescribed by the competent authority. <p>For purpose of Paragraph (7) above, a related party means the related party</p>	To comply with the amendment of law.

Article	After Amendment	Before Amendment	Remarks
	<p>For purpose of Paragraph (7) above, a related party means the related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; significant donations to non-related parties means the amount of a donation or accumulated amount of donations to the same party in a year is above NT\$100,000,000, or at 1% or above of the net business income or 5% or above of the paid-in capital stated in the CPA certified financial report for the most recent year.</p> <p>The one year in the preceding paragraph means the one-year period ending on the date of the Board meeting. Amount of donations approved upon resolution of the Board meeting will not count toward the limit. During the period that the Company has Independent Directors, <u>at least one Independent Director shall attend the Board of Directors Meeting. All of the Independent Directors shall attend any meeting concerning a matter that requires a resolution by the Board under Article 14-3 of the Securities and Exchange Act. Any Independent Director unable to attend such meeting shall appoint another Independent Director to attend on his or her behalf. If an Independent Director objects to or expresses reservations about the matter, it shall be recorded in the Board meeting minutes; an Independent Director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</u></p>	<p>as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; significant donations to non-related parties means the amount of a donation or accumulated amount of donations to the same party in a year is above NT\$100,000,000, or at 1% or above of the net business income or 5% or above of the paid-in capital stated in the CPA certified financial report for the most recent year.</p> <p>The one year in the preceding paragraph means the one-year period ending on the date of the Board meeting. Amount of donations approved upon resolution of the Board meeting will not count toward the limit. During the period that the Company has Independent Directors, <u>each Independent Director shall attend in person any meeting concerning a matter that requires a resolution by the Board under Article 14-3 of the Securities and Exchange Act, or shall appoint another Independent Director to attend on his or her behalf. If an Independent Director objects to or expresses reservations about the matter, it shall be recorded in the Board meeting minutes; an Independent Director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</u></p>	

Appendix 6

E INK HOLDINGS INC. RULES OF BOARD OF DIRECTORS MEETING

Approved by the Board of Directors at the 4th Board meeting for the
TENTH Term on November 10,
2017

- Article 1 In order to establish the superior governing system of the Board of Directors (the "Board"), integrate supervising capacity and strengthen management function of the Company, these rules are established in accordance with Article 2 of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance therewith.
- Article 2 The main agenda items, administrative procedures, required content of meeting minutes, public announcements, and other requirements shall be handled in accordance with these Rules.
- Article 3 The Board meeting shall be convened at least once per quarter.
- The notice of Board meeting shall be delivered to each Director and Supervisor at least seven days before the meeting; while in case of emergency, the meeting may be convened anytime.
- Subject to the consent of the recipient, the meeting notice in the preceding paragraph may be sent electronically.
- All matters listed in Paragraph1 of Article 7 shall be specified in the notice of Board meeting; none of such matters may be raised by a motion of any other business except in the case of emergency or any other legitimate causes.
- Article 4 A Board meeting shall be held at the Company's location during the business hours of the Company, or at a place and time convenient to all Directors and suitable for holding such a meeting.
- Article 5 The meeting administration unit for Board meetings appointed by the Board of the Company shall be the Legal Affairs Division.
- The meeting administration unit shall prepare agenda items for Board meetings, provide comprehensive meeting materials, and send the materials together with the notice of the meeting.
- A Director in the opinion that the meeting materials provided are insufficiently comprehensive may request the meeting administration unit for supplement. The Board of Directors may postpone any agenda item by resolution if any Director is in the opinion that the meeting materials of such agenda item are insufficient.
- Article 6 Agenda items for regular Board meetings of the Company shall include at least the following:
1. Report Items:
 - (1) Minutes of the last meeting and relevant action items.
 - (2) Report on important financial and business matters.
 - (3) Report on internal auditing activities.
 - (4) Report on other important matters.
 2. Discussion Items:
 - (1) Items suspended by the last meeting.

(2) Items for discussion at this meeting.

3. Any Other Business

Article 7 The following matters shall be submitted for discussion at the Board meeting:

1. The Company's business plan.
2. Annual and semi-annual financial reports; unless the law provides that semi-annual financial reports do not require audit and certification by CPA.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and an assessment of effectivity of the internal control system.
4. Adoption of amendment of procedures for acquisition or disposal of assets, derivatives trading, monetary lending, endorsement or guarantee, or any other financial or business acts of significance under Article 36-1 of the Securities and Exchange Act.
5. The offering, issuance, or private placement of any equity-like securities.
6. The appointment or discharge of a financial, accounting, or internal auditing officer.
7. Donations to related parties or significant donations to non-related parties; provided that pro bono donations as disaster relief in the event of major natural disasters may be retrospectively recognized at the next Board meeting.
8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other statute, regulation, or the Company's Articles of Incorporation to be approved by the general meeting or Board meeting, or any other significant matter prescribed by the competent authority.

For purpose of Paragraph (7) above, a related party means the related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; significant donations to non-related parties means the amount of a donation or accumulated amount of donations to the same party in a year is above NT\$100,000,000, or at 1% or above of the net business income or 5% or above of the paid-in capital stated in the CPA certified financial report for the most recent year.

The one year in the preceding paragraph means the one-year period ending on the date of the Board meeting. Amount of donations approved upon resolution of the Board meeting will not count toward the limit.

During the period that the Company has Independent Directors, at least one Independent Director shall attend the Board of Directors Meeting. All of the Independent Directors shall attend any meeting concerning a matter that requires a resolution by the Board under Article 14-3 of the Securities and Exchange Act. Any Independent Director unable to attend such meeting shall appoint another Independent Director to attend on his or her behalf. If an Independent Director objects to or expresses reservations about the matter, it shall be recorded in the Board meeting minutes; an Independent Director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 8 When a Board meeting is held, an attendance sheet shall be prepared ready for signature by attending Directors and thereafter kept for filing.

All Board directors shall attend Board meetings in person. If personal attendance of any Director is not possible, he or she may, pursuant to the Company's Articles of Incorporation, appoint another Director to attend on his or her behalf. Attendance via video-conference is deemed as attendance in person.

A Director appointing another Director to attend a Board meeting on his or her behalf shall in each case issue a written proxy stating the scope of authority with respect to the agenda items.

A proxy under paragraph 2 herein may accept one Director's appointment only.

