

Poya International Co., Ltd.

2014 Annual Report

Website for declaration at MOPS: [http:// sii.tse.com.tw](http://sii.tse.com.tw)

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V. Name of exchanges in foreign countries where the Company is listed for securities trade and the means of access to information on overseas securities: None.

VI. Company website: <http://www.poya.com.tw>

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I. Letter to the Shareholders

Letter to the Shareholders

Dear shareholders,

1. 2015 Business plan

In 2014, both the consumers around the world and the corporation can reduce the energy expenses because of the stable recovery of global economy and the decrease of international crude oil prices. However, the risk of unstable financial environment still exists and the growth capacity of economy in each region is quite insufficient and uneven as being affected by the damages from the cold weather in U.S., higher consumption tax in Japan, unemployment and debt default risk in Europe. According to the forecast made by Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C., the domestic need in 2015 will grow stably, with the private consumption increasing by around 2.78%. The expectation of higher wages and salaries received by the employees also results in expansion of private consumption.

In the competitive and changeable economic environment, Poya shall keep making differentiation by market positioning and upgrading its services to pursue better operating performance. With the support of all personnel and the management, there are 109 stores national wide by the end of 2014. The net sales and net profits after tax in 2014 are NT\$9.2 billion and NT\$0.77 billion respectively, both of which reached the record highs.

With respect to the business operation, Poya will keep upgrading the image of market position through the CIS implemented in 2014 and keep activating the selling place with the spirits of “Beauty, Trendy, and Color.” In addition to creating brand value, Poya will also focus on product quality. By offering more and higher CP ratio (Cost-Performance Ratio) products, Poya can raise the satisfaction level of the customers. As there is the trend of consuming fair-priced and fashion products, Poya will irregularly offer promotion and hold activities to reward our customers. We hope to intensify the positive feeling in fair-price and promotion for our customers, and provide great fun when they make the purchase. Moreover, Poya will keep providing better services, tracing the consuming behaviors of the members periodically, and maintaining the permanent value of the customers.

2. 2014 Business results

(1) The implementation of the business plan

Unit : NT\$ 1,000

Title/amount	FY2014	FY2013	Change in amount	Change in proportion
Net sales	9,167,590	7,249,459	1,918,131	26.46%
Cost of goods sold	(5,456,820)	(4,374,265)	1,082,555	24.75%
Gross profits	3,710,770	2,875,194	835,576	29.06%
Operating expenses	(2,815,877)	(2,278,549)	537,328	23.58%
Operating income	894,893	596,645	298,248	49.99%
Non-operating income and expenses	42,139	77,686	(35,547)	(45.76%)
Earnings before tax	937,032	674,331	262,701	38.96%
Earnings after tax	772,462	558,852	213,610	38.22%
Basic EPS (in NT\$)	8.22	5.97	2.25	37.69%

A. The growth of net sales and national store number remain stable. The growth rate of store number in 2014 is 25.3%.

Unit : Stores/NT\$ 1,000

Title/year	FY2011	FY2012	FY2013	FY2014
Net sales	6,278,203	6,272,815	7,249,459	9,167,590
Total store number (Note)	64	74	87	109

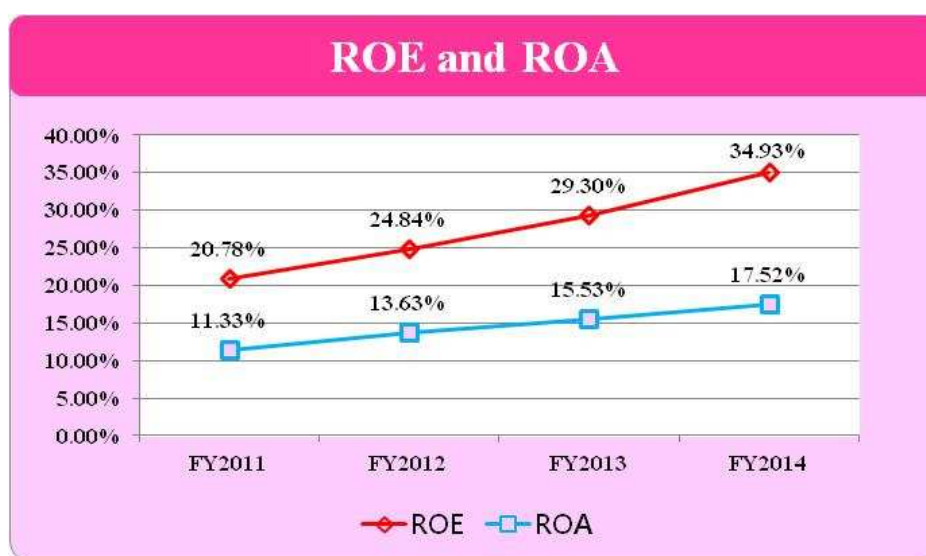
Note : The store number in 2013, which was 87, was used as the basis for the calculation of the growth rate of new stores.



(2) Financial structure and profitability analysis

Title		FY2014	FY2013
Financial Structure	Ratio of liabilities to assets (%)	50.89	49.45
	Ratio of long-term capital to fixed assets (%)	184.71	174.71
Profitability	Return on assets (ROA) (%)	17.52	15.53
	Return on equity (ROE) (%)	34.93	29.30
	Profit ratio (%)	8.43	7.71
	Basic EPS (NT\$) (in retrospect) (Note)	8.22	5.97

Note : EPS is calculated on the basis of the weighted average quantity of outstanding shares for the year.



3. Business policy

(1) Keep the development of 4th generation store to react the market

Hold the core spirits of “Beauty, Trendy, and Color”, Poya will keep the development of 4th generation CIS to intensify the brand image, store beautification and medium visibility. The policy of consistent exhibition of spotlights in the selling place, adoption of the same displayed rules, and activated design of atmospheric items shall be executed by each branch national wide. It is the way to deepen the market position and image of Poya; also, lead to a new century.

(2) Intensify the competitive ability of each branch by differentiated marketing

Poya can cultivate specific selling points to increase the traffic, sales and net profits by means of effective market researches which help to understand the customers' demands and market position, outstanding advantages which help to create brand value, and differentiated marketing activities of each branch which help to intensify the competitive ability of branches in each market region.

(3) Enhance the competitive ability of product management

Poya devotes itself to greater product competitiveness, more effective inventory control, deeper product categories and higher completeness of product mix in order to satisfy the customers' needs at different levels, to increase the selling opportunity of products in different area, and to remain the leading position in each product category.

Poya aims at the objective of becoming as "A more preferred Poya by the customers", and hopes to provide better products and services so that customers will give priority to Poya whenever making a purchase. In addition, Poya will implement the sustainable spirit on environment, society and corporate governance for perpetual growth and corporate sustainability. On behalf of the management, we are appreciated to the supports of all shareholders, customers and suppliers, and the dedication of all personnel. We will spare no efforts in raising corporate value for our shareholders. Wish everyone health and luck!

Poya International Co., Ltd.

Chen Chien-Chao, Chairman

Chen Zong-Cheng, General Manager

Shen Hong-Yu, Financial and Accounting Manager

II. Company Overview

Company Overview

1. Date of incorporation: March 12 1997

2. Company history:

March 1997	Established Hua Ya Daily Items Company Limited, with a stated capital of NT\$20 million.
April 1997	Reorganized the Company as Hua Ya Daily Items Company Limited by shares.
June 1998	Officially adopted Poya and DOU CHIN as the trademarks of the Company for the corporate identity system.
October 1998	Set up the San Min Branch at Tai Ping Road, Taichung, with the intention of expanding the retailing market in central Taiwan.
November 1998	Issued new shares to raise capital of NT\$24 million for improvement of its financial structure. The stated capital was NT\$44 million.
March 1999	Set up the Wen Heng Branch at Wen Heng 2 nd Road, Kaohsiung, with the intention of enlarging the market share and the operation scale in department store and boutique industry in Kaohsiung.
June 1999	Renamed the Company as Poya Department Store Co., Ltd, and expanded its business scope by a resolution of the Regular Shareholder Meeting in 1998.
July 1999	Approved by the Securities and Futures Commission to offer the Company's shares publicly, the Company raised capital by issuing new shares and the stated capital expanded to NT\$124 million.
August 1999	Set up the Tung Ning Branch at Tung Ning Road in Tainan City.
October 1999	Raised capital by issuing new shares. The stated capital expanded to NT\$124 million.
November 1999	Relocated the Company headquarter to No. 74, Min Tzu Road Section III, Tainan City.
December 1999	Completed the design of the 2 nd generation CIS and established a brand new corporate identity system
February 2000	Purchased the inventories and fixed assets of operation sites of Pao Ching Wu Co., Ltd. at Chia Nan District and Chang Yun District to set up the Hsiao Pei Branch and the Feng Chia Branch.
April 2000	Set up the Tou Liu Branch at Tou Liu City in Yun Lin County. Being different from the principles of branch expansion in metropolitan cities, the Company started to launch their plan for the development of mid-size urban centers.

June 2000	Change the Company's name from Poya Department Store Co., Ltd. to Poya International Co., Ltd.
August 2000	Entered into an agreement with Hua Nan Securities Co., Ltd. for the supervision of listing on Taipei Exchange. The Company prepared for listing on Taipei Exchange and transferred its operation to a new era.
January 2001	Set up the Yuan Lin Branch at the Yuan Lin Township in Chang Hua County.
August 2001	Set up the Feng Shan Branch in Feng Shan City in Kaohsiung County.
October 2001	Issued new shares through capitalization of earnings of NT\$14,880,000. The stated capital expanded to NT\$163,680,000.
April 2002	Registered as an emerging stock on Taipei Exchange of Taiwan for enhancing the Company's awareness before entering the trading market, and establishing the Company's image to its customers which helped the Company in business developments and product sales.
June 2002	Issued new shares through capitalization of earnings of NT\$41,267,000. The stated capital expanded to NT\$204,947,000.
September 2002	Set up the Liberty Branch on Liberty Road in Kaohsiung City.
September 2002	Listed on Taipei Exchange and its operation entered into a new era.
December 2002	Set up the Wen Hsin Branch at Wen Hsin Road in Taichung City, which was the 10 th branch of Poya International Co., Ltd.
May 2003	Issued new shares through capitalization of earnings of NT\$33,742,050. The stated capital expanded to NT\$238,689,000.
December 2003	Completed the design of the 3 rd generation CIS and established a brand new corporate identity system.
June 2004	Issued new shares through capitalization of earnings of NT\$16,329,950. The stated capital expanded to NT\$255,019,000.
June 2005	Issued new shares through capitalization of earnings of NT\$84,505,700. The stated capital expanded to NT\$339,524,700.
September 2005	Set up the San Min Branch in Chu Pei City in Hsinchu County, which was the 20 th branch of Poya International Co., Ltd.
November 2005	Converted the convertible corporate bonds to common shares in Q3 2005, with the amount of total new issued shares to be NT\$9,031,060. The stated capital expanded to NT\$348,555,760.
February 2006	Converted the convertible corporate bonds to common shares in Q4 2005, with the amount of total new issued shares to be NT\$44,366,380. The stated capital expanded to NT\$392,922,140
May 2006	Converted the convertible corporate bonds to common shares in Q1 2006, with the amount of total new issued shares to be NT\$3,331,840. The stated capital expanded to NT\$396,253,980
July 2006	Converted the convertible corporate bonds to common shares in Q2 2006,

	with the amount of total new issued shares to be NT\$87,680. The stated capital expanded to NT\$396, 341,660
September 2006	Raised capital by issuing new shares. The stated capital expanded to NT\$476,341,660.
November 2006	Issued new shares through capitalization of earnings of NT\$70.8253 million and converted the convertible corporate bonds to common shares in Q3 2006, with the amount of total new issued shares to be NT\$2,338,920. The stated capital expanded to NT\$549,505,880.
March 2007	Set up the Ta Tun Branch at Ta Tun Road in Taichung City, which was the 30 th Branch of Poya International Co., Ltd.
April 2007	Converted the convertible corporate bonds to common shares in Q1 2007, with the amount of total new issued shares to be NT\$1,367,770. The stated capital expanded to NT\$550,873,650
June 2007	Raised capital through private placements. The stated capital expanded to NT\$625,013,650.
September 2007	Issued new shares through capitalization of earnings of NT\$15,761,040 and converted the convertible corporate bonds to common shares in Q3 2007, with the amount of total new issued shares to be NT\$6,082,620. The stated capital expanded to NT\$646, 857,310.
July 2008	Set up the Shueh Shi Branch at Hsueh Shi Road in Taichung City, which was the 40 th Branch of Poya International Co., Ltd.
August 2008	Issued new shares through capitalization of earnings and employee bonus of NT\$16,720,880. The stated capital expanded to NT\$663,578,190.
August 2009	Issued new shares through capitalization of earnings and employee bonus of NT\$67,009,480. The stated capital expanded to NT\$730,587,697.
December 2009	Set up the Nan Ping Branch at Nan Ping Road in Taoyuan County, which was the 50 th Branch of Poya International Co., Ltd.
August 2010	Issued new shares through capitalization of earnings and employee bonus of NT\$152,502,330. The stated capital expanded to NT\$883,090,000.
January 2011	Completed the design of the 4 nd generation CIS and established a brand new corporate identity system.
July 2011	Set up the Pa Te Branch at Chieh Shou Road in Pa Te City in Taoyuan County, which was the 60 th Branch of Poya International Co., Ltd.
August 2011	Issued new shares through capitalization of earnings and employee bonus of NT\$17,776,580. The stated capital expanded to NT\$900,866,580.
July 2012	Set up the Po Ai Branch at Po Ai Road in Chu Nan Township in Miaoli County, which was the 70 th Branch of Poya International Co., Ltd.
August 2012	Issued new shares through capitalization of earnings and employee bonus of NT\$31 million. The stated capital expanded to NT\$916,267,000.
August 2013	Set up the Ching Wu East Branch at Ching Wu East Road in Taichung City,

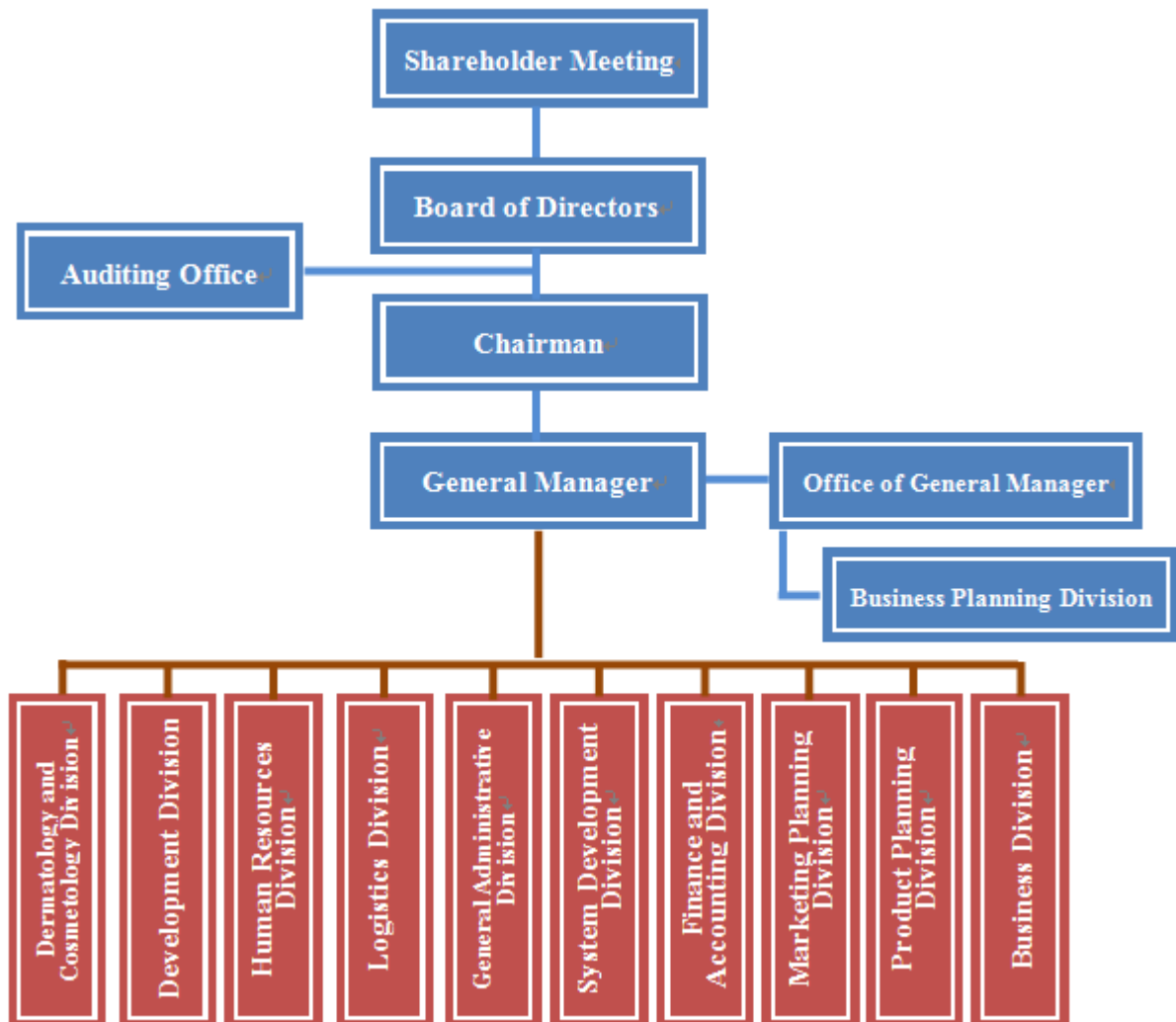
	which was the 80 th Branch of Poya International Co., Ltd.
August 2013	Issued new shares through capitalization of earnings and employee bonus of NT\$40 million. The stated capital expanded to NT\$929,073,000.
May 2014	Set up the Chung Cheng Branch at Nan Miao Chung Cheng Road in Miaoli County, which was the 90 th Branch of Poya International Co., Ltd.
August 2014	Set up the Jinhua Branch at Jinhua Road in Tainan City, which was the 100 th Branch of Poya International Co., Ltd.
August 2014	Issued new shares through capitalization of earnings and employee bonus of NT\$51 million. The stated capital expanded to NT\$941,130,570.
January 2015	Set up the Hankou Branch at Hankou Road in Taichung City, which was the 110 th Branch of Poya International Co., Ltd.

III. Corporate Governance

Corporate Governance

1. Organizational Structure

(1) Organizational Chart of the Company



(2) Main Duties of Each Division

Division	Main Duties
Auditing Office	<ul style="list-style-type: none"> Review and evaluate the effectiveness of the internal control system of the Company and provide relevant information for the management in time for the more efficient execution of assigned duties. Formulate and implement the annual audit plan and prepare the audit reports. Keep track of the status of corrective action addressing non-conformities on the basis of the audit findings.
Office of General Manager	<ul style="list-style-type: none"> Formulate, analyze and implement the business policy of the Company. Give managerial advice to each division of the Company. Overall manage the branch expansion and collect the market information. Overall manage the formulation, evaluation and implementation of each business plan of the Company. Formulate the mid-term and long-term development strategy. Coordinate the execution of each division and arrange all managerial systems.
Product Planning Division	<ul style="list-style-type: none"> Introduce and eliminate products, raise the proposal periodically for promoted products, and explore new product suppliers. Differentiate the products from those of the competitors.
Business Planning Division	<ul style="list-style-type: none"> Direct and coordinate the operation of each branch, and achieve the annual goals of sales and profits. Formulate the business plan and product display plan for each branch, and supervise the branches to achieve the business goal. Implement the promotional activities and keep track of the results.
Dermatology and Cosmetology Division	<ul style="list-style-type: none"> Direct and coordinate the dermatology and cosmetology operation of each branch, and achieve the annual goals of sales and profits.
Development Division	<ul style="list-style-type: none"> Expand new branches. Investigate into the selection of branch location and the operation of new branches. Investigate into the market size
General Administrative Division	<ul style="list-style-type: none"> Decorate and design the interior of the branches. Outsource the construction of decoration and rebuilding of the branches. Formulate the internal and external contracts and audit the contracts. Purchase office supplies. Manage the construction and lease contracts.
Marketing Planning Division	<ul style="list-style-type: none"> Perform the duties relating to service process, sale promotion, customer management and analysis, and other business service matters.
Logistics Division	<ul style="list-style-type: none"> Allocate and distribute products properly among the branches in the same region. Process the imported merchandises of each branch nationwide Provide logistics support to E-commerce activities (B to C). Provide warehousing and logistics management to the branches (B to B).
Human Resources Division	<ul style="list-style-type: none"> Perform the duties relating to the personnel and administration affairs, such as the recruitment, employment and dismissal, education and training, evaluation and attendance management, payroll management of human resources. Conduct the affairs of employee welfare according the policies of Employee Welfare Committee.
Finance and Accounting Division	<ul style="list-style-type: none"> Overall manage the financial affairs and shares registration and services of the Company. Manage fund properly and handle the transactions between the Company and banks. Make the short-term, middle-term and long-term plan of fund management. Handle all the accounting and tax affairs and plan the budgets. Maintain the database of the suppliers.
System Development Division	<ul style="list-style-type: none"> Build up and improve the business process. Computerize the Company's operational system and provide managerial data for analysis based on the demands of Business Planning Division, Product Planning Division and the management of the Company.

2. Information on the directors, supervisors, general manager, vice general manager, assistant vice general manager, heads of divisions and branches:

(1) Directors and Supervisors

Profiles of the directors and supervisors (I)

April 12 2015

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
Chairman	Republic of China	Duo Chin Investment Co., Ltd.	2014.06.10	3 yrs	1999.05.10	7,611,747	8.19%	7,755,104	8.24%	0	0%	0	0%	No	No	No	No	No
	Republic of China	Representative: Chen Chien-Chao	-	-	-	0	0%	0	0%	170,587	0.18%	0	0%	Pei Men High School; Owner of Chien Chang Herbal Medicine Company	Chairman of Duo Chin Investment Co., Ltd. Director of Poay Investment Co., Ltd. Supervisor of Chen Ching Investment Co., Ltd.	Vice Chairman General Manager	Chen Fan Mei-Jin Chen Zong-Cheng	Spouse Son-in-law
Vice Chairman	Republic of China	Poay Investment Co., Ltd	2014.06.10	3 yrs	1999.05.10	7,637,219	8.22%	7,768,031	8.25%	0	0%	0	0%	No	No	No	No	No
	Republic of China	Representative: Chen Fan Mei-Jin	-	-	-	168,898	0.18%	170,587	0.18%	0	0%	0	0%	Kuang Hua Girls High School; Chin Ting Art Gallery, Plant Manager	Chairman of Poay Investment Co., Ltd. Director of Duo Chin Investment Co., Ltd. Director of Chen Ching Investment Co., Ltd.;	Chairman General Manager	Chen Chien-Chao Chen Zong-Cheng	Spouse Son-in-law
Director and General Manager	Republic of China	Chen Zong-Cheng	2014.06.10	3 yrs	2003.04.21	5,814,155	6.26%	5,892,822	6.26%	2,584,803	2.74%	0	0%	Information Dept, Feng Chia University; General Manager, Poya International Co., Ltd.	Supervisor of Poay Investment Co., Ltd; Supervisor of Duo Chin Investment Co., Ltd. ; Director of	Chairman Vice Chairman	Chen Chien-Chao Chen Fan Mei-Jin	Father-in-law Mother-in-law

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
															Chen Ching Investment Co., Ltd. Supervisor of Taoyuan Hotel			
Director	Republic of China	Chen Ming-Shian (Note 3)	2014.06.10	3 yrs	2011.06.22	0	0%	0	0%	0	0%	0	0%	Honorary Doctorate Degrees of Science, National Kaohsiung University of Applied Science Executives Program, Graduate School of Business Administration, National Cheng Chi University Electronic Engineering, National Kaohsiung University of Applied Science	Chairman and VP, ST. Shine Optical Co., Ltd.; VP, Greater China Business Dept, ST. Shine Optical Co., Ltd.; Director, Shine Optical Holding Groups Inc.; Director, Optical Connection Inc. USA; Director, Shine Optical (Samoa) Holding Groups, Inc.; Director, Shine Optical HK Limited	No	No	No
Independent Director	Republic of China	Lin Tsai-Yuan	2014.06.10	3yrs	2005.05.17	0	0%	0	0%	0	0%	0	0%	Chair Professor, Graduate School of Management, Chang Jung Christian University; PhD, Honoris Causa, Human Resources, American M & N University; PhD, Business Administration, National Cheng Chi University;	No	No	No	No

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
														Master, Accounting, National Cheng Chi University; Associate Professor of Accounting, National Cheng Kung University; Professor of Business Administration, National Sun Yat-Sen University; Dean of Institutional Affairs, National Sun Yat-Sen University; Director and Vice President, Evening College, National Sun Yat-Sen University; Vice President, Chang Jung Christian University; Visiting Professor, College of Management, Sun Yat-Sen University at Guangzhou; Professor of management and accounting, Tamkang University; Executive VP, Sunonwealth Electric Machine Industry; President,				

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
														Guangdong Liang Light Fixtures Co., Ltd. Independent Director, Taiwan Business Bank; Convener, Remuneration Committee of Sunnowealth Electric Machine Industry, TYC Brother Industrial Co., Ltd. Practicing CPA, Chung Hsin CPA Office(1972-1988) Passed the advanced CPA examination Passed the securities investment analyst exam; Members of Taiwan CPA Association.				
Independent Director	Republic of China	Jung Jiun-Rung (Note 2)	2014.06.10	3yrs	2014.06.10	0	0%	0	0%	0	0%	0	0%	Wenzao Ursuline College General Manager, Minfa Construction Co., Ltd.	Chairman and General Manager, San Far Property Limited Director, Taoyuan Hotel Co., Ltd. Chairman, Jingo International Records Co., Ltd. Chairman, Cheng Hsin Investment Co., Ltd. Chairman, Chang Yi	No	No	No

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
															Investment Limited Company Director, Chi Yi Investment Co., Ltd. Convener, Remuneration Committee of Sunfar Computer CO., LTD Member, Remuneration Committee of Kuenling machinery refrigerating Co., LTD.			
Independent Director	Republic of China	Liou Jr-Hung (Note2)	2014.06.10	3yrs	2014.06.10	0	0%	0	0%	0	0%	0	0%	Masters in Finance, Boston University, U.S. International Graduate School, Waseda University Masters in Accounting, National Taiwan University Bachelor's Degree in Accounting, National Chengchi University Passed the advanced CPA examination	Director, Thinflex Corporation Chairman, Song Yang Electronic Materials (Kunshan) Limited Company Independent Director, Intech Materials Co., Ltd. Independent Director, Poya International Co., LTD Independent Director, Fitness Factory Co., LTD Supervisor, Kenmec Mechanical	No	No	No

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
															Engineering Co., Ltd. Chairman, Chien Hsing Information Co., Ltd. Chairman, Chien Lian Investment Co., Ltd. Director, Shun Lai Business Consultancy Co., Ltd.			
Independent Director	Republic of China	Shih Bo-Ren (Note 1)	2011.06.22	3 yrs	2002.08.19	-	-	-	-	-	-	-	-	Master, financial management, National Central University; Dept of Statistics, National Chung Hsing University; Clerk, Financial Dept, Yuasa Taiwan; Assistant, Cooperative Bank (General civil service exam in Statistics) Clerk, Cooperative Bank(Class B exam in banking and finance); Assistant, Farmers Bank; Clerk, Central Trust Bureau (Advanced civil service exam in finance and banking) Team leader, E-Sun Bank. Member, Fair Trade	Lecturer, Department of Business Management, Yung Ta Institute of Technology & Commerce	No	No	No

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
														Commission				
Independent Director	Republic of China	Wei Xing-fang (Note 1)	2011.06.22	3 yrs	2009.06.03	-	-	-	-	-	-	-	-	LLD, National Chengchi University; LLM, National Chengchi University Post doctoral research at EU Competition Commission under a grant from the Ministry of Education	Associate Professor and Chairman of Business Administration Department, Chang Jung Christian University; Adjunct associate professor, Dept of Economics, National Cheng Kung University.	No	No	No
Director	Republic of China	Yu Ben Investment Co., Ltd. (Note 1)	2011.06.22	3 yrs	2008.05.20	-	-	-	-	-	-	-	-	No	No	No	No	No
	Republic of China	Representative: Sun Da-Wen (Note 1)	2011.06.22	3 yrs	2008.05.20	-	-	-	-	-	-	-	-	Dept of Business Administration, Catholic Fu Jen University; Chairman, Chiao Mei Development Co., Ltd.	Chairman, TAIFLEXCo., Ltd; Chairman, Chiao Mei Development Co., Ltd; Chairman, Innatech Co., Ltd.; Chairman, Yu Ben Investment Co., Ltd. Chairman, Taiflex (Kunshan) Co., Ltd. Independent Directors, BIONET Corp.; Independent Director, ACX Corporation;	No	No	No

Title	Nationality or place of incorporation	Name	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 nd tier		
						Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
															Director, Welltend Co., Ltd.; Institutional Director, Poya International Co., Ltd.; Institutional Director, Innovision FlexTech Corp; Institutional Director, Acelon Chemicals & Fibers Corporation.			
Supervisor	Republic of China	Tsai De-Shiang (Note 1)	2011.06.22	3 yrs	2002.04.22	-	-	-	-	-	-	-	-	An Nan Junior High School	Supervisor, CTMA	No	No	No
Supervisor	Republic of China	Hsieh Chun-Kun (Note 1)	2011.06.22	3 yrs	2008.05.20	-	-	-	-	-	-	-	-	Master, Marketing, Paisley University	Manager, Tuugo Co., Ltd.	No	No	No

Note 1: The terms of independent directors Shih Bo-Ren and Wei Xing-Fang, director Yu Ben Investment Co., Ltd., and supervisors Tsai De-Shiang and Hsieh Chun-Kun have expired on Jun 9 2014. The changes in shareholding may not be disclosed afterward.

Note 2: Independent directors Jung Jiun-Rung and Liou Jr-Hung took office on Jun 10 2014.

