



E INK HOLDINGS INC.

2021 ANNUAL GENERAL MEETING OF STOCKHOLDERS MEETING MINUTES

Date: July 07, 2021

Venue: Company Conference Room and Parking lot at No.3,
Lixing 1st Rd., Hsinchu Science Park, Hsinchu 300, 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.)

E INK HOLDINGS INC.

2021 Annual General Meeting of Stockholders

Meeting Minutes

Date and Time: July 07, 2021 (Wednesday) 09:00 a.m.

Venue: Company Conference Room and Parking lot at No.3, Lixing 1st Rd., Hsinchu Science Park, Hsinchu 300, Taiwan (R.O.C.)

Presence: The total shares with voting right held by shareholders present in person or by proxy was 867,641,426 shares (including 416,640,011 shares casted electronically), representing 76.49% of the total outstanding shares of 1,134,362,715 shares.

Attendees: Johnson Lee, FY Gan, Luke Chen, Po-Young Chu, Donald Chang, Lloyd Chen, Chih-Ching Yu (Heng Sheng Law Offices), Hui-Min Huang (CPA of Deloitte & Touche)

Chairman: Johnson Lee

Recorder: Mandy Weng

1. Announcement of the Commencement

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

2. Chairman's Opening Remarks (Omitted)

3. Report Items:

- (1) 2020 business report and financial statements. (Noted)
- (2) 2020 Audit Committee's Review Report. (Noted)
- (3) 2020 report on the distribution of remuneration for employees and directors. (Noted)
- (4) Report on execution of treasury stock and transfer to employees. (Noted)

4. Adoption Items:

[Item 1]

(Proposed by the Board of Directors)

Subject: To adopt the 2020 financial statements of the Company.

Explanation:

- (1) The independent auditors have completed auditing of the Company's standalone and consolidated financial statements.
- (2) The abovementioned standalone and consolidated financial statements, along with the Company's 2020 business report, have been presented in Appendix 1~2 hereto.
- (3) Please kindly adopt.

Resolution:

Voting Results: 805,447,573 votes were in favor of the proposal; 594,505 votes were cast against the proposal; 0 votes were invalid; 61,679,348 votes were either invalidly cast or abstained.

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

[Item 2]

(Proposed by the Board of Directors)

Subject: To adopt the proposal for 2020 earnings distribution of the Company.

Explanation:

- (1) The Company had opening undistributed earnings of NT\$2,977,365,213; after taking into account incremental retained earnings adjustments from equity-accounted investments (+NT\$7,020,350), retained earnings reduction from remeasurement of defined benefit plan (-NT\$8,395,344), 2020 net income (+NT\$3,602,589,260), provision for legal reserve (-NT\$360,121,427) and reversal of special reserve (+NT\$29,880,896), distributable earnings for the year amounted to NT\$6,248,338,948.
- (2) Proposal to allocate 2020 distributable earnings according to the Company's Articles of incorporation as follows:
Cash dividends at NT\$2.70 per share for a sum of NT\$3,062,779,331.
- (3) Dividends and profit sharing shall be distributed to shareholders based on the

names and shareholding position recorded on the shareholder registry as of the dividend baseline date. The amount of payment shall be truncated to nearest dollar; fractions that do not amount to a full NT\$1 are to be summed and recognized by the Company as other income.

- (4) The cash dividend payout ratio disclosed herein was calculated based on the number of shares outstanding on December 31, 2021. Should the Company decide to buy back its shares, transfer/retire treasury stock or for any reason alter the total number of outstanding shares, or if shareholders waive their rights to dividend or profit sharing on a later date, and therefore resulting in a change of payout ratio, the Chairman shall be authorized to adjust details of the dividend payment based on shares outstanding on the dividend baseline date.
- (5) Proposal to fully authorize the Chairman for decisions concerning the dividend baseline date and details of the cash dividend payment.
- (6) Please refer to Appendix 4 hereto for the 2020 Earnings Appropriation Chart.
- (7) Please kindly adopt.

Resolution:

Voting Results: 806,841,655 votes were in favor of the proposal; 234,519 votes were cast against the proposal; 0 votes were invalid; 60,645,252 votes were either invalidly cast or abstained.

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

5. Discussion Items:

[Item 1]

(Proposed by the Board of Directors)

Subject: Proposal for partial amendments to the Company's Articles of Incorporation.

Explanation:

- (1) In consideration of the need of the Company's subsidiary, Yuanhan Materials Inc., for business expansion, the Company and Yuanhan Materials Inc. wish to add the Company's business lines for inter-group sales and production resources. Accordingly, the proposal for partial amendments to the Company's Articles of Incorporation is submitted in response to the purpose
- (2) Please refer to Appendix 5 hereto for the cross reference table for the

amendments to the Company's Articles of Incorporation.

(3) Please kindly discuss.

Resolution:

Voting Results: 806,835,338 votes were in favor of the proposal; 235,540 votes were cast against the proposal; 0 votes were invalid; 60,650,548 votes were either invalidly cast or abstained.

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

[Item 2] (Proposed by the Board of Directors)

Subject: Proposal for partial amendments to the Company's "Rules of Procedure for Shareholders' Meetings".

Explanation:

- (1) The amendments were made in response to TPEX's letters under TPEX-Supervision No. 11000519042 dated February 9, 2021, TPEX-Supervision No. 10900500262 dated January 13, 2020 and TPEX-Supervision No. 10900582661 dated June 12, 2020, which required the amendments to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings."
- (2) The Company enacted its "Rules of Procedure for Shareholders' Meeting" in accordance with the "Rules Governing the Conduct of Shareholders Meetings by Public Companies" promulgated by Securities & Futures Institute initially. Notwithstanding, as said Rules Governing of the Conduct of Shareholders' Meetings by Public Companies ceased to apply upon the public announcement by the Financial Supervisory Commission ("FSC"), the Company plans to abolish its original "Rules of Procedure for Shareholders' Meeting," and re-enact its new Rules of Procedure for Shareholders' Meeting in accordance with the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" issued by Taipei Exchange instead. Meanwhile, to improve corporate governance and maintain shareholders' interest and rights, the Company amended its "Rules of Procedure for Shareholders' Meeting" in response to the related laws and regulations. For the amended Rules of Procedure for Shareholders' Meeting and cross reference table for the amendments. Please refer to Appendix 6 hereto.

(3) Please kindly discuss.

Resolution:

Voting Results: 806,832,404 votes were in favor of the proposal; 240,572 votes were cast against the proposal; 0 votes were invalid; 60,648,450 votes were either invalidly cast or abstained.

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

[Item 3]

(Proposed by the Board of Directors)

Subject: Proposal for partial amendments to the Company's "Procedures of Acquisition or Disposal of Assets"

Explanation:

- (1) In order to express the Company's risk assessment principles more specifically, the proposal for amendments to the investment limit referred to in the "Procedures of Acquisition or Disposal of Asset" is submitted accordingly.
- (2) Please refer to Appendix 7 hereto for the cross reference table for the amendments to the Company's Procedures of Acquisition or Disposal of Assets.
- (3) Please kindly discuss.

Resolution:

Voting Results: 806,827,361 votes were in favor of the proposal; 251,541 votes were cast against the proposal; 0 votes were invalid; 60,642,524 votes were either invalidly cast or abstained.

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

6. Special Motion: None

7. Announcement of Adjournment

The meeting was adjourned at AM 09:38 on the same day

Appendix 1

Business Report

To all shareholders:

2020 Business Report

The COVID-19 pandemic caused serious difficulties and challenges for the global economy and supply chain in 2020. E Ink adopted a strategy of cautious response and advanced planning that ensured steady development and continued growth amidst the pandemic. E Ink reported consolidated revenues of NT\$15.36 billion in 2020, the highest in seven years. The operating profit margin of 12.0% and profit margin of 23.4% were also the highest in nine years. A net income after tax of NT\$3.6 billion and earnings per share (EPS) of NT\$3.18 represented an outstanding performance for the year.

The impact of COVID-19 in 2020 resulted in many countries imposing lockdowns or border closures that crippled transportation, logistics, warehousing and retail. Flow-on effects include frequent shortages of raw materials and workers and delivery problems downstream. Fortunately for E Ink, our preparations on production capacity, manpower and supply chain came through. We were able to meet customer demand through a tremendous show of team effort by all employees despite the tough conditions.

Looking back now on business development in 2020, COVID-19 created a boom in the stay-at-home economy and online education that generated growth in the eReader and eNote businesses. The explosive growth of new retail due to COVID-19 meant demand for Electronic Shelf Label (ESL) continued to grow as well. The launch of Color ePaper in 2020 should see new color applications begin to take off in 2021. In addition to monitoring how the post-pandemic era will affect business development in the future, E Ink is continuing to release new products, cultivate customers, and work with partners to develop product ecosystems.

Key product developments in 2020 included the introduction of our E Ink Kaleido™ Print Color ePaper technology for color eReader and color ePaper smartphones to meet the demand from the color digital reading market. After Popular Science

magazine named Print Color ePaper one of “The 100 Greatest Innovations of 2020,” E Ink refined Print Color ePaper technology even further to release ePaper with even better color performance and in larger sizes in response to the product design of ecosystem partners and market demand. Large color eReaders and eNote products will help sustain business growth by triggering a new wave of upgrades.

In terms of retail applications, many cities around the world went into lockdown to contain COVID-19. A significant reduction in the number of retail workers made ESL more attractive to retailers due to its dynamic display function and ability to synchronize online and offline promotional pricing changes. The manpower savings from not having to frequently change printed labels manually represented significant operational benefits for retailers. COVID-19 gave new impetus to new retail business models that have been brewing for a long time. The swift introduction of ESL by retailers injected new growth into retail applications. Retailers are also actively introducing more colors into different retail application scenarios.

In terms of In Internet-of-Things (IoT) applications, Signage took advantage of ePaper’s ultra-low power consumption, easy deployment, and ability to continue displaying without power. They can be quickly installed in key areas to provide real-time updates during the pandemic and continue to display important information during temporary power outages. E Ink will work with ecosystem partners to develop the market for smart city and smart healthcare applications as well as color signage applications.

At the same time, E Ink’s continued refinement of our R&D capability garnered public recognition in the form of science and technology awards. In 2020, the Advanced Color ePaper Display System (E Ink Gallery™) was presented with a “Gold Award” at the 29th Taiwan Excellence Awards. The E Ink MeeNote (Mobile Expandable ePaper Notebook) developed by E Ink was also presented with the “Hsinchu Science Park Innovation Product Award.” We also delivered a strong sustainability performance based on the ESG (Environment, Society, Governance) principles. E Ink was recognized for the 4th year at the Taiwan Corporate Sustainability Awards, receiving the “TCSA 2020 Corporate Sustainability Report Award – the Gold Award in Electronics Manufacturing Industry,” “Taiwan Enterprise Sustainability Excellence Award,” “Best Practice Award - Social Inclusion Award” and “Best Practice Award - Growth through Innovation Award.”