Article 9 Board meetings shall be convened and chaired by the Chairman of the Board. However, the first meeting of each new term of Board shall be convened and chaired by the Director who received the most votes at the general meeting. If two or more Directors have the power to convene such meeting, the chairperson of the meeting shall be elected from among the Directors by themselves.

When the Chairman of the Board asks for leave, or for any other reason is unable to exercise his or her powers, he or she shall appoint another Director to act on his or her behalf; if the Chairman makes no such designation, the other Directors shall elect from among themselves a Director to act on the Chairman's behalf.

Article 10 At any Board meeting, the Company may, if necessary for the agenda items, notify persons from relevant departments or subsidiaries to attend the meeting as non-voting participants. When necessary, the Company may also invite certificated public accountants, attorneys, or other professionals to attend as non-voting participants and provide explanations, who, however, must excuse themselves from the discussion and voting thereon.

Article 11 The Company shall record on audio or video tape the entire proceedings of a Board meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a Board meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a Board meeting is held via video conferencing, the audio or visual record of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Company.

Article 12 If more than one-half of the Directors are present when the meeting time is due, the chairperson shall call meeting to order. In case one-half or more of the Directors are still absent when the meeting time is due, the chairperson may announce postponement of the meeting time, provided that no more than two postponements may be made, and the aggregate period of postponement cannot exceed one hour. If the quorum is still not met after two postponements, the chairperson shall re-convene the meeting following the procedures provided in Paragraph 2 of Article 3.

The term "the Directors" for calculation under the preceding paragraph and Subparagraph 2 of Paragraph 2 of Article 17 refers to the Directors actually in office at the specific time.

Article 13 A Board meeting shall be conducted in accordance with the agenda specified in the meeting notice. However, the agenda may be changed with the approval of a majority of the attending Directors.

The chairperson may not declare the meeting adjourned before completing the agenda specified in the preceding paragraph, unless a majority of the attending Directors approves otherwise.

If at any time during a Board meeting the Directors actually sitting at the meeting are not more than half of the attending Directors, then upon motion by the Directors sitting at the meeting, the chairperson shall declare a suspension of meeting, in which case the paragraph 1 of preceding article shall apply mutatis mutandis.

Article 14 When the chairperson is in the opinion that an agenda item has been sufficiently discussed for vote, he or she may announce the discussion closed and bring the item to vote.

In the voting process, if the chairperson seeks comments from the attending Directors and no objection is received, the agenda item is deemed approved.

Article 15 Except as otherwise stipulated in the Security Exchange Act or the Company Act, a resolution on any agenda item at a Board meeting shall be made by a majority of the attending Directors, who shall be no less than all of the Directors.

The method of voting on agenda items shall be chosen by the chairperson according to any of the following subparagraphs; if, however, there is any objection by any attending Director, the chairperson shall determine the method of voting in accordance with the majority opinion of the attending Directors:

1. to vote by show of hands;
2. to vote by roll call; or
3. to vote by ballot.

If there is any amendment or alternative scheme for an agenda item, the chairperson may incorporate it into the original proposal and determine the order of vote. However, in case any of them has been resolved, others are regarded as rejected and further voting shall be cancelled.

The personnel for balloting scrutiny and vote counting, if any, shall be appointed by the chairperson, provided that only a Director is qualified to be the ballot scrutinizing personnel.

The voting result shall be reported on the spot and made into records.

Article 16 If any Director, or the legal entity he or she represents, has conflict of interest regarding any agenda item, the Director shall describe the important details about the conflict of interest at the same Board meeting, and if the Company's interests may be prejudiced, the Director shall excuse himself or herself from the discussion and voting thereon. The conflicting Director also may not vote on behalf of any other Director for the agenda item.

With respect to a resolution at a Board meeting, Paragraph 2 of Article 180 of the Company Act, as applied mutatis mutandis under Paragraph 2 of Article 206 of the Act, shall apply in cases where a Director is prohibited by the preceding paragraph from voting.

Article 17 Minutes shall be prepared of the discussions at Board meetings. Meeting minutes shall accurately record the following:

1. Session, time, and place of meeting.
2. Name of the chairperson.
3. Attendance status of Directors at the meeting, including the names and number of Directors present, on leave, and absent.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.
6. Report Items.

7. Discussion items: specifying the resolution method and result for each proposal, and summary of the comments, name of Director having conflict of interest as provided in Paragraph 1 of the preceding article, description of major details about the conflict of interest, reasons why he or she should or should not excuse himself or herself, status of excuse, objections or reservations expressed by Directors, Supervisors, experts, and others at the meeting that have been included in records or stated in writing, and any opinion issued in writing by an Independent Director under Paragraph 5 of Article 7.
8. Any other business: specifying the name of the mover, the resolution method and result for each motion, summary of comments, name of Director having conflict of interest as provided in Paragraph 1 of the preceding article, description of major details about the conflict of interest, reasons why he or she should or should not excuse himself or herself, status of excuse, and objections or reservations expressed by, Directors, Supervisors, experts, or others at the meeting that have been included in records or stated in writing.
9. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a Board meeting shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:

1. Any matter about which an Independent Director expresses an objection or reservation that has been included in records or stated in writing.
2. Any matter that has not been passed by the audit committee (where the Company has established an audit committee), but has been adopted with the approval of two-thirds or more of the Directors.

The attendance book forms a part of the minutes for each Board meeting and shall be well preserved during the existence of the Company.

The minutes of a Board meeting shall bear the signature or seal of both the chairperson and the minutes taker; a copy of the minute shall be distributed to each Director and Supervisor within 20 days after the meeting and well preserved as important company records during the existence of the Company.

The production and distribution of the meeting minutes referred to in paragraph 1 herein may be done in electronic form.

Article 18 Establishment of and amendment to these Rules shall be subject to consent of the Board and adoption by the shareholders at a general meeting.

Appendix 7

E INK HOLDINGS INC.