Note 3: Director Chen Ming-Shian (the 5th supervisor) took office after the director re-election in Regular Shareholders Meeting on June 10 2014, complied with the establishment of the Audit Committee

(Note) Profiles of dominant shareholders of institutional shareholders

Dominant shareholders of institutional shareholders

April 12 2015

Name of institutional shareholders	Dominant shareholders of institutional shareholders (Proportion of shareholding, %)
Duo Chin Investment Co., Ltd.	Chen Chien-Chao(30%), Chen Fan Mei-Jin (20%), Chen Lee-Lee (10%), Chen Zong-Cheng (10%), Chen Rong-Rong (10%), Chen Shan-Shan (10%),Chen Chun-Tsai(10%)
Poay Investment Co., Ltd.	Chen Fan Mei-Jin (33.4%), Chen Chien-Chao (22.2%), Chen Lee-Lee (11.1%), Chen Zong-Cheng (11.1%), Chen Rong-Rong (11.1%), Chen Shan-Shan (11.1%)

Profiles of directors and supervisors (II)

April 12 2015

Name (Note 1)	Qualifications	More than 5 years of experience and the following professional qualifications			Status of independence (Note 1)										Also an independent director of other public companies
		A lecturer or higher capacity in a public or private college or university in business, law, finance accounting, or related subjects in corporate management	Judge, prosecutor, lawyer, CPA, or other professional and technical personnel with certification through national examinations with the issuance of license and certificates	Experience in business, law, finance, accounting and other areas of specialization that the Company needs	A	B	C	D	E	F	G	H	I	J	
Duo Chin Investment Co., Ltd.; Representative: Chen Chien-Chao			✓	✓							✓		✓		-
Poya Investment Co., Ltd. Representative: Chen Fan Mei-Jin			✓	✓							✓		✓		-
Chen Zong-Cheng			✓								✓		✓	✓	-
Chen Ming-Shian			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Lin Tsai-Yuan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Jung Jiun-Rung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Liou Jr-Hung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: If any of the following qualifications is applicable to the directors or the supervisors, in the last 2 years before and during their term of office with the Company, put a“✓”in relevant fields:

- A. Not an employee of the Company or its group companies.
- B. Not a director or supervisor of the Company or the group companies (except as an independent director of a subsidiary where the Company or the parent to the Company directly or indirectly holds more than 50% of its voting shares).
- C. Shareholder who is a natural person, and not the person, the spouse, underage child or under the name of a third party holding more than 1% of the total shares or one of the top 10 natural person shareholders.
- D. Not a spouse, kindred within the 2nd tier or the next of kin of kindred within the 5th tier of the aforementioned personnel.
- E. Not a director, supervisor, or employee of an institutional shareholder directly holds more than 5% of the outstanding shares of the Company or a director, supervisor or employee of one of the top 5 institutional shareholders.
- F. Not a director, supervisor, manager of a specific company or institution that the Company has financial or business transactions or a shareholder holding more than 5% of the shares of such company or institution.
- G. Not an owner, partner, director, supervisor, manager and the spouse of the an owner, partner, director, supervisor, manager of a professional wholly-owned firm, partnership, corporation or institution, or a professional personnel providing business, legal, financial and accounting services or consultation to the Company or its group companies. However, the Remuneration Committee members shall be excluded according to Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- H. Not a spouse or kindred within the 2nd tier to another director of the Company.
- I. Any of the provisions contained in Article 30 of the Company Act shall be applied.
- J. Not being elected to the seat as a representative of the government, institution, or other parties pursuant to Article 27 of the Company Act.

(2) Profiles of the general manager, vice general manager, assistant vice general manager, heads of each division and branch:

April 12, 2015

Title (Note 1)	Nationality	Name	Date of office	Quantity of shareholding		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of a third party		Education and important experience	Positions in other companies	Manager who is the spouse or kindred within the 2 nd tier		
				Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
General Manager	Republic of China	Chen Zong-Cheng	2000.12.28	5,892,822	6.26%	2,584,803	2.74%	0	0%	Information Dept, Feng Chia University	Director of Chen Ching Investment Co., Ltd.; Supervisor of Poay Investment Co., Ltd.; Supervisor of f Duo Chin Investment Co., Ltd. Supervisor of Taoyuan Hotel	No	No	No
Senior Manager, Development Division	Republic of China	Ren Shi-Liang	2010.03.10	0	0%	0	0%	0	0%	National Chin Yi University of Science and Technology	No	No	No	No
Manager, Product Planning Division	Republic of China	Chen Rong-Rong	2000.12.28	822,193	0.87%	0	0%	0	0%	EMBA, Royal Roads University	No	No	No	No
Manager, Marketing Planning Division	Republic of China	Chen Chun-Tsai	2009.02.19	2,070,903	2.20%	40,068	0.04%	0	0%	Department of International Trade, Feng Chia University	No	General Manager	Chen Zong-Cheng	Brothers
Manager, HR Administrative Division, and Dermatology and Cosmetology Division	Republic of China	Lin Jiun-Cheng	2015.03.13	3,000	0.00%	0	0%	0	0%	Dept of Industrial Engineering and Management, National Taipei University of Technology	No	No	No	No
Manager, Finance and Accounting Division	Republic of China	Shen Hong-Yu	2008.11.01	58,155	0.06%	2,060	0%	0	0%	Graduate School of Finance and Banking, National Chung Cheng University	No	No	No	No
Manager, System Development Division	Republic of China	Wu Rai-Chin	2006.02.06	14,943	0.01%	0	0%	0	0%	Dept of Computer Science, Soochow University	No	No	No	No
Manager, Logistics Division	Republic of China	Fan Di-Wei	2014.07.01	2,000	0.00%	0	0%	0	0%	Graduate School of Logistics Management, National Kaohsiung First University of Science and Technology	No	No	No	No
Manager, Auditing Office	Republic of China	Tsai Yee-Pei	2012.04.01	706	0.00%	0	0%	0	0%	Dept of Accounting, Tainan University of Applied Science and Technology Post Bachelor Study on Real Estate Management, Evergreen University.	No	No	No	No
Manager, Business Planning Division	Republic of China	Lin Chun-Wen	2013.12.01	27,231	0.02%	0	0%	0	0%	Provincial Hsin Feng High School	No	No	No	No
Manager, General Administrative Division	Republic of China	Tsai Ming-Lun	2002.09.02	63,000	0.06%	0	0%	0	0%	Graduate Institute of Industrial Management, National Cheng Kung University	No	No	No	No

3. Remunerations to the directors, supervisors, general manager and the vice general manager in the previous fiscal year

(1) Remunerations to the directors

Remunerations to the directors (including independent directors)

December 31 2014; currency unit: NT\$1, 000

Title	Name	Remunerations to directors								A+B+C+D in proportion to corporate earnings (Note 11)		Remunerations to employees performing routine duties												A+B+C+D+E+F+G in proportion to corporate earnings		Any remuneration from investees beyond subsidiaries
		Remuneration (A)		Pension (B)		Remuneration from earnings (C)		Business subsidy (D)				Salaries, bonus, and special subsidy (E)		Pension (F)		Employee bonus from earnings (G)				Qty of shares entitled to subscribe under ESO (H)		Qty of shares of new restricted employee shares (I)				
		Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	
																Cash dividend	Stock dividend	Cash dividend	Stock dividend							
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Chien-Chao	3,263	3,263	0	0	925	925	0	0	0.54%	0.54%	0	0	0	0	0	0	0	0	0	0	0	0	0.54%	0.54%	0
Vice Chairman	Poay Investment Co., Ltd. Representative: Chen Fan Mei-Jin	2,613	2,613	0	0	925	925	0	0	0.46%	0.46%	0	0	0	0	0	0	0	0	0	0	0	0	0.46%	0.46%	0
Director	Chen Zong-Cheng	0	0	0	0	925	925	0	0	0.12%	0.12%	3,783	3,783	0	0	0	3,783	0	3,783	0	0	0	0	1.10%	1.10%	0
Director	Chen Ming-Shian (Note 4)	0	0	0	0	480	480	58	58	0.07%	0.07%	0	0	0	0	0	0	0	0	0	0	0	0	0.07%	0.07%	0
Independent Director	Lin Cai-Yuan	0	0	0	0	480	480	65	65	0.07%	0.07%	0	0	0	0	0	0	0	0	0	0	0	0	0.07%	0.07%	0
Independent Director	Jung Jiun-Rung (Note 5)	0	0	0	0	280	280	18	18	0.04%	0.04%	0	0	0	0	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Independent Director	Liou Jr-Hung (Note 5)	0	0	0	0	280	280	31	31	0.04%	0.04%	0	0	0	0	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Director	Yu Ben Investment Co., Ltd.; Representative: Sun Da-Wen (Note 5)	0	0	0	0	120	120	15	15	0.02%	0.02%	0	0	0	0	0	0	0	0	0	0	0	0	0.02%	0.02%	0
Independent Director	Shih Bo-Ren (Note 5)	0	0	0	0	100	100	30	30	0.02%	0.02%	0	0	0	0	0	0	0	0	0	0	0	0	0.02%	0.02%	0
Independent Director	Wei Xing-fang (Note 5)	0	0	0	0	125	125	20	20	0.02%	0.02%	0	0	0	0	0	0	0	0	0	0	0	0	0.02%	0.02%	0

Note 1: The motion of distribution of earnings for FY2014 was passed by the Board of Director on 2015.02.24, pending the approval at the Shareholders Meeting of 2015.

Note 2: Corporate earnings in FY2014 amounted to NT\$772.462 million.

Note 3: Poya International strongly upholds the spirit of corporate governance thereby disclosing the respective remunerations of the directors and supervisors voluntarily.

Note 4: Director Chen Ming-Shian (the 5th supervisor) took office after the director re-election in Regular Shareholders Meeting on June 10, 2014, complied with the establishment of the Audit Committee.

Note 5: The terms of independent directors Shih Bo-Ren and Wei Xing-Fang, and director Yu Ben Investment Co., Ltd. have expired on Jun 9, 2014. The independent directors Jung Jiun-Rung and Liou Jr-Hung took office on Jun 10, 2014.

Remuneration Brackets

Brackets of remunerations to the directors of Poya International	Name of directors			
	A+B+C+D		(A+B+C+D+E+F+G)	
	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement
Less than NT\$2,000,000	Lin Cai-Yuan, Shih Bo-Ren, Sun Da-Wen, Chen Zong-Cheng, Chen Ming-Shian, Jung Jiun-Rung, Liou Jr-Hung, Wei Xing-Fang	Lin Cai-Yuan, Shih Bo-Ren, Sun Da-Wen, Chen Zong-Cheng, Chen Ming-Shian, Jung Jiun-Rung, Liou Jr-Hung, Wei Xing-Fang	Lin Cai-Yuan, Shih Bo-Ren, Sun Da-Wen, Chen Ming-Shian, Jung Jiun-Rung, Liou Jr-Hung, Wei Xing-Fang.	Lin Cai-Yuan, Shih Bo-Ren, Sun Da-Wen, Chen Ming-Shian, Jung Jiun-Rung, Liou Jr-Hung, Wei Xing-Fang.
NT\$ 2,000,000~NT\$ 5,000,000 (exclusive)	Chen Chien-Chao, Chen Fan Mei-Jin	Chen Chien-Chao, Chen Fan Mei-Jin	Chen Chien-Chao, Chen Fan Mei-Jin	Chen Chien-Chao, Chen Fan Mei-Jin
NT\$5,000,000~NT\$10,000,000 (exclusive)	0	0	Chen Zong-Cheng	Chen Zong-Cheng
NT\$10,000,000~NT\$15,000,000 (exclusive)	0	0	0	0
NT\$15,000,000~NT\$30,000,000 (exclusive)	0	0	0	0
NT\$30,000,000~NT\$50,000,000 (exclusive)	0	0	0	0
NT\$50,000,000~NT\$100,000,000 (exclusive)	0	0	0	0
More than NT\$100,000,000	0	0	0	0
Total	10	10	10	10

(2) Remunerations to supervisors

December 31 2014; currency unit: NT\$1, 000

December 31, 2014; currency unit: NT\$1, 000

Title	Name	Remunerations to Supervisors						A+B+C in proportion to corporate earnings		Any remuneration from investees beyond subsidiaries
		Remuneration (A)		Remuneration from earnings (B)		Performance of duties Expense (C)				
		Poya International	All companies in the financial statement	Poya International	All companies in the financial statement	Poya International	All companies in the financial statement	Poya International	All companies in the financial statement	
Supervisor	Tsai De-Shiang (Note 4)	0	0	60	60	20	20	0.01%	0.01%	No
Supervisor	Shie Zong-Kun (Note 4)	0	0	100	100	25	25	0.02%	0.02%	No

Note 1: The motion of distribution of earnings for FY2014 was passed by the Board of Director on 2015.02.24, pending the approval at the Shareholders Meeting of 2015.

Note 2: Corporate earnings in FY2014 amounted to NT\$772.462 million.

Note 3: Poya International strongly upholds the spirit of corporate governance thereby disclosing the respective remunerations of the directors and supervisors voluntarily.

Note 4: Poya International strongly upholds the spirit of corporate governance thereby establishing the Audit Committee voluntarily to replace supervisors in 2014. The terms of supervisors Tsai De-Shiang and Shie Zong-Kun have expired on Jun 9, 2014.

Remunerations Brackets

Brackets of remunerations to the supervisors of Poya International	Names of supervisors	
	(A+B+C)	
	Poya International	All companies in the consolidated statement D
Less than NT\$2,000,000	Tsai De-Shiang, Shie Zong-Kun,	Tsai De-Shiang, Shie Zong-Kun,
NT\$ 2,000,000~NT\$ 5,000,000 (exclusive)	No	No
NT\$5,000,000~NT\$10,000,000 (exclusive)	No	No
NT\$10,000,000~NT\$15,000,000 (exclusive)	No	No
NT\$15,000,000~NT\$30,000,000 (exclusive)	No	No
NT\$30,000,000~NT\$50,000,000 (exclusive)	No	No
NT\$50,000,000~NT\$100,000,000 (exclusive)	No	No
More than NT\$100,000,000	No	No
Total	2	2

(3) Remunerations to the general manager and the vice general managers

December 31 2014; currency unit: NT\$1, 000

Title	Name	Salary (A)		Pension (B)		Bonus and subsidy (C)		Employee bonus from earnings (D)				A+B+ C+ D in proportion to corporate earnings (%)	Qty of shares entitled to subscribe under ESO		Qty of shares of new restricted employee shares		Any remuneration from investees beyond subsidiaries	
		Poya International	All companies in the consolidated statement	Poya International	All companies in the consolidated statement	Poya International	All companies in the consolidated statement (Note 6)	The Company		All companies in the consolidated financial statement		Poya International	All companies in the consolidated statement	Poya International	All companies in the consolidated statement			
								Cash dividend	Stock dividend	Cash dividend	Stock dividend							
General Manager	Chen Zong-Cheng	3,783	3,783	0	0	0	0	0	3,783	0	3,783	0.98%	0.98%	0	0	0	0	No

Note 1: The motion of distribution of earnings for FY2014 was passed by the Board of Director on 2015.02.24, pending the approval at the Shareholders Meeting of 2015.

Note 2: Stock dividend was calculated based on the closing price on 2014.06.09 (the day before the resolution at the Shareholders Meeting) and the consideration of the ex-rights and ex-dividend effect, which was NT\$184.3.

Note 3: There is no vice general manager in Poya International and only the remuneration to the general manager is disclosed.

Note 4: Corporate earnings in FY2014 amounted to NT\$772.462 million.

Remunerations Brackets

Brackets of remunerations to the general manager and vice general manager of Poya International	Names of the general manager and the vice general manager	
	Poya International	All companies in the consolidated statement
Less than NT\$2,000,000	0	0
NT\$ 2,000,000~NT\$ 5,000,000 (exclusive)	0	0
NT\$5,000,000~NT\$10,000,000 (exclusive)	Chen Zong-Cheng	Chen Zong-Cheng
NT\$10,000,000~NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000~NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000~NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000~NT\$100,000,000 (exclusive)	0	0
More than NT\$100,000,000	0	0
Total	1	1

(4) Names of managers entitled to employee bonus and the status of distribution:

December 31 2014; currency unit: NT\$1, 000

	Title	Name	Amount of stock dividends (Note 2)	Amount of cash dividends	Total	Proportion to corporate earnings (%)
Managers	General Manager	Chen Zong-Cheng	4,683	0	4,683	0.61%
	Manager, Finance and Accounting Division	Shen Hong-Yu				

Note 1: The motion of distribution of earnings for FY2014 was passed by the Board of Director on 2015.02.24, pending the approval at the Shareholders Meeting of 2015.

Note 2: Stock dividend was calculated based on the closing price on 2014.06.09 (the day before the resolution at the Shareholders Meeting) and the consideration of the ex-rights and ex-dividend effect, which was NT\$184.3.

Note 3: Corporate earnings in FY2014 amounted to NT\$772.462 million.

- (5) The analysis of the remunerations to the directors, supervisors, general manager, vice general manager paid by Poya International and all other companies in the consolidated financial statement in late two years in proportion to corporate earnings and the association between the policy, standard, combinations of remunerations, the procedure for setting up the remunerations and the operating performance and the future risks are as followed:

December 31 2014; currency unit: NT\$1, 000

Title	FY 2013				FY2014			
	Total remunerations		Proportion to corporate earnings (%)		Total remunerations		Proportion to corporate earnings (%)	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement
Directors (including independent directors)	9,120	9,120	1.63	1.63	9,828	9,828	1.27	1.27
Supervisors	994	994	0.18	0.18	205	205	0.03	0.03
General manager (also director)	8,348	8,348	1.49	1.49	8,491	8,491	1.10	1.10
Total	18,462	18,462	3.30	3.30	18,524	18,524	2.40	2.40

The remunerations to the directors and supervisors of Poya International are stated in the Articles of Incorporation with reference to industry standards and the resolution at the Shareholders Meeting. Poya International introduced external independent directors in supporting the advocacy of corporate governance by the government. Except remunerations to the directors and supervisors, and the employee bonus from earnings distribution, the bonus distributed to the general manager and the head of each division are also determined and adjusted based on the operating performance of Poya International.

4. Corporate governance in action

(1) The Board of Director in session:

Information on the Board of Director in session

In the most recent fiscal period as of the date this report was printed, The Board of Director held 17 sessions (A) (including special sessions) and the attendances by the directors are shown in the table below:

Title	Name	Frequency of attendance (sitting in as observers) (B)	Attended by proxy	Attendance rate (%) 【 B / A 】 (Note)	Remarks
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Chien-Chao	16	1	94.00%	
Director	Poay Investment Co., Ltd Representative: Chen Fan Mei-Jin	16	1	94.00%	
Director	Chen Zong-Cheng	17	0	100.00%	
Director	Chen Ming-Shian	15	0	88.00%	New director, taking office on 2014.06.10 (Former supervisor)
Director	Yu Ben Investment Co., Ltd.; Representative: Sun Da-Wen	3	0	50.00%	Former director, whose term was expired on 2014.06.09
Independent Director	Lin Cai-Yuan	17	0	100.00%	
Independent Director	Jung Jiun-Rung	9	2	82.00%	New director, taking office on 2014.06.10
Independent Director	Liou Jr-Hung	11	0	100.00%	New director, taking office on 2014.06.10
Independent Director	Shih Bo-Ren	6	0	100.00%	Former director, whose term was expired on 2014.06.09
Independent Director	Wei Xing-fang	4	0	67.00%	Former director, whose term was expired on 2014.06.09
Supervisor	Tsai De-Shiang	4	0	67.00%	Former supervisor, whose term was expired on 2014.06.09
Supervisor	Shie Zong-Kun	5	0	83.00%	Former supervisor, whose term was expired on 2014.06.09

Other important notice:

- A. Provisions of Article 14-III of the Securities and Exchange Act, and the minutes of Board meetings with adverse opinions or qualified opinions from independent directors on record or backed by written declarations in the resolutions of the Board: Not applicable.
- B. The enforcement of avoiding the interested-director from making a decision of the interest-relative-proposal: directors acted to avoid possible influence on the result of decisions taken on motions with conflicts of interest to Poya International.
- C. Assessment of the objective to fortify the functions of the Board of Director in the current period and the last fiscal period (such as establishment of the Audit Committee, improvement of information transparency...) and the accomplishments:
 - (A) Poya International established the Audit Committee and the Nomination Committee in 2014 to fortify the execution of corporate governance and the mechanism of management
 - (B) The minutes of Board session on record were uploaded to the special web pages designed for investors for the purpose of fortifying the information disclosure of the Board of Director.

Note: Attendance rate (%) is calculated based on the number of meetings called and the attendance of the directors (sitting in as observers) during their term of office.

- (2) The operations of the Audit Committee or the participation of the supervisors in the Board of Director:

The operations of the Audit Committee

In the most recent fiscal period as of the date this report was printed, the Audit Committee held 7 sessions (A) and the attendances in meeting as observers by the independent directors are shown in the table below:

Title	Name	Frequency of attendance in meeting as observers (B)	Attended by proxy	Rate of attendance in meeting as observers (%) (B / A) (Note)	Remarks
Independent Director	Lin Cai-Yuan	7	0	100.00%	
Independent Director	Jung Jiun-Rung	6	1	86.00%	New director, taking office on 2014.06.10
Independent Director	Liou Jr-Hung	7	0	100.00%	New director, taking office on 2014.06.10

Other important notice:

- A. Provisions of Article 14-V of the Securities and Exchange Act, and the resolution passed by the two-thirds or more of the directors without the approval of the Audit Committee: Not applicable.
- B. The enforcement of avoiding the interested-independent director from making a decision of the interest-relative-proposal, in which the Company shall state the name of such independent director, the content of the proposal, the reasons for interest avoidance and the participation in voting: Not applicable.
- C. The communication between the independent directors and the internal audit manager, or the independent directors and the accountants (such as communication on the matters, methods and results with respect to the corporate finance or business operations):
 - (A) The internal audit manager reports the audit results to the Committee members in the Audit Committee meeting periodically. The communication between the independent directors and the internal audit manager is good.
 - (B) The CPAs report the review results of the current financial statements to the Committee members in the Audit Committee meeting quarterly. The communication between the independent directors and the CPAs is good.

Note: Rate of attendance in meeting as observers (%) is calculated based on the number of meetings called and the attendance in meeting as observers of the independent directors during their term of office.

The participation of the supervisors in the Board of Director

In the most recent fiscal period as of the date this report was printed, the Board of Directors held 6 sessions (A) and the attendances in meeting as observers by the supervisors are shown in the table below:

Title	Name	Frequency of attendance in meeting as observers (B)	Rate of attendance in meeting as observers (%) (B/A) (Note)	Remarks
Supervisor	Tsai De-Shiang	4	67.00%	Former supervisor, whose term was expired on 2014.06.09
Supervisor	Shie Zong-Kun	5	83.00%	Former supervisor, whose term was expired on 2014.06.09
<p>Other important notice:</p> <p>A. The organization and responsibilities of the supervisors:</p> <p>(A) The communications between the supervisors and the employees and shareholders of Poya International (such as the channels and means of communications): Poya International has set up the customer service E-mail: service@poya.com.tw as the channel for receiving the feedback from the consumers and the shareholders, and also set up internal E-mail: ken@poya.com maintained by the Audit Office as the channel for the employees to report any violation or abuse behaviors of any personnel of Poya International to the auditors. The supervisors can access the information on the issues of concern to the shareholders and employees through the aforementioned two email boxes.</p> <p>(B) The communications between the supervisors and the internal audit manager, and the certified public accountants (such as communication on the matters, methods and results with respect to the corporate finance or business operations). For the effective conduct of internal controls, supervisors and the certified public accountants shall review and track the state of internal control and internal audit enforcement at regular intervals according to relative rules and regulations.</p> <p>B. Where the supervisors may present statements as observers when the Board is in session, the date and the number of the session, the contents of the motions, the resolutions of the Board, and the response of Poya International to the opinions of the supervisors shall be specified: not applicable.</p>				

Note 1: Poya International has established the Audit Committee to replace the functions of the supervisors. The terms of former supervisors was expired on Jun 9, 2014.

Note 2: Rate of attendance in meeting as observers (%) is calculated based on the number of meetings called and the attendance in meeting as observers of the supervisors during their term of office.

- (3) The discrepancy between the executions of Corporate Governance of Poya International and the “Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies”, and the reasons for the discrepancy:

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
A. Poya International enacts and discloses the Corporate Governance Best Practice Principles according to “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.	● The enactment of Corporate Governance Best Practice Principles has been approved by the Board of Directors on October 27, 2014 with the amendment being approved by Board of Director on April 27, 2015. The Principles have been disclosed on the special web pages designed for investors (www.poya.com.tw) and on MOPS.	● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.
B. Equity structure and shareholders’ equity		
(A) Poya International enacts the internal operating procedure for responding to the recommendations, doubts, disputes and lawsuits of the shareholders and executes thoroughly according to such procedure.	● Poya International appointed a share registration agent to handle related business and also arranged a company spokesman for responding to the recommendations and disputes of the shareholders. Additionally, Poay International enacted the Corporate Governance Best Practice Principles to protect the shareholders’ equity and executed thoroughly according to relative rules and regulations.	● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.
(B) Poya International keeps proper control over the list of dominant shareholders and the ultimate shareholders of these dominant shareholders who hold real control of Poya International.	<ul style="list-style-type: none"> ● With the support of the share registration agent, Poya International can properly control and understand the composition of dominant shareholders and can declare the status of shareholdings of the directors, supervisors, and managers at regular intervals. ● As Poya International is closely affiliated with its dominant shareholders except for the natural persons, Poya International shall properly keep the list of ultimate shareholders of the dominant shareholders under control. Poya International can obtain such the list of ultimate shareholders at any time from the dominant shareholders, when necessary. 	
(C) Poya International establishes and executes the risk control mechanism and firewall between the Company and its subsidiaries and affiliates.	● Currently, Poya International has no affiliated enterprises regulated by the Company Act.	
(D) Poya International establishes the internal rules and regulations to prohibit any personnel of the Company from trading the securities by utilizing private corporate information.	● Poya International has enacted the Operational Procedures for Preventing Insider Trading and Handling Material Inside Information, Corporate Governance Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct to prohibit any personnel of the Company from trading the securities by utilizing private corporate information.	

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
C. The organization and functions of the Board of Directors		
(A) The Board of Directors enacts the policies of maintaining the variety of the member composition and executes thoroughly.	● Poya International has enacted the Corporate Governance Best Practice Principles to fortify the Board structure and has executed thoroughly the policies of maintaining the variety of the Board composition.	● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.
(B) Except the Remuneration Committee and Audit Committee, Poya International establishes other functional committee voluntarily.	● Poya International has established the Remuneration Committee according to relative rules in 2011 to fortify the corporate governance. In 2014, Poya International set up the Audit Committee and Nominating Committee voluntarily. In the most recent fiscal period as of the date this report was printed, the Committees operate well and the operation state of each Committee is as followed: the Remuneration Committee has held 6 sessions; the Audit Committee has held 7 sessions.	
(C) Poya International stipulates the measures and means of performance assessment of the Board of Directors and makes the performance assessment annually and at regular intervals.	● Poya International has stipulated the measures of performance assessment of the Board of Directors and has made the performance assessment according to the relative rules and regulations.	
(D) Poya International makes routine assessment of the independence of the Certified Public Accountant.	● Poya International makes routine assessment of the independence of the certified public accountants according to Article 29-5 of the Corporate Governance Best Practice Principles. The Auditors’ audit checklist enacted pursuant to Article 47 of the “Certified Public Accountants Act” and No.10 of the “Statement of Ethic Code of Conduct” on “Integrity, impartiality and independence” and the “declaration of independence and impartiality” issued by the certified public accountants shall be reviewed by the Audit Committee and then be submitted to the Board of Directors for approval in order to assess the independence of the certified public accountants.	

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
D. Poya International establishes the channels of communication with the stakeholders and the special web page designed for the stakeholders. Poya International properly responds to the main issues of corporate social responsibility concerned by the stakeholders.	● Poya International discloses the means and channels of contact on the Chinese official website in order to respond to the relative issues of the stakeholders.	● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.
E. Poya International appoints the professional share registration agent to handle the related affairs of Shareholder Meeting.	● Poya International appoints Hua Nan Securities Co., Ltd. as the professional share registration agent to assist the Company to handle the related affairs of Shareholder Meeting.	● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.
F. Disclosure		
(A) Poya International installs an official website for the disclosure of its financial and operational information and the enforcement of corporate governance.	● Poya International has installed Chinese and English official websites for the disclosure of its financial and operational information and the enforcement of corporate governance. The addresses of websites are as followed: Chinese Website: www.poya.com.tw English Website: www.poya.com.tw/en	● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.
(B) Poya International adopts other means of disclosures (such as the installation of the English website, the appointment of a designated personnel to gather and disclose the Company’s information, realization of the spokesman system, and uploading the process of the conferences for institutional investors on the official websites).	● Poya International has adopted other means of disclosures: (A) Install Chinese and English websites to disclose relative information. (B) Announce major information in Chinese and English language. (C) Appoint the designated personnel to update Chinese and English websites periodically. (D) Participate in the conferences for institutional investors held by the securities corporation and the authorities, make a presentation about the operation status of the Company and disclose the relative information on the Chinese and English websites according to the relative rules and regulations. (E) The spokesman of Poya International announces the Company’s information according to the Regulations for the Management of Spokesman. There is only one spokesman and one acting spokesman.	
G. Poya International provides other major information which helps to understand the operation of corporate governance (including but not be limited to rights	● Other major information: (A) Courses for further studies taken by the directors: In order to enhance the professional functions of the Company’s	● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
and interests of the employees, employee care, investor relation, supplier relation, the rights of the stakeholders, courses for further studies taken by the directors and supervisors, risk management policies, execution of risk measure standards, execution of customer policies, purchase of liability insurances for the Company's directors and supervisors)	<p>directors and broaden their knowledge, Poya international has applied the 3-hour courses at home from Taiwan Corporate Governance Association in 2014. Besides, the directors also participated in other related courses. In 2014, all of the directors have taken the courses for further studies. The courses taken by the directors and supervisors are mentioned in Table 1 below.</p> <p>(B) Courses for further studies taken by the managers: The courses taken by the manager are mentioned in Table 1 below.</p> <p>(C) Execution of avoiding the director from participating in the proposal having the interest relation with such the director: the directors of Poya International shall practice high self-discipline and shall not participate in the voting when the interest relation between the director and the proposal raised up at the Board meeting harms the interests of the Company.</p> <p>(D) Purchase of liability insurances for the Company's directors and supervisors: the directors and supervisors of Poya International shall practice ethical corporate management, thus there isn't any lawsuit or illegal behavior. Poya International has purchased liability insurances for the directors and supervisors from Fubon Insurance since 2014 with the sum insured to be USD 5 million. The period of insurances is from October 1, 2014 to October 1, 2015.</p>	
H. Poya International receives self-evaluation reports of corporate governance or evaluation reports of corporate governance issued by other professional institution. (Please specify the comments of Board of Directors, the results of self-evaluation or evaluation reports issued by other professional institution, the main shortcoming or suggestion, and the improved status, if applicable)	<p>● Poya International intensifies the execution of corporate governance based on the comments of Board of Directors and makes a self-evaluation report in the Appraisal of Corporate Governance. Poya International also discusses with the authorities for improvement of corporate governance, which includes the following items:</p> <p>(A) Stipulate and revise the relative rules of corporate governance according to the laws and regulations and the policies.</p> <p>(B) Establish English official website to fortify the information transparency.</p> <p>(C) Announce major information in Chinese and English language to fortify the information transparency.</p>	<p>● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".</p>

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	(D) Establish the Audit Committee and Nominating Committee voluntarily to fortify execution of corporate governance. (E) Announce relative information of Shareholder Meeting previously. Poya International will keep fortifying the execution of corporate governance according to the relative laws and regulations in the future.	