2021 Business Focus

The impact of COVID-19 will continue to be felt in 2021. E Ink will maintain a high level of alertness in our epidemic prevention efforts to ensure the continuity of our operations. We will also work closely with our customers and supply chain to ensure that we have the resources to maintain production and punctual delivery. In addition, E Ink is responding to the highly volatile global economic environment by leveraging its solid business foundations to boost business development, increase investment in R&D, and improve our operational efficiency.

Business development will continue to focus on the markets for eReader, eNote, retail and IoT applications. These include the development of more applications for color ePaper as well as working actively with partners to expand the ePaper ecosystem. Future trends in eReader development include color, large size and multi-layered architecture. A writing function will also be added to enhance product functionality and satisfy the market demand for digital reading and writing. ESL for retail applications will expand upstream from module sales to sales of FLM film in order to recruit more ecosystem module partners. This will help meet the demand from the growing market and lead to the development of even more diverse products. For the IoT business, the trend towards larger print color ePaper will see an increase in different signage product combinations targeted at different customer requirements. We will continue to strengthen our position in the healthcare and transportation sectors. The market for smart logistics will also be actively cultivated to increase the use of ePaper for logistics tags.

Technology development will continue to refine our core ePaper technology. Technologies of interest include FLM film and materials, color, flexibility, and those needed by the ePaper, such as wireless power supply, ePaper timing controller chip, and product reference design. R&D resources will be invested into these four main areas. A strategic roadmap for ePaper patents will also be executed with an emphasis on commercial licensing and mass production for the end market in order to consolidate the technological leadership of E Ink.

Business management will focus on increasing production capacity to meet strong market demand. At the same time, product time-to-market will be accelerated through shorter product development cycles. Greater production automation and logistics flexibility will be harnessed to improve productivity, reduce manufacturing, and meet the production demands of customers to consolidate E Ink's business performance.

Future Prospects

The macro-environment will continue to be affected by COVID-19 and other potential risk factors such as commodity shortages and rising costs. Nevertheless, E Ink is adopting an attitude of cautious optimism and adhering to the ESG principles for sustainability. We will refine our R&D and manufacturing through lean and effective management while liaising closely with our customers and supply chain partners to ensure that there are no disruptions to the production and shipping of ePaper. This will help maintain the growth momentum of our company. At the same time, the mass production of E Ink Gallery and Print Color ePaper - our two main color technologies - opens up new markets for ePaper applications that will contribute to the development of a better future that is more sustainable, smarter, and “paperless.”

Best regards

Chairman: Johnson Lee

Managerial Officer: FY Gan, Lloyd Chen

Chief Accountant: James Huang

Appendix 2

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	\$ 12,954,147	28	\$ 7,047,106	17
Financial assets at fair value through profit or loss (Note 7)	1,999,208	4	2,455,299	6
Financial assets at amortized cost (Notes 9 and 30)	3,081,651	7	7,526,246	18
Contract assets (Note 21)	46,900	-	60,088	-
Accounts receivable (Notes 10, 21 and 29)	1,389,905	3	2,059,829	5
Other receivables	141,045	-	216,253	1
Current tax assets (Note 23)	14,043	-	22,011	-
Inventories (Note 11)	2,040,429	5	1,941,702	5
Prepayments (Note 29)	228,528	1	192,732	-
Non-current assets held for sale (Note 12)	9,342	-	109,745	-
Other current assets	9,123	-	3,049	-
Total current assets	<u>21,914,321</u>	<u>48</u>	<u>21,634,060</u>	<u>52</u>
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Note 7)	1,589,011	4	60,285	-
Financial assets at fair value through other comprehensive income (Notes 8 and 29)	6,929,647	15	4,474,517	11
Financial assets at amortized cost (Notes 9 and 30)	561,575	1	146,847	-
Investments accounted for using the equity method (Note 29)	130,046	-	147,694	-
Property, plant and equipment (Notes 14, 22, 26 and 29)	4,075,910	9	4,104,317	10
Right-of-use assets (Notes 15 and 22)	1,646,709	4	1,766,034	4
Goodwill (Note 16)	6,597,276	14	6,720,745	16
Other intangible assets (Notes 16, 22 and 29)	1,065,711	2	1,387,096	3
Deferred tax assets (Note 23)	1,131,693	3	987,282	3
Other non-current assets (Note 29)	158,734	-	192,072	1
Total non-current assets	<u>23,886,312</u>	<u>52</u>	<u>19,986,889</u>	<u>48</u>
TOTAL	<u>\$ 45,800,633</u>	<u>100</u>	<u>\$ 41,620,949</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Notes 17 and 30)	\$ 5,394,245	12	\$ 4,557,832	11
Short-term bills payable (Note 17)	805,612	2	579,887	1
Contract liabilities (Note 21)	1,455,670	3	1,298,608	3
Notes and accounts payable (Note 29)	1,566,068	3	1,156,039	3
Other payables (Notes 18 and 26)	1,410,737	3	1,263,755	3
Current tax liabilities (Note 23)	685,710	1	146,121	-
Other current liabilities (Notes 12, 15 and 29)	246,779	1	204,433	1
Total current liabilities	<u>11,564,821</u>	<u>25</u>	<u>9,206,675</u>	<u>22</u>
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 17)	63,000	-	-	-
Contract liabilities (Note 21)	351,361	1	1,024,259	3
Deferred tax liabilities (Note 23)	88,468	-	120,854	-
Lease liabilities (Notes 15 and 29)	1,617,605	4	1,721,654	4
Deferred revenue (Note 12)	962,015	2	-	-
Net defined benefit liabilities (Note 19)	100,613	-	87,600	-
Other non-current liabilities (Note 29)	7,977	-	7,123	-
Total non-current liabilities	<u>3,191,039</u>	<u>7</u>	<u>2,961,490</u>	<u>7</u>
Total liabilities	<u>14,755,860</u>	<u>32</u>	<u>12,168,165</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 20 and 25)				
Share capital	11,404,677	25	11,404,677	27
Capital surplus	10,310,536	23	10,306,993	25
Retained earnings	8,760,870	19	7,428,382	18
Other equity	142,559	-	(29,881)	-
Treasury shares	(110,032)	-	(110,032)	-
Total equity attributable to owners of the Company	30,508,610	67	29,000,139	70
NON-CONTROLLING INTERESTS (Note 20)	<u>536,163</u>	<u>1</u>	<u>452,645</u>	<u>1</u>
Total equity	<u>31,044,773</u>	<u>68</u>	<u>29,452,784</u>	<u>71</u>
TOTAL	<u>\$ 45,800,633</u>	<u>100</u>	<u>\$ 41,620,949</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 29)	\$ 15,362,855	100	\$ 13,601,676	100
OPERATING COSTS (Notes 11, 22 and 29)	<u>8,340,974</u>	<u>54</u>	<u>7,563,090</u>	<u>56</u>
GROSS PROFIT	<u>7,021,881</u>	<u>46</u>	<u>6,038,586</u>	<u>44</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	634,217	4	755,050	6
General and administrative expenses	2,073,614	14	2,349,323	17
Research and development expenses	<u>2,466,798</u>	<u>16</u>	<u>2,374,402</u>	<u>17</u>
Total operating expenses	<u>5,174,629</u>	<u>34</u>	<u>5,478,775</u>	<u>40</u>
INCOME FROM OPERATIONS	<u>1,847,252</u>	<u>12</u>	<u>559,811</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	239,773	2	337,373	3
Royalty income (Notes 4 and 21)	1,891,237	12	2,240,251	16
Dividend income	283,972	2	184,437	1
Gain on disposal of land use rights (Note 12)	-	-	153,500	1
Gain on disposal of non-current assets held for sale (Note 12)	367,945	2	-	-
Net gain (loss) on foreign currency exchange (Note 33)	(361,237)	(2)	223,994	2
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	98,169	1	83,444	1
Other income (Note 29)	99,120	1	122,738	1
Interest expenses (Notes 14 and 29)	(103,530)	(1)	(86,085)	(1)
Other expenses (Notes 22 and 29)	<u>(122,748)</u>	<u>(1)</u>	<u>(97,996)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>2,392,701</u>	<u>16</u>	<u>3,161,656</u>	<u>23</u>
INCOME BEFORE INCOME TAX	4,239,953	28	3,721,467	27
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(566,265)</u>	<u>(4)</u>	<u>(547,870)</u>	<u>(4)</u>
NET INCOME FOR THE YEAR	<u>3,673,688</u>	<u>24</u>	<u>3,173,597</u>	<u>23</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	\$ (11,269)	-	\$ (13,576)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	279,409	2	989,618	7
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	<u>(9,536)</u>	<u>-</u>	<u>2,938</u>	<u>-</u>
	<u>258,604</u>	<u>2</u>	<u>978,980</u>	<u>7</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(74,422)	(1)	(773,206)	(5)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	<u>(2,356)</u>	<u>-</u>	<u>(6,161)</u>	<u>-</u>
	<u>(76,778)</u>	<u>(1)</u>	<u>(779,367)</u>	<u>(5)</u>
Other comprehensive income for the year, net of income tax	<u>181,826</u>	<u>1</u>	<u>199,613</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,855,514</u>	<u>25</u>	<u>\$ 3,373,210</u>	<u>25</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,602,589	23	\$ 3,083,789	23
Non-controlling interests	<u>71,099</u>	<u>1</u>	<u>89,808</u>	<u>-</u>
	<u>\$ 3,673,688</u>	<u>24</u>	<u>\$ 3,173,597</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,772,223	25	\$ 3,306,364	24
Non-controlling interests	<u>83,291</u>	<u>-</u>	<u>66,846</u>	<u>1</u>
	<u>\$ 3,855,514</u>	<u>25</u>	<u>\$ 3,373,210</u>	<u>25</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.18</u>		<u>\$ 2.72</u>	
Diluted	<u>\$ 3.17</u>		<u>\$ 2.71</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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity			Non-controlling Interests	Total Equity	
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares			Total
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2019	1,140,468	\$ 11,404,677	\$ 10,243,293	\$ 1,512,287	\$ 70,678	\$ 5,138,085	\$ 6,721,050	\$ (181,328)	\$ (74,147)	\$ (184,900)	\$ 27,928,645	\$ 385,799	\$ 28,314,444
Appropriation of 2018 earnings													
Legal reserve	-	-	-	261,367	-	(261,367)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	184,797	(184,797)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,373,438)	(2,373,438)	-	-	-	(2,373,438)	-	(2,373,438)
Unclaimed dividends extinguished by prescription	-	-	26	-	-	-	-	-	-	-	26	-	26
Net income for the year ended December 31, 2019	-	-	-	-	-	3,083,789	3,083,789	-	-	-	3,083,789	89,808	3,173,597
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(10,697)	(10,697)	(756,459)	989,731	-	222,575	(22,962)	199,613
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	3,073,092	3,073,092	(756,459)	989,731	-	3,306,364	66,846	3,373,210
Share-based payments	-	-	63,912	-	-	-	-	-	-	-	63,912	-	63,912
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	7,678	7,678	-	(7,678)	-	-	-	-
Treasury shares transferred to employees	-	-	(238)	-	-	-	-	-	-	74,868	74,630	-	74,630
BALANCE AT DECEMBER 31, 2019	1,140,468	11,404,677	10,306,993	1,773,654	255,475	5,399,253	7,428,382	(937,787)	907,906	(110,032)	29,000,139	452,645	29,452,784
Appropriation of 2019 earnings													
Legal reserve	-	-	-	308,077	-	(308,077)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(154,916)	154,916	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,268,726)	(2,268,726)	-	-	-	(2,268,726)	-	(2,268,726)
Changes in equity of associates accounted for using the equity method	-	-	4,090	-	-	-	-	-	-	-	4,090	227	4,317
Net income for the year ended December 31, 2020	-	-	-	-	-	3,602,589	3,602,589	-	-	-	3,602,589	71,099	3,673,688
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(9,129)	(9,129)	(86,656)	265,419	-	169,634	12,192	181,826
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	3,593,460	3,593,460	(86,656)	265,419	-	3,772,223	83,291	3,855,514
Share-based payments	-	-	(547)	-	-	-	-	-	-	-	(547)	-	(547)
Difference between consideration and carrying amount resulting from disposal of subsidiaries	-	-	-	-	-	(110)	(110)	1,541	-	-	1,431	-	1,431
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	7,864	7,864	-	(7,864)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	1,140,468	\$ 11,404,677	\$ 10,310,536	\$ 2,081,731	\$ 100,559	\$ 6,578,580	\$ 8,760,870	\$ (1,022,902)	\$ 1,165,461	\$ (110,032)	\$ 30,508,610	\$ 536,163	\$ 31,044,773