2017 EARNINGS DISTRIBUTION STATEMENT

Unit: NTD

Item	Amount (NTD)	Note
Retained earnings at the beginning of this fiscal year	\$2,429,638,421	
Adjustment on retained earnings for Investments under equity method	(255,600,846)	
Recognition of re-measurement of defined benefit plan in retained earnings	(5,899,692)	
Adjusted retained earnings	2,168,137,883	
Plus: Net profit after tax of 2017	2,078,065,371	
Deduct: 10% legal reserve	(207,806,537)	
Distributable retained earnings of this fiscal year	4,038,396,717	
Item of Allocation		
Shareholders' cash dividends and bonus	1,853,550,130	Distribute \$1.65
Unappropriated earnings at the end of this fiscal year	\$2,184,846,587	

Chairman: Frank Ko

CFO: Patrick Chang

Controller: James Huang

Appendix 8

E INK HOLDINGS INC

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

Article	After Amendment	Before Amendment	Remarks
7(l)	<p>(1) The responsible department should report the reasons for acquisition or disposition of securities in the centralized exchange market or over-the-counter ("OTC") market, transaction target, reference price, etc. to the level in-charge and submit to the department-in-charge for decision in accordance with <u>the Company's quota chart for investment in equity securities or the Company's internal regulations.</u></p> <p>(2) As for securities or privately placed securities not acquired or disposed in the centralized exchange market or OTC market, the responsible department should report the reasons for such acquisition or disposition, transaction target, transactional party, transfer price, payment and collection terms and reference price, etc. to the board of directors for resolution. After the board of directors' resolution, the responsible department should report the transaction in accordance with <u>the Company's Quota Chart for Investment in Equity Securities or the Company's internal regulations</u> to responsible levels and submit to the department-in-charge for decision.</p>	<p>(1) The responsible department should report the reasons for acquisition or disposition of securities in the centralized exchange market or over-the-counter ("OTC") market, transaction target, reference price, etc. to the level in-charge and submit to the department-in-charge for decision in accordance with the Company's internal regulations.</p> <p>(2) As for securities or privately placed securities not acquired or disposed in the centralized exchange market or OTC market, the responsible department should report the reasons for such acquisition or disposition, transaction target, transactional party, transfer price, payment and collection terms and reference price, etc. to the board of directors for resolution. After the board of directors' resolution, the responsible department should report the transaction in accordance with the Company's internal regulations to responsible levels and submit to the department-in-charge for decision.</p>	<p>To comply with the letter No.1060200852 from the Taipei Exchange and pursuant to subsection 2 and 3 of Article 7(l) of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company shall include assessment procedure (the determination of price and its reference) and operation procedure (the amount authorized, the execution level and unit and transaction process) into the Procedures for Acquisition or Disposition of Assets.</p>
8	<p><u>Procedures of Transactional Terms Determination and Transaction Process</u></p> <p>1. Method and reference of price determination in assets acquisition or disposition</p> <p>(1) Acquisition or disposition of securities</p>	<p>Procedures of Transactional Terms Determination</p> <p>1. Method and reference of price determination in assets acquisition or disposition</p> <p>(1) Acquisition or disposition of securities</p> <p>1. Price for securities purchased or sold in the centralized</p>	<p>To comply with the letter No.1060200852 from the Taipei Exchange and pursuant to subsection 2 and 3 of Article 7(l) of the</p>

Article	After Amendment	Before Amendment	Remarks									
	<p>1. Price for securities purchased or sold in the centralized exchange market or OTC market should be determined by the fair market price of the securities at the time of transaction.</p> <p>2. Price for securities not acquired or disposed in the centralized exchange market or OTC market should be determined by its book value per share, profitability, development potentials, fair market value at the time of transaction, <u>the industry, performance of operation and industry and market conditions of other companies in the same industry...etc. and by utilizing P/B Ratio, P/E Ratio or cost approach as method for assessment as well as taking into consideration the average settlement price in the centralized securities exchange market of other companies in the same industry in the latest month.</u></p> <p>(2) Acquisition or disposition of other assets should be conducted with price comparison, price negotiation, invitation to tender or other methods.</p> <p>2. Acquisition or disposal of assets should be done by the responsible department in accordance with <u>the Company's Quota Chart for Investment in Equity Securities</u> or the Company's internal regulations, verified by responsible levels and submitted to the department-in-charge for decision.</p> <p><u>(1) Quota Chart for Investment in Equity Securities</u></p> <table border="1" data-bbox="257 1093 1039 1265"> <thead> <tr> <th data-bbox="257 1093 607 1153">Verification Personnel Transaction Amount</th> <th data-bbox="607 1093 824 1153">Chairman</th> <th data-bbox="824 1093 1039 1153">Board of Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="257 1153 607 1225">Below NT\$ 0.3 billion</td> <td data-bbox="607 1153 824 1225">Verification</td> <td data-bbox="824 1153 1039 1225"></td> </tr> <tr> <td data-bbox="257 1225 607 1265">Above NT\$ 0.3 billion</td> <td data-bbox="607 1225 824 1265"></td> <td data-bbox="824 1225 1039 1265">Verification</td> </tr> </tbody> </table> <p><u>Note: the Chart is not applicable to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by</u></p>	Verification Personnel Transaction Amount	Chairman	Board of Directors	Below NT\$ 0.3 billion	Verification		Above NT\$ 0.3 billion		Verification	<p>exchange market or OTC market should be determined by the fair market price of the securities at the time of transaction.</p> <p>2. Price for securities not acquired or disposed in the centralized exchange market or OTC market should be determined by its book value per share, profitability, development potentials, and fair market value at the time of transaction.</p> <p>(2) Acquisition or disposition of other assets should be conducted with price comparison, price negotiation, invitation to tender or other methods.</p> <p>2. Acquisition or disposal of assets should be done by the responsible department in accordance with the Company's internal regulations, verified by responsible levels and submitted to the department-in-charge for decision.</p>	<p>Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company shall include assessment procedure (the determination of price and its reference) and operation procedure (the amount authorized, the execution level and unit and transaction process) into the Procedures for Acquisition or Disposition of Assets.</p>
Verification Personnel Transaction Amount	Chairman	Board of Directors										
Below NT\$ 0.3 billion	Verification											
Above NT\$ 0.3 billion		Verification										