Table 1 Courses for further studies taken by the directors and managers:

Title	Name	Date of office	Date of training	Organizer	Name of course	Hours of study	Compliant or not
Chairman	Chen Chien-Chao	2014.06.10	2014.11.17	Taiwan Corporate Governance Association	Corporate Social Responsibility and Sustainable Operation	3	Yes
Vice Chairman	Chen Fan Mei-Ji	2014.06.10	2014.11.17	Taiwan Corporate Governance Association	Corporate Social Responsibility and Sustainable Operation	3	Yes
Director and General Manager	Chen Zong-Cheng	2014.06.10	2014.11.17	Taiwan Corporate Governance Association	Corporate Social Responsibility and Sustainable Operation	3	Yes
Director	Chen Ming-Shian	2014.06.10	2014.09.12	Securities and Futures Institute	Ethical Corporate Management and Corporate Social Responsibility for TWSE/GTSM Listed Companies	3	Yes
Independent Director	Lin Cai-Yuan	2014.06.10	2014.07.04 2014.11.17	Taipei Exchange Taiwan Corporate Governance Association	Seminar on Guidelines of Insider Shareholding of GTSM Listed Companies/Emerging Stock Companies Corporate Social Responsibility and Sustainable Operation	6	Yes
Independent Director	Jung Jiun-Rung	2014.06.10	2014.08.18 2014.11.20	Securities and Futures Institute Financial Supervisory Commission	Ethical Corporate Management and Corporate Social Responsibility for TWSE/GTSM Listed Companies 10 th Seminar on Corporate Governance in Taipei	6	Yes
Independent Director	Liou Jr-Hung	2014.06.10	2014.07.04 2014.09.18 2014.11.17	Taipei Exchange Taiwan Stock Exchange and Taipei Exchange Taiwan Corporate Governance Association	Seminar on Guidelines of Insider Shareholding of GTSM Listed Companies/Emerging Stock Companies Ethical Corporate Management and Corporate Social Responsibility for TWSE/GTSM Listed Companies Corporate Social Responsibility and Sustainable Operation	9	Yes
Manager of Finance and Accounting Division	Shen Hong-Yu	2008.11.01	2014.07.24~25	National Cheng Kung University	14 th Session of the Chief Accounting Officers Continuing Education Program Introduction of Guidelines of Corporate Governance Appraisal Seminar on the latest GAAS Seminar on the moral and legal issues Seminar on the latest IFRS	12	Yes

- (4) Disclosure of the organization, functions and operations of the Remuneration Committee, if applicable:

A. Profiles of the Remuneration Committee members

Title	Qualification Name	More than 5 years of experience and the following professional qualifications			Status of independence (Note 1)								Also an independent director of other public companies	Remarks
		A lecturer or higher capacity in a public or private college or university in business, law, accounting, or related subjects in corporate management	Judge, prosecutor, lawyer, or other professional and technical personnel with certification through national examinations with the issuance of license and certificates	Experience in business, law, finance, accounting and other areas of specialization that the Company needs	A	B	C	D	E	F	G	H		
Independent Director	Lin Cai-Yuan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	No
Independent Director	Jung Jiun-Rung			✓	✓	✓	✓	✓	✓	✓	✓	✓	-	No
Independent Director	Liou Jr-Hung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	1

Note 1: If any member meets any of the following in the last two years before being elected into office or during the term of office, put a “✓” in the appropriate fields:

- Not an employee of the Company or its group companies.
- Not a director or supervisor of the Company or the group companies (except as an independent director of a subsidiary where the Company or the parent to the Company directly or indirectly holds more than 50% of its voting shares).
- Shareholder who is a natural person, and not the person, the spouse, underage child or under the name of a third party holding more than 1% of the total shares or one of the top 10 natural person shareholders.
- Not a spouse, kindred within the 2nd tier or the next of kin of kindred within the 5th tier of the aforementioned personnel.
- Not a director, supervisor, or employee of an institutional shareholder directly holds more than 5% of the outstanding shares of the Company or a director, supervisor or employee of one of the top 5 institutional shareholders.
- Not a director, supervisor, manager of a specific company or institution that the Company has financial or business transactions or a shareholder holding more than 5% of the shares of such company or institution.
- Not an owner, partner, director, supervisor, manager and the spouse of the an owner, partner, director, supervisor, manager of a professional wholly-owned firm, partnership, corporation or institution, or a professional personnel providing business, legal, financial and accounting services or consultation to the Company or its group companies.
- Any of the provisions contained in Article 30 of the Company Act shall be applied.

B. The Operations of the Remunerations Committee

- (A) The Remunerations Committee of Poya International consists of 3 members.
- (B) The term of the current members: June 10 2014 to June 9 2017. In the last fiscal period as of the date this report was printed, the Remunerations Committee convened 4 sessions (A). The eligibility of the members and their attendance in committee meetings are shown below:

Title	Name	Frequency of attendance (B)	Attendance rate (%) (B / A)	Remarks
Convener	Lin Cai-Yuan	4	100%	
Member	Jung Jiun-Rung	4	100%	New director, taking office on 2014.06.10
Member	Liou Jr-Hung	4	100%	New director, taking office on 2014.06.10

Other important notes:

- A. Where the Board of Directors does not accept or revise the recommendations of the Remunerations Committee, the date and instance of the Board session, the contents of the motions, the resolution of the Board and the response to the opinions of the Remunerations Committee shall be specified (if the resolutions on remuneration issues passed by the Board of Directors are superior to the recommendations of the Remunerations Committee, the detailed explanation shall be given): None.
- B. If there is any adverse opinion or qualified opinion of the members in the decision over specific motions at the Remunerations Committee meeting on record or with a written declaration, the date and instance of the committee meeting, the contents of the motion, the opinions of all members and the response to the opinions of members shall be specified: None.

Note: Attendance rate (%) is calculated based on the number of meetings called and the attendance of the directors (sitting in as observers) during their term of office.

(5) The practice of corporate social responsibility:

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
<p>A. Enforcement of corporate governance</p> <p>(A) Poya International establishes the policy or system of corporate social responsibility to review the results of enforcement.</p> <p>(B) Poya International holds the education and training of corporate social responsibility periodically.</p> <p>(C) Poya International appoints exclusive (or concurrently) dedicated unit in charge of the execution of corporate social responsibility. Relative matters are handled by the management authorized by the Board of Directors and a report of handling is given to the Board of Directors afterward.</p> <p>(D) Poya International establishes the reasonable policies of remuneration, connects the performance review system with the policy of corporate social responsibility and set up a clear and effective system of rewards and penalties.</p>	<p>(A) Poya International has enacted Corporate Social Responsibility Best Practice Principle and executed according to relative rules in such Principle.</p> <p>(B) Poya International issues internal annual magazine and announcement to advocate the relative policies of the Company.</p> <p>(C) Poya International has appointed the Finance and Accounting Division as the exclusive (or concurrently) dedicated unit to report to the Board of Directors periodically.</p> <p>(D) Poya International has established a clear and effective system of rewards and penalties.</p>	<p>Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.</p>
<p>B. Environment for sustainability</p> <p>(A) Poya International makes effort to upgrade the efficiency on the use of resources and in using recycled bio-degradable materials to decrease the impact on the environment.</p> <p>(B) Poya International establishes an appropriate environmental management system in line with the specific features of the industry.</p> <p>(C) Poya International pays attention to the influence of climatic change on the Company’s operation, executes the examination program of greenhouse gas emission, and stipulates the strategies of energy savings, carbon reduction and greenhouse gas decrease.</p>	<p>(A) Poya International makes effort to upgrade the efficiency on the use of resources in a reasonable range. For example, Poya International adopts various energy-saving products like LED lamps and inverter air conditioner to decrease the impact on the environment.</p> <p>(B) As in the retail industry, Poya International makes effort to upgrade the efficiency on the use of resources to decrease the impact on the environment.</p> <p>(C) Poya International closely pays attention to the impact of climatic change on the Company’s operation, executes the examination program of greenhouse gas emission, and adopts the relative policy of carbon reduction, for example, using inverter air conditioners in new branches and establishment of the logistics center.</p>	<p>Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.</p>

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
<p>C. Maintenance of social charity</p> <p>(A) Poya International enacts the managerial policies and procedures according to the relative rules and international recognized human rights of labor.</p> <p>(B) Poya International establishes the mechanism and channel for receiving employee complaints and gives responses properly.</p> <p>(C) Poya International provides the employees a safe and healthy work environment and gives them safe and healthy training periodically.</p> <p>(D) Poya International establishes the mechanism for routine communication with the employees and makes notification to the employees via reasonable means on operation changes that may cause significant influences on the employees.</p> <p>(E) Poya International provides the employees an effective training program cultivating career abilities.</p> <p>(F) Poya International establishes the policy of customer right protection and the procedure of customer complaints in the process of research and development, procurement, production, operations, and services.</p> <p>(G) Poya International complies with the relative rules and regulations and international guidelines when marketing or labeling their products and services.</p> <p>(H) Poya International takes into consideration whether the suppliers involved in any record of causing damages to the environment or society before making transactions with the suppliers.</p> <p>(I) Poya International may at any time terminate or rescind the contracts with major suppliers when any of them violates the corporate social responsibility policy and causes impacts on the environment and society.</p>	<p>(A) Poya International enacts relative personnel regulations in compliance with the applicable rules governing labor force.</p> <p>(B) Poya International complies with the applicable rules governing labor force and makes efforts in the enhancement of the employee's welfare. Under the human-based and rationalization management, Poya International also emphasizes on the opinions of the employees and gives sufficient improvement.</p> <p>(C) Poya International has provided the employees a safe and healthy work environment and has arranged routine inspection on public safety once annually and non-scheduled physical examination to ensure all employees have a safe and health work environment.</p> <p>(D) Poya International provides a communication channel and allows each employee to understand the operation activities and decision-making process of the Company through monthly meetings with all employees.</p> <p>(E) Poya International has designed a training program and disclosed relative information of such program on the human recruiting website: http://www.104.com.tw/cfdocs/project/1305/poya_130507/plan.html</p> <p>(F) Poya International has appointed designated personnel to handle the complaints of customers. The customer complaint hotline is: 0800-033168.</p> <p>(G) Poya International sells products in compliance with the relative rules and regulations and international guidelines.</p> <p>(H) Poya International takes the relative information of the suppliers into consideration before making transactions with the suppliers.</p> <p>(I) Poya International includes in the contract terms requiring compliance with relative product rules and regulations. If there is any violation, the supplier shall take responsibility to pay compensation.</p>	<p>Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies".</p>

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
<p>D. Intensification of information disclosure</p> <p>(A) Poya international discloses relevant and reliable information of corporate social responsibility on the official website and MOPS.</p>	<p>(A) Poya International has made the 2013 Corporate Social Responsibility Report in 2014 and disclosed the Report on MOPS and official websites in Chinese and English language.</p>	<p>Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.</p>
<p>E. If the Company enacts its Corporate Social Responsibility Best Practice Principle in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE-GTSM-listed Companies”, specify the discrepancies between the execution and the content of the Principle:</p> <p>The Company has complied with requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies” according to applicable rules and regulations.</p>		
<p>F. Other major information that helps to understand the operation of corporate social responsibility:</p> <p>The Company has disclosed the Corporate Social Responsibility Report on MOPS and official websites in Chinese and English language in 2014 to help to understand the Company’s operation of corporate social responsibility.</p>		
<p>G. If the Corporate Social Responsibility Report of the Company is accredited by the external accreditation agency, elaborate on the standards applicable to the accreditation:</p> <p>The Company has issued the corporate social responsibility report in 2014. Currently, the corporate social responsibility report has not yet been verified by any certification institution.</p>		

(6) The practice of ethical corporate management and measures:

Item	State of operation	Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
<p>A. Policy of ethical corporate management and action plan in place</p> <p>(A) Poya International elaborates the policy and action plan of ethical corporate management in the internal code and external documents, and the Board of Director and the management actively meet the commitments of executing operating policies.</p> <p>(B) Poya International enacts the prevented program against unethical behaviors, stipulates the operation procedure, code of conduct, discipline of violation and complaint system in each program and executes thoroughly.</p> <p>(C) Poya International adopts prevented measures toward those operating activities with higher risks of unethical behaviors regulated by Article 7.2 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies” or within the business scope of the Company.</p>	<p>(A) Poya International has enacted Procedures for Ethical Management and Guidelines for Conduct, and executed in compliance with relative policies.</p> <p>(B) Poya International has enacted Procedures for Ethical Management and Guidelines for Conduct, and executed in compliance with relative policies. Relative matters are also regulated in the “Rules of Work and Personnel Management Regulations”</p> <p>(C) Poya International appoints the Audit Office as the exclusive dedicated unit, regulated in the Procedures for Ethical Management and Guidelines for Conduct, in charge of the execution of prevented measures against unethical behaviors and the regular reports submitted to the Board of Directors.</p>	<p>Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.</p>

Item	State of operation	Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
<p>B. Realization of ethical corporate management</p> <p>(A) Poya International takes the record of ethical management of the transaction counterparties into consideration and includes in contract term requiring compliance with the rules of ethical corporate management.</p> <p>(B) Poya International establishes a exclusive (or concurrently) dedicated unit, which is subordinate to the Board of Directors, in charge of executing ethical corporate management and reporting the execution to the Board of Directors at a regular interval.</p> <p>(C) Poya International stipulates the policy of avoiding conflicts of interests, provides proper channels for reporting and receiving complaints, and executes thoroughly.</p> <p>(D) Poya International establishes the effective accounting system and internal control system, and receives the audits periodically carried out by the internal auditors or certified public accountants in order to thoroughly execute ethical corporate management.</p> <p>(E) Poya International holds the external and internal education and training of ethical corporate management at regular intervals.</p>	<p>(A) Poya International has explicitly stated in all business agreement the relative rules and regulations of ethical corporate management which emphasizes on the prohibition of giving or taking bribes.</p> <p>(B) Poya International has appointed Audit Office as an exclusive dedicated unit, which shall report to the Board of Directors at regular intervals, in its Procedures for Ethical Management and Guidelines for Conduct.</p> <p>(C) Poya International has stipulated the rules and regulations in its Procedures for Ethical Management and Guidelines for Conduct that the directors, managers and the stakeholders presenting or participating at the Board meeting as a non-voting observer shall express opinions about the relationship of interests in the Board meeting when a proposal at a Board meeting concerns a director, manager or stakeholder's personal interest or the interest of the juristic person represented by the director, manager or stakeholder. If such a relationship is likely to prejudice the interest of the Company, such director, manager or stakeholder may not participate in the discussion nor vote on that proposal. In addition, the director, manager or stakeholder shall refuse involvement in discussion and voting, and may not exercise voting rights as proxy on behalf of another director.</p> <p>(D) Internal auditors and certified public accountants of Poya International have established an accounting system and internal audit control system, have executed thoroughly according to applicable laws, and have reported to the Board of Directors</p> <p>(E) Poya International holds an annual meeting for making announcements of the relative policies to all the employees, and includes the relative rules and regulations of ethical corporate management in its Rules of Personnel Management which shall be reviewed by the new employee.</p>	<p>Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.</p>

Item	State of operation	Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
<p>C. Operation of the system for the personnel to report on the unethical practices of others</p> <p>(A) Poya International establishes the concrete system and convenient channel for the personnel to report on the unethical practices of others and the relative reward policy; also, appoints proper personnel to handle the matters based on the object being reported to the unethical practices.</p> <p>(B) Poya International establishes the standard operational procedures for investigating into the unethical practices being reported on and the relative confidential system.</p> <p>(C) Poya International takes the measure of protecting the reporter from being improperly punished for reporting on the unethical practices of others.</p>	<p>(A) Poya International has establishes the system for the personnel to report on the unethical practices of others in Ethical Corporate Management Best Practice Principles and appointed Audit Office as an exclusive dedicated unit to manage the related issues.</p> <p>(B) Poya International has establishes the system for the personnel to report on the unethical practices of others in Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct. The Audit Office is appointed as an exclusive dedicated unit; also, the Board of Directors, the Audit Committee and other suitable channel are provided for the personnel to report on the unethical practices of others.</p> <p>(C) Poya International allows anonymous report on the unethical practices of others in its Rules of Personnel Management to protect the reporter and stipulates relative regulations in Codes of Ethical Conduct.</p>	<p>Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.</p>
<p>D. Intensification of information disclosure</p> <p>(A) Poya International discloses the Ethical Corporate Management Best Practice Principles and its execution on the official websites and MOPS.</p>	<p>(A) Poya International has uploaded the Principles on the MOPS and the official websites in Chinese and English language.</p>	<p>Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.</p>
<p>E. If the Company enacts its Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies”, specify the discrepancies between the execution and the content of the Principle: The Company has complied with requirements of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies” according to applicable rules and regulations.</p>		
<p>F. Other major information that helps to understand the operation of ethical corporate management (for example, any amendment to the provision of the Ethical Corporate Management Best Practice Principles): Poya International has uploaded its Ethical Corporate Management Best Practice Principles on the Chinese official websites and the MOPS in order to help to understand the operation of ethical corporate management</p>		

- (7) Mean of inquiry for corporate governance principles and related regulations: the special web page designed for the investors on the official website (<http://www.poya.com.tw>).
- (8) Other major information that helps to understand the operation of corporate governance shall also be disclosed on the following platform:
- A. The special web page designed for the investors on the official website (<http://www.poya.com.tw>).
 - B. MOPS: <http://mops.twse.com.tw/mops/web/index>.
The abbreviation is “Poya” and the Stock Code is “5904”.
- (9) The implementation of the internal control system:
- A. Declaration of internal control: please refer to page 148-149.
 - B. Certified Public Accountant Review Report which is issued by the certified public accountants based on the audit result of the internal control system: None.
- (10) In the last fiscal period as of the date this report was printed, the main faults and the improvement of any case that the Company or its personnel was punished based on the regulations, or that the personnel was punished by the Company for violating the provision of internal control system shall be specified: None.

(11) In the last fiscal period as of the date this report was printed, the major resolutions of the Shareholder Meeting and the Board of Directors are as followed:

A. Major resolutions of the Shareholder Meeting

Nature of meeting	Date of meeting	Resolutions	Implementation
Shareholders Meeting	2014.06.10	Business Report and Financial Statement of FY 2013	Proceed as resolved.
		Proposal for distribution of 2013 profits	Proceed as resolved.
		Proposal for a new share issuance through capitalization of earnings and employee bonus of FY 2013	Executed as resolved.
		Amendments to part of provisions of Articles of Incorporation	Executed as resolved.
		Amendments to part of provisions of Operational Procedures for Loaning of Company Funds	Executed as resolved.
		Amendments to part of provisions of Operational Procedures for Endorsements and Guarantees	Executed as resolved.
		Amendments to part of provisions of Operational Procedures for Acquisition or Disposal of Assets	Executed as resolved.
		Amendments to part of provisions of Rules for Director and Supervision Elections, which was rename as Rules for Director Elections	Executed as resolved.
		Amendments to part of provisions of Rules of Procedure for Shareholders Meetings	Executed as resolved.
		Re-election of the directors and the independent directors	Executed as resolved.
		Proposal of lifting of non-competition restrictions on new directors and their representatives	Executed as resolved.

B. In the last fiscal period as of the date this report was printed, the Board of Directors held 17 sessions and the major resolutions are summarized as followed:

Nature of meeting	Date of meeting	Resolutions
Board Session	2014.01.20	<ol style="list-style-type: none"> 1. Passed the motion of setting up the POYA International Co., Ltd. Min Hsiung Branch in Chiayi. 2. Passed the motion of setting up the POYA International Co., Ltd. Hsin Sheng Branch in Taitung. 3. Passed the proposal of the year-end bonus for the managers in FY2013 and referred it to the Remunerations Committee for approval in the 1st session of the committee in 2014. 4. Passed the proposal of the year-end bonus for the chairman and the vice chairman in FY2013 and referred it to the Remunerations Committee for approval in the 1st session of the committee in 2014.
Board Session	2014.02.17	<ol style="list-style-type: none"> 1. Passed the motion of borrowing an amount of NT\$100 million from Land China Development Industrial Bank in mid-term and long-term loans. Chairman Chen Chien-Chao was authorized to handle the transactions with the bank. 2. Passed the motion of setting up the POYA International Co., Ltd. Chung Cheng Branch in Nan Miao. 3. Passed the motion of setting up the POYA International Co., Ltd. Wen Hua Branch in Shan Hsia. 4. Passed the motion of setting up the POYA International Co., Ltd. Tung Shi in Taichung.
Board Session	2014.03.17	<ol style="list-style-type: none"> 1. Passed the 2013 Business Report and Financial Statements. 2. Passed the proposal for distribution of 2013 profits.

Nature of meeting	Date of meeting	Resolutions
		<ol style="list-style-type: none"> 3. Passed the proposal of a new share issuance through capitalization of earnings and employees bonus. 4. Passed the proposal of re-election of directors and independent directors. 5. Passed the motion of the amendment to part of the provisions of the "Articles of Incorporation" 6. Passed the motion of the amendment to part of the provisions of the "Operational Procedures for Loaning of Company Funds". 7. Passed the motion of the amendment to part of the provisions of the "Operational Procedures for Endorsements and Guarantees". 8. Passed the motion of the amendment to part of the provisions of the "Operational Procedures for Acquisition or Disposal of Assets". 9. Passed the motion of the amendment to part of the provisions of the "Rules for Directors and Supervisors' Election", and renamed it as the "Rules for Directors Election". 10. Passed the motion of the amendment to part of the provisions of the "Rules of Procedures for Shareholder Meeting". 11. Passed the motion of the amendment to part of the provisions of the "Rules of Procedure for Board of Directors' Meeting". 12. Passed the motion of establishing the "Audit Committee Charter". 13. Passed the declaration of internal controls prepared on the basis of the findings of self-assessment and internal audits in FY 2013. 14. Passed the motion of calling for a regular session of the Shareholder Meeting in FY 2014. 15. Passed the motion of borrowing an amount of NT\$80 million from Hua Nan Bank in mid-term and long-term loans. Chairman Chen Chien-Chao was authorized to handle the transactions with the bank. 16. Passed the motion of the replacement of the external auditors due to the internal changes in the office of the certified public accountants commissioned to do the service. 17. Passed the motion of setting up the POYA International Co., Ltd. Chin Hua Branch in Tainan. 18. Passed the motion of setting up the POYA International Co., Ltd. Li Ming Branch in Taichung.
Board Session	2014.04.21	<ol style="list-style-type: none"> 1. Passed the motion of the review of the independent directors nominated by the shareholders of POYA International who hold more than 1% of the outstanding shares. 2. Passed the motion of the lifting of non-competition restrictions on new directors and their representatives 3. Passed the motion of setting up the POYA International Co., Ltd. Chung Cheng Branch in Yunlin. 4. Passed the motion of setting up the POYA International Co., Ltd. Chung Shan Branch in Hsin Ying.
Board Session	2014.05.05	<ol style="list-style-type: none"> 1. Passed the motion of setting up the POYA International Co., Ltd. Feng Chia Branch in Pingtung, Ta Yuan Branch in Taoyuan, Chung Cheng Branch in Tainan, and Kuang Ming Branch in Chu Pei. 2. Passed the assessment of the independence of the certified public accountant commissioned by POYA International
Board Session	2014.05.26	<ol style="list-style-type: none"> 1. Passed the motion of setting up the POYA International Co., Ltd. Min Zu Branch in Changhwa.
Board Session	2014.06.10	<ol style="list-style-type: none"> 1. Passed the motion of electing the sixth-term Chairman and Vice Chairman.
Board Session	2014.07.07	<ol style="list-style-type: none"> 1. Passed the motion of appointment of the members of the second-term Compensation Committee.

Nature of meeting	Date of meeting	Resolutions
		<ol style="list-style-type: none"> Passed the motion of drawing up the matters of ex-dividends and ex-rights for FY2014. Passed the motion of distributing cash dividends from 2014 profits. Passed the motion of setting up the POYA International Co., Ltd. LIN YUAN Branch in Kaohsiung, JIN MA Branch in Changhwa, and NANYA Branch in Banqiao.
Board Session	2014.07.28	<ol style="list-style-type: none"> Passed the proposal of “Individual Remunerations of Directors and Supervisors in FY2013”. Passed the motion of distributing bonus to the managers in FY2013. Passed the motion of setting up the POYA International Co., Ltd. BEI CHEN Branch in Penghu.
Board Session	2014.09.01	<ol style="list-style-type: none"> Passed the motion of insurance renewal for the directors and the important executives. (The expiration date of liability insurances is October 1, 2014) Passed the motion of setting up the POYA International Co., Ltd. SIN FONG Branch in Hsinchu, SIN TIAN Branch in Kaohsiung, SHEN GANG Branch in Changhwa, and HAN KOU Branch in Taichung.
Board Session	2014.10.27	<ol style="list-style-type: none"> Passed the motion of the amendment to the “internal audit system” Passed the motion of the application to First Bank for the guarantee of gift certificates, with the amount guaranteed to be NT\$20 million. Passed the motion of the enactment of the “Corporate Governance Best Practice Principles” Passed the motion of the enactment of the “Corporate Social Responsibility Best Practice Principles” and “Corporate Social Responsibility Policy Statement”. Passed the motion of the enactment of the “Codes of Ethical Conduct” Passed the motion of the enactment of the “Ethical Corporate Management Best Practice Principles” Passed the motion of the enactment of the “Procedures for Ethical Management and Guidelines for Conduct”. Passed the motion of the establishment of the “1st Nominating Committee for Directors” Passed the motion of the enactment of the “Charter of Nominating Committee for Directors”. Passed the motion of the abolishment of “Kaohsiung Wenheng Branch of Poya International Co., Ltd.” Passed the motion of the disposal of “Kaohsiung Wenheng Branch of Poya International Co., Ltd.” Passed the motion of setting up the POYA International Co., Ltd. Zhongzhou Branch in Tianzhong, Shangshun Branch in Toufen and Linsen Branch in Huwei
Board Session	2014.11.17	<ol style="list-style-type: none"> Passed the motion of setting up the POYA International Co., Ltd. Guanghua Branch in Shalu Passed the motion of the disposal of the Company’s land and building.
Board Session	2014.12.29	<ol style="list-style-type: none"> Passed the motion of the enactment of “2015 Annual Audit Plan” Passed the "2015 Annual Operating Plan" Passed the motion of setting up the POYA International Co., Ltd. Mailiao Branch in Yunlin and Branch Office in Taipei

Nature of meeting	Date of meeting	Resolutions
Board Session	2015.01.26	<ol style="list-style-type: none"> 1. Passed the motion of distributing year-end bonus to the managers in FY2014 2. Passed the motion of distributing year-end bonus to chairman and vice-chairman in FY2014 3. Passed the motion of borrowing an amount of NT\$100 million from Chang Hwa Bank in mid-term loans. Chairman Chen Chien-Chao was authorized to handle the transactions with the bank. 4. Passed the motion of the application to Chang Hwa Bank for the guarantee of gift certificates, with the amount guaranteed to be NT\$20 million.
Board Session	2015.02.24	<ol style="list-style-type: none"> 1. Passed the 2014 Business Report and Financial Statements. 2. Passed the proposal for distribution of 2014 profits 3. Passed the proposal of new share issuance through capitalization of earnings and employee bonus. 4. Passed the motion of the amendment to part of the provisions of the "Articles of Incorporation". 5. Passed the motion of the amendment to part of the provisions of the "Corporate Social Responsibility Best Practice Principle" 6. Passed the motion of the amendment to part of the provisions of the "Ethical Corporate Management Best Practice Principles" 7. Passed the motion of the amendment to part of the provisions of the "Management of the use of seals" 8. Passed the motion of the amendment to part of the provisions of the "Management of the receipt and use of negotiable instruments" 9. Passed the motion of calling for a regular session of the Shareholder Meeting in FY 2015. 10. Passed the motion of setting up the POYA International Co., Ltd. Zhongzheng Branch in Taoyuan
Board Session	2015.03.23	<ol style="list-style-type: none"> 1. Passed the declaration of internal controls in FY 2014 2. Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant 3. Passed the motion of the amendment to part of the provisions of the "Investment Cycle" 4. Passed the motion of the amendment to part of the provisions of the "Finance Cycle" 5. Passed the motion of the submission of the "Program Preserving the Security of Personal Data Files" 6. Passed the motion of the amendment to part of the provisions of the "Rules of Procedures for Shareholder Meeting" 7. Passed the motion of the amendment to part of the provisions of the "Procedures for Ethical Management and Guidelines for Conduct" 8. Passed the motion of the amendment to part of the provisions of the "Codes of Ethical Conduct" 9. Passed the motion of the re-enactment of the "Implementation Rules of Internal Audit" of the internal audit system, abolishing the original "Implementation Rules of Internal Audit" 10. Passed the motion of setting up the POYA International Co., Ltd. Chung Shan Branch in Tamsui
Board Session	2015.04.27	<ol style="list-style-type: none"> 1. Passed the motion of the amendment to part of the provisions of the "Corporate Governance Best Practice Principles" 2. Passed the motion of the enactment of the "Rules and Procedures for Board of Directors Performance Assessments" 3. Passed the motion of the amendment to the internal control system:

Nature of meeting	Date of meeting	Resolutions
		<ul style="list-style-type: none"> A. Re-enactment of the “Sale and Receipt Cycle” (The original one was abolished) B. Re-enactment of the “Purchase and Payment Cycle” (The original one was abolished) C. Enactment of the “Delegation of Duties and Measure of Deputy Systems” (The original enactments of “Measure Governing the Management of Delegation of Duties” and “Measure of Deputy of Duties” were abolished) D. Re-enactment of the “Property, Plant and Equipment Cycle” (The original enactment of “Fix Asset Cycle” was abolished) 4. Passed the motion of the amendment to the following internal charters: <ul style="list-style-type: none"> A. Amendment to part of the provisions of the “Charter of Nominating Committee for Directors” and modification to the name of the Charter as “Nominating Committee Charter” B. Amendment to part of the provisions of the “Remuneration Committee Charter” 5. Passed the motion of the replacement of the external auditors due to the internal changes in the office of the certified public accountants commissioned to do tax-affair review 6. Passed the motion of setting up the POYA International Co., Ltd. Huaxia Branch in Zuoying, Xiangyang Branch in Fengyuan, Dream Mall Branch in Kaohsiung, Liuqiao Branch in Gangshan, Zhongzheng Branch in Yongkang and Sanduo Branch in Kaohsiung

- (12) In the last fiscal period as of the date this report was printed, the major content of the adverse opinion of the directors or supervisors in the decision over specific motions at the Board Meeting on record or with a written declaration shall be specified: None.
- (13) In the last fiscal period as of the date this report was printed, the resignation and dismissal of the Company’s personnel (including chairman, general manager, accounting manager, internal audit manager...etc.) shall be summarized: None.