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,239,953	\$ 3,721,467
Adjustments for		
Depreciation expenses	693,358	784,768
Amortization expenses	479,774	463,395
Expected credit loss recognized (reversed) on accounts receivable	17,642	(6,401)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(98,169)	(83,444)
Interest expenses	103,530	86,085
Interest income	(239,773)	(337,373)
Dividend income	(283,972)	(184,437)
Compensation costs of share-based payments	(547)	63,912
Share of loss of associates and joint ventures accounted for using the equity method	26,205	8,460
Net loss (gain) on disposal of property, plant and equipment	56,700	(2,746)
Gain on disposal of land use rights	-	(153,500)
Net gain on disposal of non-current assets held for sale	(367,945)	-
Net loss (gain) on disposal of investments	(877)	2,934
Impairment loss	17,859	63,654
Write-downs of inventories	204,198	134,739
Net unrealized loss (gain) on foreign currency exchange	1,945	(29,250)
Gain on lease modification	(90)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	(32,868)
Contract assets	10,417	120,460
Accounts receivable	594,803	193,773
Other receivables	60,884	43,629
Inventories	(428,262)	(206,533)
Prepayments	(40,676)	124,885
Other current assets	(6,390)	(3,029)
Financial liabilities held for trading	(32,134)	7,934
Contract liabilities	(431,699)	(966,420)
Notes and accounts payable	429,799	(177,956)
Other payables	84,983	(75,659)
Other current liabilities	57,679	17,860
Net defined benefit liabilities	1,459	(5,983)
Cash generated from operations	5,150,654	3,572,356
Income tax paid	(233,448)	(427,739)
Net cash generated from operating activities	<u>4,917,206</u>	<u>3,144,617</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (2,221,741)	\$ (64,692)
Proceeds from disposal of financial assets at fair value through other comprehensive income	42,136	9,928
Acquisition of financial assets at amortized cost	(12,568,364)	(14,670,303)
Proceeds from disposal of financial assets at amortized cost	16,362,525	11,321,850
Acquisition of financial assets at fair value through profit or loss	(2,664,667)	(1,511,179)
Proceeds from disposal of financial assets at fair value through profit or loss	1,739,936	823,402
Acquisition of associates	-	(79,513)
Proceeds from disposal of non-current assets held for sale	467,091	-
Acquisition of property, plant and equipment	(755,905)	(550,492)
Proceeds from disposal of property, plant and equipment	59,827	6,869
Acquisition of other intangible assets	(104,644)	(123,803)
Proceeds from disposal of land use rights	-	153,869
Decrease in other non-current assets	26,557	53,076
Interest received	248,111	300,623
Dividends received	283,972	184,437
Deferred revenue	<u>962,015</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>1,876,849</u>	<u>(4,145,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	901,653	3,091,036
Increase in short-term bills payable	225,725	15,165
Increase in long-term borrowings	63,000	-
Repayments of long-term borrowings	-	(43,169)
Repayment of the principal portion of lease liabilities	(70,458)	(75,899)
Increase (decrease) in other non-current liabilities	1,224	(788)
Cash dividends	(2,268,726)	(2,373,438)
Proceeds from treasury shares transferred to employees	-	74,630
Interest paid	(108,603)	(79,203)
Proceeds from unclaimed dividends extinguished by prescription	<u>-</u>	<u>26</u>
Net cash generated from (used in) financing activities	<u>(1,256,185)</u>	<u>608,360</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>369,171</u>	<u>(255,049)</u>
		(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 5,907,041	\$ (648,000)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,047,106</u>	<u>7,695,106</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,954,147</u>	<u>\$ 7,047,106</u>

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

E INK HOLDINGS INC.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	\$ 764,953	2	\$ 1,021,441	3
Accounts receivable (Notes 9 and 17)	652,362	2	985,790	3
Accounts receivable from related parties (Notes 9 and 25)	3,641,276	9	2,665,187	7
Inventories (Note 10)	1,687,744	4	1,663,656	4
Prepayments	76,991	-	69,725	-
Other current assets (Notes 7, 19, 25 and 26)	<u>69,043</u>	-	<u>63,449</u>	-
Total current assets	<u>6,892,369</u>	<u>17</u>	<u>6,469,248</u>	<u>17</u>
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Note 7)	-	-	60,285	-
Financial assets at fair value through other comprehensive income (Notes 8 and 25)	1,648,432	4	1,361,416	4
Investments accounted for using the equity method (Notes 11 and 25)	30,362,978	73	27,029,983	72
Property, plant and equipment (Notes 12, 18, 22 and 25)	1,314,914	3	1,330,352	3
Right-of-use assets (Notes 13 and 18)	815,267	2	840,585	2
Other intangible assets (Notes 18 and 25)	236,373	-	246,717	1
Deferred tax assets (Note 19)	353,785	1	275,583	1
Other non-current assets	<u>53,032</u>	-	<u>52,995</u>	-
Total non-current assets	<u>34,784,781</u>	<u>83</u>	<u>31,197,916</u>	<u>83</u>
TOTAL	<u>\$ 41,677,150</u>	<u>100</u>	<u>\$ 37,667,164</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Note 14)	\$ 3,849,400	9	\$ 2,940,000	8
Short-term bills payable (Note 14)	699,656	2	379,919	1
Contract liabilities (Note 17)	309,018	1	150,411	-
Notes and accounts payable	1,276,194	3	885,690	2
Accounts payable to related parties (Note 25)	2,766,901	7	2,519,458	7
Other payables (Notes 22 and 25)	680,615	2	591,624	2
Current tax liabilities (Note 19)	286,455	1	45,598	-
Receipts in advance (Note 25)	198,262	-	112,953	-
Other current liabilities (Note 13)	<u>108,530</u>	-	<u>70,346</u>	-
Total current liabilities	<u>10,175,031</u>	<u>25</u>	<u>7,695,999</u>	<u>20</u>
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 14)	63,000	-	-	-
Contract liabilities (Note 17)	30,600	-	67,087	-
Lease liabilities (Note 13)	805,440	2	824,971	2
Net defined benefit liabilities (Note 15)	85,314	-	76,941	1
Other non-current liabilities (Notes 11, 19 and 25)	<u>9,155</u>	-	<u>2,027</u>	-
Total non-current liabilities	<u>993,509</u>	<u>2</u>	<u>971,026</u>	<u>3</u>
Total liabilities	<u>11,168,540</u>	<u>27</u>	<u>8,667,025</u>	<u>23</u>
EQUITY (Notes 16 and 21)				
Share capital	11,404,677	27	11,404,677	30
Capital surplus	10,310,536	25	10,306,993	27
Retained earnings	8,760,870	21	7,428,382	20
Other equity	142,559	-	(29,881)	-
Treasury shares	<u>(110,032)</u>	-	<u>(110,032)</u>	-
Total equity	<u>30,508,610</u>	<u>73</u>	<u>29,000,139</u>	<u>77</u>
TOTAL	<u>\$ 41,677,150</u>	<u>100</u>	<u>\$ 37,667,164</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 17 and 25)	\$ 14,365,868	100	\$ 12,860,810	100
OPERATING COSTS (Notes 10, 18 and 25)	<u>11,334,861</u>	<u>79</u>	<u>10,715,354</u>	<u>83</u>
GROSS PROFIT	<u>3,031,007</u>	<u>21</u>	<u>2,145,456</u>	<u>17</u>
OPERATING EXPENSES (Notes 18 and 25)				
Selling and marketing expenses	331,838	2	393,693	3
General and administrative expenses	644,057	5	657,956	5
Research and development expenses	<u>1,092,299</u>	<u>8</u>	<u>999,315</u>	<u>8</u>
Total operating expenses	<u>2,068,194</u>	<u>15</u>	<u>2,050,964</u>	<u>16</u>
INCOME FROM OPERATIONS	<u>962,813</u>	<u>6</u>	<u>94,492</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 18)	7,015	-	9,929	-
Royalty income (Notes 4 and 17)	248,072	2	248,388	2
Dividend income	85,417	-	66,208	-
Other income (Note 25)	40,330	-	40,007	-
Net gain (loss) on disposal of property, plant and equipment	(80,477)	(1)	6,011	-
Net loss on foreign currency exchange (Note 29)	(167,533)	(1)	(64,791)	(1)
Share of profit of subsidiaries and associates accounted for using the equity method	2,823,170	20	2,806,352	22
Interest expenses (Note 12)	(53,297)	-	(37,839)	-
Other expenses (Note 25)	(7,628)	-	(2,644)	-
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	(53,381)	-	(17,715)	-
Impairment loss (Notes 4 and 12)	<u>-</u>	<u>-</u>	<u>(12,895)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,841,688</u>	<u>20</u>	<u>3,041,011</u>	<u>23</u>
INCOME BEFORE INCOME TAX	3,804,501	26	3,135,503	24
INCOME TAX EXPENSE (Notes 4 and 19)	<u>(201,912)</u>	<u>(1)</u>	<u>(51,714)</u>	<u>-</u>
NET INCOME FOR THE YEAR	<u>3,602,589</u>	<u>25</u>	<u>3,083,789</u>	<u>24</u>