Article	After Amendment	Before Amendment	Remarks
	<p>domestic securities investment trust enterprises, all of which should be conducted in accordance with the Company's internal regulations.</p> <p>(2) Acquisition or disposition of other assets should be conducted in accordance with the Company's internal regulations, verified by responsible levels and submitted to the department-in-charge for decision.</p> <p>3. The execution personnel and transaction process for the Company's acquisition or disposition of assets are as follows:</p> <p>(1) acquisition or disposition of assets under subsection 1 of Article 3 shall be subject to analysis report by related departments and conducted in accordance with the Company's Quota Chart for Investment in Equity Securities, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, which should be conducted in accordance with the Company's internal regulations.</p> <p>(2) Real Estate and Equipment : subject to analysis report by related departments and conducted in accordance with the Company's internal regulations. Where a real estate is acquired from or disposed to a related party, Article 10 of the Procedures shall be applied.</p> <p>(3) Derivatives : conducted by related department in accordance with Article 12 of the Procedures.</p> <p>(4) Asset acquired from or disposed of due to a merger, division, acquisition or transfer of shares shall be dealt with in accordance with Article 13 of the Procedures.</p>		
12(I)(4)⊕	<p>...(3) Transaction to avoid foreign exchange rate and interest rate risks resulted from specific case: the total contract amount cannot exceed total amount of the budget of that specific case, <u>which shall not exceed USD 10,000,000.</u></p> <p>2. For trading purpose: transaction personnel can proceed transaction within the approved limit for the specific case <u>and total amount of the budget of that specific case shall not exceed</u></p>	<p>...(3) Transaction to avoid foreign exchange rate and interest rate risks resulted from specific case: the total contract amount cannot exceed total amount of the budget of that specific case.</p> <p>2. For trading purpose: transaction personnel can proceed transaction within the approved limit for the specific case. ...</p>	<p>To comply with the letter No.1060200852 from the Taipei Exchange and pursuant to subsection 1 of Article 18(I) of the "Regulations Governing the Acquisition and Disposal of</p>

Article	After Amendment	Before Amendment	Remarks
	<u>USD 10,000,000.</u>		Assets by Public Companies", the Company shall make amendments to the Procedures to incorporate requirements in such provision.

Article	After Amendment	Before Amendment	Remarks
12(l)(8)⊕	<p>(3) Periodic evaluation</p> <p>1. The board of directors should designate financial <u>and accounting</u> chief to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the "Implementation Rules for Internal Control." Financial chief should also periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>2. Financial and accounting chief should periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the <u>Procedures in the middle and the end of each month.</u></p>	<p>(3) Periodic evaluation</p> <p>1. The board of directors should designate financial chief to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the "Implementation Rules for Internal Control." Financial chief should also periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>2. Financial chief should periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures.</p>	<p>To comply with the aforesaid letter, and pursuant to subsection 3 and 4 of Article 18(l) of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall make amendments to the Procedures to incorporate requirements in such provisions.</p>

Appendix 9

E INK HOLDINGS INC Procedures for Acquisition or Disposition of Assets

Article 1: Purpose

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

Article 2: Governing Rules

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

Article 3: Scope of Assets

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

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

Article 4: Definitions

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law:
Refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial

Institution Merger Act and other acts, or shares acquired from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.

3. Related party and subsidiary: As defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipments.
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 China area investment: Refers to investments in Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in Mainland China area.
7. 10% of total asset value: the calculation is based on the total asset value stated in the issuer's most recent individual or separate financial statement(s) that are prepared in accordance with IFRs.
8. Transaction value of 20% of the paid-in capital: where the Company's shares has no par value or the par value is not NT\$10, any reference to "20% of the paid-in capital" shall mean 10% of the equity attributable of the stockholders of the parent.
9. The term "all audit committee members" and "all directors" shall mean the actual number of persons currently holding those positions.

Article 5: Exclusion of related party

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

Article 6: Scope and Limitation of Investment

Limitation of investment in the following items is as follows:

1. Total amount of real property not for business use shall not exceed the Company's shareholders' equity.
2. Total amount of securities investment shall not exceed three times of the Company's shareholders' equity.
3. Total amount of investment in individual securities shall not exceed 1.5 times of the

Company's shareholders' equity.

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

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

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

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

Article 8: Procedures of Transactional Terms Determination and Transaction Process

1. Method and reference of price determination in assets acquisition or disposition
 - (1) Acquisition or disposition of securities
 1. Price for securities purchased or sold in the centralized exchange market or OTC market should be determined by the fair market price of the securities at the time of transaction.
 2. Price for securities not acquired or disposed in the centralized exchange market or OTC market should be determined by its book value per share, profitability, development potentials, fair market value at the time of transaction, the industry, performance of operation and industry and market conditions of

other companies in the same industry...etc. and by utilizing P/B Ratio, P/E Ratio or cost approach as method for assessment as well as taking into consideration the average settlement price in the centralized securities exchange market of other companies in the same industry in the latest month.

- (2) Acquisition or disposition of other assets should be conducted with price comparison, price negotiation, invitation to tender or other methods.
2. Acquisition or disposal of assets should be done by the responsible department in accordance with the Company's Quota Chart for Investment in Equity Securities or the Company's internal regulations, verified by responsible levels and submitted to the department-in-charge for decision.

(1) Quota Chart for Investment in Equity Securities

Verification Personnel Transaction Amount	Chairman	Board of Directors
Below NT\$ 0.3 billion	Verification	
Above NT\$ 0.3 billion		Verification

Note: the Chart is not applicable to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, all of which should be conducted in accordance with the Company's internal regulations.

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

3. The execution personnel and transaction process for the Company's acquisition or disposition of assets are as follows:

(1) acquisition or disposition of assets under subsection 1 of Article 3 shall be subject to analysis report by related departments and conducted in accordance with the Company's Quota Chart for Investment in Equity Securities, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, which should be conducted in accordance with the Company's internal regulations.

(2) Real Estate and Equipment : subject to analysis report by related departments and conducted in accordance with the Company's internal regulations. Where a real estate is acquired from or disposed to a related party, Article 10 of the Procedures shall be applied.

(3) Derivatives : conducted by related department in accordance with Article 12 of the Procedures.

(4) Asset acquired from or disposed of due to a merger, division, acquisition or transfer of shares shall be dealt with in accordance with Article 13 of the Procedures.

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

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

Article 10: Related Party Transaction:

1. When an asset is acquired from or disposed to a related party, in addition that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in compliance with the provisions of the preceding Articles and this Article, an

professional appraiser's appraisal report or a certified public accountant's opinion should be obtained should the transaction amount reaches 10 percent or more of the company's total assets. Calculation of the transaction amount should be conducted in accordance with Article 11-1 of the Procedures.

2. Except for sale or purchase of governmental bonds, bonds under repurchase/resale agreements, and the subscription or redemption of domestic money market funds, when acquiring from or disposing to real property a related party, or acquiring from or disposing to a related party the assets other than real property, in which the actual transaction amount reaches 20 percent of the company's paid-in capital, or 10 percent of the company's total assets, or NT\$300 million, the following information should be submitted for approval by resolution passed by one-half or more of the members of audit committee and the board of directors before executing the deal contracts and making payments (if the above has not been approved with the consent of one-half or more of all audit committee members, it may be undertaken upon the consent of two-thirds or more of all directors and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting):
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) In the case of acquisition of real property from a related party, relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 10 (3) and Article 10(6).
 - (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (6) The professional appraiser's appraisal report or the certified public accountant's opinion obtained in accordance with preceding Article.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.