5. Information on the fees for certified public accountants

Name of CPA firm	Name of CPAs		Audit period	Remark
PriceWaterhouse Coopers Taiwan	Lee Ming-Hsian	Liou Tzu-Meng	2014.01.01-2014.12.31	

Currency unit: NT\$ 1,000

Bracket \ Item		Auditing fees	Miscellaneous fees	Total
1	Less than 2,000		✓	
2	2,000~4,000	✓		✓
3	4,000~6,000			
4	6,000~8,000			
5	8,000~10,000			
6	10,000 and more			

- (1) If the payment of the miscellaneous services rendered by the certified public accountants, the CPA firm or its affiliates accounts for more than 25% of the auditing fees, the amounts of the auditing fees and miscellaneous fees and the contents of the miscellaneous services shall be disclosed.

Fees for certified public accountants

Currency unit: NT\$ 1,000

Name of CPA firm	Name of CPAs	Auditing fees	Miscellaneous fees					Audit period	Remark
			System design	Business registration	HR	Others	subtotal		
PriceWaterhouse Coopers Taiwan	Lee Ming-Hsien	3,100				224	224	2014.01.01- 2014.12.31	Miscellaneous fees-other includes the fees for the secretarial work, translation and printing of the report on capitalization of earnings into new shares. Total amount is NT\$224,000.
	Liou Tzu-Meng								

- (2) If the auditing fees decrease with the comparison of the fees in a year previous to the year of replacement of the CPA firm, the amount of the auditing fees before and after the replacement and the reasons shall be disclosed: None.
- (3) If the auditing fees decrease by more than 15% with the comparison of the fees in the previous year, the decrease amount of the auditing fees, the percentage and the reasons shall be disclosed: None.

6. Information on the replacement of certified public accountants:

(1) Former certified public accountants

Date of replacement	2014.03.17		
Reasons and explanation	React to the changes of internal organization in PriceWaterhouse Coopers Taiwan		
Explanation that the Company or the CPA terminates or rejects the appointment	Situation	Party	CPA
	Terminate the appointment voluntarily	None	
	Reject the (continued) appointment		
Opinions on and reasons of an audit report issued by the former CPA during the most recent 2 years containing an opinion other than an unqualified opinion.	None		
Any disagreements between the former CPA and the issuer	Yes		Accounting policies or practices
			Financial report disclosure
			Auditing scope or procedure
			Other
	No	✓	
	Description		
Others (shall be disclosed according to Article 10, Subparagraph 5, Item 1-4 of the Principle)	None		

(2) Successor certified public accountants

Name of the accounting firm	PriceWaterhouse Coopers Taiwan
Name of the CPAs	Lee Ming-Hsien, Liou Tzu-Meng
Date of the appointment	2014.03.17
Consultations and the consultation results of the issues made by the new CPA regarding the accounting treatment of or application of accounting policies to a specific transaction, or the type of audit opinion that might be rendered on the securities firm's financial report prior to the formal engagement of the successor CPA.	None
Any disagreements in written form between the successor CPA and the former CPA	None

- 7. If the chairman, general manager, finance or accounting manager of the Company has been working in the accounting firm of the CPAs or its affiliates within the last year, the name and title of the personnel and the period of such working relation existing: None.**

8. In the last fiscal period as of the date this report was printed, the status of the transfer of shares or the shares in pledge held by the directors, supervisors, managers or the shareholders with more than 10% of the Company's shares:

(1) Transfer of shares held by the directors, supervisors, managers and the major shareholders

Title	Name	FY2014		In 2015 as of the date this report was printed	
		Change in quantity of shares	Change in quantity of shares pledged	Change in quantity of shares	Change in quantity of shares pledged
Chairman	Duo Chin Investment Co.,Ltd.	143,357	0	0	0
	Representative: Chen Chien-Chao	0	0	0	0
Vice Chairman	Poay Investment Co., Ltd.	130,812	0	0	0
	Representative: Chen Fan Mei-Jin	1,689	0	0	0
Director and General Manager	Chen Zong-Cheng	78,667	(300,000)	0	0
Director (Note)	Yu Ben Investment Co., Ltd.	0	0	0	0
	Representative: Sun Da-Wen	0	0	0	0
Director	Chen Ming-Shian	0	0	0	0
Independent Director	Lin Cai-Yuan	0	0	0	0
Independent Director (Note)	Shih Bo-Ren	0	0	0	0
Independent Director (Note)	Wei Xing-fang	0	0	0	0
Supervisor (Note)	Tsai De-Shiang	0	0	0	0
Supervisor (Note)	Shie Zong-Kun	0	0	0	0
Independent Director	Jung Jiun-Rung	0	0	0	0
Independent Director	Liou Jr-Hung	0	0	0	0
Finance and Accounting Manager	Shen Hong-Yu	5,410	0	0	0

Note: The terms have expired after the re-election on June 9, 2014. The change in shareholdings may not be disclosed afterward.

(2) Information showing the counterparty of the share-transferring is the interested party:

None.

(3) Information showing the counterparty of the share-in-pledge is the interested party: None

9. Information showing that top 10 shareholders have the relationship with one another as the related parties, spouse or kindred within the 2nd tier.

Information on the relationship among the top 10 shareholders

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Name	Shares held by the person		Shares held by the spouse and underage children		Shares held by the name of a third party		The name and relationship of top 10 shareholders having the relationship with one another as the related parties, spouse or kindred within the 2 nd tier specified in SFAS No. 6.		Remarks
	Qty of shareholdings	Proportion of shareholdings	Qty of shareholdings	Proportion of shareholdings	Qty of shareholdings	Proportion of shareholdings	Name	Relationship	
Poay Investment Co., Ltd. Representative: Chen Fan Mei-Jin	7,768,031 170,587	8.25% 0.18%	0	0%	0	0%	Chen Chien-Chao Chen Zong-Cheng Chen Lee-Lee Chen Rong-Rong	Spouse Son-in-law Mother and daughter Mother and daughter	
Duo Chin Investment Co., Ltd. Representative: Chen Chien-Chao	7,755,104 0	8.24% 0%	170,587	0.18%	0	0%	Chen Fan Mei-Jin Chen Zong-Cheng Chen Lee-Lee Chen Rong-Rong	Spouse Son-in-law Father and daughter Father and daughter	
Chen Ching Investment Co., Ltd. Representative: Chen Lee-Lee	7,216,131 2,366,907	7.66% 2.51%	6,110,718	6.49%	0	0%	Chen Zong-Cheng Chen Chien-Chao Chen Fan Mei-Jin Chen Rong-Rong	Spouse Father and daughter Mother and daughter Sisters	
Blue Sea Development Co., Ltd. Representative: Chen Zong-Cheng	6,402,883 5,892,822	6.80% 6.26%	2,584,803	2.74%	0	0%	Chen Chien-Chao Chen Fan Mei-Jin Chen Lee-Lee	Father-in-law Mother-in-law Spouse	
Chen Zong-Cheng	5,892,822	6.26%	2,584,803	2.74%	0	0%	Chen Chien-Chao Chen Fan Mei-Jin Chen Lee-Lee	Father-in-law Mother-in-law Spouse	
Investment Account of Small Denomination World Funds Co. Ltd. in custody of Deutsche Bank	5,392,660	5.72%	0	0%	0	0%			
Chang Yi Investment Co., Ltd. Representative: Chen Lee-Lee	2,908,437 2,366,907	3.09% 2.51%	6,110,718	6.49%	0	0%	Chen Zong-Cheng Chen Chien-Chao Chen Fan Mei-Jin Chen Rong-Rong	Spouse Father and daughter Mother and daughter Sisters	
Macquarie Asia New Stars Fund of Macquarie Funds Management Hong Kong Limited. in custody of HSBC	2,675,712	2.84%	0	0%	0	0%			
Gao Heng Investment Co., Ltd. Representative: Chen Rong-Rong	2,438,374 822,193	2.59% 0.87%	0	0%	0	0%	Chen Chien-Chao Chen Fan Mei-Jin Chen Lee-Lee	Father and daughter Mother and daughter Sisters	
Chen Lee-Lee	2,366,907	2.51%	6,110,718	6.49%	0	0%	Chen Zong-Cheng Chen Chien-Chao Chen Fan Mei-Jin Chen Rong-Rong	Spouse Father and daughter Mother and daughter Sisters	

10. The quantity of shareholdings of a particular re-investment business held by the Company, its directors, supervisors, managers and the investment business directly or indirectly controlled by the Company, and the consolidated percentage of combined shareholdings: None.

IV. Capital Projection and Implementation

Capital Projection and Implementation

1. Capital stock and shares

(1) Sources of capital stock

Currency unit: NT\$1,000/ share

Year/month	Issuing price	Stated capital		Paid-in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment by properties beyond cash	Others
Mar 1997	1,000	20,000	20,000,000	20,000	20,000,000	Capital for incorporation	No	-
Nov 1998	10	4,400,000	44,000,000	4,400,000	44,000,000	Raised capital of NT\$24,000,000 by issuing new shares	No	-
Jul 1999	10	12,400,000	124,000,000	12,400,000	124,000,000	Raised capital of NT\$80,000,000 by issuing new shares	No	Note 1
Sep 2000	10	14,880,000	148,800,000	14,880,000	148,800,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 24,800,000.	No	Note 2
Oct 2001	10	16,368,000	163,680,000	16,368,000	163,680,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 14,880,000.	No	Note 3
Jun 2002	10	30,000,000	300,000,000	20,494,700	204,947,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 40,920,000. Issued new shares through capitalization of employee bonus amounted to NT\$ 347,000.	No	Note 4
May 2003	10	40,000,000	400,000,000	23,868,905	238,689,050	Issued new shares through capitalization of retained earnings amounted to NT\$ 30,742,050 Issued new shares through capitalization of employee bonus amounted to NT\$ 3,000,000.	No	Note 5
Jun 2004	10	46,000,000	460,000,000	25,501,900	255,019,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 11,934,450. Issued new shares through capitalization of employee bonus amounted to NT\$ 4,395,500.	No	Note 6
Jun 2005	10	46,000,000	460,000,000	33,952,470	339,524,700	Issued new shares through capitalization of retained earnings amounted to NT\$76,505,700. Issued new shares through capitalization of employee bonus amounted to NT\$ 8,000,000	No	Note 7
Nov 2005	10	61,000,000	610,000,000	34,855,576	348,555,760	Converted the convertible corporate bonds into 903,106 common shares, with the raised capital to be NT\$9,031,060	No	Note 8
Feb 2006	10	61,000,000	610,000,000	39,292,214	392,922,140	Converted the convertible corporate bonds into 4,436,638 common shares, with the raised capital to be NT\$44,366,380.	No	Note 9
May 2006	10	61,000,000	610,000,000	39,625,398	396,253,980	Converted the convertible corporate bonds into 333,184 common shares, with the raised capital to be NT\$3,331,840.	No	Note 10
Jul 2006	10	61,000,000	610,000,000	39,634,166	396,341,660	Converted the convertible corporate bonds into 8,768 common shares, with the raised capital to be NT\$87,680	No	Note 11
Sep 2006	10	61,000,000	610,000,000	80,000,000	476,341,660	Raised capital of NT\$175,200,000 by issuing new shares	No	Note 12
Nov 2006	10	61,000,000	610,000,000	54,950,588	549,505,880	Issued new shares through capitalization of retained earnings amounted to NT\$60,573,000. Issued new shares through capitalization of employee bonus amounted to NT\$ 10,252,300. Converted the convertible corporate bonds into 233,892 common shares, with the raised capital to be NT\$2,338,920	No	Note 13
Apr 2007	10	75,000,000	750,000,000	55,087,365	550,873,650	Converted the convertible corporate bonds into 136,777 common shares, with the raised capital to be NT\$1,367,770	No	Note 14
Jun 2007	10	75,000,000	750,000,000	62,501,365	625,013,650	Issued 7,414,000 new shares through private placement, with the raised capital to be NT\$74,140,000	No	Note 15

Year/month	Issuing price	Stated capital		Paid-in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment by properties beyond cash	Others
Sep 2007	10	85,000,000	850,000,000	64,685,731	646,857,310	Issued new shares through capitalization of retained earnings amounted to NT\$ 5,508,740 Issued new shares through capitalization of employee bonus amounted to NT\$ 10,252,300 Converted the convertible corporate bonds into 608,262 common shares, with the raised capital to be NT\$6,082,620	No	Note 16
Jun 2008	10	85,000,000	850,000,000	66,357,819	663,578,190	Issued new shares through capitalization of retained earnings amounted to NT\$ 6,468,580 Issued new shares through capitalization of employee bonus amounted to NT\$ 10,252,300	No	Note 17
Jun 2009	10	100,000,000	1,000,000,000	73,058,767	730,587,670	Issued new shares through capitalization of retained earnings amounted to NT\$ 59,722,040 Issued new shares through capitalization of employee bonus amounted to NT\$ 7,287,440.	No	Note 18
Sep 2010	10	120,000,000	1,200,000,000	88,309,000	883,090,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 142,464,600. Issued new shares through capitalization of employee bonus amounted to NT\$ 10,037,730.	No	Note 19
Aug 2011	10	120,000,000	1,200,000,000	90,086,658	900,866,580	Issued new shares through capitalization of retained earnings amounted to NT\$8,830,900. Issued new shares through capitalization of employee bonus amounted to NT\$ 8,945,680.	No	Note 20
Aug 2012	10	120,000,000	1,200,000,000	91,626,699	916,266,990	Issued new shares through capitalization of retained earnings amounted to NT\$9,008,660. Issued new shares through capitalization of employee bonus amounted to NT\$ 6,391,750.	No	Note 21
Aug 2013	10	120,000,000	1,200,000,000	92,907,263	929,072,630	Issued new shares through capitalization of retained earnings amounted to NT\$9,162,660. Issued new shares through capitalization of employee bonus amounted to NT\$ 3,642,980.	No	Note 22
Aug 2014	10	120,000,000	1,200,000,000	94,113,057	941,130,570	Issued new shares through capitalization of retained earnings amounted to NT\$9,290,720. Issued new shares through capitalization of employee bonus amounted to NT\$ 2,767,220.	No	Note 23

- Note 1: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 88.7.19(88) Tai-Tsai-Cheng (I) No.63994.
- Note 2: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 89.9.18(89) Tai-Tsai-Cheng(I) No.78517.
- Note 3: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 90.10.9(90) Tai-Tsai-Cheng (I) No. 162012.
- Note 4: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 91.6.19(91) Tai-Tsai-Cheng (I) No. 0910133129.
- Note 5: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 92.5.26 Tai-Tsai-Cheng(I) No.0920123022.
- Note 6: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 93.6.04 Tai-Tsai-Cheng(I) No.0930124844.
- Note 7: At the approval of Financial Supervisory Commission of the Executive Yuan under Letter 94.6.07 Chin-Kuan-Cheng (I) No.0940122740.
- Note 8: At the approval of Ministry of Economic Affairs under Letter 94.11.25 Ching-Shou-Chung-Tzi No. 09433215370.
- Note 9: At the approval of Ministry of Economic Affairs under Letter 95.02.17 Ching-Shou-Chung-Tzi No.09531714710.
- Note 10: At the approval of Ministry of Economic Affairs under Letter 95.05.02 Ching-Shou-Chung-Tzi No.09532117920.
- Note 11: At the approval of Ministry of Economic Affairs under Letter 95.07.18 Ching-Shou-Chung-Tzi No.09532523600.
- Note 12: At the approval of Financial Supervisory Commission of the Executive Yuan under Letter 95.6.6 Chin-Kuan-Cheng (I) No.0950120110.
- Note 13: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 95.9.18 Chin-Kuan-Cheng (I) No.095014275.
At the approval of the Ministry of Economic Affairs on conversion of corporate bonds into common shares under Letter 95.11.07 Ching-Shou-Shang-Tzi No.09501247890.
- Note 14: At the approval of Ministry of Economic Affairs under Letter 96.04.30 Ching-Shou-Chung-Tzi No.09601092770.
- Note 15: At the approval of Ministry of Economic Affairs under Letter 96.06.12 Ching-Shou-Chung-Tzi No.09601127360.
- Note 16: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 96.7.9 Chin-Kuan-Cheng (I) No. 0960034976.
At the approval of the Ministry of Economic Affairs on conversion of corporate bonds into common shares under Letter 96.09.13 Ching-Shou-Shang-Tzi No.0960125730.
- Note 17: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 97.6.19 Chin-Kuan-Cheng (I) No.0970030752.
- Note 18: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 98.6.22 Chin-Kuan-Cheng (I) No.0980030830.
At the approval of the Ministry of Economic Affairs under Letter 98.08.10 Ching-Shou-Shang-Tzi No.09801179010.

- Note 19: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 99.8.06 Chin-Kuan-Cheng (I) No.0990041257.
At the approval of Ministry of Economic Affairs under Letter 99.11.02 Ching-Shou-Shang-Tzi No.09901245300.
- Note 20: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 100.07.08 Chin-Kuan-Cheng-Fa-Tzi No.1000031705.
At the approval of Ministry of Economic Affairs under Letter 100.08.15 Ching-Shou-Shang-Tzi No.10001186730.
- Note 21: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 101.6.25 Chin-Kuan-Cheng-Fa-Tzi No.1010027987.
At the approval of Ministry of Economic Affairs under Letter 101.08.06 Ching-Shou-Shang-Tzi No.10101159740.
- Note 22: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 102.6.28 Chin-Kuan-Cheng-Fa-Tzi No.1020025274.
At the approval of Ministry of Economic Affairs under Letter 102.08.16 Ching-Shou-Shang-Tzi No.10201166230.
- Note 23: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 103.7.03 Chin-Kuan-Cheng-Fa-Tzi No.1030025252.
At the approval of Ministry of Economic Affairs under Letter 103.08.14 Ching-Shou-Shang-Tzi No.10301166890

April 12, 2015; unit: share

Type of share	Stated Capital			Remarks
	Quantity of outstanding shares	Quantity of unissued shares	Total	
Common shares	94,113,057 shares	25,886,943 shares	120,000,000 shares	Stocks listed in Taipei Exchange

(2) Structure of shareholders

Structure of shareholders

April 12 2015; unit: share

Shareholder Quantity	Government	Financial institutions	Other institutions	Natural persons	Foreign institutions and foreigners	Total
Number	1	10	48	4,209	165	4,433
Quantity of shareholdings	14,000	1,265,764	44,409,422	19,450,788	28,973,083	94,113,057
Proportion of shareholdings	0.01%	1.34%	47.19%	20.67%	30.79%	100%

(3) Diversification of shareholdings

A. Common shares: NT\$10/share

April 12 2015

Rank of shareholdings	No. of shareholders	Quantity of shareholdings	Proportion of shareholdings
1 to 999	3,119	396,833	0.42%
1,000 to 5,000	912	1,613,527	1.71%
5,001 to 10,000	114	800,217	0.85%
10,001 to 15,000	57	678,927	0.72%
15,001 to 20,000	31	526,868	0.56%
20,001 to 30,000	43	1,050,847	1.12%
30,001 to 40,000	23	810,697	0.86%
40,001 to 50,000	13	569,023	0.60%
50,001 to 100,000	35	2,539,791	2.70%
100,001 to 200,000	25	3,656,323	3.89%
200,001 to 400,000	27	7,706,135	8.19%
400,001 to 600,000	6	2,855,869	3.03%
600,001 to 800,000	7	4,540,563	4.82%
800,001 to 1,000,000	4	3,459,765	3.68%
More than 1,000,001	17	62,907,672	66.85%
Total	4,433	94,113,057	100.00%

(4) List of dominant shareholders

April 12 2015

Shareholdings	Quantity of shareholdings	Proportion of shareholdings
Names of dominant shareholders		
Poay Investment Co.,Ltd.	7,768,031	8.25%
Duo Chin Investment Co., Ltd.	7,755,104	8.24%
Chen Ching Investment Co., Ltd.	7,216,131	7.66%
Blue Sea Aquaculture Development Co., Ltd.	6,402,883	6.80%
Chen Zong-Cheng	5,892,822	6.26%
Investment Account of Small Denomination World Funds Co. Ltd. in custody of Deutsche Bank	5,392,660	5.72%
Chang Yi Investment Co., Ltd.	2,908,437	3.09%
Macquarie Asia New Stars Fund of Macquarie Funds Management Hong Kong Limited. in custody of HSBC	2,675,712	2.84%
Gao Heng Investment Co., Ltd.	2,438,374	2.59%
Chen Lee-Lee	2,366,907	2.51%

- (5) The market price, net value, earnings and dividend per share in the last 2 years and the related information

Year			FY 2013	FY 2014	2015 to March 31, 2015 (Note 8)
Title					
Market price per share (Note 1)	Highest		200	258	316.5
	Lowest		75.8	165.5	229.5
	Average		130.42	199.34	271.14
Net value per share (Note 2)	Cum-dividend		21.76	25.52	28.04
	Ex-dividend		16.74	-(Note 9)	-(Note 10)
Earnings per share	Weighted average quantity of shares(1,000 shares)		93,619	93,952	94,113
	Earnings per share	Before adjustment	5.97	8.22	2.52
		After adjustment	5.95	-(Note 9)	-(Note 10)
Dividend per share	Cash dividend		4.8/share	-(Note 9)	-(Note 10)
	Stock dividend	From earnings	NT\$0.1/share	-(Note 9)	-(Note 10)
		From capital surplus	-	-	-(Note 10)
	Cumulative unpaid dividends (Note 4)		-	-	-(Note 10)
ROI analysis	P/E ratio (Note 5)		21.85	24.25	-(Note 10)
	P/P ratio (Note 6)		27.17	-(Note 9)	-(Note 10)
	Cash dividend yield rate (Note 7)		3.69%	-(Note 9)	-(Note 10)

Note 1: The highest, lowest and average price in each year is shown and the average market price of each year is calculated with reference to the trading value and trading volume.

Note 2: It's based on the quantity of outstanding shares at the end of the year and the decision on distribution of earnings at the Shareholders Meeting in the next year.

Note 3: If retrospective adjustment is necessary due to the release of stock dividends, the EPS before and after the adjustment shall be stated.

Note 4: If there is an issue requirement of equity securities that unpaid dividend could be accumulated to the year with earnings for distribution, the cumulated amount of unpaid dividends over the year up to current period shall be disclosed.

Note 5: P/E ratio = average price per share at closing in the current year/earnings per share.

Note 6: P/P ratio = average price per share at closing in the current year/cash dividends per share

Note 7: Cash dividend yield rate = cash dividend per share/average price per share at closing in the current year.

Note 8: Information on March 31 2015 is reviewed by certified public accountants.

Note 9: The proposal of dividends for FY 2014 has been approved by the Board of Directors on Feb 24, 2015 pending the ratification at the 2015 Shareholders Meeting. The proposal shall be resolved by the Shareholders Meeting.

Note 10: Information covers the period of less than one year.

(6) Dividend policy and implementation

The industry that the Company is in continues to evolve with many changes; the corporate lifecycle is currently in a phase of steady growth. After the confirmation of the financial statements each year, the Company shall pay the income tax and also offset losses for previous years. If after this, retained earnings remain, the Company shall set aside 10% as legal reserve and may set aside or reverse more amount as special reserve based on the law. The remaining profits are distributable earnings for the current period, being added to the accumulated retained earnings from the previous year to be equal to accumulated distributable earnings.

The earnings distribution of the Company shall be determined based on the industrial environment where the Company is in, the future business development and the needs on re-investments set forth by the Board of Directors. The proposal of earnings distribution shall be executed after it is approved by the Shareholder Meeting and shall comply with the following principles:

- A. Compensation for directors: shall not exceed 6% of the distributable earnings for the current period.
- B. Employee bonus: shall not be less than 0.1% of the distributable earnings for the current period.
- C. Shareholder dividend and bonus: shall be 50% to 100% of the accumulated distributable earnings, among which the cash dividend shall not be less than 1% of total dividends. Cash dividend may not be distributed in the event that it is less than NT\$ 0.5 per share, in which case a share dividend shall be distributed instead.

New shares or cash dividends may be paid from retained earnings on condition that the pool of reserve exceeds 25% of the paid-in capital.

Poya International had corporate earnings of NT\$772,461,637 and the cash dividends amounted to NT\$696,436,622 in FY2014. In consideration of the future business development, Poya International planned to issue 941,130 new common shares through capitalization of dividends amounted to NT\$9,411,300 for shareholders from the distributable earnings in FY 2014. Employee stock bonus is amounted to NT\$81,000,000 and the number of issued shares is calculated based on the closing price at the date one day previous to the Shareholders Meeting with the consideration of the ex-right and ex-dividend effect. Those fractional shares less than one share shall be distributed in cash. The proposal of dividends for FY 2014 has been approved by the Board of Directors on Feb 24, 2015 pending the ratification at the 2015 Shareholders Meeting. The proposal shall be resolved by the Shareholders Meeting.

- (7) The impact of stock dividend issuance resolved by the Shareholders Meeting on the business performance and EPS

The total stock dividends are 941,130 shares. The issuance of stock dividends is for the purpose of business expansion. There are positive benefits to the Company's operating performance by retaining the cash from operating earnings for new store expansion in the future. Under the expectation of stable sale growth of the Company, the dilution effect of stock dividend issuance in the current year on the EPS is limited.

The impacts of stock dividend issuance on business performance, EPS, and shareholder Return Rate are as followed:

Unit: NT\$ 1,000

Item		Year	FY 2015 (Forecast)
Beginning paid-in capital			941,131
The distribution of stock and cash dividends	Cash dividend per share		NT\$ 7.4(Note 1)
	Stock dividend per share through capitalization of earnings		0.01 share (Note 1)
	Stock dividend per share through capitalization of additional paid-in capital		0 share
The change of business performance	Operating profits		(Note 2)
	Operating profits, YOY (%)		
	Net income after tax		
	Net income after tax, YOY (%)		
	Earnings per share		
	Earnings per share, YOY (%)		
	Annual average return on investment (A reciprocal of annual average PE ratio)		
Pro Forma EPS and PE ratio	The distribution of cash dividend through capitalization of earnings	Pro Forma EPS	
		Pro Forma Annual average return on investment	
	No dividend distribution through capitalization of additional paid-in capital	Pro Forma EPS	
		Pro Forma Annual average return on investment	
	No dividend distribution through capitalization of additional paid-in capital and distribution of cash dividend through capitalization of earnings	Pro Forma EPS	
		Pro Forma Annual average return on investment	

Note 1: The cash and stocks to be distributed to each share as shareholders' bonuses mentioned above were calculated based on the total number of actual shares, which was 94,113,057 shares, outstanding on the date of resolution of earnings distributed by the Board of Directors on February 24, 2015. The cash and stocks to be distributed to each share have not yet been adopted by the 2015 Regular Shareholder Meeting.

Note 2: The Company may not disclose the 2015 financial forecast according to the provision of "Regulations Governing the Publication of Financial Forecasts of Public Companies." Therefore, there is no 2015 forecast information.

- (8) Employee bonus and remunerations to the directors and supervisors
- A. The percentage or scope of employee bonus and remunerations to the directors and supervisors as stated in the Articles of Incorporation: refer to (6) for detail.
 - B. The estimated principles of employee bonus and remunerations to the directors and supervisors, the calculation principles of share quantity of stock dividends and the accounting treatment of the discrepancy between the real and estimated amount of the employee bonus and remunerations to the directors and supervisors:
The number of issued shares of employee stock bonus for FY 2014 is calculated based on the closing price at the date one day previous to the Shareholders Meeting with the consideration of the ex-right and ex-dividend effect. Those fractional shares less than one share shall be distributed in cash. In the event of a discrepancy between the actual amount and the estimates, it will be taken as a change in estimates in accounting and the difference will be recognized as income or loss in the year of distribution.
 - C. Information on the distribution of employee bonus passed by the Board of Directors for FY2014
 - (A) The amount proposed to be released for employee bonus and remunerations to the directors and supervisors:
The amount of employee bonus is NT\$81 million.
The amount of remunerations to the directors and supervisors is NT\$4.8 million.
The actual amount of payment is congruent with the estimates for FY 2014.
 - (B) The amount of employee bonus accounts for 10.49% of the total amount of the corporate earnings in the current period and the total employee bonus.
 - (C) The estimated earnings per share after the release of the employee bonus and remunerations to the directors and shareholders is NT\$8.22.
 - D. If there is discrepancy between the distribution of employee bonus and remunerations to the directors and supervisors from the earnings of the last fiscal year (including the quantity of share distribution, the amount and stock price) and the recognized amount, the amount of and reasons for the discrepancy and the treatment shall be specified:
 - (A) The distribution of employee bonus and remunerations to the directors and the supervisors in the previous period:
The amount of employee bonus is NT\$51 million.
The number of issued shares of employee stock bonus is 276,722 which is calculated based on the closing price NT\$191 on June 9, 2014 with the consideration of the ex-right and ex-dividend effect. The issuing price is NT\$184.3 per share and the total amount of employee bonus is NT\$51 million.
The employee bonus NT\$136 which is less than one share shall be distributed in cash.
The amount of remunerations to the directors and supervisors is NT\$4.8 million
 - (B) The actual amount of employee bonus and remunerations to the directors and supervisors for FY 2013 is NT\$55.8 million. The actual amount of payment is congruent with the estimates for FY 2013.
- (9) Repurchase of Company's shares: None.

- 2. **Corporate bonds: None.**
- 3. **Preferred shares: None.**
- 4. **The issuance of overseas depository receipts: None.**
- 5. **The issuance of employee stock options: None.**
- 6. **New shares restricted to employees: None.**
- 7. **Acquisition of new shares from other companies through mergers and acquisitions or assignment: None.**
- 8. **Capital planning and implementation: None.**

V. Operating Highlights

Operating Highlights

1. The content of business

(1) Business scope:

A. Major business items:

(A) Trendy skin care and cosmetic products

There are domestically well-known brands of skin care and cosmetic items displayed over-the-counter, dermatology and cosmetology counter, and economical and practical products displayed on the open-shelf.