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	\$ (10,494)	-	\$ (14,690)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(12,534)	-	251,164	2
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	288,241	2	739,622	6
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	<u>(8,923)</u>	<u>-</u>	<u>2,938</u>	<u>-</u>
	<u>256,290</u>	<u>2</u>	<u>979,034</u>	<u>8</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>(86,656)</u>	<u>(1)</u>	<u>(756,459)</u>	<u>(6)</u>
Other comprehensive income for the year, net of income tax	<u>169,634</u>	<u>1</u>	<u>222,575</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,772,223</u>	<u>26</u>	<u>\$ 3,306,364</u>	<u>26</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 3.18</u>		<u>\$ 2.72</u>	
Diluted	<u>\$ 3.17</u>		<u>\$ 2.71</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings				Other Equity		Treasury Shares	Total
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI		
	(In Thousands)										
BALANCE AT JANUARY 1, 2019	1,140,468	\$ 11,404,677	\$ 10,243,293	\$ 1,512,287	\$ 70,678	\$ 5,138,085	\$ 6,721,050	\$ (181,328)	\$ (74,147)	\$ (184,900)	\$ 27,928,645
Appropriation of 2018 earnings											
Legal reserve	-	-	-	261,367	-	(261,367)	-	-	-	-	-
Special reserve	-	-	-	-	184,797	(184,797)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,373,438)	(2,373,438)	-	-	-	(2,373,438)
Unclaimed dividends extinguished by prescription	-	-	26	-	-	-	-	-	-	-	26
Net income for the year ended December 31, 2019	-	-	-	-	-	3,083,789	3,083,789	-	-	-	3,083,789
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(10,697)	(10,697)	(756,459)	989,731	-	222,575
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	3,073,092	3,073,092	(756,459)	989,731	-	3,306,364
Share-based payments	-	-	63,912	-	-	-	-	-	-	-	63,912
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	7,678	7,678	-	(7,678)	-	-
Treasury shares transferred to employees	-	-	(238)	-	-	-	-	-	-	74,868	74,630
BALANCE AT DECEMBER 31, 2019	1,140,468	11,404,677	10,306,993	1,773,654	255,475	5,399,253	7,428,382	(937,787)	907,906	(110,032)	29,000,139
Appropriation of 2019 earnings											
Legal reserve	-	-	-	308,077	-	(308,077)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(154,916)	154,916	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,268,726)	(2,268,726)	-	-	-	(2,268,726)
Changes in equity of associates accounted for using the equity method	-	-	4,090	-	-	-	-	-	-	-	4,090
Net income for the year ended December 31, 2020	-	-	-	-	-	3,602,589	3,602,589	-	-	-	3,602,589
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(9,129)	(9,129)	(86,656)	265,419	-	169,634
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	3,593,460	3,593,460	(86,656)	265,419	-	3,772,223
Share-based payments	-	-	(547)	-	-	-	-	-	-	-	(547)
Difference between consideration and carrying amount resulting from disposal of subsidiaries	-	-	-	-	-	(110)	(110)	1,541	-	-	1,431
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	7,864	7,864	-	(7,864)	-	-
BALANCE AT DECEMBER 31, 2020	1,140,468	\$ 11,404,677	\$ 10,310,536	\$ 2,081,731	\$ 100,559	\$ 6,578,580	\$ 8,760,870	\$ (1,022,902)	\$ 1,165,461	\$ (110,032)	\$ 30,508,610

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,804,501	\$ 3,135,503
Adjustments for		
Depreciation expenses	246,417	273,394
Amortization expenses	50,658	47,314
Expected credit loss recognized (reversed) on accounts receivable	18,058	(230)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	53,381	17,715
Interest expenses	53,297	37,839
Interest income	(7,015)	(9,929)
Dividend income	(85,417)	(66,208)
Compensation costs of share-based payments	(547)	38,909
Share of profit of subsidiaries and associates accounted for using the equity method	(2,823,170)	(2,806,352)
Net loss (gain) on disposal of property, plant and equipment	80,477	(6,011)
Net loss on disposal of investments	2,349	-
Impairment loss	-	12,895
Write-downs of inventories	43,411	102,850
Net unrealized loss (gain) on foreign currency exchange	(29,160)	48,829
Royalty income	(248,072)	(248,388)
Changes in operating assets and liabilities		
Accounts receivable	354,254	(323,422)
Accounts receivable from related parties	(986,127)	464,918
Inventories	(67,499)	(89,642)
Prepayments	(7,517)	41,534
Other current assets	618	3,595
Contract liabilities	370,192	196,475
Notes and accounts payable	381,158	(288,933)
Accounts payable to related parties	251,510	(618,720)
Other payables	51,983	42,957
Receipts in advance	64,872	58,400
Other current liabilities	41,052	(6,414)
Net defined benefit liabilities	(2,121)	(2,567)
Cash generated from operations	1,611,543	56,311
Income tax paid	(31,724)	(126,704)
Net cash generated from (used in) operating activities	<u>1,579,819</u>	<u>(70,393)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(299,550)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	9,928
Acquisition of financial assets at amortized cost	(34,585)	(34,666)
Proceeds from disposal of financial assets at amortized cost	34,666	36,835

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Acquisition of financial assets at fair value through profit or loss	\$ -	\$ (78,000)
Acquisition of subsidiaries	(285,245)	(4,340)
Acquisition of property, plant and equipment	(263,621)	(261,619)
Proceeds from disposal of property, plant and equipment	11,571	6,071
Decrease (increase) in other receivables from related parties	(1,326)	4,474
Acquisition of other intangible assets	(33,319)	(36,581)
Decrease (increase) in other non-current assets	(59)	58
Interest received	7,151	9,899
Dividends received	<u>85,417</u>	<u>1,188,712</u>
Net cash generated from (used in) investing activities	<u>(778,900)</u>	<u>840,771</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	907,900	1,710,000
Increase (decrease) in short-term bills payable	319,737	(19,893)
Increase in long-term borrowings	63,000	-
Decrease in other payables to related parties	(6,181)	(249,146)
Repayment of the principal portion of lease liabilities	(20,927)	(20,616)
Increase (decrease) in other non-current liabilities	(390)	329
Cash dividends	(2,268,726)	(2,373,438)
Proceeds from treasury shares transferred to employees	-	74,630
Interest paid	(51,820)	(37,789)
Proceeds from unclaimed dividends extinguished by prescription	<u>-</u>	<u>26</u>
Net cash used in financing activities	<u>(1,057,407)</u>	<u>(915,897)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(256,488)	(145,519)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,021,441</u>	<u>1,166,960</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 764,953</u>	<u>\$ 1,021,441</u>

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

(Concluded)

Appendix 3

Audit Committee's Review Report

We express our consent on the separate and consolidated financial statements compiled by the Board of Directors covering the year ended on December 31, 2020. These financial statements were audited by Huang Hui-Min and Shao Chi-Ming, CPAs of Deloitte Taiwan with the issuance of Auditors' Report.

The Board of Directors also presented the 2020 Business Report and Proposal for Distribution of Income of the year for our review. In our opinion, these reports and statements were fairly presented in accordance with applicable legal rules. We present the aforementioned statements and report to the Shareholders Meeting pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2021 Annual General Meeting of Stockholders Meeting

E INK HOLDINGS INC.

Convener of the Audit Committee: Po-Young Chu

Date: March 16, 2021

Appendix 4

E INK HOLDINGS INC.

Table For The Distribution Of Earnings In 2020

Unit: NT\$

Item	Amount		Remarks
Earnings undistributed at the period-beginning		\$ 2,977,365,213	
Net income of the current year	\$ 3,602,589,260		
Adjusted retained earnings for investment due to the use of the equity approach	7,020,350		
Remeasured amount of confirmed welfare plan listed in the retained earnings	(8,395,344)		
Sum of current net income and non-net income items added to current undistributed earnings		3,601,214,266	
Statutory surplus reserve set aside (10%)		(360,121,427)	
Reversal of special reserve previously provided		29,880,896	
Distributable earnings for the year		6,248,338,948	
Items of distribution			
Cash dividends and bonuses for shareholders		(3,062,779,331)	Cash dividends at NT\$2.7 per share
Closing undistributed earnings		\$ 3,185,559,617	

Chairman: Johnson Lee

Managerial Officer: FY Gan, Lloyd Chen

Chief Accountant: James Huang

Appendix 5

E INK HOLDINGS INC.