Calculation of the aforementioned transaction amount should be conducted pursuant to paragraph 2 of Article 14. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly submitted for approval by resolution passed by one-half or more of the members of audit committee and the board of directors need not be counted into the transaction amount.

With respect to the acquisition or disposition of equipment for business use between the Company and its affiliates, the Chairman is authorized to make such decision, when the

transaction amount is within the limit of NT\$300 million, and to submit the acquisition or disposition to the board of directors afterwards.

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

3. Acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below):
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is calculated as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
4. When acquiring real property from a related party and appraising the cost of the real property in accordance with preceding requirements, it shall also engage a certified public accountant to reexamine the appraisal and render a specific opinion.
5. When acquiring real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2 of this Article and the preceding two paragraphs do not apply:
 - (1) The related party acquired the real property through inheritance or as a gift.
 - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
 - (3) The real property is acquired through signing of a joint development contract with the related party or the contracts for engaging related parties to build on land owned or leased by the Company.
6. When the results of an appraisal conducted in accordance with paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7 of this Article. However, where the following circumstances exist,

objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:

- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 3. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
 - (2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
 - (3) Completed transactions for neighboring or closely valued parcels of land in subparagraphs 2 and 3 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
7. Where acquiring real property from a related party and the results of appraisals conducted in accordance with paragraphs 3 to 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken:
- (1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the

Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. A company that has set aside a special reserve under the preceding regulation may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

(2) Independent Directors of the audit committee shall comply with Article 218 of the Company Act.

(3) Actions taken pursuant to subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(4) Subparagraphs 1 to 3 of this paragraph shall be complied with if there is other evidence indicating that the acquisition was not an arms length transaction.

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

1. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain in advance financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the engaged certified public accountant needs to adopt experts' report, it should be done in accordance with the provisions of Statement of Auditing Standards No. 20. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.
2. Where a company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except for the transactions to be proceeded with governmental agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The certified public accountant should follow the provisions of Statement of Auditing Standards No. 20.
3. Where a company acquires or disposes of assets through court auction procedures, the

evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant opinion.

Article 11-1: Calculation of the aforementioned transaction amount should be conducted pursuant to paragraph 2 of Article 14. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly obtained a professional appraiser's report or a certified public account's opinion in accordance with the Procedures need not be counted into the transaction amount.

Article 12: Engaging in Derivatives Trading

1. Operating or hedging strategies

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

2. Segregation of duties

(1) Trading department

1. Gather market information, familiarize with derivatives, relevant regulations and risk evaluation.
2. Conduct transaction and risk management within its authorized limit.
3. Provide sufficient and timely information to the Company's senior management personnel, and evaluate profit-loss circumstances periodically.
4. A log book shall be established in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates shall be recorded in detail in the log book.

(2) Accounting department

1. Confirmation of transaction.
2. Understand the nature of the products, contracts and types of transaction and provide proper registration.
3. Evaluate each department's profits and losses monthly.
4. Prepare periodic financial statements and provide adequate disclosure.

3. Essentials of performance evaluation

- (1) Derivatives trading should be evaluated regularly. The evaluation report should be submitted to the financial chief for verification.
- (2) Performance evaluation should be compared with pre-set evaluation basis on the evaluation date as reference for future decision.

4. Total amount of derivatives contracts that may be traded and the maximum loss limit on total trading

(1) Limitation of total amount of derivatives contracts

1. Not for trading purpose:

- (1) Transaction for the purpose of avoiding foreign exchange risks: the total contract amount cannot exceed that year's total amount in import and export.
- (2) Transaction for the purpose of avoiding interest rate risks: the total contract amount cannot exceed total amount of debt.
- (3) Transaction to avoid foreign exchange rate and interest rate risks resulted from specific case: the total contract amount cannot exceed total amount of the budget of that specific case, which shall not exceed USD 10,000,000.
2. For trading purpose: transaction personnel can proceed transaction within the approved limit for the specific case and total amount of the budget of that specific case shall not exceed USD 10,000,000.
- (2) The maximum loss limit on total trading and for individual contracts is as follows:
 1. Realized and unrealized loss amount in the Company's overall signed derivatives contracts shall not exceed 30 percent of the total contracts amount.
 2. Realized and unrealized loss amount in the Company's individual contracts shall not exceed 30 percent of the specific contract amount.
5. Operating procedures
 - (1) Confirmation of transactional department
 - (2) Analysis and judgment of relevant trends
 - (3) Determination of methods for risk hedging:
 1. Target of transaction
 2. Transactional department
 3. Target price and range
 4. Strategies and types of transaction
 - (4) Obtaining approval for transaction
 - (5) Executing transaction
 1. Trading counterparty: can only be domestic or overseas financial institutions. If not, consent from financial chief shall be obtained.
 2. Trading personnel: Consent from the financial chief shall be first obtained before personnel dealing with derivatives trading; notification to the financial institutions that the Company has business relationships should also be made. Derivatives trading can only be conducted by these trading personnel.
 - (6) Confirmation of transaction: after trading personnel has completed the transaction, a transaction bill should be filled in and confirmed by the confirmation personnel as to whether the trading terms are in consistent with those on the transaction bill. The bill then should be submitted for approval by the responsible supervisor.
 - (7) Settlement: after the transaction has been confirmed and no mistake identified, settlement shall be made in the agreed price by settlement personnel appointed by

the payment unit on the settlement date with who purchase price brought and related documents prepared.

6. Authorized ceiling

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

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

(2) When a company engages in derivatives trading not for trading purpose and authorizes certain personnel in charge of such trading pursuant to the Procedures, it should be reported to the immediately following board of directors afterwards.

(3) Derivatives trading for trading purpose can only be proceeded after such trading being reported to the board of directors as a specific case and approval obtained.

7. Accounting handling

Accounting handling for financial products should be conducted in accordance with Statements of Financial Accounting Standards No. 34 and No. 36.