(B) Daily merchandise

There are daily necessities such as household items, daily utensils, shampoo, and shower gel and so on.

(C) Trendy underwear and socks

There are branded underwear displayed over-the-counter and the trendy socks for customers with different characters and preferences.

(D) Delicate and personal supplies

There are snacks, stationery, leather goods and ornaments and so on.

B. Business proportion

Currency unit: NT\$ 1,000

Major products or services	Sales in FY2014	
	Amount	Proportion (%)
Trendy skin care and cosmetic products	3,395,338	37.03
Daily merchandise	2,936,192	32.03
Trendy underwear and socks	1,211,933	13.22
Delicate and personal supplies	1,624,127	17.72
Total	9,167,590	100.00

C. Current products and services offered by the Company:

(A) Trendy skin care and cosmetic items, accessories and perfume.

(B) Branded cosmetics counter.

(C) Branded underwear counter

(D) Imported trendy leather goods and ornaments.

(E) Trendy socks, male and female underwear, headwear, scarves, handkerchiefs and other seasonal items.

(F) Household cleaning products, personal toiletries, hairdressing items, grocery goods, shampoo, shower gel, and so on.

(G) Trendy stationery and gifts.

(H) Various kinds of snacks.

(I) Daily items, grocery and home fixtures

(K) Parking space is available in some of branches.

(L) Free delivery services

D. New services in the future:

(A) Rest rooms are going to be available in some of branches.

(B) Special offer, promotional events and new products are going to be offered on the special web page of Poya Facebook.

(C) Parking services are going to be available in some of branches.

(D) New communication platform are going to be developed for real-time and multi-lateral communications with the consumers.

(2) Industry Outlook:

A. Industry outlook and prospect

The comprehensive merchandise retailing industry is for the domestic demands, in which the stores carry the products covered needs for food, clothing, living, transport, education, and entertainment. Thus, the growth of this industry in the future will be closely associated with the GDP and the consumer spending. The recent statistical figures of Taiwan in GDP and consumption in the private sector indicate that consumption in the private sector increases, correlating directly with the rise in GDP. As such, the sales of comprehensive merchandises in retailing industry also enjoy sustained growth.

2003~2014 Annual Sales of the Comprehensive Merchandise Retailing Industry

Currency unit: NT\$ million

Year	Sales	Annual growth rate
2003	689,761	4.51
2004	738,433	7.06
2005	760,511	2.99
2006	783,045	2.96
2007	816,727	4.30
2008	835,016	2.24
2009	853,228	2.18
2010	913,042	7.01
2011	973,502	6.62
2012	1,022,724	5.06
2013	1,052,399	2.90
2014	1,106,506	5.14

Source: “Business Sales Statistics” compiled by the Department of Statistics, Ministry of Economic Affairs.

The comprehensive merchandise retailing industry in Taiwan is well-developed. Currently, the consuming market has transformed from the era of “manufacturer-oriented” and “retailer-oriented” to “consumer-oriented”.

The purchasing power of customers and the consumption environment will be affected by the factors such as global economy, the trends of emphasis on high CP ratio and fair-priced trendy purchases, convenience of transport, family structure and the regional development. As the basic needs being satisfied, the living standard being improved and the consuming environment being altered, the consuming behaviors of the customers also change. As a result, more value-added services, such as efficient and convenient services, safe and comfort shopping space, better taste in lives, shall be provided by the retailers.

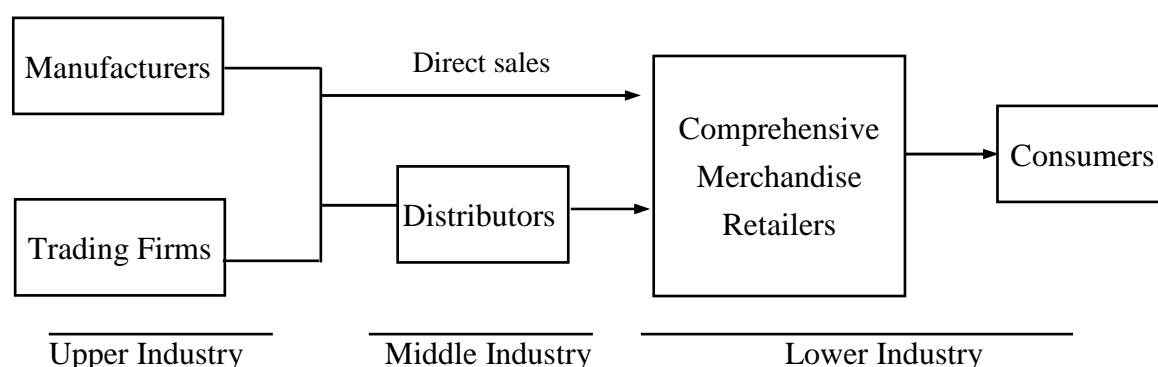
In respond to the changes in shopping types and consumption needs of the customers, the retailers currently put much emphasis not only on the basic functions of food, clothing, living, and transport, but also on the amused functions of education and entertainments. Thus, the business strategy in comprehensive merchandise retailing industry gradually focuses on differentiation and personalization instead of homogeneousness.

It is because the products carried in the comprehensive merchandise retailing industry are suitable to the public that the customers shall be restricted to the geographic regions. In order to expand market, carry out the economics of scales and avoid the risks from online shopping which makes the small retailers hard to survive, the retailers shall keep opening new stores. As such, the chain store system on operation is gradually formed.

With respect to the sales, the retailers spare no effort in store expansion, joint marketing and promotional events in order to attract customers by creating a better image and reputation, and to provide customers various services without geographical limitation by the chain stores national wide. With respect to the purchases of merchandise, it is the centralized purchases that can remain a competitive advantage of the retailer. With the large volume of purchases, the retailer can enjoy the economics of scales, enlarge the margining power with the suppliers, and lower the inventory cost effectively. As such, the trend of setting up the chain store system in comprehensive merchandise retailing industry shall be inevitable in the future.

B. The association among the upper, middle, and lower industries

The sources of merchandises sold by the Company include manufacturers, distributors, and trading firms. For reducing the purchase costs, the Company has turned to make a direct purchase from the trading firms and the manufacturers.



C. Trend of product developments

(A) Products with high CP ratio and fair-priced fashion

The change of consuming habits drives the young customers to purchase the products with high CP ratio and fair-priced fashion. Thus, the only way to attract consumers is to satisfy their needs with such products.

(B) Business development of large scale and chain store system

It is the market trend for the retailers to enlarge the scales and set up the chain store system for pursuing the economics of scales and better national brand images. More precisely, large scale and chain store system can help the Company lower its operational expenses and share the Company resources which makes the corporate management, merchandise purchase, marketing planning and development, and inventory management more competitive. Besides, it also leads to higher market shares and fast business duplication by economics of scales, better competitive abilities and brand awareness enhancement.

D. Competition of the products

Comprehensive products have the feature of homogeneousness. As there is more than one competitor selling the same kind of and the brand of comprehensive products, the Company focuses on the following factors of the products in order to attract customers:

- (A) Price: offer the prices obviously lower than other retailers'. As the high homogeneousness and substitutability of the comprehensive products, customers have lower loyalty to the specific brand and tend to purchase the products from the retailer offering lower prices.
- (B) Convenience: according to a survey conducted by the "Retail Market" magazine, insufficient time for shopping is a common problem among the consumers in advanced nations like Europe and America. Thus, the Company offers a well-designed shopping space and convenient purchase services to lower the effect of insufficient time on the customers' purchase.
- (C) Variety of products: as having insufficient time for shopping, the customers tend to make a purchase in a store with various products. Thus, one-stop shopping and other value-added services become the important factors to attract customers.

In sum, by offering the products and services with the factors above, the Company can maintain the original customers since the customers tend to purchase in the particular store they are familiar with, and broaden the customer base.

On the other hand, the service quality is also an important factor to determine whether the customer makes a purchase in the store, which includes how the store personnel understand the products, whether the personnel can offer the consultant services and after-sale services of the products and interact properly with the customers. Conceiving with the mission of "Best Services and Customer Orientation", Poya offers perfect products and services to our customers.

(3) Technologies and R&D:

A. Expenses of introduction of the electronic application system

Currency unit: NT\$ 1,000

Item	Year	FY2014
Expenses of the electronic application system		20,095
Net sales		9,167,590
Proportion to net sales		0.22%

B. Future plan and estimated expenses of R&D

This year, a local backup system will be established in the computer center in Tainan. This backup system operates instantaneously and synchronously to lower the effect caused by the crash of equipments, by which the branches and the suppliers can make use of the information system uninterruptedly.

The establishment of local backup system will be completed before June, 2015. The estimated expenses is NT\$10 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Factors affecting the success of R&D
Local backup system	Under construction	NT\$10 million	June 2015	Daily arrangement of switching test

As the establishment of local backup system complete, the risk will be centralized in the computer room in Tainan. Thus, the establishment of remote backup system is necessary. Owing to the higher expenses of daily computer room and moth rental

internet services which are rarely used ordinarily, the cloud services become an alternative. Currently, the cloud services are well-developed offered by each supplier and are more economical since the service fee is calculated based on the internet usage. Besides, the flexibility of the cloud services is suitable to act as the solution of satisfying the temporary high demands of internet usage resulting from the marketing activities for smart phone APP.

The assessment will be completed before December, 2015. The expenses will change based on the services and internet usage.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Factors affecting the success of R&D
Cloud services and remote backup system	Preliminary assessment and planning	Based on the internet usage	December 2015	Detailed process planning and routine exercise

(4) Business development plan in the short and long terms:

A. Short-term plan

(A) Marketing strategy

- (a) Make an effective integration of latest market information and customer consuming trends in order to select the potential products for intensified promotion:

Products are the core factor of business operation in retailing industry. The precise views on product selection can stimulate sales to reach a high peak. Put emphasis on and raise intensified promotion for those products popular in the market and likely purchased by the customers, the Company can have higher return on investment and multiple effect of sale achievement.

- (b) Highlight the selling points and features of the merchandises in order to raise sales:

Investigate into the selling points and features of the potential merchandises and make promotion to the customers through vivid and concise pictures and texts on DM, promotional materials at the stores and Facebook. It helps to catch more attention of the customers, trigger their potential demands and lead to sale growth.

- (c) Strengthen the product knowledge of the store personnel in order to develop a professional and amiable brand image of Poya:

Fortify the product knowledge of the store personnel through SOP and the complete education program and make sure that the store personnel can make a detailed introduction and product recommendation whenever the customers have any question about the merchandises in order to develop a professional and amiable brand image of Poya

- (d) Optimize the music in the stores in order to provide the relaxed and leisurely shopping environment to the customers:

Avoid noisy broadcasting and peddling merchandises in the stores. Poya provides the customers with the shopping environment with lively and relaxed music. Inadvertently, customers will stroll around in the stores and stay for much longer time than that they previously anticipated, which can increase the probability of more purchases.

- (e) Put emphasis on the customers' demands and increase customer satisfaction:

Collect customers' opinions through various channel such as Facebook, questionnaires, 0800, customer surveys conducted by the branches, internal corporate connection and customer reviews. After understanding the customers' demands, the related program will be stipulated and be executed thoroughly in order to increase customer satisfaction.

- (f) Focus on the membership management in order to maintain member loyalty:

- i. Offer exclusive promotional activities for the members based on the features of the member consuming behaviors. By enabling the store personnel to be familiar with the member activities and to execute the skill of speech, the member participation in the activities will be effectively enhanced and the bonds between the members and Poya will be strengthened.
 - ii. Conduct an analysis based on the membership databases at regular intervals in order to stipulate membership management plan and maintain the loyalty of the members.
- (g) Promote the activities of co-branded card in order to maintain the card holders:
Actively cooperate with the banks the issuer of the co-branded card and held various promotional activities which are advertised in DM/promotional materials in the stores to attract the card holders to make continued purchases in the stores. By sharing the resources with each other, the value to card holders will be maximized and the relationship with the card holders will be maintained effectively.
- (h) Investigate into the competition of the industry instantaneously in order to react properly and create opportunity successfully:
Stipulate proper strategy in time based on the latest strategy of the competitors which are monitored by the investigation system of competitors, also with the consideration of the market trend and Poya's niche to effectively take the opportunity.
- (B) Policy of product development
 - (a) Take advantage of the investigation system in national competitive market by region to maintain the competitive edge in pricing at any time and keep the niche of being the first prize in the same industry by region.
 - (b) Stipulate distinct development strategies and promotional programs based on the product characteristics, customers' demands and appeals to product differentiation in order to fortify Poya's ability of attracting customers and the differentiating from the competitors.
 - (c) Expand the variety of products based on the existing product categories in order to provide customers more choices and satisfy customers' various demands.
 - (d) Stabilize the sources of merchandises purchased from foreign suppliers, maintain the bargaining power of purchase, track the market trend instantaneously and pay attention to the new products by appointing the purchasing team to go abroad for product development periodically in order to satisfy customers' various demands.
- (C) Scale of business operation
 - (a) Raise the market shares by store expansion.
 - (b) Supervise business operation and improve the extraordinary situation at once through the collection and analysis of computer operating system; simplify and automate the operation for higher working efficiency through IT management.
 - (c) Reinforce the product portfolio and the flexibility of the marketing strategy in order to achieve better operating performance.
 - (d) Focus on the human resources and stipulate the education and training program in which the centralized training model is adopted to cultivate proper managerial personnel for business expansion in the future.
 - (e) Make much effort in new type of operation and various developments in order to maintain the high growth rate of profits.
- (D) Financial strategy
The main objective of the financial planning is to strictly monitor the overall cash flow in order to meet the capital needs for store expansion in the future.

B. Long-term plan

(A) Marketing strategy

(a) Alter the market position for projecting a brand image of high quality:

- i. Alter the market position from providing young and trendy products/services to offering high quality products/services

Cultivate a brand image of high quality and fashion through the development of products, the optimization of service quality, the adjustment of DM design and arrangement of atmospheric materials in the stores.

- ii. Enhance the brand awareness through mass media

Cooperate with the advertising firms to promote the brand image of Poya which actively expands its stores to national wide. By taking the advantage of the mass media, Poya can attract the existing customers to visit the stores more frequently and also catch more attention of the potential customers.

(b) Develop a new communication platform for real-time and various interactions with the customers:

- i. The APP platform:

The APP platform has been launched last year. Through the portable APP platform, Poya can pass the message such as latest marketing activities, DM, best-selling products to the customers instantaneously and interactively. Besides, adding the practical functions to the APP platform effectively increases the use frequency of the customers.

- ii. The Fan Group of Facebook:

➤ Take advantage of the dissemination effect of FB connection and make demonstration articles or videos of the featured products by popular bloggers and models in order to create topicality and promotional effects.

➤ Offer the messages like promotional activities, best-selling products, market trend on the Fan Group managed by the professional FB marketing personnel, make effective communication with fans, held activities by connecting the resources of the suppliers in order to stimulate visits, raise popularity of Poya Fan Group and increase the fans number.

(c) Continually improve the customer analysis system for the maximum of marketing effectiveness:

- i. Investigate into and distinguish the customers based on the consuming behaviors and features to improve the analysis system.
- ii. Offer exclusive promotional activities designed according to the consuming type of the customer to utilize the marketing resources accurately and create the greatest value.
- iii. Concentrate the resources on the core group of customers to maximize the marketing effectiveness.

(B) Policy of product development

(a) Enhance the depth of product category management:

Enhance the depth of product category management and complete the product line to satisfy the customers' various demands and create consumption opportunity in different areas.

(b) Reinforce the brand image of high quality:

Extend the breadth and depth of the product line according to the nature of different products and develop various merchandises of aesthetic medicine to enhance the promotional effects and create the brand image.

(c) Introduce the program of product display in different type of stores:

Arrange the product display according to the type of different stores and

enhance the liquidity of the products to make the purchase and return of the products more efficiently.

(C) Scale of operations

(a) Continually expand operating scale and root in Taiwan market.

(b) Establish an effective training system and execute the performance evaluation system which focuses on the competence of the employee to improve the quality of human resources and create a better operating performance.

(D) Financial strategy

The main financial strategies are to stipulate a stable financial policy to support the Company's operation, enhance the function of financial forecast and control, set up the capital plan based on the overall operation, the purchase, the marketing and the store expansion plan for the future and make a complete assessment report of the capital sources, execution and the benefits after execution

2. Market and sale overview

(1) Market analysis:

A. Sales of the major products and services by region and the market shares:

(A) Sales of the major products by region:

Poya is a comprehensive merchandise retailer in the lower industry. Our major customers are normal consumers and the companies in Taiwan. Currently, Poya is only engaged in domestic market. The sales of major products by region in the last 3 years are shown in the table below:

Currency unit: NT\$ 1,000

Region \ Year		FY2012		FY2013		FY2014	
		Amount	%	Amount	%	Amount	%
Domestic market	North	1,340,691	26.0	2,060,582	28.4	2,662,723	29.1
	Central	1,648,558	29.0	2,057,304	28.4	2,624,837	28.6
	South	1,821,579	21.7	1,481,715	20.4	1,813,714	19.8
	Kaohsiung and Pingtung	1,461,987	23.3	1,649,858	22.8	2,066,316	22.5
Total		6,272,815	100.0	7,249,459	100.0	9,167,590	100.0

(B) Market shares

The sales in FY2012, FY 2013 and FY 2014 are NT\$6,273 million, NT\$7,249 million and NT\$9,168 million respectively. The market shares are 4.12%, 4.61% and 5.45% in the last 3 years, among the other comprehensive stores of the national comprehensive merchandise retailing industry.

Annual Sales and Growth Rate of the Other Comprehensive Stores

Currency unit: NT\$ million; %

Industry \ Year	FY2010	FY2011	FY2012	FY2013	FY2014
Department store	251,113	270,186	279,986	288,636	306,136
Growth rate	8.27	7.60	3.63	3.09	6.06
Supermarket	133,577	143,398	151,885	158,748	167,218
Growth rate	5.32	7.35	5.92	4.52	5.34
Convenience store	230,456	245,985	267,700	276,056	289,170
Growth rate	8.67	6.74	8.83	3.12	4.75
Hypermarket	156,366	166,539	170,743	171,557	175,824
Growth rate	5.82	6.51	2.52	0.48	2.49
Other	141,529	147,394	152,410	157,403	168,158
Growth rate	5.12	4.14	3.40	3.28	6.83
Other Comprehensive Store	913,042	973,502	1,022,724	1,052,399	1,106,506
Growth rate	7.01	6.62	5.06	2.90	5.14

Source: "Statistics of Commercial Sales", compiled by the Department of Statistics, Ministry of Economic Affairs.

B. The supply and demand in the market and the future growth:

Poya adopts the chain store system on selling delicate daily merchandises. The niche products are trendy skin care and cosmetic products, and delicate personal suppliers. It is the focus on these two categories of products and comfortable shopping space that Poya can be differentiated from the hypermarkets, supermarkets, convenience stores, pharmacies and drug stores and can be one of the independent categories in the retailing industry. Because of offering delicate, trendy, various and personalized products, creating and leading the market trend, and enhancing the marketing strategy and the product mix, Poya targets its main customers to be the young and the female aged between 15-49, whose consuming abilities are raising as there are more and more female employees in recent years. As such, the consuming market will grow stably in the future.

The products sold by Poya can be separated into four categories, including trendy skin care and cosmetic products, daily merchandises, trendy underwear and socks, and delicate and personal supplies. By the end of April 2015, there are 112 stores national wide and Poya still expands its new stores gradually. Compared to the direct competitors, Poya has the leading position in the industry.

C. Competitive edge:

Location searching is one of the key factors leading to the success, so is the store upgrading ability. By remodeling the stores, Poya can offer the customers a comfortable shopping environment. Unlike the hypermarket and the department store constructing the building on its land or rental land, Poya takes full advantages of store rental in order to effectively decrease the operational expenses and capital costs. Whenever opening a new store, Poya will previously make a detailed assessment and planning of the business community in which the store is located, the market analysis, the product mix, the personal training and the target market. As such, Poya can attract target customers, create considerable sales and maintain the leading position in the market.

Poya introduces the POS system, business smart decision-making system, and electronic procurement module to collect the sale data from each store which shall be analyzed instantaneously as a report. Such report can help the management understand the market trends and the consumer behavior s, and help to control the products and the inventories. Thus, Poya can stipulate proper price strategy, with flexible product operation and marketing system in order to attract target customers, create considerable profits and enhance the market competitive abilities.

D. Favorable and unfavorable factors of further development and the response to each issue:

(A)Favorable factors:

(a) Continued growth of market size in comprehensive merchandise retailing industry.

(b) Instantaneous information system

Both business smart decision-making system and the complete POS system are the key factors that Poya can collect the sale data from each store in time.

(c) Effective marketing strategy and better product development

Poya has long been conceived with the principle of “Close to daily lives and satisfy the needs”, and the mission of “follow the market trend and satisfy the customers with various choices”. Poya expects itself as the retailer creating and leading the trend and satisfying the customers’ demands by offering various trendy, personalized, and delicate products. Also with the flexible promotional system and effective marketing strategy, Poya can control the products in time and stipulate proper price strategy in order to meet the customers’ demands on delicate, trendy, fair-priced products.

(d) Effective inventory management

Poya is a comprehensive merchandise retailer offering various products and daily goods. The major inventories are displayed on the shelves in each store. In order to make effective management, Poya establishes various indicators for inventory control such as inventory turnover rate, ratio of purchases to sales, sale ranking of products. Also with the complete purchase-sale inventory control system, information system of operation management and marketing strategy, Poya can effectively control the inventories. Recently, Poya has introduced the centralized logistic center in order to achieve the goal of much lower inventory level.

(e). Excellent operation performance

Poya was ranked at the 196th place among the top 1000 national enterprises in the service sector in 2014 according to the survey conducted by the Common Wealth Magazine. This award signifies the better operation performance, the stable and long-term relationship with the suppliers, operation under the economics of scales and strong bargaining power to lower the cost and increase the competitive abilities.

(B) Unfavorable factors and the responses to each issue:

Unfavorable factors	Responses
Conservative consuming behaviors result from the stress of inflation worldwide, though the real income increase slightly.	Offer the comfortable shopping environment with effective product display to trigger the purchase; develop private brand and exclusive-selling products to fortify the product competitiveness; establish the leading brand of luxury, fair-price, color, beauty and trendy.
Severe competition in the comprehensive merchandise retailing industry	<ol style="list-style-type: none"> 1. Establish complete managerial system and control the product trend effectively to respond to the market change. The division involved includes the purchases of merchandises, marketing and planning, store management and analysis of operating information. 2. Enhance the education and training of employees to improve the service quality and attract the talents to stay in the Company. 3. Adjust product mix and enhance the product sell-points based on the natures of customers in different community to satisfy their needs exactly and increase the profits.
Blurred boundary of the competition between different industries	<ol style="list-style-type: none"> 1. Focus on the customer orientation, stipulate flexible marketing strategy and establish promotional system to satisfy the customers' demands and maintain the freshness and liquidity of the products. 2. Offer various and trendy products to attract public consumption and broaden the customer base.
Impact of supermarket and online shopping on the existed retailer	<ol style="list-style-type: none"> 1. Expand the stores continually and develop the potential community actively to increase the market shares and enlarge the economics of scales. 2. Take advantages of the economics of scales and utilize the bargaining power to lower the cost.

(2) Purposes of the major products and the production process:

Major products	Purpose
Trendy skin care and cosmetic products	There are well-known brands of cosmetics displayed over-the-counter, such as Shiseido and Kose; various cosmetics, skin-care products, and merchandises of aesthetic medicine.
Trendy underwear and socks	There are high-quality underwear and socks from domestic and international suppliers, such as underwear for young ladies and socks for men and women.
Daily merchandise	There are daily necessities, groceries and household fixtures/bedding/pillow.
Delicate and personal supplies	There are leather goods, suit cases, ornaments, toys and stationery.

Poya is a comprehensive merchandise retailer in the lower industry. The products sold by Poya are purchased from the suppliers such as the manufacturers or distributors. As such, there is no production process.

(3) The supply of key materials:

The products sold by Poya are purchased from the manufacturers, distributors or trading firms. Because of the increasing store number and growing operating sales, Poya has the advantages of decentralized purchases and making price negotiation among various suppliers. As such, Poya can effectively decrease the purchase cost and stabilize the supply of merchandises.

(4) If any customer in any of the previous two years with purchase (sales) amount exceeding 10% of the total purchase (sales), the name, amount and proportion to total purchase (sales) shall be specified, so shall the reasons for any change if applicable:

Poya is a comprehensive merchandise retailer. There is no customer in any of the previous two years with purchase (sales) amount exceeding 10% of the total purchase (sales). Therefore, no disclosure is necessary.

(5) Production value and volume in the last 2 years:

Poya is a comprehensive merchandise retailer and does not manufacture any of the products it carries. Production value and volume are not applicable.

(6) Sales value and volume in the last 2 years:

As being a comprehensive merchandise retailer, it's hard to make a statistical quantitative analysis because of the complicated product categories and the inconsistent unit of product quantity. The sales by several product categories are shown in the table below:

Currency unit: NT\$ 1,000

Sales Major products	Year	FY2013				FY2014			
		Domestic sales		Exports		Domestic sales		Exports	
		Amount	%	Amount	%	Amount	%	Amount	%
Trendy skin care and cosmetic products		2,714,959	37.45	-	-	3,395,338	37.03	-	-
Trendy underwear and socks		983,087	13.56	-	-	1,211,933	13.22	-	-
Daily merchandise		2,318,752	31.99	-	-	2,936,192	32.03	-	-
Delicate and personal supplies		1,232,659	17.00	-	-	1,624,127	17.72	-	-
Total		7,249,459	100.00	-	-	9,167,590	100.00	-	-

Note: Poya is not engaged in exports. No export information is available.

3. In the last two years as of the date this report was printed, the number of employees, average working period, average age and education are shown in the table below:

Year		FY 2013	FY2014	FY 2015 as of the date this report was printed
Number of employees	Sales personnel	2,633	3,174	3,358
	Managerial personnel	221	230	228
	Total (Note)	2,854	3,404	3,586
Average age		28.26	28.16	28.00
Average working period		2.74	2.55	2.55
Education	PhD	0%	0%	0%
	Masters	1.18%	0.85%	1%
	Bachelors	71.62%	73.18%	73.34%
	Senior high school	26.17%	25.09%	24.76%
	Below senior high school	1.03%	0.88%	0.89%

Note: the employees who departed on December 31 were excluded.

4. Information on the expenditures for environmental protection

Specify the amount of losses and penalty result from environmental pollution in the recent years as of the date this report was printed, if applicable. The responses and the estimated expenditure in the future shall also be disclosed:

In the recent years as of the date this report was printed, there is no matter that the Company suffered any loss or penalty result from environmental pollution. According to the feature of the industry the Company is in, the Company is not affected by the RoHS regulations

5. Labor-Management Relationship

- (1) The systems of employee welfare, further education, training, retirement and the implementation of the systems, the agreement between the labors and the management ,and the protection of the rights of the employees:

A. Policy of employee welfare:

- (A) Labor insurance, national health insurance and group insurance.
- (B) Employee bonus
- (C) Bonus of operating performance
- (D) Year-end bonus
- (E) Matrimonial gifts
- (F) Subsidy for hospitalization
- (G) Sponsorship for Spring Festival banquet
- (H) Subsidy for funerals
- (I) Subsidy for parties
- (J) Birthday gift coupon
- (K) Festival gift coupon, such as Mid-Autumn Festival, Dragon Boat Festival and Spring Festival
- (L) Health examination
- (M) Free dormitory for dispatched personnel

B. Further education and training for the employees:

Further education and training

Poya puts emphasis on the cultivation and training of talents. In addition to routine trainings, Poya provides extra E-Learning platform for the employees to receive complete and real-time learning and training. Besides, there is an evaluation system complied with the overall operating goals. It helps the employees, under the perquisite of achieving

Company's targets, to emphasize on self-learning, raise working abilities and make personal career planning.

Poya has an increasing demand on human resources as there are more and more new stores opened in the middle and long-term development plan. As such, Poya establishes complete and standardized training system which focuses on the master-apprentice model, and the internal lecturer system to provide better learning environment and platforms. We hope to assist the personnel to finish the training in the short period and to well-perform on their work for getting job promotion. It creates win-win situation.

The training program for internal personnel is described below:

- (A) OJT training for new employees – the general manager will give a lecture on the Company's history, organization and corporate culture in the first stage which helps the employees to get accustomed to the environment quickly. In the second stage, a review of practical works will be made in the stores to ensure that the employees can get familiar with the basic operation of their work.
- (B) Instructor training – the training of proper ways of job instruction and guidance will be given and the operating skills, knowledge and managerial experience will be shared to the new employees in order to helps them get accustomed to the environment quickly and cultivate the managerial personnel at basic level.
- (C) Evaluation of promotion to section manager: the evaluation system of practical work. The personnel will be assessed in a group in batches and will get promotion as passing the evaluation.
- (D) Business management training – There are two stages: the general manager will give a lecture on business management; the senior store manger will also be invited to act as internal lecturer to share the experience of store management. It helps to improve the managerial abilities of the trainees for being a deputy store manager
- (E) Evaluation of promotion to deputy store manager: the evaluation system of practical work. The personnel will be assessed in a group in batches and will get promotion as passing the evaluation.
- (F) Practical training for store manager candidates: The Class-A store will be arranged for the training and the senior improved manager will be appointed to act as the coach. Through practical operation in the store, the trainees can engage in benchmark learning of proper management skills. This training helps to improve the trainees' abilities of utilizing financial reports and problem-solving and also helps to cultivate qualified store managers.

Training in 2014 and the results:

Subject	Number of Classes	Total participants	Total hours	Total expenses (NT\$)
Basic training	25	1,138	7,966	1,655,550
Managerial training	30	619	4,333	
Evaluation of job promotion	25	400	2,800	

C. Retirement system and the implementation:

Poya adopts both the old and new systems of retirement. The Labor Retirement Regulation has been established under the old system, governed by the Labor Standards Act. After the actuarial estimation, 2% of the total monthly salaries will be allocated as reserve for the pension fund deposited at a designated account at the Bank of Taiwan (previously at Central Trust of China). The calculation of pension payment is based on the Labor Retirement Regulations and will be disbursed accordingly. Employees who elect to go with the new retirement system will have 6% of their respective monthly salaries allocated to their personal pension accounts monthly as required by the Statute for Labor Pension.