Comparison Table of the Draft Amendment of the Articles of Incorporation

Article No.	After amendment	Before amendment	Amendment reason
Article 2	<p>Businesses of the Company include the following:</p> <p>.</p> <p><u>(9) CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing</u></p> <p><u>(10) F113070 Wholesales of telecom equipment and materials (limited operation outside the area)</u></p> <p><u>(11) F213060 Retail of telecom equipment and materials (limited operation outside the area)</u></p> <p><u>(12) ZZ99999 Apart from the permitted businesses, other business not prohibited or restricted by laws (limited operation outside the area)</u></p> <p><u>(13) F401010 International trade</u></p> <p><u>(14) C801010 Basic Industrial Chemical Manufacturing</u></p> <p><u>(15) C801030 Precision Chemical Material Manufacturing</u></p> <p><u>(16) C801990 Other Chemical Material Manufacturing</u></p> <p><u>(17) C802990 Other Chemical Products Manufacturing</u></p> <p><u>(18) C801100 Synthetic Resin and Plastic Manufacturing</u></p> <p><u>(19) F107200 Wholesale of Chemical Feedstock (limited operation outside the area)</u></p> <p><u>(20) F107990 Wholesale of Other Chemical Products (limited operation outside the area)</u></p> <p><u>(21) C805990 Other Plastic Products Manufacturing</u></p> <p>Research, development, production, manufacturing and sales of the following products:</p> <p>(1) TFT-LCD.</p> <p>(2) TFT-LCD television, monitoring systems, and components of the aforesaid systems (limited operation outside the area).</p> <p><u>(3) Chemical resin monomer and high polymer resin paste for electronic materials.</u></p> <p><u>(4) EPD (Electronic Paper Display) module and components.</u></p> <p>The Company also does import and export of products related to the business scope.</p>	<p>Businesses of the Company include the following:</p> <p>.</p> <p><u>(9) CC01101 Manufacturing of restrained telecom RF equipment and materials (limited operation outside the area)</u></p> <p><u>(10) F401021 Import of restrained telecom RF equipment and materials (limited operation outside the area)</u></p> <p><u>(11) F113070 Wholesales of telecom equipment and materials (limited operation outside the area)</u></p> <p><u>(12) F213060 Retail of telecom equipment and materials (limited operation outside the area)</u></p> <p><u>(13) ZZ99999 Apart from the permitted businesses, other business not prohibited or restricted by laws (limited operation outside the area)</u></p> <p><u>(14) F401010 International trade</u></p> <p>Research, development, production, manufacturing and sales of the following products:</p> <p>(1) TFT-LCD.</p> <p>(2) TFT-LCD television, monitoring systems, and components of the aforesaid systems (limited operation outside the area).</p> <p>The Company also does import and export of products related to the business scope.</p>	According to the amendments to the regulations.
Article 21	<p>The Articles of Association was concluded on June 1, 1992.</p> <p>The first amendment was made on December 23, 1993.</p> <p>.....</p> <p>The twenty third amendment was made on June 22, 2016</p> <p>The twenty fourth amendment was made on June 18, 2019</p> <p>The twenty fifth amendment was made on June 18, 2020</p> <p><u>The twenty sixth amendment was made on June 22, 2021</u></p>	<p>The Articles of Association was concluded on June 1, 1992.</p> <p>The first amendment was made on December 23, 1993.</p> <p>.....</p> <p>The twenty third amendment was made on June 22, 2016</p> <p>The twenty fourth amendment was made on June 18, 2019</p> <p>The twenty fifth amendment was made on June 18, 2020</p>	The current amendment date is added.

Appendix 6

E INK HOLDINGS INC.

Rules of Procedure for Shareholders' Meetings

(Effective Upon Approval by 2021 Shareholders' Meeting)

Article 1

The Rules to be followed by the Company are enacted according to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to assist the Company in establishing sound corporate governance systems and robust supervision functions strengthen the management mechanism.

Article 2

The rules of procedures for shareholders' meetings of the Company, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

Unless otherwise provided by law or regulation, shareholders meetings of the Company shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the subject of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual general meeting of shareholders or before 15 days before the date of a special shareholders' meeting. The Company shall also prepare electronic versions of the shareholders' meeting manual and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the annual general meeting of shareholders or before 15 days before the date of the special shareholders' meeting. Before 15 days before the date of a shareholders' meeting, the Company shall also have prepared the shareholders' meeting manual and supplemental meeting materials and made them available for review by shareholders at any time. The meeting manual and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated, thereby being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction

of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Paragraph 1 of Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by a special motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting, such inauguration date may not be altered by any special motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general meeting of shareholders. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder's proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the Board of Directors. In addition, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before an annual general meeting of shareholders is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission, and the period for submission of shareholder proposals may not be less than 10 days. Any proposal submitted by a shareholder is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and discuss the proposal. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for excluding any shareholder's proposals not included in the agenda.

Article 4

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing a power of attorney issued by the Company and stating the scope of the proxy's power.

A shareholder may issue only one power of attorney and appoint only one proxy for any given shareholders' meeting, and shall deliver a power of attorney to the Company five days before the date of the shareholders' meeting. When duplicate powers of attorney are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a power of attorney has been delivered to the Company, if the shareholder intends to attend the meeting in person or exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting powers of attorney shall also bring identification documents for verification.

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 Company shall furnish attending shareholders with the meeting manual, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

Article 7

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman is on leave or for any reason unable to exercise the powers, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall have held that position for six months or more and who understands the financial and business conditions of the Company. The same shall apply if a representative of a juristic person director serves as chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If there are more than two such persons, one shall be elected among themselves to preside at the meeting.

The Company may appoint its attorneys, certified public accountants, or related persons retained to attend a shareholders' meeting in a non-voting capacity.

Article 8

The Company, beginning from the time it accepts shareholder's attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the shareholders' proceedings, and the voting and vote-counting procedures.

The recorded materials referred to in the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at shareholders' meetings shall be calculated based on the number of shares. 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.

The chair shall call the meeting to order at the appointed meeting time, and also announce the information about the number of present shareholders without voting right and number of shares represented by all present shareholders at the same time, 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 chair may postpone the

meeting, and the postponement of the meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph. Still, the attending shareholders represent one-third or more of the total number of issued shares. A tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

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 chair may present the previously adopted tentative resolution to the meeting for resolution in accordance with Article 174 of the Company Act.

Article 10

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including special motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting, provided that a special motion may be included into the meeting agenda upon approval of present shareholders via the statutory procedure, if it is proposed insofar as laws permit it and within the time limit decided upon the chair's inquiry with the present shareholders.

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 chair may not declare the meeting adjourned prior to completing deliberation on the meeting agenda referred to in the preceding two paragraphs (including special motions), except by a resolution of the shareholders' meeting. After a shareholders' meeting is adjourned, the shareholders shall not elect another chair to continue the meeting at the same venue or a new venue. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting to explain and discuss proposals and amendments or special motions put forward by the shareholders. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11

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 chair 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.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. However, if the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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.

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.

After a shareholder has given a speech, the chair may answer in person or designate a relevant person to respond.

Article 12

Attendance at shareholders' meetings shall be calculated based on the number of shares.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the Company's interests, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be

included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt voting rights by electronic means and may adopt voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person but to have waived his/her rights with respect to the special motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, 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.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means 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 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. When voting, the chair 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.

In cases where several amendments or alternative solutions have been proposed at the same time, the chair shall determine the order in which proposals are to be voted. If any one of the above has been passed, the others shall be considered as rejected, upon which

no further resolution shall be required.

The persons scrutinizing the casting of votes and the counting thereof for resolutions shall be designated by the chair, provided. However, the person scrutinizing the casting of votes shall be a shareholder.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company. The voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they are elected, and the name list of directors losing the election and number of votes received by them.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signature of the persons scrutinizing the casting of votes and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Article 16

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies. It shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information

under applicable laws or regulations or under Taipei Exchange's regulations, the Company shall upload the contents of such resolution to the MOPS within the prescribed time period.

Article 17

The personnel handling the affairs of a shareholders' meeting shall each wear an identification badge or an arm-band.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including special motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19

These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

E INK HOLDINGS INC

Comparison Table for Amendments to the Rules of Procedure for Shareholders' Meeting

Article No.	After amendment	Before amendment	Notes
Article 1	<u>The Rules to be followed by the Company are enacted according to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to assist the Company in establishing sound corporate governance systems and robust supervision functions strengthen the management mechanism.</u>	<u>The shareholders' meeting of the Company shall be proceeded with in accordance with these rules unless otherwise provided by laws and regulations.</u>	Specify the merits of these Rules of Procedure.
Article 2	<u>The rules of procedures for shareholders' meetings of the Company, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.</u>	The shareholders' meeting of the Company shall be proceeded with in accordance with <u>these rules</u> , unless otherwise provided by laws and regulations.	Article 1 of the original Rules
Article 3	<u>Unless otherwise provided by law or regulation, shareholders meetings of the Company shall be convened by the Board of Directors.</u> <u>The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the subject of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual general meeting of shareholders or before 15 days before the date of a special shareholders' meeting. The Company shall also prepare electronic versions of the shareholders' meeting manual and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the annual general meeting of shareholders or before 15 days before the date of the special shareholders' meeting. Before 15 days before the date of a shareholders' meeting, the Company shall also have prepared the shareholders' meeting manual and</u>	(Additions to the provision)	As it was not provided in the original rules, the new provisions are added in accordance with the Company Act, Securities and Exchange Act or Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article No.	After amendment	Before amendment	Notes
	<p><u>supplemental meeting materials and made them available for review by shareholders at any time. The meeting manual and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated, thereby being distributed on-site at the meeting place.</u></p> <p><u>The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Paragraph 1 of Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by a special motion. Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting, such inauguration date may not be altered by any special motion or otherwise in the same meeting.</u></p> <p><u>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an</u></p>		

Article No.	After amendment	Before amendment	Notes
	<p><u>annual general meeting of shareholders. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder's proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the Board of Directors.</u></p> <p><u>In addition, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</u></p> <p><u>Prior to the book closure date before an annual general meeting of shareholders is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission, and the period for submission of shareholder proposals may not be less than 10 days. Any proposal submitted by a shareholder is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and discuss the proposal.</u></p> <p><u>Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for excluding any shareholder's proposals not included in the agenda.</u></p>		
Article 4	<p><u>For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing a power of attorney issued by the</u></p>	(Additions to the provision)	As it was not provided in the original rules, the new

Article No.	After amendment	Before amendment	Notes
	<p><u>Company and stating the scope of the proxy's power.</u> <u>A shareholder may issue only one power of attorney and appoint only one proxy for any given shareholders' meeting, and shall deliver a power of attorney to the Company five days before the date of the shareholders' meeting. When duplicate powers of attorney are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</u> <u>After a power of attorney has been delivered to the Company, if the shareholder intends to attend the meeting in person or exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>		<p>provisions are added in accordance with the Company Act.</p>
Article 5	<p>The shareholders' meetings shall be held at the Company's premises, or any other place convenient for attending by shareholders, and suitable for holding such meetings. The meetings shall not be commenced earlier than 9 a.m. or later than 3 p.m. <u>Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</u></p>	<p>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.</p>	<p>Article 4 of the original Rules</p>
Article 6	<p><u>The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</u> <u>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned</u></p>	<p>The shareholders' meeting 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. <u>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.</u></p>	<p>For the contents of Paragraph 4, please refer to Article 2 of the original Rules. As the other contents were not provided in the original rules, the new provisions are added in accordance</p>

Article No.	After amendment	Before amendment	Notes
	<p><u>to handle the registrations. Shareholders and their proxies (collectively, “shareholders”) shall attend shareholders’ meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting powers of attorney shall also bring identification documents for verification.</u></p> <p><u>The Company shall prepare a sign-in book for shareholders to sign in, and an attending shareholder may hand in an attendance card in lieu of signing on the sign-in book.</u></p> <p><u>The Company shall furnish attending shareholders with the meeting manual, annual report, attendance card, speaker’s slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</u></p> <p><u>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders’ meeting. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.</u></p>		with the Company Act or Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
Article 7	<p>If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman is on leave or for any reason unable to exercise the powers, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.</p>	<p>If the Board of Directors convenes a shareholders' meeting, 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, <u>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.</u></p> <p><u>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</u></p>	Delete the requirements about the vice chairman and managing directors referred to in Article 5 and Article 6 of the original rules.