8. Internal Control

(1) Risk management measures

1. Credit risk management: trading counterparty should be mainly the banks with which the Company has business interaction.
2. Market risk management: limited to stock exchange market and OTC transaction.
3. Liquidity risk management: to ensure liquidity, should check with funds personnel before trading whether the transaction would result in insufficient liquidity.
4. Cash flow risk management: to ensure stability of the company's working capital turnover, the Company's funding source for derivatives tradingshould be limited to equity fund. In determining trading amount, fund needed (based on the upcoming three-month cash flow forecast) should also be taken into consideration.
5. Operating risk management: must comply with authorized ceiling and operating procedures to avoid operating risks.
6. Legal risk management: to avoid legal risks, all documents intended to be entered into with banks can only be executed after being reviewed by legal department.

(2) Internal control

1. Trading personnel may not serve concurrently in other operations such as confirmation and settlement.
2. Trading personnel should provide those trading certificates or contracts for

registration personnel for records.

3. Registration personnel should login or check accounts with trading counterparty regularly.
4. Registration personnel shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated shall be recorded in detail in the log book.
5. Personnel engaging in evaluation, supervision and control of trading risks should not serve concurrently in other operations such as trading, confirmation and settlement. Such personnel should report to the board of directors regularly.

(3) Periodic evaluation

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

9. Internal Audit System

- (1) Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives pursuant to the "Implementation Rules for Internal Audit." It should conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures, and prepare an audit report. If any material violation is discovered, all independent directors of

the audit committee shall be notified in writing.

- (2) Internal audit personnel should report to the Securities and Futures Bureau for future reference the aforementioned audit report and improvements on irregular circumstances in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies."

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

1. The Company conducting a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.
2. The Company participating in a merger, spin-off, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

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

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

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

- (1) Basic identification data for personnel: including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: including the signing of any letter of intent or

memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

- (3) Important documents and minutes: including merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

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

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

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

have been publicly disclosed.

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

Article 14: Procedures for Disclosure of Information

1. Under any of the following circumstances, a company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
 - (1) Acquired or disposed real property from a related party, or acquiring or disposing assets other than real property from a related party in which transaction amount reaches 20 percent of the company's paid-in capital, or 10 percent of the company's total assets, or NT\$300 million. However, trading of government bonds and trading of bonds under repurchase / resale agreements, subscription or redemption of domestic money market funds shall not apply.

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

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

Article 15: Management of Subsidiaries

1. If the Company's subsidiary is a public company, the subsidiary should prepare its "Procedures for Acquisition or Disposition of Assets" in accordance with relevant regulations. After being passed in board of directors resolution, the procedures should be reported in shareholders' meeting in both the Company and the subsidiary. The same applies when the procedures are amended.
2. When the assets acquired or disposed by a non-public company that is owned more than 50 percent of voting rights by the Company directly or indirectly via subsidiary reach the amount that a public announcement and regulatory filing are required, the Company should also make the required public announcement, regulatory filing or carbon copy to competent authorities.
The standard of "reaching 20 percent of paid-in capital or 10 percent of the total assets" for the subsidiary making announcement and filing should be calculated based on the Company's paid-in capital or total assets.

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

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

Article 18: After the Procedures have been approved by resolution passed by one-half or more of

the members of audit committee and the board of directors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each independent director of audit committee.

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

If the first paragraph has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Appendix 10

E INK HOLDINGS INC. ARTICLES OF INCORPORATION

Chapter I General Provisions

- Article 1 The Company is organized as a company limited by shares in accordance with the Company Act under the name of 元太科技工業股份有限公司 and the English name of E INK HOLDINGS INC.
- Article 2 The scope of business of the Company shall be as follows:
- (1) CC01080 Electronic Parts and Components Manufacturing
 - (2) F119010 Wholesale of Electronic Materials (limited to the operation outside the area)
 - (3) F219010 Retail Sale of Electronic Materials (limited to the operation outside the area)
 - (4) F113050 Wholesale of Computing and Business Machinery Equipment (limited to the operation outside the area)
 - (5) F213030 Retail Sale of Computing and Business Machinery Equipment (limited to the operation outside the area)
 - (6) F118010 Wholesale of Computer Software (limited to business outside the area)
 - (7) F218010 Retail Sale of Computer Software (limited to the operation outside the area)
 - (8) I301010 Software Design Services (limited to the operation outside the area)
 - (9) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing (limited to the operation outside the area)
 - (10) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import (limited to the operation outside the area)
 - (11) F401010 International Trade Business
Researching, developing, producing, manufacturing and marketing the following products:
 - (i) TFT-LCD
 - (ii) TFT-LCD TV, various kinds of monitoring systems and all kinds of parts and components of the aforementioned systems (limited to the operation by the branch offices outside the territory of the Republic of China ("ROC"))To concurrently operate the import and export business involving the related business of the Company.
- Article 3 The Company may externally act in capacity of a guarantee.
The aggregate amount of investment by the Company shall not be restricted to forty percent (40%) of its paid-in capital.
- Article 4 The head office of the Company is located in Science-based Industrial Park, Hsinchu and the Company may, where necessary, establish branch offices within or outside the territory of ROC subject to the resolution of the board of directors and approval of the competent authority.

Chapter II Shares

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

- Article 5-1 The Company may issue the Employee Warrant with a subscribing price lower than the market price provided that the Employee Warrant shall not be issued until the shareholders' meeting so resolved in accordance with Articles 56-1 and 76 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.
- Article 5-2 The Company may transfer its shares to its employees at a price lower than the average price for buying back the Company's shares provided that such transfer shall not be effected until it is approved by the then adjacent shareholders' meeting and in accordance with Articles 10-1 and 13 of the Regulations Governing the Share Buy-back by Companies Listed on the Taiwan Stock Exchange ("TSE") or GreTai Securities Market ("GTSM").
- Article 6 The share certificates of the Company shall bear the shareholders' names, be signed or sealed by three or more directors, and legalized in accordance with laws before they are issued and then registered with the securities central depository institution.
- Article 7 Any affair with regard to the shares of the Company shall be handled in accordance with the Guidelines for Handling Stock Affairs by a Public Issuing Company promulgated by the competent authority.