D. Ethical Corporate Management Best Practice Principle and Codes of Ethical Conducts:

Ethical Corporate Management Best Practice Principle

- Article 1 In order to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices, the Company hereby enacts these Principles according to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.”
- These Principles are applicable to its business groups and organizations of such the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such Company ("business group").
- Article 2 When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.
- Article 3 "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5 The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
- Article 6 In order to implement ethical management policy, the Company shall enact “Procedures for Ethical Management and Guidelines for Conduct” and shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs").
- The enactment of “Procedures for Ethical Management and Guidelines for Conduct” in the preceding paragraph shall comply with relevant laws and regulations of the territory where the Company and their business group are operating.
- Article 7 When establishing the prevention programs, the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.
- The prevention programs adopted by the Company shall at least include preventive measures against the following:
1. Offering and acceptance of bribes.
 2. Illegal political donations.
 3. Improper charitable donations or sponsorship.
 4. Offering or acceptance of unreasonable presents or hospitality, or other improper

benefits.

5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 The board of directors and the management of the Company shall actively achieve the commitment on implementation of the ethical corporate management policies, and shall thoroughly carry out the policies in internal management and in commercial activities.

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 When conducting business, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information

about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company assigns Audit Division for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The Audit Division shall report to the board of directors on a regular basis.

Article 18 The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business

Article 19 When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal, and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21 The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.

5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Article 23 If there is any violation of these Procedures, the personnel of the Company shall actively report to the board of directors, Audit Committee, internal audit manager or other managers. The Company shall keep secret about the identity of whistle-blowers and the content of reported cases.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24 If any person of the Company violates the ethical corporate management rules, the Company shall give punishments according to relative rules and regulation based on its violation and shall immediately disclose on the Company's internal website the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their Company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 These Principles shall be implemented after the discussion of the Audit Committee and the approval of the board of directors, and shall be submitted to the Shareholder Meeting. The same procedure shall be followed when the principles have been amended.

For the Company that has appointed any independent director, when the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of

directors meeting.

- Article 28 This Principle was enacted on October 27, 2014. The first amendment was made on February 24, 2015, which was approved by the board of directors.

Codes of Ethical Conduct

- Article 1 Purpose of and Basis for Adoption

For the purpose of encouraging the directors and the managerial officers of the Company to act in line with ethical standards, and helping the interested parties of the Company better understand ethical standards, the Company shall enact a code of ethical conduct with reference to “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies”, and shall abide by such a code of ethical conduct.

- Article 2 Objects of Application

The Code is applicable to the directors and the managerial officers of the Company, including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company.

- Article 3 Content of the Code

1. Prevention of Conflicts of Interest

The directors or managerial officers of the Company shall perform their duties in an objective and efficient manner, and shall avoid any improper benefit obtained by taking advantage of their position in the Company either for themselves or for their spouse, parents, children, or relatives within the second degree of kinship. The directors and managerial officers of the Company shall voluntarily explain whether there is any potential conflict between them and the Company when the Company makes loans of funds or provisions of guarantees, major asset transactions or the purchases (or sale) of goods involving the affiliated enterprise at which a director or managerial officer mentioned above work.

2. Minimizing Incentives to Pursue Personal Gain

The Company shall prevent its directors or managerial officers from engaging in any of the following activities:

- (1) Seeking an opportunity to pursue personal gain by using Company’s property or information, or taking advantage of their positions.
- (2) Obtaining personal gain by using Company’s property or information, or taking advantage of their positions.
- (3) Competing with the Company.

When the Company has an opportunity for profits, it is the responsibility of the directors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

3. Confidentiality

The directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by laws to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damages to the Company or its suppliers and customers.

4. Fair Trades

The directors and managerial officers of the Company shall fairly treat all suppliers and customers, competitors, and employees of the Company, and may not obtain improper benefits obtained through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of

important matters, or through other unfair trading practices.

5. Safeguarding and Proper Use of Company Assets

All directors and managerial officers have the responsibility to safeguard the Company's assets and to ensure that those assets can be effectively and lawfully used for official business purposes. Any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

6. Legal Compliance

The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

7. Encouraging Reporting on Any Illegal or Unethical Activity

The Company shall raise awareness of ethics internally and encourage employees to report to the Board of Directors, a managerial officer, the chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company shall manage the case confidentially and let the employees aware that the Company will use its best efforts to ensure the safety of informants.

8. Disciplinary Measures

When a director, or managerial officer of the Company violates the code of ethical conduct, the Company shall, after investigation, handle the matter according to related regulations and shall promptly disclose on the Market Observation Post System (MOPS) the name and title of the violator, the date of the violation, reasons for the violation, provisions of the code violated, and the disciplinary actions taken.

If the director or managerial officer who shall be punished because of violation of the code does not accept the disciplinary actions, the director or managerial officer may appeal against the judgments based on related regulations.

Article 4 Procedures for exemption

If there is necessary for any exemption for directors or managerial officers from compliance with the code, the application of the exemption shall be adopted by a resolution of the Board of Directors. That information on the date on which the Board of Directors adopted the resolution for exemption, and the objection or reservation raised by the independent directors, and the period of, reasons for, and principles behind the application of the exemption shall also be disclosed without delay on the MOPS in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the code. It is to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 5 Method of disclosure

The code of ethical conduct and any amendments to it shall be disclosed on the Company's website, in the Company's annual reports and prospectuses, and on the MOPS.

Article 6 Enforcement

The code of ethical conduct and any amendments to it shall enter into force after it has been adopted by the Board of Directors, delivered to each supervisor, and submitted to a shareholders meeting.

Article 7 The code of ethical conduct was enacted on October 27, 2014. The first amendment was made on March 23, 2015.

E. Protection of work environment and labor safety

(A) Labor insurance and national health insurance

All employees are protected by labor insurance and national health insurance as required by law, and are entitled to insurance benefits. Employees are also entitled to benefits for maternity, injury, sickness, disability, aging and death under the “Labor Insurance Statue” and the “National Health Insurance Act” from Labor Insurance Bureau and National Health Insurance Bureau facilitated by Poya International.

(B) Safety and health

Poya International complies with the rules and regulations governing labor safety and health by providing a healthy and safe environment, preventing occupational hazards and injuries, and protecting the health and safety of the employees.

(C) Health concern and management

Physical examination is arranged for all employees once a year for maintaining their physical health.

(D) Safety and hygiene at employee accommodations

For the preservation of safety, tidiness and hygiene at the accommodation provided by Poya International, the Office of General manager appoints the designated personnel to the employee accommodations across the province to conduct inspections. The scope of inspection covers the public area, home appliance safety, water heating facilities and fire prevention equipment for the safety and health of the employee accommodations.

(E) Maintenance and inspection of all facilities

All branches and the corporate headquarters shall hold fire safety inspection regularly to maintain reliability and safety of all equipment.

- (2) In the recent years as of the date this report was printed, disclose the estimate amount of the losses and the responses result from labor dispute in the current period and in the future, if applicable: None.

6. Important Agreements:

As of the date this report was printed

Nature of agreement	Contracting Party	Perpetuity of the agreement	The content	Restriction clause
Lease Agreement on Housing	A001~A112	2002.12.01~2034.06.25	Average monthly rent of NT\$ 465,000 payable once a month.	No
Loan Agreement	Land Bank of Taiwan	2013.11.25-2016.11.25	Draw down of NT\$ 50 million	No
Loan Agreement	Land Bank of Taiwan	2014.08.18-2017.08.18	Draw down of NT\$ 20 million	No
Loan Agreement	Chang Hwa Bank	2012.08.22-2015.08.22	Draw down of NT\$10 million	No
Loan Agreement	Chang Hwa Bank	2012.08.22-2015.08.22	Draw down of NT\$40 million	No
Loan Agreement	Chang Hwa Bank	2012.11.30-2015.11.30	Draw down of NT\$20 million	No
Loan Agreement	Hua Nan Bank	2014.07.01-2017.07.01	Draw down of NT\$80 million	No
Loan Agreement	Hua Nan Bank	2012.12.25-2015.12.25	Draw down of NT\$60 million	No
Loan Agreement	Industrial Bank of Taiwan	2013.09.16-2016.09.15	Draw down of NT\$80 million	No
Loan Agreement	Industrial Bank of Taiwan	2013.10.17-2016.09.15	Draw down of NT\$20 million	No
Loan Agreement	First Commercial Bank	2013.08.20-2016.08.20	Draw down of NT\$60 million	No
Loan Agreement	China Trust Commercial Bank	2013.08.20-2016.08.20	Draw down of NT\$100 million	No
Loan Agreement	China Trust Commercial Bank	2014.08.18-2016.08.20	Draw down of NT\$70 million	No
Loan Agreement	E-Sun Bank	2013.08.20-2016.08.20	Draw down of NT\$100 million	No
Loan Agreement	E-Sun Bank	2013.10.17-2016.10.17	Draw down of NT\$20 million	No
Loan Agreement	Chang Hwa Bank	2014.05.27-2017.05.26	Draw down of NT\$10 million	No
Loan Agreement	Chang Hwa Bank	2014.08.18-2017.05.26	Draw down of NT\$20 million	No
Loan Agreement	Chang Hwa Bank	2014.12.18-2017.05.26	Draw down of NT\$30 million	No

VI. Financial Information

Financial Information

1. Condensed balance sheets and consolidated income statements in the last five years

(1) Condensed balance sheet and consolidated income statement

A. Condensed balance sheet - IFRS

Currency unit: NT\$ 1,000

Year		Financial information from January 1 2010 to March 31 2015 (Note 1)					
		2010	2011	2012	2013	2014	Financial information in 2015 to March 31(Note 2)
Title		2010	2011	2012	2013	2014	Financial information in 2015 to March 31(Note 2)
Current assets		N/A	N/A	2,106,197	2,460,171	3,195,555	3,178,043
Real estate, plants, and equipments				885,032	1,299,689	1,407,485	1,388,372
Intangible assets				-	-	-	-
Other assets				256,713	238,516	287,947	275,594
Total assets				3,247,942	3,998,376	4,890,987	4,842,009
Current liabilities	Cum-dividend			1,316,544	1,716,819	2,283,457	2,053,572
	Ex-dividend			1,692,214	2,162,773	(Note 4)	(Note 5)
Non-current liabilities				137,720	260,261	205,432	149,325
Total liabilities	Cum-dividend			1,454,264	1,977,080	2,488,889	2,202,897
	Ex-dividend (Note3)			1,829,934	2,423,034	(Note 4)	(Note 5)
Shareholders' equity attributable to parent				-	-	-	-
Capital stock				916,267	929,073	941,131	941,131
Capital surplus				309,961	346,318	394,551	394,551
Retained earnings	Cum-dividend			567,450	745,905	1,066,416	1,303,430
	Ex-dividend (Note3)			191,780	299,951	(Note 4)	(Note 5)
Other equities				-	-	-	-
Treasury stocks				-	-	-	-
Uncontrolled equities				-	-	-	-
Total equity	Cum-dividend			1,793,678	2,021,296	2,402,098	2,639,112
	Ex-dividend (Note3)			1,418,008	1,575,342	(Note 4)	(Note 5)

Note 1: Poya International adopted the International Financial Reporting Standard (IFRS) since January 1 2013 in accounting. Inasmuch as the insufficiency of data covering a period of 5 years, the statement (II) below was prepared in accordance with the Statement of Financial Accounting (SFAS) of the ROC.

Note 2: The financial information as of March 31 2015 was reviewed by CPA.

Note 3: The figures of ex-dividend were based on the resolution of the Shareholder Meeting in subsequent fiscal period

Note 4: The distribution proposal has not been passed by the Shareholders Meeting in 2015.

Note 5: This period is not a complete fiscal period and the data on distribution were skipped.

B. Consolidated income statement -IFRS

Currency unit: NT\$ 1,000

Title \ Year	Financial information from Januray 1 2010 to March 31 2015 (Note 1)					
	2010	2011	2012	2013	2014	Financial information in 2015 to March 31 (Note 2)
Revenue			6,272,815	7,249,459	9,167,590	2,514,564
Gross profits			2,366,397	2,875,194	3,710,770	1,056,143
Operating income			448,914	596,645	894,893	291,002
Non-operating incomes and expenses			64,834	77,686	42,139	4,383
EBT			513,748	674,331	937,032	295,385
Net profit in segments of continued operation			426,171	558,852	772,462	237,014
Loss incurred from discontinued operation			-	-	-	-
Corporate earnings (loss) in current period			426,171	558,852	772,462	237,014
Other consolidated income in current period (after taxation)	N/A	N/A	(5,145)	4,436	3,294	-
Total consolidated income in current period			421,026	563,288	775,756	237,014
Earnings attributable to owners of parent			-	-	-	-
Earnings attributable to uncontrolled equity			-	-	-	-
Total consolidated income attributable to owners of parent			-	-	-	-
Total consolidated income attributable to uncontrolled equity			-	-	-	-
EPS			4.62	5.97	8.22	2.52

Note 1: Poya International adopted the Internationals Financial Reporting Standard (IFRS) since January 1 2013 in accounting. Inasmuch as the insufficiency of data covering a period of 5 years, the statement (II) below was prepared in accordance with the Statement of Financial Accounting (SFAS) of the ROC.

Note 2: The financial information as of March 31 2015 was reviewed by CPA.

(2) Condensed balance sheet and income statement -SFAS

A. Condensed balance sheet -SFAS

Currency unit: NT\$ 1,000

Year Title		Financial information from January 1 2010 to December 31 2014				
		2010	2011	2012	2013	2014
Current assets		\$1,936,237	\$1,999,275	\$2,124,556	N/A	N/A
Funds and long-term investments		-	-	-		
Fixed assets		861,529	886,128	885,032		
Other assets		149,178	157,872	246,013		
Total assets		2,946,944	3,043,275	3,255,601		
Current liabilities	Cum-dividend	1,259,337	1,240,540	1,286,744		
	Ex-dividend (Note 1)	1,506,602	1,536,024	1,662,414		
Long-term liabilities		125,044	122,099	118,489		
Other liabilities		2,558	3,540	4,516		
Total liabilities	Cum-dividend	1,386,939	1,366,179	1,409,749		
	Ex-dividend (Note 1)	1,634,204	1,661,663	1,785,419		
Capital stock		883,090	900,867	916,267		
Capital surplus		266,305	285,357	309,961		
Unrealized gains of financial assets		-	-	-		
Cumulative conversion adjustment		-	-	-		
Net loss from unrecognized pension cost		-	-	-		
Retained earnings	Cum-dividend	410,610	490,872	619,426		
	Ex-dividend (Note 1)	163,345	195,388	243,756		
Total shareholders' equity	Cum-dividend	1,560,005	1,677,096	1,845,852		
	Ex-dividend (Note 1)	1,312,740	1,381,612	1,470,182		

Note 1: The figures of ex-dividend are based on the resolution of the Shareholders Meeting in subsequent fiscal period.

B. Condensed income statement -SFAS

Currency unit: NT\$ 1,000

Year Title	Financial information from January 1 2010 to December 31 2014				
	2010	2011	2012	2013	2014
Revenue	6,118,246	6,278,203	6,699,657	N/A	N/A
Gross profits	1,856,989	2,047,794	2,370,470		
Operating income	280,435	357,899	457,437		
Non-operating incomes	81,338	55,785	70,118		
Non-operating expenses and loss	16,657	7,999	5,284		
EBT in segments of continued operation	345,116	405,685	522,271		
Earnings in segments of continued operation	285,841	336,358	433,245		
Income from discontinued operations	-	-	-		
Contingent incomes	-	-	-		
Cumulative effect of change in accounting policy	-	-	-		
Earnings in current period	285,841	336,358	433,245		
EPS	3.26	3.72	4.75		

Note 1: The calculation is made on the basis of the weighted average quantity of outstanding shares.

Note 2: New share issue through capitalization of employee bonus and retained earnings is required by the accounting principles generally accepted in the ROC for tracking the total quantity of outstanding shares before and after dilution for comparison of the earnings per share of each year.

(3) Names of the certified public accountants and audit opinions in the last 5 years

Year	CPA Firm	Names of CPAs	Audit Opinion
2010	PriceWaterhouse Coopers	Lee Ming-Hsien, Lin Chi-Yu	Unqualified
2011	PriceWaterhouse Coopers	Lee Ming-Hsien, Lin Chi-Yu	Unqualified
2012	PriceWaterhouse Coopers	Lee Ming-Hsien, Lin Chi-Yu	Modified unqualified
2013	PriceWaterhouse Coopers	Lee Ming-Hsien, Lin Chi-Yu	Unqualified
2014	PriceWaterhouse Coopers	Lee Ming-Hsien, Liou Tzu-Meng	Unqualified

2. Financial analyses in the last five years

(1) Financial analysis - IFRS

Year Title		Financial information from January 1 2010 to March 31 2015 (Note 1)					Financial information in 2015 to March 31 (Note 2)
		2010	2011	2012	2013	2014	
Financial structure	Liabilities to assets ratio (%)			44.77	49.45	50.89	45.50
	Long-term capital to real estate, plants, and equipment ratio (%)			216.06	174.71	184.71	200.24
Ability to repay debt	Current ratio (%)			159.98	143.30	139.94	154.76
	Quick ratio (%)			55.27	58.44	59.90	62.25
	Debt services coverage ratio			202.39	148.52	127.71	179.37
Utility	A/R turnover (time) (Note 3)			-	-	-	-
	Average days of cash receipt (Note 3)			-	-	-	-
	Inventory turnover (time)			2.96	3.19	3.43	3.25
	A/P turnover (time)			4.69	4.83	4.66	4.56
	Average days of sales	N/A	N/A	123.31	114.42	106.41	112.31
	Real estate, plants, and equipment turnover (time)			7.08	6.64	6.77	7.20
	Total asset turnover (time)			2.00	2.00	2.06	2.07
Profitability	ROA (%)			13.63	15.53	17.52	19.59
	ROE (%)			24.84	29.30	34.93	37.61
	Ratio of EBT to paid-in capital (%)			56.07	72.58	99.56	125.54
	Net profit rate (%)			6.79	7.71	8.43	9.43
	EPS (NT\$) (Note 5)			4.62	6.03	8.22	2.52
Cash flow	Cash flow ratio (%)			48.48	52.50	50.11	23.74
	Net cash flow adequacy ratio (%)			94.50	101.04	94.82	92.88
	Cash reinvestment ratio (%)			12.51	16.32	18.90	12.71

Leverage	Operation leverage			4.89	4.50	3.90	3.43
	Financial leverage			1.01	1.01	1.01	1.01
<p>The reasons for the changes in financial ratios in the last 2 years (changes less than $\pm 20\%$ are not required for further analysis):</p> <p>Operating income in proportion to paid-in capital (%): because of an increase in revenue and the effective control of operating expenses in FY2014.</p> <p>EPS (NT\$): because of an increase in revenue and the effective control of operating expenses in FY2014.</p>							

Note 1: Poya International adopted the International Financial Reporting Standard (IFRS) since January 1 2013 in accounting. Inasmuch as the insufficiency of data covering a period of 5 years, the statement (II) below was prepared in accordance with the Statement of Financial Accounting (SFAS) of the ROC.

Note 2: The financial information as of March 31 2015 was reviewed by CPA.

Note 3: Poya International is in the retailing industry, and this is not applicable here.

Note 4: The equations for the calculation of the above financial ratios (under IFRS) are shown below:

A. Financial structure

- (A) Liabilities to assets ratio = total liabilities/total assets
- (B) Long-term capital to real estate, plants, and equipment ratio = (total equity + non-current liabilities)/net value of real estate, plants, and equipment

B. Ability to repay debts

- (A) Current ratio = current assets/ current liabilities
- (B) Quick ratio = (current assets – inventory – prepayments) / current liabilities
- (C) Debt services coverage ratio = EBIT/interest expenses in current period

C. Utility

- (A) Receivables (including account receivables and note receivables deriving from business operation) turnover = net sales/the average receivable balance in each period (including account receivables and note receivables deriving from business operation)
- (B) Average days for cash receipt = 365 days/receivable turnover rate
- (C) Inventory turnover = cost of goods sold / average inventory
- (D) Payables (including account payables and note payables deriving from business operations) turnover = cost of goods sold/ average payable balance in each period (including account payables and note payables deriving from business operation).
- (E) Average days of sales = 365 days/ inventory turnover rate.
- (F) Real estate, plants, and equipment turnover = net sales/net value of real estate, plants, and equipment.
- (G) Total assets turnover = net sales/ average total assets.

D. Profitability

- (A) ROA = [Corporate earnings + interest expense x (1- tax rate)] / average total assets
- (B) ROE = Corporate earnings /average total equity
- (C) Net profit rate = Corporate earnings / net sales

- (D) $\text{EPS} = (\text{Earnings attributable to the owners of parent} - \text{preferred stock dividend}) / \text{weighted average quantity of outstanding shares}$
- E. Cash flow
 - (A) $\text{Cash flow ratio} = \text{net cash flow from operation} / \text{current liabilities}$
 - (B) $\text{Net cash flow adequacy ratio} = \text{net cash flow from operation in the last 5 years} / (\text{capital expenditure} + \text{increase in inventory} + \text{cash dividend}) \text{ in the last 5 years}$
 - (C) $\text{Cash reinvestment ratio} = (\text{net cash flow from operation} - \text{cash dividend}) / (\text{gross real estate, plants, and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$
- F. Leverage:
 - (A) $\text{Operation leverage} = (\text{net sales} - \text{cost of goods sold and expenses}) / \text{operating income}$
 - (B) $\text{Financial leverage} = \text{operating income} / (\text{operation income} - \text{interest expenses})$

Note 5: Attention to the following items is advised in assessing the equation for the calculation of earnings per share:

- A. Based on the weighted average quantity of outstanding common shares in current year.
- B. For new share issue through capitalization of employee bonus and retained earnings, adjustment in proportion of the amount of capital raised shall be made in the calculation of the annual or semi-annual earnings per share of the previous year.

(2) Financial analysis - SFAS

Year Items of analyses		Financial analyses in the last 5 years				
		2010	2011	2012	2013	2014
Financial structure	Liabilities to assets ratio (%)	47.06	44.89	43.30	N/A	N/A
	Long-term capital to fixed assets ratio (%)	195.59	203.04	221.95		
Ability to repay debt	Current ratio (%)	153.75	161.16	165.11		
	Quick ratio (%)	56.60	49.40	56.55		
	Debt services coverage ratio	57.86	109.18	205.73		
Utility	A/R turnover (time) (Note 1)	-	-	-		
	Average days of cash receipt (Note 1)	-	-	-		
	Inventory turnover (time)	3.52	3.44	3.28		
	A/P turnover (time)	4.91	5.01	5.19		
	Average days of sales	103.62	106.21	111.28		
	Fixed assets turnover (time)	7.10	7.18	7.57		
	Total assets turnover (time)	2.08	2.10	2.13		
Profitability	ROA (%)	9.98	11.33	13.82		
	ROE (%)	18.32	20.78	24.60		
	Ratio to paid-in capital (%)	Operating income	31.76	39.73		
		EBT	39.08	45.03		
	Net profit rate (%)	4.67	5.36	6.47		
	EPS (NT\$) (Note 2)	3.26	3.71	4.75		
Cash flow	Cash flow ratio (%)	52.27	29.45	52.47		
	Net cash flow adequacy ratio (%)	71.30	74.99	95.99		
	Cash reinvestment ratio (%)	26.72	4.60	13.55		
Leverage	Operation leverage	6.10	5.39	4.80		
	Financial leverage	1.02	1.01	1.01		

Note 1: Poya International is in the retailing industry, and this is not applicable here.

Note 2: Attention to the following items is advised in assessing the equation for the calculation of earnings per share:

- A. Based on the weighted average quantity of outstanding common shares in current year.
- B. For new share issue through capitalization of employee bonus and retained earnings, adjustment in proportion of the amount of capital raised shall be made in the calculation of the annual or

semi-annual earnings per share of the previous year.

Note 3: The equations for the calculation of the above financial ratios (under SFAS) are shown below:

- A. Financial structure
 - (A) Liabilities to assets ratio = total liabilities/total assets
 - (B) Long-term capital to fixed assets ratio = (total shareholders' equity + long-term liabilities)/net fixed assets
- B. Ability to repay debts
 - (A) Current ratio = current assets/ current liabilities
 - (B) Quick ratio = (current assets – inventory – prepayments) / current liabilities
 - (C) Debt services coverage ratio = EBIT/interest expenses in current period
- C. Utility
 - (A) Receivables (including account receivables and note receivables deriving from business operation) turnover = net sales/the average receivable balance in each period (including account receivables and note receivables deriving from business operation)
 - (B) Average days for cash receipt = 365 days/receivable turnover rate
 - (C) Inventory turnover = cost of goods sold / average inventory
 - (D) Payables (including account payables and note payables deriving from business operations) turnover = cost of goods sold/ average payable balance in each period (including account payables and note payables deriving from business operation).
 - (E) Average days of sales = 365 days/ inventory turnover rate.
 - (F) Fixed assets turnover = net sales/net value fixed assets.
 - (G) Total assets turnover = net sales/ average total assets.
- D. Profitability
 - (A) ROA = [Corporate earnings + interest expense x (1- tax rate)] / average total assets
 - (B) ROE = Corporate earnings /average net shareholders' equity
 - (C) Net profit rate = Corporate earnings / net sales
 - (D) EPS = (Earnings– preferred stock dividend)/ weighted average quantity of outstanding shares (note 4)
- E. Cash flow
 - (A) Cash flow ratio = net cash flow from operation / current liabilities
 - (B) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/ (capital expenditure + increase in inventory + cash dividend) in the last 5 years
 - (C) Cash reinvestment ratio = (net cash flow from operation – cash dividend) /gross fixed assets + long-term investments + other assets + working capital)
- F. Leverage:
 - (A) Operation leverage = (net sales – cost of goods sold and expenses) /operating income
 - (B) Financial leverage = operating income / (operation income – interest expenses)

3. Audit Committee' Review Report on Financial Statement of Last Fiscal Year

POYA International Co., Ltd.

Audit Committee's Review Report

The Board of Directors have prepared and submitted the business report, financial statements and profit distribution proposal for the year 2014, among which the financial statements have been audited and reviewed by Lee Ming Hsien and Liou Tzu-Meng, who are both certified accounts from the accounting firm of PwC Taiwan, and they have issued an audit report. The above mentioned report and documents have been reviewed by the Audit Committee of the Company and the members of Audit Committee are of the opinion that they are in order, and hereby issue this report in accordance to Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Act.

POYA International Co., Ltd.

The convener of Audit Committee: Lin Tsai-Yuan

February 24, 2015

4. Financial information in last fiscal year:

Please refer to Page 105~147. Poya International does not have any subsidiary and no consolidated financial statement is necessary. Only the financial statement on the Company itself is required.

5. The audited financial statement of the Company itself in the last fiscal year:

None

6. Any insolvency for the Company and the affiliates in the last fiscal period and to the date this report was printed, and the effect on the financial position: None.

VII. Financial Position, Financial Operation in Review, and Risk Assessment

Financial Position, Financial Operation in review, and Risk Assessment

1. Financial Position

Comparison of financial positions

Currency unit: NT\$ 1,000

Title \ Year	FY2014	FY2013	Change	
			Amount	%
Current assets	\$3,195,555	\$2,460,171	\$735,384	29.89
Real estate, plants and equipment	1,407,485	1,299,689	107,796	8.29
Other assets	287,947	238,516	49,431	20.72
Total assets	4,890,987	3,998,376	892,611	22.32
Current liabilities	2,283,457	1,716,819	566,638	33.01
Non-current liabilities	205,432	260,261	(54,829)	(21.07)
Total liabilities	2,488,889	1,977,080	511,809	25.89
Capital stock	941,131	929,073	12,058	1.30
Capital surplus	394,551	346,318	48,233	13.93
Retained earnings	1,066,416	745,905	320,511	42.97
Total shareholders' equity	2,402,098	2,021,296	380,802	18.84
<p>(1) Analysis of changes in proportion:</p> <p>A. Current assets: the expansion of the operating scale in 2014 leading to an increase of inventory.</p> <p>B. Other assets: the increase of rent prepayment of the new stores and refundable deposits in 2014.</p> <p>C. Current liabilities: the expansion of the operating scale in 2014 leading to an increase in payables to the suppliers and the payment for the works of shop renovation and decoration in the same year.</p> <p>D. Non-current liabilities: the decrease of long-term liabilities in 2014</p> <p>E. Retained earnings: the increase of profits in 2014.</p> <p>(2) Responses in the future:</p> <p>The working capital deriving from business operation in the future and part of the funds offered by the financing of financial institutions shall be sufficient for supporting the operation of the Company in the future.</p>				

2. Financial performance

Comparison of financial performance

Currency unit: NT\$ 1,000

Title \ Year	FY2014	FY2013	Change in amount	Change in proportion (%)
Revenue	9,167,590	7,249,459	1,918,131	26.46
Cost of goods sold	(5,456,820)	(4,374,265)	1,082,555	24.75
Gross profit	3,710,770	2,875,194	835,576	29.06
Operating expense	(2,815,877)	(2,278,549)	537,328	23.58
Operating income	894,893	596,645	298,248	49.99
Non-operating income and expense	42,139	77,686	(35,547)	(45.76)
EBT	937,032	674,331	262,701	38.96
Income tax expense	(164,570)	(115,479)	49,091	42.51
Earnings in current period	772,462	558,852	213,610	38.22

(1) Analysis of changes in proportion in the last 2 fiscal years:

- A. Revenue: the growth of stores and the increase of new stores in 2014.
- B. Cost of goods sold: the growth of stores and the increase of new stores in 2014.
- C. Gross profit: the increase of revenue in 2014 and the economy of scale that contributed to the increase of gross profit.
- D. Operating expense: the increase of new stores in 2014 leading to more expenses
- E. Operating income: the increase of revenue in 2014.
- F. Non-operating income and expense: the increase of other non-operating income.
- G. EBT: the increase of revenue and the economy of scale in 2014, with subsequent increase in earnings before tax.
- H. Income tax expense: the increase of profits in 2014.
- I. Earnings in current period: the increase of revenue and the economy of scale in 2014.

(2) The forecast of sales in the year ahead and the basis of the forecast:

Poya International will continue to expand new stores, enlarge its operating scale and increase the sales in the next year. With our viewpoints of the economic changes and store expansion in the next year, we forecast that the sales will still be on growth.