Article No.	After amendment	Before amendment	Notes
	<p><u>When a director serves as chair, as referred to in the preceding paragraph, the director shall have held that position for six months or more and who understands the financial and business conditions of the Company. The same shall apply if a representative of a juristic person director serves as chair.</u></p> <p><u>It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.</u></p> <p>If there are more than two such persons, one shall be elected among themselves to preside at the meeting.</p> <p>The Company may <u>appoint</u> its attorneys, certified public accountants, or related persons retained to attend a shareholders' meeting in a non-voting capacity.</p>	<p>themselves to act in lieu of the Chairman.</p> <p>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 two or more directors are equally eligible to serve as a convener, one shall be elected among themselves to serve as convener.</p> <p>The attorneys, certified public accountants, or related persons retained by the Company may attend a shareholders' meeting in a non-voting capacity.</p>	
Article 8	<p><u>The Company, beginning from the time it accepts shareholder's attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the shareholders' proceedings, and the voting and vote-counting procedures.</u></p> <p><u>The recorded materials referred to in the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</u></p>	<p><u>All proceedings of the shareholders' meeting shall be recorded with an audio or videotape, and such audio tapes or videotapes shall be kept for at least one year.</u></p>	Article 7 of the original Rules

Article No.	After amendment	Before amendment	Notes
Article 9	<p>Attendance at shareholders' meetings shall be calculated based on the number of shares. 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.</p> <p>The chair shall call the meeting to order at the appointed meeting time, <u>and also announce the information about the number of present shareholders without voting right and number of shares represented by all present shareholders at the same time</u>, 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 chair may postpone the meeting. The postponement of the meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, <u>the chair shall declare the meeting adjourned.</u> <u>If the quorum is not met after two postponements as referred to in the preceding paragraph. Still, the attending shareholders represent one-third or more of the total number of issued shares,</u> a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act. <u>All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.</u> If, before the end of the meeting, the total amount of shares represented at the meeting becomes to exceed one-</p>	<p>The shareholders' meeting 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.</p> <p>The chair shall call the meeting to order at the appointed meeting time, 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 chair may postpone the meeting. 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.</p> <p>If, before the end of the meeting, the total amount of shares represented at the meeting becomes to exceed one-</p>	Article 2 and Article 8 of the original Rules

Article No.	After amendment	Before amendment	Notes
	half of the total number of the issued shares, the chair may present the previously adopted tentative resolution to the meeting for resolution in accordance with Article 174 of the Company Act.	half of the total number of the issued shares, the chair may present the previously adopted tentative resolution to <u>the meeting</u> for resolution in accordance with Article 174 of the Company Act.	
Article 10	<p>If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. <u>Votes shall be cast on each separate proposal in the agenda (including special motions and amendments to the original proposals set out in the agenda).</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting, <u>provided that a special motion may be included into the meeting agenda upon approval of present shareholders via the statutory procedure, if it is proposed insofar as it is permitted by laws and within the time limit decided upon the chair's inquiry with the present shareholders.</u></p> <p>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.</p> <p>The chair may not declare the meeting adjourned prior to completing deliberation on the meeting agenda referred to in the preceding two paragraphs (including special motions), except by a resolution of the shareholders' meeting. After a shareholders' meeting is adjourned, the shareholders shall not elect another chair to continue the meeting at the same venue or a new venue. If the chair declares the meeting adjourned in violation of the rules of procedure, <u>the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures,</u> by agreement of a majority of the votes represented by</p>	<p>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.</p> <p>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.</p> <p>The chair shall not adjourn a meeting without a resolution adopted by shareholders if the motions (including special motions) in the agenda arranged in the above two Paragraphs shall not have been resolved. <u>If</u> the chair declares the meeting adjourned in violation of the rules of procedure, a new chair <u>may</u> be elected by agreement of a majority of the votes represented by the attending shareholders, and then continue 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.</p>	Article 9 and Article 14 of the original Rules

Article No.	After amendment	Before amendment	Notes
	<p>the attending shareholders, and then continue the meeting.</p> <p>The chair shall <u>allow ample opportunity during the meeting to explain and discuss proposals and amendments or special motions put forward by the shareholders.</u> When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, <u>and schedule sufficient time for voting.</u></p>	<p>When the chair is of the opinion that a proposal <u>has been discussed</u> sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.</p>	
Article 11	<p>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 chair shall determine such shareholders' order of giving a speech.</p> <p>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.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. <u>However</u>, if the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>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.</p> <p>If a corporate shareholder designates</p>	<p>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 chair shall determine such shareholders' order of giving a speech.</p> <p>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.</p> <p>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 prior consent from the person presiding the meeting. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>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.</p> <p><u>When a juristic person is appointed to attend as a proxy, it may designate is considered only one person to represent it in the meeting.</u></p> <p>If a corporate shareholder designates</p>	Article 10, Article 11, Article 12 and Article 13 of the original Rules

Article No.	After amendment	Before amendment	Notes
	<p>two or more representatives to represent it at the shareholders' meeting, only one of its representatives may speak on the same subject.</p> <p>After a shareholder has given a speech, the chair may answer in person or designate a relevant person to respond.</p>	<p>two or more representatives to represent it at the shareholders' meeting, only one of its representatives may speak on the same subject.</p> <p>After a shareholder has given a speech, the chair may answer in person or designate a relevant person to respond.</p>	
Article 12	<p>Attendance at shareholders' meetings shall be calculated based on the number of shares.</p> <p><u>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</u></p> <p><u>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the Company's interests, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any other shareholder.</u></p> <p><u>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</u></p> <p><u>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</u></p>	<p>Attendance at shareholders' meetings shall be calculated based on the number of shares.</p>	<p>For the contents of Paragraph 1, please refer to Article 3 of the original Rules.</p> <p>As the other contents were not provided in the original rules, the new provisions are added in accordance with the Company Act.</p>
Article 13	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares <u>under Paragraph 2 of Article 179 of the Company Act.</u></p>	<p>A shareholder is entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares <u>under Paragraph 2 of Article 179 or Article 197-1 of the Company Act.</u></p>	<p>Article 17, Article 17-1, Article 18 and Article 15 of the original rules</p>

Article No.	After amendment	Before amendment	Notes
	<p>When the Company holds a shareholders' meeting, <u>it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence.</u> When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person but to have waived his/her rights with respect to the special motions and amendments to original proposals of that meeting.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, 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. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. In case a shareholder has exercised his/her/its voting right in</p>	<p>The voting right at a shareholders' meeting <u>may be exercised in writing or by way of electronic transmission,</u> provided, 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, <u>but</u> shall be deemed to have waived his/her/its voting right in respect of any special motion(s) and/or the amendment(s) to the original proposal(s) at the shareholders' meeting.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, 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. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. In case a shareholder has exercised his/her/its voting right in</p>	

Article No.	After amendment	Before amendment	Notes
	<p>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.</p> <p>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.</p> <p>When voting, the chair 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.</p> <p>In cases where several amendments or alternative solutions have been proposed at the same time, the chair shall determine the order in which proposals are to be voted. If any one of the above has been passed, the others shall be considered as rejected, upon which no further resolution shall be required.</p> <p>The persons scrutinizing the casting of votes and the counting thereof for resolutions shall be designated by the chair, provided. However, the person scrutinizing the casting of votes shall be a shareholder.</p> <p><u>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</u></p>	<p>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.</p> <p>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.</p> <p>When voting, the chair 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.</p> <p>In cases where several amendments or alternative solutions have been proposed at the same time, the chair shall determine the order in which proposals are to be voted. If any one of the above has been passed, the others shall be considered as rejected, upon which no further resolution shall be required.</p> <p>The persons scrutinizing the casting of votes and the counting thereof for resolutions shall be designated by the chair, provided. However, the person scrutinizing the casting of votes shall be a shareholder.</p> <p><u>The results of resolution(s) shall be announced in the meeting immediately, and recorded in the minutes of the meeting.</u></p>	
Article 14	<u>The election of directors at a shareholders' meeting shall be held in</u>	(Additions to the provision)	As it was not provided in

Article No.	After amendment	Before amendment	Notes
	<p><u>accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they are elected, and the name list of directors and supervisors losing the election and number of votes received by them. The ballots for the election referred to in the preceding paragraph shall be sealed with the signature of the persons scrutinizing the casting of votes and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</u></p>		<p>the original rules, the new provisions are added in accordance with the Company Act or Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 15	<p><u>Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</u> <u>The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS.</u> <u>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.</u></p>	(Additions to the provision)	<p>As it was not provided in the original rules, the new provisions are added in accordance with the Company Act, Securities and Exchange Act or Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 16	<p><u>On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical</u></p>	(Additions to the provision)	<p>As it was not provided in the original</p>

Article No.	After amendment	Before amendment	Notes
	<p><u>statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies. It shall make an express disclosure of the same at the place of the shareholders' meeting.</u></p> <p><u>If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taipei Exchange's regulations, the Company shall upload the contents of such resolution to the MOPS within the prescribed time period.</u></p>		<p>rules, the new provisions are added in accordance with the Company Act, Securities and Exchange Act or Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 17	<p>The personnel handling the affairs of a shareholders' meeting shall each wear an identification badge or an armband.</p> <p>The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear <u>an identification card or armband bearing the word "Proctor."</u></p> <p><u>At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.</u></p> <p><u>When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</u></p>	<p>The personnel handling the affairs of a shareholders' meeting shall each wear an identification badge or an armband.</p> <p>The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."</p>	<p>Article 6 and Article 19 of the original Rules</p>
Article 18	<p>When a meeting is in progress, the chair may announce a break based on time considerations. <u>If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</u></p> <p><u>If the meeting venue is no longer available for continued use and not all</u></p>	<p>During the meeting, the chair may announce a suitable recess time.</p>	<p>Article 16 of the original Rules</p>

Article No.	After amendment	Before amendment	Notes
	<p><u>of the items (including special motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.</u></p>		
Article 19	<p>These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.</p>	<p>These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.</p>	Article 20 of the original Rules

Appendix 7

E INK HOLDINGS INC.