Chapter III Shareholders' Meeting

- Article 8 No change of entries in the shareholder roster shall be permitted within sixty (60) days prior to a general shareholders' meeting, thirty (30) days prior to an extraordinary shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for the distribution of dividends, bonuses, or other benefits.
- Article 9 Shareholders' meetings shall be of two types: general shareholders' meeting and extraordinary shareholders' meeting. A general shareholders' meeting shall be convened at least once every year and shall be convened by the board of directors according to law within six (6) months after the close of each fiscal year. An extraordinary shareholders' meeting shall be convened according to law at such time as may be deemed necessary. The proceeding of the shareholder's meeting of the Company shall be conducted in accordance with the "Rules for Proceedings of Shareholders' Meeting" of the Company. The general shareholders' meeting shall be convened thirty (30) days prior to the meeting; while extraordinary shareholders' meeting shall be convened by giving a fifteen (15)-day prior notice, of which the purpose of the meeting shall be specified on the notice, to the shareholders.
- Article 10 In case a shareholder is unable to attend a shareholders' meeting, he may issue a proxy document printed by the Company stating the powers vested in the proxy, and sign or seal such document to designate a proxy to attend the meeting on his behalf. Use of proxy documents is governed by Article 177 of the Company Act and the Rules Governing Attendance of a Public Company's Shareholders' Meeting by Proxy as enacted by the competent authority.
- Article 11 Each shareholder of the Company will have one vote for each share held, save in the circumstance described in Article 179 and Article 197-1 of the Company Act where shares have no voting power.
- Article 12 Unless otherwise provided by the Company Act, a resolution of the shareholders' meeting

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

Chapter IV Directors and Audit Committee

- Article 13 The Company shall have 7 to 11 directors and three (3) supervisors, all to be nominated according to the candidate nomination system and then elected at a shareholders' meeting from the nominee list of directors, and all eligible for re-election. The term of office of both directors shall be three years.
- At least three (3) of the above directors of the Company must be independent directors accounting for at least one-fifth (1/5) of the total number of directors. The professional qualifications, restrictions on shareholding and concurrent posts held, nomination and election methods, and other matters for compliance with respect to independent directors are governed by the applicable regulations of the competent securities authority.
- The aggregate shareholding of all directors is governed by the regulations of the regulatory securities authority
- Article13-1 Pursuant to Article 14-4 of the Securities and Exchange Act, the Company shall organize the Audit Committee to perform supervisors' power and duty under the Company Act, the Securities and Exchange Act and other relevant regulations.
- The Audit Committee shall comprise all the independent directors.
- Article 14 The aggregate shareholding of all directors and supervisors is governed by the regulations of the regulatory securities authority. The board of directors will be organized by the directors. Directors will duly elect one from among themselves as the chairman and may elect another as the vice chairman of the board of directors with the approval of a majority of the directors present at a meeting attended by two-thirds (2/3) of all the directors. The chairman of the board of directors will carry out all businesses of the Company on behalf of the Company. If the chairman is on leave of absence or unable to exercise his authority for whatever reason, the vice chairman will act in his stead. If no vice chairman is elected or no agent is designated to act on behalf of the chairman, the directors will elect one from among themselves to act on behalf of the chairman.
- Article 15 The meeting of the board of directors shall be convened at least once per quarter, but extraordinary meeting of the board of directors shall be convened when necessary. In the event a director cannot attend a meeting for any cause whatsoever, he may issue a proxy document stating the powers vested in the proxy in connection with the purpose of the meeting to designate a proxy to attend the meeting on his behalf.
- A director may not act as proxy for more than one absent director.
- The reasons for convening a Board meeting shall be notified to each director at least seven days in advance of such meeting. In case of emergency, the meeting may be convened anytime. The notice may be made by fax or email to serve each director. The proceeding of the meeting of the board of directors shall be conducted in accordance with the "Rules of Board of Directors Meeting" of the Company.
- Article 16 Regardless of surplus or deficit of the Company, each Directors is entitled to the remuneration determined by the Board of Directors, taking into consideration of the participation and contribution devoted by the Directors and Supervisors to the Company as

well as the general standard of other companies in the same industry. Where the Company has surplus earnings, a special remuneration to the Directors and Supervisors shall be paid pursuant to Article 19.

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

Chapter V Managerial Officers

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

Chapter VI Accounting

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

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

Out of the profit of the Company upon annual closing of books, after having provided for taxes and covered the losses of previous years, there shall first be duly set aside a legal reserve of 10% and set aside or withdraw a special reserve pursuant to the applicable laws and regulations. The balance, if any, upon the assessment of the capital need for the upcoming year by the Board of Directors in accordance with the future capital budget plan, shall first be allocated as part of the funds required for financing the retained earnings, and at least fifty (50) percent of the remaining balance shall be allocated for distribution pursuant to the following order:

1. The dividends distributed to the shareholders shall not exceed one percent (1%) per annum.
2. The remaining balance shall be distributed as the employee bonuses, remuneration for Directors and the shareholder bonuses.

Among those, employee bonuses shall be at least one percent (1%) but shall not be more than ten percent (10%), and remuneration for Directors shall not be higher than one percent (1%).

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

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

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

Where the total legal reserve set aside according to paragraph 2 amounts to the paid-in capital, the Company may stop setting aside the legal reserve.

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

Chapter VII Supplementary Provisions

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

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

The first amendment was made on December 23, 1993. The second amendment was made on May 31, 1994.

The third amendment was made on April 12, 1995.

The fourth amendment was made on November 19, 1996. The

fifth amendment was made on April 12, 1997.

The sixth amendment was made on June 2, 1998.

The seventh amendment was made on July 28, 1999. The eighth amendment was made on May 12, 2000.

The ninth amendment was made on November 2, 2001. The

tenth amendment was made on June 20, 2002.

The eleventh amendment was made on June 24, 2003. The

twelfth amendment was made on June 21, 2004. The

thirteenth amendment was made on June 30, 2006. The

fourteenth amendment was made on June 15, 2007. The

fifteenth amendment was made on June 19, 2009.

The sixteenth amendment was made on November 18, 2009. The

seventeenth amendment was made on June 18, 2010.

The eighteenth amendment was made on June 24, 2011.

The nineteenth amendment was made on June 18, 2012. The twentieth amendment was made on May 3, 2013.