3. Cash flow

Analysis of the change in cash flow in last fiscal year, the improvement plan for insufficient liquidity, and the forecast analysis of cash flow in the year ahead

(1) Analysis of the change in cash flow in current period

Cash and Cash Equivalents, Beginning of Year (1)	Net cash flow from operation in the period (2)	Cash outflow (inflow) in the period (3)	Cash surplus (short) (1)+(2)-(3)	Improvement plan for cash gap	
				Investment plan	Financial plan
\$ 700,491	1,144,304	1,073,044	771,751	-	Bank loans

The analysis:

- A. Operation activities: net cash inflow from operation activities is approximately NT\$ 1.144 billion which results from the increase of the earnings in current period.
- B. Investment activities: net cash outflow from investment activities is approximately NT\$ 0.601 billion which results from the purchases of property, plant and equipment for store remodeling and store expansion in current period, and the increase of refundable deposits.
- C. Financing activities: net cash outflow from financing activities is approximately NT\$ 0.472 billion which results from the distribution of cash dividends in current period and the repayment of the long-term loans.

(2) The improvement plan for insufficient liquidity: not applicable.

(3) Analysis of cash flow in the year ahead

Cash and Cash Equivalents, Beginning of Year (1)	Net cash flow from operation in the period (2)	Cash outflow (inflow) in the period (3)	Cash surplus (short) (1)+(2)-(3)	Improvement plan for cash gap	
				Investment plan	Financial plan
\$771,751	1,315,950	1,234,001	853,700	-	Bank loans

A. The analysis:

- (A) Operation activities: revenue in FY2014 is expected to grow stably and will generate net cash inflow.
- (B) Investment activities: net cash outflow from investment activities mainly results from the continued store expansion, the estimated purchases of fixed assets and the payment of refundable deposits.
- (C) Financing activities: mainly for the projected distribution of cash dividends, remunerations to directors, and the repayment of long-term loans.

- B. The improvement plan for and liquidity analysis of cash gap: Poya International plans to increase the size of long-term loans from banks to sustain its store expansion plan which results in additional capital expenditures and the inadequacy of working capital. Loans from banks can help to maintain a safe level of balance for working capital.

4. Major capital expenditure in the last fiscal year and its effect on financial position and operation

(1) The implementation of major capital expenditures and the sources of funding

Project	Actual or expected sources of funding	Actual or expected date of completion	Total amount required	Actual or estimated spending			
				FY2011	FY2012	FY2013	FY2014
New store expansion	Working capital and financial institutions	2014.12.31	518,320				518,320
Remodeling of existed stores and purchase of equipments	Working capital and financial institutions	2014.12.31	101,800				101,800

(2) Effect on financial and business operation

The purpose of new share issue through capitalization of earnings and employee bonus is to sustain the new store expansion plan, which is necessary for maintaining the business growth and enhancing the competitiveness in long-term development. The benefits of new store expansion will be brought into full play in the future and contribute to the earnings and shareholders' equity.

In consideration of the effect on earnings per share, cost of capital, stable operation, the security of financial structure, and shareholders' equity, new share issue through capitalization of earnings and employee bonus is the most preferred source of financing for the time being.

5. Reinvestment policy in the last fiscal year, the main reason for profits or losses, the improvement plan, and the investment plan in the year ahead: None.

6. Risk analysis and assessment

- (1) The effect of fluctuation of interest rate and exchange rate and inflation on the income status of the Company, and the responses:

A. The effect on the income status of the Company:

Title	FY2014 (NT\$ 1,000; %)
Net interest income (expense)	-4,991
Net exchange gains/loss	0
Net interest income (expense) to net sales ratio	-0.05%
Net interest income (expense) to EBT ratio	-0.53%
Net exchange gains/loss to net sales ratio	0%
Net exchange gains/loss to EBT ratio	0%

(A) Fluctuation of interest rate:

As of the end of 2014, Poya International had long-term debt amounting to NT\$461.413 million (including current portion of long-term debts or with maturity in one operation period). Corporate earnings will be decreased by NT\$23,000 if the market interest rate is up by 10%, given other factors remain unchanged. The current policy of the Central Bank is the stabilization of consumer prices and the financial position with a view for boosting economic growth thereby keeps the interest rate stable. The rapid cash inflow and rapid repayment of debts makes the income status of Poya International less sensitive to and unaffected by interest rate fluctuation.

(B) Fluctuation of exchange rate:

Poya International buys and sells merchandises in NT\$, and is not engaged in exports. Imported items accounted for a very low proportion of its total sales. In addition, there is no trade agreement involving foreign exchanges. As such, exchange rate fluctuation does not cause significant effect on the revenue and profit of the Company.

(C) Inflation:

Poya International pays close attention to the fluctuation of market prices and keeps abreast of information on CPI fluctuation and inflation. As such, inflation does not cause significant effect on the income status of the Company.

B. Responses for the future:

(A) Response to interest rate fluctuation

Continue to keep track on the trend of interest rate, and bargain with the service financial institutions with an attempt to control the cost of financing at a relative low point in market.

(B) Response to exchange rate fluctuation

The core business of Poya International is domestic sales and is denominated in NT\$, which helps to avoid the risk of exchange rate

fluctuation.

(C) Response to inflation

Poya International spares no effort in enlarging its economy of scale to reduce the pressure from cost up due to inflation, and also reduce the influence on its operation.

- (2) The policy of engagements in high risk and high leverage investment, financing a third party, endorsement and guarantee in favor of a third party, and derivative trade, the main reason for profits or losses, and the responses in the future:

Poya International focuses on retailing business and is not engaged in high risk and high leverage investment, financing a third party, endorsement and guarantee in favor of a third party, and derivative trade. For the effective control of related risk, and enhancement of financial operation security, Poya International has established the “Operational Procedures for Loaning of Company Funds”, “Operational Procedures for Endorsements and Guarantees”, and “Operational Procedures for Acquisition or Disposal of Assets” as required by applicable legal rules of the Securities and Futures Bureau. In addition, the auditing function of Poya International has also established related risk management and assessment of related systems in accordance with the “Regulations Governing the Establishment of Internal Control System by Public Companies” of the Securities and Futures Bureau.

- (3) R&D plan in the future and estimated expenses of R&D:

This year, a local backup system will be established in the computer center in Tainan. This backup system operates instantaneously and synchronously to lower the effect caused by the crash of equipments, by which the branches and the suppliers can make use of the information system uninterruptedly.

The establishment of local backup system will be completed before June, 2015. The estimated expenses is NT\$10 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Factors affecting the success of R&D
Local backup system	Under construction	NT\$10 million	June 2015	Daily arrangement of switching test

As the establishment of local backup system complete, the risk will be centralized in the computer room in Tainan. Thus, the establishment of remote backup system is necessary. Owing to the higher expenses of daily computer room and moth rental internet services which are rarely used ordinarily, the cloud services become an alternative. Currently, the cloud services are well-developed offered by each supplier and are more economical since the service fee is calculated based on the internet usage. Besides, the flexibility of the cloud services is suitable to act as the solution of satisfying the temporary high demands of internet usage resulting from the marketing activities for smart phone APP.

The assessment will be completed before December, 2015. The expenses will change based on the services and internet usage.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Factors affecting the success of R&D
Cloud services and remote backup system	Preliminary assessment and planning	Based on the internet usage	December 2015	Detailed process planning and routine exercise

- (4) The effect of national and international changes in vital policies and legal environment on the financial and business operation of the Company, and the responses to such changes:
- A. The effect of national and international changes in vital policies and legal environment on the financial and business operation of the Company:
- (A) For the enhanced advocacy of corporate governance, Financial Supervisory Commission has mapped out the blue print for intensifying corporate governance in 2013. Through relevant institutionalization of rules and regulations, self-discipline of the enterprises, and market supervision, FSC makes the enterprises to make positive effort in carving the culture of corporate governance, prompt the actions of the shareholders, upgrade the function of the Board of Directors, disclose the vital information on corporate governance, and fortify the legal framework as the guidelines for the corporate governance policy of the enterprises. Poya International will support the cause of intensifying corporate governance advocated by FSC.
- (B) Recently, the problems of food safety causes harmful and sever effects on people's health, public confidence and international perception. Thus Financial Supervisory Commission indicates that the enterprises operating the business related to people's livelihood, being face to face directly with the customers, or reaching a certain size which may cause significant impacts on the environment and society because of its operation activities shall spare no effort in execution of corporate social responsibility. In 2014, FSC fortifies the responsibilities of internal control of the TWSE/GTSM-Listed Companies and also requires that the listed enterprises in food, financial and chemical industry, and with the paid in capital amounted to NT\$ 10 billion or more shall issue the corporate social responsibility report (hereinafter referred to as CSR). In order to thoroughly execute the policy of corporate social responsibility and fortify the communication among the stakeholders, Poya International voluntarily issued the 2013 CSR report on December 2014.
- (C) Since January 1 2016, the listed enterprises with the paid in capital amounted to NT\$ 2 billion or more and with the shareholders to be more than 10,000 people shall adopt the way of electronic voting as convening the Shareholders

Meeting. Poya International plan to voluntarily implement electronic voting in 2015 Shareholders Meeting in order to preserve the voting rights of shareholders and to implement the spirits of shareholder activism.

B. The responses: Poya International has appointed the designated personnel to pay close attention to any change in applicable legal rules and information released by the government, and submit the information to the management and related personnel timely.

- (5) The effect of technological and industrial change on the financial position and operation of the Company, and the responses to the change:

Poya International pays close attention to the development of consumer related technologies like e-commerce, telecommunications, and consumer banking. With its ever expanding scale of operation, product management becomes essential. The use of information system for quick access to sales information can effectively help to control the purchase of merchandises to the minimum level of inventory without losing any sale opportunity. As such, the use of information technology can fortify real-time supply of products and services which are vital for development under competition and breakthrough. Overall, technological change causes no significant influence on the financial position of the Company.

- (6) The effect of corporate image on crisis management and the responses to the crisis:

In addition to emphasis on its core business operation, Poya International spares no effort in performing its corporate social responsibility and social charity in the long run. In 2014, Poya International promotes a series of activities in order to protect and take care of the homeless dogs with our customers. Furthermore, Poya International establishes relevant rules and regulations for the prevention of disasters like typhoon and fire with proper education and training. These efforts help to minimize the damage caused by disasters quickly. As of the date this report was printed, there is no event that caused damage to the corporate image of the Company.

- (7) Expected result and possible risks deriving from mergers and acquisitions, and the responses: None.

- (8) Expected result and possible risks deriving from plant expansion, and the responses: None.

- (9) The risk deriving from concentration of purchase or sales, and the responses:

Poya International is a retailer and there is no concentration of sales. There is also no single supplier that accounted for more than 10% of the total purchase made by the Company. This is because that the Company seeks to diversify its sources of

merchandise supply with purchase and sales in great variety of items. As such, there is no risk deriving from the concentration of purchase or sales.

- (10) The effect and the risk caused by the transferring of equity shares in large quantity by directors, supervisors or dominant shareholders that hold more than 10% of the shares each or the replacement of directors, supervisors, or dominant shareholders holding more than 10% of the Company shares each , and the response: None.
- (11) The effect of the change in ownership on the Company, the risk derived thereof, and the response: None.
- (12) Major law suits, non-contentious matters, or administrative actions involving the directors, supervisors, general manager, owners, shareholders that hold more than 10% of the equity shares, with sentence or pending on court decision, the result of which may significantly affect the shareholders' equity or stock price of the Company, the action taken in response to the aforementioned disputes, the target amount involved, the date on which the law suit started, the parties concerned, and the status as of the day this report was printed: None.
- (13) Other important risks and responses: None.

7. Other important notice: None.

VIII. Special Notes

Special Notes

1. Information on the affiliates

- (1) Consolidated business report: None.
- (2) Consolidated financial statement: None.
- (3) Report on affiliates: None.

2. From the last fiscal year to the date this report was printed, any issuance of securities through private placement: None.

3. From the last fiscal year to the date this report was printed, the holding or disposition of equity shares by the Company: None.

4. Other supplementary note: None.

5. From the last fiscal year to the date this report was printed, any event that significantly affects the shareholders' equity or stock price of the Company as stated in Article 36- II- (II) of the Securities and Exchange Act: None.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of POYA International Co., Ltd.

We have audited the accompanying balance sheets of Poya International Co., Ltd. as of December 31, 2014 and 2013, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Poya International Co., Ltd. as of December 31, 2014, and 2013, and its financial performance and cash flows for the years then ended in conformity with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

Republic of China

February 24, 2015

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of new Taiwan dollars)					
Assets	Notes	December 31, 2014		December 31, 2013	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 771,751	16	\$ 700,491	18
Notes receivable, net		8,338	-	7,299	-
Accounts receivable, net	6(2)	433,248	9	288,163	7
Other receivables		154,382	3	7,439	-
Inventories	5(2) and 6(3)	1,765,613	36	1,417,479	36
Prepayments		62,223	1	39,300	1
Total current assets		3,195,555	65	2,460,171	62
Non-current assets					
Property, plant and equipment	6(4)(20)	1,407,485	29	1,299,689	33
Deferred income tax assets	6(17)	15,779	1	9,515	-
Refundable deposits	6(19)	157,552	3	127,030	3
Long-term prepaid rent		103,655	2	89,094	2
Other non-current assets		10,961	-	12,877	-
Total non-current assets		1,695,432	35	1,538,205	38
Total assets		\$ 4,890,987	100	\$ 3,998,376	100

(Continued)

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2014		December 31, 2013	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Notes payable		\$ 444,820	9	\$ 313,973	8
Accounts payable		927,106	19	656,943	17
Other payables	6(5)(20)	506,503	10	409,454	10
Current income tax liabilities	6(17)	110,557	2	72,599	2
Receipts in advance		12,640	-	14,677	-
Long-term liabilities, current portion	6(6)	263,780	6	238,391	6
Other current liabilities		18,051	1	10,782	-
Total current liabilities		<u>2,283,457</u>	<u>47</u>	<u>1,716,819</u>	<u>43</u>
Non-current liabilities					
Long-term borrowings	6(6)	197,633	4	249,362	6
Deferred income tax liabilities	6(17)	2,574	-	-	-
Accrued pension liabilities	5(2) and 6(7)	2,092	-	7,781	-
Guarantee deposits received		3,133	-	3,118	-
Total non-current liabilities		<u>205,432</u>	<u>4</u>	<u>260,261</u>	<u>6</u>
Total liabilities		<u>2,488,889</u>	<u>51</u>	<u>1,977,080</u>	<u>49</u>
Equity					
Share capital					
Common stock	6(8)(10)	941,131	19	929,073	23
Capital surplus	6(8)(9)	394,551	8	346,318	9
Retained earnings	6(8)(10)(17)				
Legal reserve		284,378	6	228,493	6
Unappropriated retained earnings		782,038	16	517,412	13
Total equity		<u>2,402,098</u>	<u>49</u>	<u>2,021,296</u>	<u>51</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments	6(19) and 9				
Total liabilities and equity		<u>\$ 4,890,987</u>	<u>100</u>	<u>\$ 3,998,376</u>	<u>100</u>

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2014		2013	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(11)	\$ 9,167,590	100	\$ 7,249,459	100
Operating costs	6(3)	(5,456,820)	(59)	(4,374,265)	(60)
Net operating margin		<u>3,710,770</u>	<u>41</u>	<u>2,875,194</u>	<u>40</u>
Operating expenses	6(7)(15)(16)(19) and 7				
Selling expenses		(2,277,795)	(25)	(1,842,597)	(26)
General and administrative expenses		(538,082)	(6)	(435,952)	(6)
Total operating expenses		<u>(2,815,877)</u>	<u>(31)</u>	<u>(2,278,549)</u>	<u>(32)</u>
Operating profit		<u>894,893</u>	<u>10</u>	<u>596,645</u>	<u>8</u>
Non-operating income and expenses					
Other income	6(12)	38,985	-	86,531	1
Other gains and losses	6(13)	10,549	-	(4,274)	-
Finance costs	6(4)(14)	(7,395)	-	(4,571)	-
Total non-operating income and expenses		<u>42,139</u>	<u>-</u>	<u>77,686</u>	<u>1</u>
Profit before income tax		<u>937,032</u>	<u>10</u>	<u>674,331</u>	<u>9</u>
Income tax expense	6(17)	(164,570)	(2)	(115,479)	(1)
Profit for the year		<u>\$ 772,462</u>	<u>8</u>	<u>\$ 558,852</u>	<u>8</u>
Other comprehensive income					
Actuarial gain on defined benefit plan	6(7)	\$ 3,969	-	\$ 5,344	-
Income tax relating to the components of other comprehensive income	6(17)	(675)	-	(908)	-
Total other comprehensive income for the year		<u>\$ 3,294</u>	<u>-</u>	<u>\$ 4,436</u>	<u>-</u>
Total comprehensive income for the year		<u>\$ 775,756</u>	<u>8</u>	<u>\$ 563,288</u>	<u>8</u>
Basic earnings per share (in dollars)					
Net income	6(18)	<u>\$ 8.22</u>		<u>\$ 5.97</u>	
Diluted earnings per share (in dollars)					
Net income	6(18)	<u>\$ 8.19</u>		<u>\$ 5.95</u>	

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

		Capital Surplus	Retained Earnings		
		Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Total equity
Notes	Common stock				
<u>2013</u>					
Balance at January 1, 2013	\$ 916,267	\$ 309,961	\$ 185,168	\$ 382,282	\$ 1,793,678
Distribution of 2012 net income (Note):					
Legal reserve	-	-	43,325	(43,325)	-
Cash dividends 6(10)	-	-	-	(375,670)	(375,670)
Stock dividends 6(8)(10)	9,163	-	-	(9,163)	-
Employees' stock bonuses 6(8)	3,643	36,357	-	-	40,000
Net income for the year ended December 31, 2013	-	-	-	558,852	558,852
Other comprehensive income for the year ended December 31, 2013	-	-	-	4,436	4,436
Balance at December 31, 2013	<u>\$ 929,073</u>	<u>\$ 346,318</u>	<u>\$ 228,493</u>	<u>\$ 517,412</u>	<u>\$ 2,021,296</u>
<u>2014</u>					
Balance at January 1, 2014	\$ 929,073	\$ 346,318	\$ 228,493	\$ 517,412	\$ 2,021,296
Distribution of 2013 net income (Note):					
Legal reserve	-	-	55,885	(55,885)	-
Cash dividends 6(10)	-	-	-	(445,954)	(445,954)
Stock dividends 6(8)(10)	9,291	-	-	(9,291)	-
Employees' stock bonuses 6(8)	2,767	48,233	-	-	51,000
Net income for the year ended December 31, 2014	-	-	-	772,462	772,462
Other comprehensive income for the year ended December 31, 2014	-	-	-	3,294	3,294
Balance at December 31, 2014	<u>\$ 941,131</u>	<u>\$ 394,551</u>	<u>\$ 284,378</u>	<u>\$ 782,038</u>	<u>\$ 2,402,098</u>

(Note) The employees' bonuses were \$40,000 and \$51,000, and the directors' and supervisors' remuneration were \$4,800 and \$4,800 in 2012 and 2013, respectively, which had been deducted from net income for the years.

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 937,032	\$ 674,331
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(4)(15)	296,514	238,453
Gain on disposal of property, plant and equipment	6(13)	(13,374)	-
Interest Income	6(12)	(2,404)	(1,625)
Interest expense	6(14)	7,968	4,900
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		(1,039)	2,221
Accounts receivable		(145,085)	(58,627)
Other receivables		(3,943)	2,254
Inventories		(348,134)	(90,151)
Prepayments		(22,923)	11,872
Net changes in liabilities relating to operating activities			
Notes payable		130,847	30,986
Accounts payable		270,163	99,027
Other payables		171,139	92,260
Receipts in advance		(2,037)	1,234
Other current liabilities		7,269	(2,130)
Accrued pension liabilities		(1,719)	(1,590)
Cash generated from operations		1,280,274	1,003,415
Interest received		2,404	1,625
Interest paid		(7,395)	(4,571)
Income tax paid		(130,979)	(99,207)
Net cash provided by operating activities		<u>1,144,304</u>	<u>901,262</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(20)	(620,120)	(565,439)
Interest payments for acquisition of property, plant and equipment	6(4)(14)(20)	(573)	(329)
Proceeds from disposal of property, plant and equipment	6(20)	63,095	-
Increase in refundable deposits		(30,522)	(12,626)
(Increase)Decrease in long-term prepaid rent		(14,561)	29,547
Decrease in other non-current assets		1,916	91
Net cash used in investing activities		<u>(600,765)</u>	<u>(548,756)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings		320,000	430,000
Repayment of long-term borrowings		(346,340)	(185,693)
Increase in guarantee deposits received		15	400
Cash dividends paid	6(10)	(445,954)	(375,670)
Net cash used in financing activities		<u>(472,279)</u>	<u>(130,963)</u>
Increase in cash and cash equivalents		71,260	221,543
Cash and cash equivalents at beginning of year	6(1)	700,491	478,948
Cash and cash equivalents at end of year	6(1)	<u>\$ 771,751</u>	<u>\$ 700,491</u>

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

POYA INTERNATIONAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) POYA International Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery and a variety of products.
- (2) The common shares of the Company have been listed on the Gre Tai Securities Market since September 2002.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on February 24, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

None.

- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan Gre Tai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” in preparing the financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Improvements to IFRSs 2010	January 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Disclosures—Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Deferred tax: Recovery of underlying assets (amendment to IAS 12)	January 1, 2012
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, ‘Consolidated financial statements’	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, ‘Joint arrangements’	January 1, 2013
IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2013
IFRS 13, ‘Fair value measurement’	January 1, 2013
IAS 19 (revised), ‘Employee benefits’	January 1, 2013
IAS 27, ‘Separate financial statements’ (as amended in 2011)	January 1, 2013
IAS 28, ‘Investments in associates and joint ventures’ (as amended in 2011)	January 1, 2013
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	January 1, 2013
Improvements to IFRSs 2009—2011	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014

Based on the Company’s assessment, the adoption of the 2013 version of IFRS has no significant impact on the financial statements of the Company, except for the following:

A. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

B. IFRS 13, 'Fair value measurement'

The standard defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. Based on the Company's assessment, the adoption of the standard has no significant impact on its financial statements, and the Company will disclose additional information about fair value measurements accordingly.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Services related contributions from employees or third parties (amendments to IAS 19)	July 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
IFRS 9, 'Financial instruments'	January 1, 2018

The Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These financial statements are the first financial statements prepared by the Company in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, these financial statements have been prepared under the historical cost convention:
 - a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b. Defined benefit liabilities recognized based on the net amount of pension fund assets, and less unrecognized actuarial gains and present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit

or loss.

- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. Foreign exchange gains and losses are presented in “Other gains and losses”.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - b. Assets held mainly for trading purposes;
 - c. Assets that are expected to be realized within twelve months from the balance sheet date;
 - d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a. Liabilities that are expected to be paid off within the normal operating cycle;
 - b. Liabilities arising mainly from trading activities;
 - c. Liabilities that are to be paid off within twelve months from the balance sheet date;
 - d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

- B. For regular way purchase or sale, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(6) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(7) Inventories

- A. Self-owned inventories: Inventories are initially recognised at cost and subsequently stated at the retail inventory method with lower of cost and net realizable.
- B. Licensed income: The concessionaire recognises the full amount collected from customers as revenue when the following criteria are met: (1) Concessionaire acts as a principal and provides goods or services to customers. (2) The Company earns a fixed amount or percentage of profit in the transaction. (3) Concessionaire assumes credit risks. The difference between the full amount collected from customers and the amount paid to concessionaire is recognised as licensed income by the Company. If the above are not met, the full amount collected from customers is recognised as revenue.

(8) Impairment of financial assets

- A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Company uses to determine whether there is objective evidence of impairment loss is as follows:
 - a. Significant financial difficulty of the issuer or debtor;
 - b. The disappearance of an active market for that financial asset because of financial difficulties;
 - c. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or

local economic conditions that correlate with defaults on the assets in the group; or

- d. Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered.

- C. When the company assesses there has been objective of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(10) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Assets</u>	<u>Estimated useful lives</u>
Buildings	30 years
Transportation equipment	5 years
Office equipment	3~5 years
Leasehold improvements	2~17 years
Other equipment	5 years

(11) Leased assets/ leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(12) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(13) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(14) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(15) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as

a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

- I. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- II. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise, and presented in retained earnings.
- III. Past service costs are recognized immediately in profit or loss if vested immediately; if not, the past service costs are amortized on a straight-line basis over the vesting period.

C. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual

distributed amounts as resolved by the shareholders at their Shareholder Meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Company calculates the number of shares of employees' stock bonus based on the fair value per share at the preceding day of the Shareholder Meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

(17) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred income tax asset shall be recognised for the carry-forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is probable that future taxable profit

will be available against which the unused tax credits can be utilised.

(18) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(19) Revenue recognition

A. Revenue is measured at the fair value of the consideration received or receivable taking into account the value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The Company has customer loyalty programmes where the Company grants loyalty awards credits (such as 'points'; the award credits can be used to exchange for free or discounted goods) to customers as part of a sales transaction. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of proceeds allocated to the award credits is measured by reference to the fair value of goods that can be redeemed by using the award credits and the proportion of award credits that are expected to be redeemed by customers. The Company recognizes the deferred portion of the proceeds allocated to the award credits as revenue only when it has fulfilled its obligations in respect of the award credits.

(20) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

Revenue recognition on a net/gross basis

The determination of whether the Company is acting as principal or agent in a transaction is based on an evaluation of the Company's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Company acts as a principal, the amount received or receivable from customer is recognised as revenue on a gross basis. Where the Company acts as an agent, net revenue is recognised representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether the Company shall recognise revenue on a gross basis:

- A. The Company has primary responsibilities for the goods or services it provides;
- B. The Company bears inventory risk;
- C. The Company has a latitude in establishing prices for the goods or services, either directly or indirectly.
- D. The Company bears credit risks of customers.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

- a. As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Because of the change in market demand and the sales strategy, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.
- b. As of December 31, 2014, the carrying amount of inventories was \$1,765,613.

B. Calculation of accrued pension obligations

- a. When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.
- b. As of December 31, 2014, the carrying amount of accrued pension obligations was \$2,092. If the adopted discount rate used in the actuarial valuation had increased/decreased by 1%, the Company's accrued pension liabilities would

decrease/increase by \$7,319 and \$8,984, respectively.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Cash		
Cash on hand	\$ 25,722	\$ 20,849
Checking deposits and demand deposits	<u>746,029</u>	<u>679,642</u>
	<u>\$ 771,751</u>	<u>\$ 700,491</u>

A. The Company transacts with a variety of financial institutions all with high credit rankings to diversify credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at the balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Company has no cash and cash equivalents pledged to others as of December 31, 2014 and 2013.

(2) Accounts receivable, net

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Accounts receivable - sponsorship	\$ 422,754	\$ 280,566
Accounts receivable - customer	<u>10,494</u>	<u>7,597</u>
	<u>\$ 433,248</u>	<u>\$ 288,163</u>

A. The Company has no significant past due but not impaired accounts receivable.

B. As of December 31, 2014 and 2013, the Company's accounts receivable that are neither past due nor impaired are of good credit quality.