Procedures of Acquisition or Disposal of Assets

Amended Date: July 07, 2021

Article 1: Purpose

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

Article 2: Principle

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

Article 3: Scope of assets

The Handling Procedures are applicable to the following assets:

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

Article 4: Definitions

1. Derivatives: refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, or compound contracts with embedded derivatives or structured products, whose value is derived from specified interest rate, financial instrument price,

commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable. The term forward contracts does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

2. Assets acquired or disposed through mergers, splits, acquisitions, or assignment of shares in accordance with acts of law:

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

3. Related parties, subsidiaries: shall be identified according to the provisions of the Guidelines for Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.
5. Date of occurrence: refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.
6. Mainland area investment: refers to investment in Mainland China conducted according to the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area formulated by the Ministry of Economic Affairs Investment Commission.
7. Place of business of securities firms: place of business of domestic securities firms, refers to the place that securities firms specially provide counters for transactions according to Regulations Governing Trading of Securities on the Over-the-Counter Market; place of business of overseas securities firms, refers to the place of business of financial institutions administrated by overseas securities regulatory authorities and running the securities business.
8. Total assets: refers to the calculated amount of total assets in the individual or separate financial reports of the latest period prepared according to the Criteria Governing the Preparation of Financial Reports by Securities Issuers.
9. Paid-in capital: refers to that, for companies whose shares have no par value or the par value of each share is not NT\$10, 20% of the paid-in capital shall be calculated according to 10% of the equity attributable to the owner of the parent company.

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

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall satisfy the following provisions:

1. Never being sentenced to imprisonment for one year or more due to the violation of this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Commercial Accounting Act, or the act of fraud, breach of trust, misappropriation, forgery of documents or professional crime. However, those with sentence implemented, probation expired or pardon for more than 3 years shall be excluded.
2. Not being a related party of any party to the transaction or having a substantially related party.
3. If the Company needs the appraisal reports issued by more than 2 professional appraisers, different professional appraisers or their officers shall not be a related party of each other or have a substantially related party.

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

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

Article 6: Scope and limit of investment

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

1. The total amount of immovables and equipment for non-operating use and their right-of-use assets shall not exceed the equity of the Company's shareholders.
2. The total amount of investment in negotiable securities shall not exceed 3 times of the equity of the Company's shareholders.

3. The total amount of investment in specific negotiable securities shall not exceed 1.5 times of the equity of the Company's shareholders.
4. The amount of transaction for the acquisition or disposal of the membership certificate or intangible assets shall not exceed 50% of the equity of the Company's shareholders.
5. The total amount of investment in China Mainland shall not exceed the limit specified by relevant competent authorities for investment in China Mainland.

The limit for the subsidiaries and direct subsidiaries of the Company to purchase immovables for non-operating use and their right-of-use assets or negotiable securities or invest in specific negotiable securities shall not exceed that for the Company to purchase immovables for non-operating use or negotiable securities or invest in specific negotiable securities unless otherwise prescribed by the subsidiaries and direct subsidiaries.

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

1. Acquisition or disposal of negotiable securities

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

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

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

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

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

(1) Acquisition or disposal of negotiable securities

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

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

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

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

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

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

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

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

(1) For the acquisition or disposal of assets in Item 1 of Article 3, relevant department shall make the analysis report and it shall be handled according to the Company's table of limit for investment in negotiable securities. Trading of government bonds, and trading of bonds subject to buyback or resale conditions, purchasing or buying

back of the money market funds issued by domestic securities investment trust enterprise shall be handled according to the decision-making authority in measures of administration by levels, and is not limited by this provision.

- (2) Immovables and equipment: relevant department shall make the analysis report and it shall be handled according to the decision-making authority in measures of administration by levels; if immovables are acquired from or disposed of to related parties, Article 10 hereof shall be followed.
- (3) Derivatives: it shall be handled by relevant department according to Article 12 hereof.
- (4) Assets acquired or disposed through mergers, splits, acquisitions, or assignment of shares in accordance with acts of law: it shall be handled by relevant department according to Article 13 hereof.

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

1. If pegged price, specific price or special price shall be taken as the reference of transaction price due to special reasons, such transaction shall be submitted to the Board Meeting for resolution; if the conditions have any change later, it shall also be submitted to the Board Meeting for resolution.
2. When the transaction amount is over NT\$1 billion, more than 2 professional appraisers shall be invited for the appraisal.
3. If the appraisal result provided by the professional appraiser has any of the following circumstances, except that the appraisal results of the acquired assets are all higher than the transaction amount, or the appraisal results of the disposed assets are all lower than the transaction amount, accountant shall be invited to handle that according to the Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as the "Accounting Research and Development Foundation"), and give concrete opinions on the reason of the difference and the fairness of the transaction price:
 - (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
 - (2) The difference between the appraisal results provided by more than 2 professional appraisals and the transaction amount is more than 10% of the transaction amount.
4. The difference between the date of the reports issued by professional appraisers and

the signing date of the contract shall not be more than 3 months. However, if the announced current value of the same period is applicable and it does not exceed 6 months, opinions shall be issued by the previous professional appraiser.

Article 10: Related party transactions:

1. If the Company acquires assets from or disposes of assets to related parties, besides handling relevant resolution procedures and the reasonableness of the appraisal and transaction conditions according to the article above and this article, if the transaction amount reaches more than 10% of the Company's total assets, the appraisal reports or accountant's opinions issued by professional appraisers shall be acquired according to provisions. The calculation of the transaction amount shall be according to Article 11-1 hereof.
2. When the Company acquires or disposes of immovables or their right-of-use assets from a related party, or acquires or disposes of any other assets other than the immovables or their right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, except that it trades internal public debt, bonds subject to buyback or resale conditions, and purchases or buys back money market funds issued by domestic Securities Investment Trust Enterprise, the following documents shall be approved by more than half of the members of the Audit Committee, and submitted to the Board Meeting for resolution. Then, the transaction contract can be signed and payment can be made. If without the consent of more than half of the members of the Audit Committee, consent shall be gained from more than 2/3 of all the directors and the resolution of the Audit Committee shall be recorded on the minutes of the Board Meeting:
 - (1) The purpose, necessity and estimated benefit of the acquired or disposed assets.
 - (2) The reason why the related party is chosen as the transaction counterparty.
 - (3) Relevant documents related to the assessment of the reasonableness of the estimated transaction conditions according to Article 10-3 and 10-6 when acquiring immovables or their right-of-use assets from the related party.
 - (4) The previous acquisition date and price of the related party, the transaction counterparty and the relationship between the Company and the related party, and other matters.
 - (5) Estimated table of cash deposit and withdrawal for each month of the next year started from the estimated month of contract signing, and the assessment of the transaction's necessity and the reasonableness of the fund employment.
 - (6) The appraisal reports issued by professional appraisers which are acquired according to the article above, or the opinions of accountants.
 - (7) The restricted conditions of this transaction and other important agreements.

The calculation of the aforesaid transaction amount shall be according to Article 14-2 and

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

If the Company and its subsidiaries, or subsidiaries with 100% issued shares or total capital directly or indirectly held by the Company have the following transactions, the Board of Directors shall authorize the chairman to make resolution first within the amount of NT\$500 million, which shall be submitted to and recognized by the latest Board Meeting.

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

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

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

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

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

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

4. When acquiring immovables or their right-of-use assets from a related party, besides that the cost of such immovables or their right-of-use assets shall be appraised according to the aforesaid provisions, accountant shall also be invited to review that and issue concrete opinions.

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

still be handled according to Item 2:

- (1) The related party acquires the immovables or their right-of-use assets by inheritance or gift.
 - (2) The time when the related party signed the contract to acquire the immovables or their right-of-use assets is more than 5 years ago when this contract is signed.
 - (3) The immovables are acquired by signing joint construction contract with a related party, or entrusting a related party to construct the immovables on the Company's own land or leased land.
 - (4) The Company and its subsidiaries, or subsidiaries with 100% issued shares or total capital directly or indirectly held by the Company acquire the right-of-use assets of immovables for operating use.
6. When acquiring immovables or their right-of-use assets from a related party, if the appraisals results conducted according to Item 3 of this Article are all lower than the transaction price, it shall be handled according to Item 7. However, the following circumstances with objective evidences and the provision of concrete and reasonable opinions issued by professional real estate appraisers and accountants are not limited:
- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 1. Where the undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The said reasonable construction profit shall be the average operating gross profit ratio of the construction department of the related party within the last 3 years or the most recent gross profit ratio of the construction industry published by the Ministry of Finance, whichever lower.
 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (2) Where the Company acquiring immovables from a related party or acquiring the right-of-use assets of immovables through leasing provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
 - (3) Completed transactions for neighboring or closely valued parcels of land in the paragraph (1) and (2) in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; the term similar area means that in the case of transaction of non-related

party, the area is not less than 50% of the property in question; within one year as mentioned above refers to the year preceding the base date of occurrence of the current transaction.

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

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

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

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

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

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

1. When acquiring or disposing of negotiable securities, the Company shall get the most recent financial statements of the target company which have been audited, signed or reviewed by accountants before the date of occurrence as the reference for assessing the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, accountants shall be invited to give opinions on the reasonableness of the transaction price before the date of occurrence. If the accountants need experts' reports, it shall be handled according to provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation. However, negotiable securities with public price in active market or with other provisions specified by the Financial Supervisory Commission shall be excluded.

2. When the transaction amount for acquiring or disposing of the membership certificate or its

right-of-use assets or intangible assets reaches 20% of the Company's paid-in capital or more than NT\$300 million, except that such transaction is made with domestic government agencies, the Company shall invite accountants to give opinions on the reasonableness of the transaction price before the date of occurrence and the accountants shall handle that according to provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.

3. If assets are acquired or disposed of through auction procedures of a court, the evidence issued by the court shall replace the appraisal reports or opinions of the accountants.

Article 11-1: The calculation of the transaction amount in the preceding 3 paragraphs shall be according to Article 14-2, and the one-year period referred to in the preceding paragraph shall be based on the date of occurrence of this transaction facts and shall be reckoned retroactively for one year, and the part with appraisal reports or accountants' opinions issued by professional appraisers which are acquired according to these Procedures does not need to be calculated.