The twenty-first amendment was made on June 18, 2014 The twenty-second amendment was made on June 9, 2015

E INK Holdings Inc.
Frank Ko, Chairman

Appendix 11

E INK HOLDINGS INC. RULES OF SHAREHOLDERS MEETING

- Article 1 The shareholders' meeting of the Company shall be proceeded with in accordance with these rules, unless otherwise provided by laws and regulations.
- Article 2 The Company shall prepare a sign-in book for shareholders to sign in, and an attending shareholder may hand in an attendance card in lieu of signing on the sign-in book. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the sign-in book or the attendance cards, as well as shares with voting rights exercised in writing or by means of electronic transmission.
- Article 3 The presence of shareholders and any voting in a shareholders' meeting shall be made on the basis of counting the number of shares.
- Article 4 The shareholders' meetings shall be held at the premises of the Company, or any other place convenient for attending by shareholders, and suitable for holding of such meetings. The meetings shall not be commenced earlier than 9 a.m. or later than 3 p.m.
- Article 5 If a shareholders' meeting is convened by the board of directors, the chairman of the board of directors shall preside at the shareholders' meeting. In case the chairman is on leave or unable to exercise his/her functions the vice chairman shall act in his/her place. If there is no vice chairman or the vice chairman is also on leave or unable to exercise his/her functions, the chairman shall designate a managing director to act in lieu of the chairman. If there are no managing directors, the chairman shall designate a director to exercise his/her functions. If the chairman does not designate a director, the managing directors or directors shall elect one from among themselves to act in lieu of the chairman.
- If a shareholders' meeting is convened by any person other than the board of directors, the person who is entitled to convene the meeting shall preside at the meeting. If there are more than two such persons, one shall be elected among themselves to preside at the meeting.
- Article 6 The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders' meeting.
- The personnel handling the affairs of a shareholders' meeting shall each wear an identification badge or an arm-band.
- Article 7 All proceedings of the shareholders' meeting shall be recorded with an audio or video tape, and such audio tapes or video tapes shall be kept for at least one year.
- Article 8 When it is time to commence a shareholders' meeting, the person presiding the meeting shall immediately commence the meeting, provided, however, that if the total amount of shares represented at the meeting do not exceed one-half of the total number of the issued shares, the person presiding the meeting may postpone the meeting; provided, however, that the postponement of the meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the total amount of shares represented at the meeting still do not exceed one-half of the

total number of the issued shares, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act of ROC, if the total amount of shares represented at the meeting is more than one-third of the total number of the issued shares. If, before the end of the meeting, the total amount of shares represented at the meeting becomes to exceed one-half of the total number of the issued shares, the person presiding the meeting may present the previously adopted tentative resolution to the meeting for resolution in accordance with Article 174 of the Company Act of ROC.

Article 9

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

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

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

If the meeting is duly adjourned, the shareholders may not elect another person presiding the meeting to continue to hold the meeting at the same place or at any other place.

Article 10

A shareholder wishing to speak in a shareholders' meeting shall first fill out a slip, specifying therein the gist of his/her speech, his/her shareholder identification number (or the number of attendance certification) and his/her name, and the person presiding the meeting shall determine such shareholders' order of giving a speech.

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

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

Article 11

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

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

Article 12

If corporate shareholder is mandated by another shareholder to attend a shareholders' meeting, it may designate only one representative to the meeting.

If a corporate shareholder designates two or more representatives to represent it at the

shareholders' meeting, only one of its representatives may speak on the same subject.

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

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

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

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

Article 17 Except for the voting rights restricted or excluded according to Article 179 paragraph 2 and Article 197-1 of the Company Act, a shareholder shall have one voting right in respect of each share in his/her/its possession.

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

Article 17-1 The voting right at a shareholders' meeting may be exercised in writing or by way of electronic transmission, provided, however, that the method for exercising the voting right shall be described in the shareholders' meeting notice to be given to the shareholders. A shareholder who exercises his/her/its voting right at a shareholders' meeting in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person, but shall be deemed to have waived his/her/its voting right in respect of any extemporary motion(s) and/or the amendment(s) to the original proposal(s) at the shareholders' meeting.

In case a shareholder elects to exercise his/her/its voting right in writing or by way of electronic transmission, his/her/its declaration of intention shall be served to the company at least two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In case a shareholder who has exercised his/her/its voting right in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, at least two days prior to the scheduled meeting date of the shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting right under the preceding paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting right exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting right in writing or by way of electronic transmission, and has

also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, the voting right exercised by the authorized proxy for the said shareholder shall prevail.

Unless otherwise provided by the Company Act or the Articles of Incorporation, the resolutions of the shareholders' meeting shall be adopted by the majority of the voting rights represented at the meeting. When voting, the Chairman or its designated personnel should announce case by case the total amount of voting rights represented by those attending shareholders and the shareholders vote accordingly. The results of shareholders' agreements, disagreements or waivers for each case should be entered into MOPS after the shareholders' meeting.

Article 18 If there is an amendment or a substitute proposal to a subject being discussed, the person presiding the meeting may combine the amendment or substitute proposal into the original subject, and determine their orders for voting. If any one of the above has been passed, the others shall be considered as rejected, upon which no further resolution shall be required.

Article 19 The person presiding the meeting may direct order-maintaining personnel (or security personnel) to maintain the order of the meeting. For doing so they shall wear an arm-band bearing the words of "order-maintaining personnel" (or security personnel).

Article 20 Establishment of and amendment to these rules shall be subject to the adoption by the shareholders at a shareholders' meeting.

Appendix 12

INFORMATION REGARDING REMUNERATION TO DIRECTORS AND EMPLOYEES

The details of the remuneration of Directors and employees approved by the Board of Directors on March 27, 2018 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 22, 2018.

(NTD)	Employees Bonuses (Cash)	Remuneration to Directors	Total
Amount Approved by the Board of Directors	23,000,000	13,000,000	36,000,000
Amount Showed in the 2017 Annual Financial Statements	23,000,000	13,000,000	36,000,000
Discrepancy	The distribution amount approved by the Board of Directors is the same as listed on the accounts.		

Appendix 13

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

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

Appendix 14

E INK HOLDINGS INC

Record Date: April 24, 2018

List of Directors

Position	Name		Current Number of Shares
Chairman	Frank Ko	The representative of Aidatek Electronics, Inc.	100,000
Director	Show-Chung Ho		
Director	Felix Ho		
Director	Johnson Lee		
Director	Chuan-Chuan Tsai	The representative of YFY Inc.	133,472,904
Director	Fong-Yuan Gan (甘豐源)		
Independent Director	Ten -Chong Chen		0
Independent Director	Biing-Seng Wu		278
Independent Director	Chao-Tung Wen		0
Total			133,573,182

Total issued shares as of April 24, 2018: 1,140,467,715 shares.

The number of shares legally required to be held by all Directors: 32,000,000 shares; as of April 24, 2018, 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).

MEMO