Article 12: Engagement in transaction of derivatives

1. Operating and hedging strategies

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

2. Division of duties

(1) Transaction department

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

(2) Accounting department

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

3. Main points of performance assessment

- (1) Transactions of derivatives shall be regularly assessed and the assessment reports shall be submitted to the financial supervisor for review.
 - (2) When being assessed, the performance shall be compared with the previously set assessment criteria on the assessment date and the assessment result will be taken as reference for future decision-making.
4. Total amount of contracts that can be signed and the upper limit for loss
- (1) The limits for the total amounts of contracts are as below:
 1. Transactions for non-trading purpose:
 - (1) Transactions to avoid foreign exchange risks: The total transaction amount shall not exceed the total amount of import and export in the year.
 - (2) Transactions to avoid interest rate risks: The total transaction amount shall not exceed the total amount of liabilities.
 - (3) Transactions to avoid foreign exchange risks and interest rate risks brought by projects: The total transaction amount shall not exceed the total amount of budget for the project and the upper limit for the budget of such project shall be USD10 million.
 2. Transactions for trading purpose: Transaction handlers shall carry out the transactions within the reported and approved amount of the project and the upper limit for the budget of such project shall be USD10 million.
 - (2) Upper limits for the loss of all or individual contract are as below:
 1. The amount of realized and unrealized loss generated by all the signed contracts of the Company for derivatives shall not exceed 30% of the total amount of all the contracts.
 2. The amount of realized and unrealized loss generated by individual contract shall not exceed 30% of the amount of such contract.
5. Operating procedures
- (1) Confirming the traded part
 - (2) Analyzing and judging relevant trend
 - (3) Deciding concrete methods for risk avoidance:
 1. Object of transaction
 2. Traded part
 3. Target price and range
 4. Transaction strategy and form
 - (4) Approval of acquired transaction
 - (5) Transactions

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

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

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

6. Granted line

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

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

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

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

7. Accounting treatment

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

8. Internal control

(1) Risk management measures

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

2. Market risk management: Transactions shall be limited in centralized securities exchange market and OTC market.
3. Liquidity risk management: To ensure the liquidity, it shall be confirmed with the fund personnel before the transaction that the transaction amount will not cause insufficient liquidity.
4. Cash flow risk management: To ensure the stable circulation of the Company's operating fund, the source of fund for the Company to conduct transaction of derivatives shall be limited to its own fund and the operating amount shall be subject to the estimated fund demand of the cash deposit and withdrawal in the next 3 months.
5. Operating risk management: The granted line and operating procedures shall be strictly followed to avoid operating risks.
6. Legal risk management: All documents to be signed with any bank shall be checked by the legal personnel before being formally signed, so as to avoid legal risks.

(2) Internal control

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

(3) Regular assessment

1. The Board of Directors shall designate the accounting supervisor to pay attention to the risk supervision and control of transactions of derivatives at any time according to the "Implementing Rules for Internal Control", and shall regularly assess whether the performance of transactions satisfy the existing operating strategies and whether the risks borne are within the allowed range.
2. The accounting supervisor shall assess, in the middle and at the end of each month, whether the risk management procedures adopted to avoid risks are proper and whether they are really implemented according to these Procedures.

3. Risk-avoidance transactions conducted for business need shall be regularly assessed.
4. When there is abnormal circumstance, senior financial supervisor shall take necessary countermeasures and immediately report to the Board of Directors. Where independent directors are arranged, independent directors shall attend the Board Meeting and give opinions.
5. For the transaction of derivatives, the Company shall authorize relevant personnel to handle that according to the Handling Procedures for the Acquisition and Disposal of Assets. After that, the transaction shall be reported to the Board of Directors in the latest board meeting.

9. Internal audit policy

- (1) Internal audit personnel shall follow the provisions of the "Implementing Rules for Internal Audit" to regularly figure out the properness of internal control over transactions of derivatives, and monthly check the observance of the transaction department of the "Handling Procedures for the Acquisition and Disposal of Assets", and analyze the transaction cycle to form the audit report. If any major violation is found, it shall be reported to the independent directors of the Audit Committee in writing.
- (2) According to provisions of "Criteria for Public Stock Companies to Establish Internal Control Policies", the aforesaid audit report and the improvement of abnormal matters shall be timely reported to the Security Exchange Commission for check.

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

1. For the handling of merger, division, acquisition or transfer of shares, the Company shall, before the meeting of the Audit Committee is convened, the Company shall invite accountants, attorneys or securities underwriters to give opinions on the reasonableness of the proportion of share transfer, price of acquisition or the cash or other properties distributed to shareholders. After gaining consent from more than 1/2 of members of the Audit Committee, it shall be submitted to the Board Meeting for discussion and approval. However, it's not necessary to get the opinions issued by experts on the reasonableness for the merger of or between subsidiaries with 100% issued shares or total capital directly or indirectly held by the Company.
2. The Company shall prepare unclassified document for important agreements and related matters of merger, division, acquisition before the convening of the shareholders' meeting, which shall be given to the shareholders together with the experts' opinions mentioned in the paragraph above and the notice of shareholders' meeting, as the reference for whether to agree with such merger, division or acquisition. However, merger, division or acquisition not needing the convening of shareholders' meeting according to other laws is not limited. If the shareholders' meeting cannot be convened due to the insufficient number of present shareholders, insufficient voting rights or other restrictions of laws, or the resolution or proposal is

declined by the shareholders' meeting, the reason, later operating procedures and the estimated date of another shareholders' meeting shall be explained to the outside immediately.

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

- (1) Basic information of personnel: the title, name and ID card number (passport number for foreigners) of all personnel participating in the plan of merger, division, acquisition or transfer of shares before the information is disclosed or personnel implementing the plan.
- (2) Date of important matters: including the date for the signing of the letter of intention or memorandum, the date that accounting or legal consultant is entrusted to sign the contract, and the date of the board meeting, etc.
- (3) Important documents and minutes: including the transfer plan, letter of intention or memorandum for the merger, division, acquisition or transfer of shares, important contracts, the minutes of the board meetings and other documents.

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

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

4. All those participating in or knowing the Company's plan for the merger, division, acquisition or transfer of shares shall issue written non-disclosure agreement. Before the information is disclosed to the public, they shall not reveal the content of the plan to the outside, or trade, in the name of themselves or other people, the stocks and other negotiable securities with equity nature of all companies related to the merger, division, acquisition or transfer of shares.
5. Except under the following circumstances, the proportion of share transfer or the acquisition price shall not be changed arbitrarily and the changes shall be specified in

the agreement for the merger, division, acquisition or transfer of shares:

- (1) Handling capital increase in cash, issuing convertible bonds, stock grants, corporate bond with warrants, preferred shares with warrants, certificate of warrants and other negotiable securities with equity nature.
 - (2) Disposing of major assets of the Company or having other behavior affecting the financial business of the Company.
 - (3) The occurrence of any major disaster, important technical reform or other circumstance affecting the Company's shareholders' rights and interests or security price.
 - (4) The adjustment that any party participating in the merger, division, acquisition or transfer of shares buys back the treasury shares according to law.
 - (5) The increase or decrease of number of companies participating in the merger, division, acquisition or transfer of shares.
 - (6) Other conditions for changes already agreed in the agreement and disclosed to the outside.
6. The agreement for the merger, division, acquisition or transfer of shares shall record relevant rights and obligations and recording the following matters:
- (1) The treatment of breach of contract.
 - (2) The principle for the disposal of negotiable securities with equity nature issued by or treasury shares bought back by companies eliminated due to the merger or companies divided.
 - (3) The principle for the disposal of and the number of treasury shares bought back by participating companies after the base date for calculating the proportion of share transfer.
 - (4) The method for treating the increase or decrease of number of participating companies.
 - (5) Predicted progress and schedule of plan implementation.
 - (6) Planned date of shareholders' meeting and relevant handling procedures according to law when the plan is not accomplished within the time limit.
7. After the Company participates in the merger, division, acquisition or transfer of shares and the information is disclosed to the outside, if it's planned to conduct the merger, division, acquisition or transfer of shares with some other company, the procedures or legal behaviors already accomplished in the previous merger, division, acquisition or transfer of shares shall be conducted again, except that the number of participating companies decreases, and the shareholders' meeting has made a resolution and authorized the Board of Directors the authority for changes, for which it's not necessary to convene a shareholders' meeting for a resolution.

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

Article 14: Procedures for information disclosure

1. The Company shall make announcement and declaration to information declaration network designated by Financial Supervisory Commission within two days from the date of occurrence based on nature and prescribed format, if the loan and balance meet one of the following standards in case of the acquisition or disposal of assets, under any of the following circumstances:
 - (1) Acquiring or disposing of real estate or its right-of-use assets from the related party, or any other assets other than the real estate or its right-of-use assets acquired or disposed of with the related party, and the transaction amount amounts to 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, provided, however, that it purchases or sells internal public debt, bonds subject to buyback or resale conditions, and purchases or buys back money market funds issued by domestic Securities Investment Trust Enterprise, which are not subject to the limits.
 - (2) Merger, division, acquisition or transfer of shares.
 - (3) The trading losses of equity derivatives reach the maximum amount of all or individual contract losses specified in the handling procedures.
 - (4) Acquiring or disposing of the equipment or its right-of-use assets for business use, and the transaction object is not a related party, and the transaction amount shall reach one of the following provisions:
 1. The transaction amount is over NT\$1 billion.
 2. To acquire real estate by means of land commission, land rental commission, co-construction sub-housing, co-construction sharing and co-construction sub-sale, the Company is expected to invest more than NT\$500 million of transaction amounts.
 - (5) For transaction in assets other than (1) - (4) or investment in Mainland China, its transaction amount amounts 20% of the paid-in capital of the Company or more than NT\$300 million. However, the following cases are not subject to the limits:
 1. Buying and selling of internal public debt.
 2. Buying and selling of the bonds subject to buyback or resale conditions, and purchasing or buying back of the money market funds issued by domestic Securities Investment Trust Enterprise.
2. The transaction amount referred to in the preceding paragraph shall be calculated as follows:
 - (1) Amount of each transaction.

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

Article 15: Management of Subsidiary

1. In the event that a subsidiary of this Company is a public stock company, it shall, in accordance with the provisions, stipulate the "Procedures of Acquisition or Disposal of Assets", when they are approved by the Board of Directors, it shall submit to the shareholders' meeting of both parties for report, and the same shall apply to the

amendment.

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

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

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

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

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

E INK HOLDINGS INC

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

Article No.	After amendment	Before amendment	Amendment reason
Paragraph 2 of Article 6	The limit for the subsidiaries <u>and direct subsidiaries</u> of the Company to purchase immovables for non-operating use and their right-of-use assets or negotiable securities or invest in specific negotiable securities <u>shall not exceed that for the Company to purchase immovables for non-operating use or negotiable securities or invest in specific negotiable securities unless otherwise prescribed by the subsidiaries and direct subsidiaries.</u>	The limit for the subsidiaries of the Company to purchase immovables for non-operating use and their right-of-use assets or negotiable securities or invest in specific negotiable securities <u>is the same with that for the parent company.</u>	In order to express the risk assessment principles adopted by the Company until now more specifically: The limit of investment by various subsidiaries and indirect subsidiaries shall be no more than that by the Company, lest the subsidiaries/indirect subsidiaries should make excessive investments.