C. The maximum exposure to credit risk at December 31, 2014 and 2013 is the carrying amount of accounts receivable.

D. The Company did not pledge accounts receivable as collateral as of December 31, 2014 and 2013.

(3) Inventories

	<u>December 31, 2014</u>		
	<u>Cost</u>	<u>Allowance for price decline of inventories</u>	<u>Carrying amount</u>
Merchandise	<u>\$ 1,765,613</u>	<u>\$ -</u>	<u>\$ 1,765,613</u>

	December 31, 2013		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	\$ 1,417,479	\$ -	\$ 1,417,479

The cost of inventories recognized as expense for the period:

	Year ended December 31, 2014	Year ended December 31, 2013
Cost of inventories sold	\$ 5,430,107	\$ 4,344,126
Loss on physical inventory	26,713	30,139
Cost of goods sold	\$ 5,456,820	\$ 4,374,265

(4) Property, plant and equipment

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2014</u>								
Cost	\$ 168,160	\$ 20,000	\$ 14,590	\$ 582,130	\$ 1,152,227	\$ 242,770	\$ 81,849	\$ 2,261,726
Accumulated depreciation	-	(222)	(7,685)	(264,101)	(551,826)	(138,203)	-	(962,037)
	<u>\$ 168,160</u>	<u>\$ 19,778</u>	<u>\$ 6,905</u>	<u>\$ 318,029</u>	<u>\$ 600,401</u>	<u>\$ 104,567</u>	<u>\$ 81,849</u>	<u>\$ 1,299,689</u>
<u>2014</u>								
At January 1, 2014	\$ 168,160	\$ 19,778	\$ 6,905	\$ 318,029	\$ 600,401	\$ 104,567	\$ 81,849	\$ 1,299,689
Additions	-	-	-	-	-	-	597,030	597,030
Transferred after acceptance inspection	-	-	5,848	188,339	341,317	65,062	(600,566)	-
Depreciation	-	(556)	(2,974)	(119,471)	(134,695)	(38,818)	-	(296,514)
Disposal-Cost	(168,160)	(20,000)	(1,304)	(77,536)	(71,469)	(24,588)	-	(363,057)
Accumulated depreciation	-	778	1,298	77,536	66,413	24,312	-	170,337
At December 31, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,773</u>	<u>\$ 386,897</u>	<u>\$ 801,967</u>	<u>\$ 130,535</u>	<u>\$ 78,313</u>	<u>\$ 1,407,485</u>
<u>At December 31, 2014</u>								
Cost	\$ -	\$ -	\$ 19,134	\$ 692,933	\$ 1,422,075	\$ 283,244	\$ 78,313	\$ 2,495,699
Accumulated depreciation	-	-	(9,361)	(306,036)	(620,108)	(152,709)	-	(1,088,214)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,773</u>	<u>\$ 386,897</u>	<u>\$ 801,967</u>	<u>\$ 130,535</u>	<u>\$ 78,313</u>	<u>\$ 1,407,485</u>

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2013</u>								
Cost	\$ -	\$ -	\$ 12,832	\$ 455,711	\$ 1,010,799	\$ 219,970	\$ 17,994	\$ 1,717,306
Accumulated depreciation	-	-	(5,773)	(237,339)	(478,993)	(110,169)	-	(832,274)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,059</u>	<u>\$ 218,372</u>	<u>\$ 531,806</u>	<u>\$ 109,801</u>	<u>\$ 17,994</u>	<u>\$ 885,032</u>
<u>2013</u>								
At January 1, 2013	\$ -	\$ -	\$ 7,059	\$ 218,372	\$ 531,806	\$ 109,801	\$ 17,994	\$ 885,032
Additions	168,160	20,000	-	-	-	-	464,950	653,110
Transferred after acceptance inspection	-	-	2,196	189,243	182,878	26,778	(401,095)	-
Depreciation	-	(222)	(2,350)	(89,586)	(114,283)	(32,012)	-	(238,453)
Disposal-Cost	-	-	(438)	(62,824)	(41,450)	(3,978)	-	(108,690)
Accumulated depreciation	-	-	438	62,824	41,450	3,978	-	108,690
At December 31, 2013	<u>\$ 168,160</u>	<u>\$ 19,778</u>	<u>\$ 6,905</u>	<u>\$ 318,029</u>	<u>\$ 600,401</u>	<u>\$ 164,567</u>	<u>\$ 81,849</u>	<u>\$ 1,299,689</u>
<u>At December 31, 2013</u>								
Cost	\$ 168,160	\$ 20,000	\$ 14,590	\$ 582,130	\$ 1,152,227	\$ 242,770	\$ 81,849	\$ 2,261,726
Accumulated depreciation	-	(222)	(7,685)	(264,101)	(551,826)	(138,203)	-	(962,037)
	<u>\$ 168,160</u>	<u>\$ 19,778</u>	<u>\$ 6,905</u>	<u>\$ 318,029</u>	<u>\$ 600,401</u>	<u>\$ 104,567</u>	<u>\$ 81,849</u>	<u>\$ 1,299,689</u>

Amount of borrowing costs capitalized as part of property, plant and equipment and the interest rates for such capitalization are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Amount capitalized	\$ 573	\$ 329
Interest rate	1.67%	1.66%
(5) <u>Other payables</u>		
	December 31, 2014	December 31, 2013
Salaries payable	\$ 135,775	\$ 118,409
Equipment payable	90,390	114,053
Accrued employees' bonus, directors' and supervisors' remuneration	85,800	55,800
Rent payable	34,893	18,250
Others	159,645	102,942
	<u>\$ 506,503</u>	<u>\$ 409,454</u>

(6) Long-term borrowings

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2014
Long-term bank borrowings				
Unsecured bank borrowings	9.27.2011 ~ 8.18.2017	1.54% ~ 1.70%	None	\$ 461,413
Less: current portion				(263,780)
				<u>\$ 197,633</u>
Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2013
Long-term bank borrowings				
Unsecured bank borrowings	8.24.2011 ~ 11.25.2016	1.62% ~ 1.80%	None	\$ 487,753
Less: current portion				(238,391)
				<u>\$ 249,362</u>

(7) Pensions

A. Defined benthif plan

- a. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- b. The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Present value of funded defined benefit obligations	(\$ 48,002)	(\$ 50,460)
Fair value of plan assets	<u>45,910</u>	<u>42,679</u>
Net liability in the balance sheet	<u>(\$ 2,092)</u>	<u>(\$ 7,781)</u>

- c. Movements in present value of defined benefit obligations are as follows:

	<u>Year ended December 31, 2014</u>	<u>Year ended December 31, 2013</u>
Present value of funded defined benefit obligations		
At January 1	(\$ 50,460)	(\$ 54,637)
Current service cost	(372)	(450)
Interest cost	(1,009)	(819)
Actuarial profit	<u>3,839</u>	<u>5,446</u>
At December 31	<u>(\$ 48,002)</u>	<u>(\$ 50,460)</u>

d. Movements in fair value of plan assets:

	Year ended December 31, 2014	Year ended December 31, 2013
Fair value of plan assets		
At January 1	\$ 42,678	\$ 39,922
Expected return on plan assets	853	599
Actuarial profit (loss)	132 (102)
Employer contributions	<u>2,247</u>	<u>2,260</u>
At December 31	<u>\$ 45,910</u>	<u>\$ 42,679</u>

e. Amounts of expenses recognized in statements of comprehensive income:

	Year ended December 31, 2014	Year ended December 31, 2013
Current service cost	\$ 372	\$ 450
Interest cost	1,009	819
Expected return on plan assets	(853)	(599)
Current pension cost	<u>\$ 528</u>	<u>\$ 670</u>

Details of cost and expenses recognised in statements of comprehensive income are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Selling expenses	\$ 252	\$ 332
General and administrative expenses	<u>276</u>	<u>338</u>
Current pension cost	<u>\$ 528</u>	<u>\$ 670</u>

f. Amounts of actuarial gains of losses recognized under other comprehensive income are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Recognition for current period	<u>\$ 3,969</u>	<u>\$ 5,344</u>
Accumulated amount	<u>\$ 3,114</u>	<u>(\$ 855)</u>

g. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be

no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amount accrued from two-year time deposits with the interest rates offered by local banks.

For the years ended December 31, 2014 and 2013, the Company's actual return on plan assets was \$986 and \$497, respectively.

- h. The Principal actuarial assumptions used were as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Discount rate	2.00%	2.00%
Future salary increases	2.50%	2.50%
Expected return on plan assets	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 5th Mortality Table.

- i. Historical information of experience adjustments was as follows:

	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Present value of defined benefit obligation	(\$ 48,002)	(\$ 50,460)	(\$ 54,637)
Fair value of plan assets	45,910	42,679	39,922
Deficit in the plan	(\$ 2,092)	(\$ 7,781)	(\$ 14,715)
Experience adjustments on plan liabilities	(\$ 3,839)	(\$ 722)	(\$ 2,970)
Experience adjustments on plan assets	\$ 132	(\$ 102)	\$ 326

- j. Expected contributions expected to be paid to the defined benefit pension plans of the Company within one year from December 31, 2014 amounts to \$2,247.

B. Defined contribution plan

- a. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees'

individual pension accounts at the Bureau of Labor Insurance.

- b. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2014 and 2013 were \$49,219 and \$39,052, respectively.

(8) Common stock and stock dividends to be distributed

- A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	Year ended December 31, 2014	Year ended December 31, 2013
At January 1	92,907	91,627
Stock dividends	929	916
Exercised employee stock bonuses	277	364
At December 31	<u>94,113</u>	<u>92,907</u>

- B. On June 11, 2013, the Company's shareholders adopted a resolution to issue shares of common stock due to capitalization of unappropriated retained earnings of \$9,163 and employees' bonus of \$40,000. As approved by the SFC, the effective date of the capitalization was set on August 5, 2013. Of the \$40,000 as employees' stock bonuses, 364 thousand shares was calculated based on the fair value per share at the preceding day of the Shareholder Meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus at the effective date of capitalization.

- C. After the event of capitalization mentioned above, the Company's total authorized capital was \$1,200,000 (including \$20,000 reserved for employee stock options) and the paid-in capital was \$929,073 (92,907 thousand shares) with a par value of \$10 (in dollars) per share.

- D. On June 10, 2014, the Company's shareholders adopted a resolution to issue shares of common stock due to capitalization of unappropriated retained earnings of \$9,291 and employees' bonus of \$51,000. As approved by the SFC, the effective date of the capitalization was set on August 1, 2014. Of the \$51,000 employees' stock bonuses, 277 thousand shares was calculated based on the fair value per share at the preceding day of the Shareholder Meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus at the effective date of capitalization.

- E. After the event of capitalization mentioned above, the Company's total authorized capital was \$1,200,000 (including \$20,000 reserved for employee stock options) and the paid-in capital was \$941,131 (94,113 thousand shares) with par value of \$10 (in dollars) per share.

(9) Capital surplus

Pursuant to the R.O.C. Company Act, capital reserves arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law

requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to offset accumulated deficit unless the legal reserve is used.

(10) Retained earnings

- A. The legal reserve shall be exclusively used to offset accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.
- B. Since the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's original Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution by the Board of Directors and then approved at the Shareholder Meeting. Of the amount to be distributed by the Company, employees' bonuses shall not be less than 0.1%; directors and supervisors' remuneration shall not exceed 6%. The remaining shall be appropriated as shareholder dividends, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the price per share of cash dividend is less than \$0.5 (in dollars).

On June 10, 2014, the Company's shareholders adopted an amendment to the Company's Articles of Incorporation. Under the Company's amended Articles of Incorporation, since the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income is the distributable net profit of this period, which is added to the unappropriated retained earnings from prior years to arrive at the accumulated distributable net profit. After considering business environment, future operations, the need for reinvestment, and so on, the Board of Directors will propose a resolution for the distribution of earnings which will be approved at the Shareholder Meeting. The distributable net profit shall be appropriated as follows:

- a. Directors' remuneration shall not exceed 6% of the distributable net profit of this period.
- b. Employees' bonuses shall not be less than 0.1% of the distributable net profit of this period.
- c. 50%~100% of accumulated distributable net profit will be appropriated as shareholder dividends and bonuses, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the price per share of cash dividend is less than \$0.5 (in dollars).

- C. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balance in other equity items at the balance sheet date before distributing earnings. When debit balance in other equity items is reversed subsequently, an equal amount could then be used for distribution.
- D. For the years ended December 31, 2014 and 2013, employees' bonus, and directors' and supervisors' remuneration were accrued at \$85,800 and \$55,800, respectively, which were based on the after tax earnings of related periods, considering legal reserve calculated by the percentage prescribed under the Company's Articles of Incorporation. The actual amount approved at the Shareholder Meeting for employees' bonus and directors' and supervisors' remuneration for 2013 was \$55,800, which was the same as the estimated amount recognized in the 2013 financial statements. The actual number of shares distributed as employees' bonus for the year ended December 31, 2013 was 277 thousand shares. Calculation basis of the shares was based on the share price of \$184.30. Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- E. The Company recognized dividends distributed to owners amounting to \$445,954 (\$4.80 dollars per share) and \$375,670 (\$4.10 dollars per share) for cash dividends, and \$9,291 (\$0.10 dollars per share) and \$9,163 (\$0.10 dollars per share) for stock dividends for the years ended December 31, 2014 and 2013, respectively. On February 24, 2015, the Company's Board of Directors during its meeting proposed that total dividends for the distribution of earnings for 2014 was \$696,437 with \$7.40 (in dollars) per share and \$9,411 with \$0.10 (in dollars) per share for cash and stock dividends, respectively.

(11) Operating revenue

	Year ended December 31, 2014	Year ended December 31, 2013
Merchandise sales	\$ 8,848,504	\$ 6,996,962
License income	319,086	252,497
	<u>\$ 9,167,590</u>	<u>\$ 7,249,459</u>

(12) Other income

	Year ended December 31, 2014	Year ended December 31, 2013
Rental income	\$ 12,202	\$ 11,020
Interest income		
Bank interest income	2,404	1,625
Other income	24,379	73,886
	<u>\$ 38,985</u>	<u>\$ 86,531</u>

(13) Other gains and losses

	Year ended December 31, 2014	Year ended December 31, 2013
Gain on disposal of property, plant and equipment	\$ 13,374	\$ -
Gain on disposal of investments	-	9
Other losses	(2,825)	(4,283)
	<u>\$ 10,549</u>	<u>(\$ 4,274)</u>

(14) Finance costs

	Year ended December 31, 2014	Year ended December 31, 2013
Interest expense:		
Bank borrowings	\$ 7,968	\$ 4,900
Less: capitalization of qualifying assets	(573)	(329)
	<u>\$ 7,395</u>	<u>\$ 4,571</u>

(15) Expenses by nature

	Year ended December 31, 2014	Year ended December 31, 2013
	<u>Operating expense</u>	<u>Operating expense</u>
Employee benefit expenses	\$ 1,274,560	\$ 997,526
Depreciation	<u>\$ 296,514</u>	<u>\$ 238,453</u>

(16) Employee benefit expense

	Year ended December 31, 2014	Year ended December 31, 2013
	<u>Operating expense</u>	<u>Operating expense</u>
Wages and salaries	\$ 1,075,007	\$ 838,976
Labor and health insurance fees	101,882	79,967
Pension costs	49,747	39,722
Other personnel expenses	<u>47,924</u>	<u>38,861</u>
	<u>\$ 1,274,560</u>	<u>\$ 997,526</u>

As of December 31, 2014 and 2013, the Company had 3,609 and 2,856 employees, respectively.

(17) Income tax

A. Income tax expense:

a. Components of income tax expense:

	Year ended December 31, 2014	Year ended December 31, 2013
Current income tax:		
Current tax on profits for the period	\$ 169,016	\$ 114,040
Over provision of prior year's income tax	(81)	(82)
Total current tax	<u>168,935</u>	<u>113,958</u>
Deferred income tax:		
Origination and reversal of temporary differences	(4,365)	1,521
Total deferred income tax	<u>(4,365)</u>	<u>1,521</u>
Income tax expense	<u>\$ 164,570</u>	<u>\$ 115,479</u>

b. The income tax relating to other comprehensive income is as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Actuarial gains on defined benefit obligations	<u>\$ 675</u>	<u>\$ 908</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2014	Year ended December 31, 2013
Tax calculated based on profit before tax and statutory tax rate	\$ 159,479	\$ 114,636
Expenses disallowed by tax regulation	471	416
Prior year income tax overestimate	(81)	(82)
10% tax on undistributed earnings	<u>4,701</u>	<u>509</u>
Tax expense	<u>\$ 164,570</u>	<u>\$ 115,479</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

Year ended December 31, 2014				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Temporary differences:				
-Deferred tax assets:				
Unrealized expenses	\$ 5,765	\$ 3,421	\$ -	\$ 9,186
Pension	1,917	2,282	(675)	3,524
Unearned revenue	1,833	1,236	-	3,069
	<u>9,515</u>	<u>6,939</u>	<u>(675)</u>	<u>15,779</u>
-Deferred tax liabilities:				
Pension	-	(2,574)	-	(2,574)
	<u>\$ 9,515</u>	<u>\$ 4,365</u>	<u>(\$ 675)</u>	<u>\$ 13,205</u>
Year ended December 31, 2013				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Temporary differences:				
-Deferred tax assets:				
Unrealized expenses	\$ 3,611	\$ 2,154	\$ -	\$ 5,765
Pension	4,894	(2,069)	(908)	1,917
Unearned revenue	2,195	(362)	-	1,833
	<u>10,700</u>	<u>(277)</u>	<u>(908)</u>	<u>9,515</u>
-Deferred tax liabilities:				
Pension	(1,798)	1,798	-	-
	<u>\$ 8,902</u>	<u>\$ 1,521</u>	<u>(\$ 908)</u>	<u>\$ 9,515</u>

D. As of February 24, 2015, the Company's income tax returns through 2012 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

E. Unappropriated retained earnings:

	December 31, 2014	December 31, 2013
Earnings generated in and after 1998	\$ 782,038	517,412

F. As of December 31, 2014 and 2013, the balances of the imputation tax credit account were \$118,575 and \$45,959, respectively. As dividends were approved at the Shareholder Meeting on June 10, 2014 and June 11, 2013 with the dividend distribution date set on August 1, 2014 and August 5, 2013 by the Board of Directors, respectively, the creditable tax rate for the unappropriated retained earnings of 2012 and 2013 were both 20.48%. The creditable tax rate for 2014 is expected to be 19.92%. The creditable tax rate will be based on the actual imputation tax credit account on the distribution date for the earnings of 2014; thus, the credit account may be subject to appropriate adjustments according to tax regulations.

(18) Earnings per share

	For the year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 772,462	93,952	\$ 8.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 772,462	93,952	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	417	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 772,462	94,369	\$ 8.19

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 558,852	93,619	\$ 5.97
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 558,852	93,619	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	286	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 558,852	93,905	\$ 5.95

A. As the Company can choose to distribute employees' bonus in the form of shares, the calculation of diluted earnings per share is based on the assumption that the bonus would be issued in shares. When calculating the diluted EPS, those potential common shares that result in dilutive effect would be included in the calculation of the weighted-average outstanding common shares during the reporting period. When calculating the basic EPS, the weighted-average outstanding common shares during the reporting period is calculated based on the actual amount of shares distributed as employees' bonus based on the resolution at the Shareholder Meeting. In addition, since the employees' stock bonus is no longer regarded as a distribution of stock dividends, the Company did not adjust the effects on the basic and diluted earnings per share retroactively.

B. The abovementioned weighted average number of ordinary shares outstanding has been adjusted to unappropriated retained earnings as proportional increase in capital for the year ended December 31, 2013.

(19) Operating leases

The Company has lease contracts with the key management and non-related parties. The lease terms are between 3 and 16 years. As of December 31, 2014 and 2013, the amount of deposits paid, in accordance with the lease contracts was \$154,282 and \$122,064, respectively and was classified as refundable deposits. The Company recognized rental expenses of \$574,445 and \$457,548 for these leases in profit or loss for the years ended December 31, 2014 and 2013, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Within 1 year	\$ 608,267	\$ 495,820
Between 1 and 5 years	2,033,895	1,658,447
Over 5 years	<u>1,986,235</u>	<u>1,584,562</u>
	<u>\$ 4,628,397</u>	<u>\$ 3,738,829</u>

(20) Non-cash transaction

A. Investing activities and financing activities with partial cash payments:

	<u>Year ended December 31, 2014</u>	<u>Year ended December 31, 2013</u>
a. Purchase of property, plant and equipment	\$ 597,030	\$ 653,110
Add: Beginning balance of payable on equipment (Other payables)	114,053	26,711
Less: Ending balance of payable on equipment (Other payables)	(90,390)	(114,053)
Capitalization of interest	(573)	(329)
Cash paid for acquisition of property, plant and equipment	<u>\$ 620,120</u>	<u>\$ 565,439</u>

	<u>Year ended December 31, 2014</u>	<u>Year ended December 31, 2013</u>
b. Disposal of property, plant and equipment	\$ 206,095	\$ -
Less: Ending balance of receivable on land and building (Other receivable)	(143,000)	-
Cash received for disposal of property, plant and equipment	<u>\$ 63,095</u>	<u>\$ -</u>

B. Financing activities that do not directly impact on current cash flows:

	<u>Year ended December 31, 2014</u>	<u>Year ended December 31, 2013</u>
Capitalization of earnings and employees' bonus.	<u>\$ 51,000</u>	<u>\$ 40,000</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

Rental expense

				Year ended December 31, 2014	Year ended December 31, 2013
	<u>Leased subject</u>	<u>Determination of rental</u>	<u>Payment method</u>		
Key management	Underground~6F., No. 74, Sec. 3, Minzu Rd., West Central Dist., Tainan City 700	Negotiation	Monthly payment	<u>\$ 3,000</u>	<u>\$ 3,000</u>

For details on operating lease agreements, please refer to Note 6. (19).

(2) Key management compensation

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and other short-term employee benefits	\$ 18,242	\$ 18,152
Post-employment benefits	<u>216</u>	<u>216</u>
	<u>\$ 18,458</u>	<u>\$ 18,368</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Commitments

(1) Capital expenditures contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Property, plant and equipment	<u>\$ 47,223</u>	<u>\$ 43,412</u>

(2) For details on operating lease agreements, please refer to Note 6. (19).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Fair value information of financial instruments

Except for items disclosed in the table below, the financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable, and other payables) are based on their book value as book value approximates fair value.

	December 31, 2014		December 31, 2013	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets:				
Refundable deposits	\$ 157,552	\$ 157,552	\$ 127,030	\$ 127,030
Financial liabilities				
Long-term borrowings (including current portion)	\$ 461,413	\$ 461,413	\$ 487,753	\$ 487,753
Guarantee deposits received	3,133	3,133	3,118	3,118
	\$ 464,546	\$ 464,546	\$ 490,871	\$ 490,871

B. Financial risk management policies

The Company adopts an integrated risk management system to identify all risks (including market risk, credit risk, liquidity risk and cash flow risk) and to enable key management to measure and control all risks. The Company's objectives when managing market risk are achieving optimal risk exposure, maintaining appropriate liquidity and managing all market risks centrally by taking into account economic environment, competition and market risk.

C. Significant financial risks and degrees of financial risks

a. Market risk

I. Foreign exchange risk

Since the main transactions of the Company are denominated in New Taiwan dollars, the Company is not engaged in foreign exchange contracts. Therefore, the Company is not exposed to significant foreign exchange risk.

II. Price risk

The Company is not engaged in any financial instrument or derivatives investment, hence is not exposed to price risk.

III. Interest rate risk

For the years ended December 31, 2014 and 2013, if interest rates on borrowings had been 10% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2014 and 2013 would have decreased/increased by \$23 and \$17, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

b. Credit risk

I. Credit risk refers to the risk that the clients or counterparties of financial instruments will cause a financial loss for the Company by failing to discharge a contractual obligation. According to the Company's credit policy, managing and analyzing the credit risk for each of new clients is required. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and outstanding receivables.

II. For the credit rankings of the Company's financial assets, please refer to Note 6, Financial assets.

c. Liquidity risk

I. Cash flow forecasting is performed by the Company. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

- II. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Notes payable	\$ 444,820	\$ -	\$ -	\$ -
Accounts payable	927,106	-	-	-
Other payables	506,503	-	-	-
Long-term borrowings (Including current portion)	268,185	170,526	30,408	-
Guarantee deposits received	-	3,133	-	-
<u>December 31, 2013</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Notes payable	\$ 313,973	\$ -	\$ -	\$ -
Accounts payable	656,943	-	-	-
Other payables	409,454	-	-	-
Long-term borrowings (Including current portion)	242,348	170,774	82,727	-
Guarantee deposits received	-	3,118	-	-

III. Fair value estimation

The Company had no fair value financial instruments as of December 31, 2014 and 2013.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transaction information

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2014.)

A. Loans to others: None.

B. Endorsements/guarantee provided: None.

C. Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): None.

D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate properties at prices of at least \$300 million or 20% of the paid-in capital:

Company	Property Name	Transaction date	Original date of acquisition	Book value	Transaction amount	Cash received	Disposal gain and (loss)	Buyer	Relationship	Purpose of disposal	Price basis	Other agreements
POYA	Xinxing Dist., Kaohsiung City two sections of Datong Land No. 1119-0000, 1120-0000	2014/11/24 (Note 1)	2013/7/18	\$ 168,160	\$ 161,000	\$ 58,485	(\$ 24,446) (Note 2)	Hung-Chieh Assets Management Co., Ltd.	Non- related party	Additional working capital	Valuation report	None
POYA	No. 148, Wenheng 2nd Rd., Xinxing Dist., Kaohsiung City Building No. 03147-000	2014/11/24 (Note 1)	2013/7/18	19,222	69,000	25,065	42,774 (Note 2)	Hung-Chieh Assets Management Co., Ltd.	Non- related party	Additional working capital	Valuation report	None

Note 1 : Signing date

Note 2 : Amount after-tax

G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: None.

H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: None.

I. Derivative financial instruments undertaken during the year ended December 31, 2014: None.

J. Significant inter-company transactions during the nine-month period ended December 31, 2014: None.

(2) Disclosure information of investee company

(Only information for the year ended December 30, 2014 is required to be disclosed.)

None.

(3) Disclosure information on indirect investments in Mainland China

As of December 31, 2014, the Company had no investments in Mainland China.

14. SEGMENT INFORMATION

(1) General information

The Company operates business only in a single industry. The Company's chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of EBIT. This measurement basis excludes the effects of non-recurring earnings and expenditures from the operating segments. The accounting policies of the operating segment are the same with Note(6) on the Financial Report.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	Retailing	Retailing
Segment revenue		
Revenue from external customers (net)	\$ 9,167,590	\$ 7,249,459
Depreciation	296,514	238,453
Finance cost	7,395	4,571
Segment pre-tax profit	937,032	674,331
Segment assets	4,890,987	3,998,376
Non-current asset (excluding financial instruments and deferred tax assets)	597,030	653,110
Segment liabilities	2,488,889	1,977,080

A. The segment income or loss reported to the chief operating decision-maker is measured in a manner consistent with that in the

statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income before tax for the years ended December 31, 2014 and 2013 is provided as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Reportable segments income	\$ 937,032	\$ 674,331
Other	-	-
Income before tax	<u>\$ 937,032</u>	<u>\$ 674,331</u>

- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total assets is as follows:

	December 31, 2014	December 31, 2013
Assets of reportable segment	\$ 4,890,987	\$ 3,998,376
Unamortised items	-	-
Total assets	<u>\$ 4,890,987</u>	<u>\$ 3,998,376</u>

- C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total liabilities is as follows:

	December 31, 2014	December 31, 2013
Liabilities of reportable segment	\$ 2,488,889	\$ 1,977,080
Unamortised items	-	-
Total liabilities	<u>\$ 2,488,889</u>	<u>\$ 1,977,080</u>

(4) Information on product and service

Please refer to Note 6. (11), Operating revenue for related information.

(5) Geographical information

Geographical information for the years ended December 31, 2014 and 2013 is as follows:

	<u>Year ended December 31, 2014</u>		<u>Year ended December 31, 2013</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	<u>\$ 9,167,590</u>	<u>\$ 1,679,653</u>	<u>\$ 7,249,459</u>	<u>\$ 1,528,690</u>

(6) Major customer information

The Company's annual revenue from each customer for the years ended December 31, 2014 and 2013 did not reach more than 10% of the revenue on the statement of comprehensive income.

Poya International Co., Ltd.
Statement of Declaration of Internal Control

Date: March 23 2015

Poya International Co., Ltd. has conducted internal audit in accordance with its Internal Control Regulation covering the period from January 1 to December 31 2014, and hereby declares as follows:

- (1) The Company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers, and that the Company has already established such system. The purpose it to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules.
- (2) There is limitation inherent to internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features the self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.
- (3) The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the “Criteria for the Establishment of Internal Control System of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely, 1. control environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for detail.
- (4) The Company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.
- (5) Basing on the aforementioned audit findings, the Company holds that has reasonably preserved the achievement of the aforementioned goals within the aforementioned period of internal control (including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.

- (6) This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
- (7) This statement of declaration has been approved by the Board in a session held on March 23, 2015 with the presence of 7 directors under unanimous consent.

Chairman: Chen Chien-Chao (signature)

General Manager: Chen Zong-Cheng (signature)

Poya International Co., Ltd.

IX. Address and telephone of corporate headquarters and branches

Business unit	Address	Telephone
Headquarters in Tainan: No.74, Sec. 3, Minzu Rd. West Central Dist. Tainan		Telephone: (06)241-1000
Headquarters in Taipei: 4F, No.2, Fuxing N. Rd., Zhongshan Dist., Taipei		Telephone: (02)8772-8688
Tainan Xiao Bei Branch: No. 169, Ximen Rd., Section IV, Tainan		Telephone: (06)281-7806
Taipei Yong He Branch: No. 239, Zhongzheng Rd., Yonghe Dist, New Taipei City		Telephone: (02)8941-7717
Chaunghua Yuan Lin Branch: No. 68, Sanmin St., Yuanlin, Changhua		Telephone: (04)837-9800
Kaohsiung Feng Shan Branch: No. 138, Zhongshan Rd., Fengshan Dist., Kaohsiung		Telephone: (07)747-7000
Kaohsiung Zi You Branch: No., 327, Ziyou 2 nd Rd., Zuoying Dist., Kaohsiung		Telephone: (07)558-9311
Tainan Dong Ning Branch: No. 229, Dongning Rd., Tainan		Telephone: (06)275-5933
Taichung Feng Jia Branch: NO. 420, Fuxing Rd., Taichung		Telephone: (04)2708-2007
Taichung 1st High School Branch: No. 22-4, Taiping Rd., Taichung		Telephone: (04)2221-1023
Taichung Wen Xin Branch: No. 597, Wenxin Rd. Section IV, Beitun Dist., Taichung		Telephone: (04)2247-0011
Tainan Zhong Hua Branch: No. 273~275, Zhonghua East Rd., Tainan		Telephone: (06)260-1100
Kaohsiung Gang Shan Branch: No. 46, Minzu Rd., Gangshan Dist., Kaohsiung		Telephone: (07)625-0022
Nantou Cao Tun Branch: No. 117, Zhongshan St., Caotun, Nantou		Telephone: (049)230-2000
Tainan Yong Kang Branch: No. 106, Zhonghua Rd., Yongkang Dist., Tainan		Telephone: (06)311-2111
Tainan Jian Kang Branch: No. 175, Zhonghua West Rd., Section I, South Dist., Tainan		Telephone: (06)292-0202
Douliu Min Sheng Branch: No. 64, Zhongjian West Rd., Douliu, Yunlin		Telephone: (05)533-5050
Kaohsiung Da Chang Branch: No. 145, Dachang 2nd Rd., Sanmin Dist., Kaohsiung		Telephone: (07)394-3300
Dali Zhong Xing Branch: 1F, No.550, Zhongxing Rd. Section II, Dali Dist., Taichung		Telephone: (04)2481-8181
Hualien Zhong Zheng Branch: No. 339-1, Zhongzheng Rd., Hualien		Telephone: (03)834-3322
Luodong Cang Qian Branch: No. 66, Cangqian Rd., Luodong, Yilan		Telephone: (03)955-1010
Jiali Yan Ping Branch: 1F, No. 91, Yanping Rd., Jiali Dist., Tainan		Telephone: (06)723-7700
Chiayi Cui Yang Branch: No. 459, Cuiyang Rd., Chiayi		Telephone: (05)216-6161
Pingtung Zi You Branch: No. 21, Taiyuan 1st Rd., Pingtung, Pingtung		Telephone: (08)766-0202
Xinying Min Zhi Branch: No. 227, Minzhi Rd., Xinying Dist., Tainan		Telephone: (06)656-6611
Nantou Da Tong Branch: No. 70, Datong South St., Nantou, Nantou		Telephone: (049)222-5200
Kaohsiung You Chang Branch: 1F, No. 645, Houchang Rd., Zuoying Dist., Kaohsiung		Telephone: (07)363-6767
Taitung Zhong Hua Branch: 1F, NO. 513, Zhonghua Rd. Section I, Taitung, Taitung		Telephone: (089)337-070
Taichung Da Dun Branch: No. 466, Dadun Rd., Nantun Dist., Taichung		Telephone: (04)2328-2118
Chaozhou Xin Sheng Branch: 1F, NO. 117, Xinsheng Rd., Chaozhou, Pingtung		Telephone: (08)788-7700
Hualien Zhong Shan Branch: No. 269, Zhongshan Rd., Hualien, Hualien		Telephone: (03)831-6666
Taipei Min Sheng Branch: No. 163-1, Minsheng East Rd. Section V, Songshan Dist, Taipei		Telephone : (02)8787-9900
Fengyuan Fu Qian Branch: 1F, No. 39, Fuqian St., Yangming Li, Fengyuan, Taichung		Telephone: (04)2524-4000
Kaohsiung Wu Jia Branch: NO. 381, Wujia 2nd Rd., Fengshan Dist., Kaohsiung		Telephone: (07)727-2111
Miaoli Min Zu Branch: No. 59, Minzu Rd., Miaoli, Miaoli		Telephone: (037)380-808
Pingtung Min Sheng Branch: No. 248, Minsheng Rd., Pingtung, Pingtung		Telephone: (08)765-5500
Taichung Sha Lu Branch: No. 628, Zhennan Rd. Section II, Shalu Dist., Taichung		Telephone: (04)2662-2446
Yunlin Hu Wei Branch: No. 105-1, Heping Rd., Huwei, Yulin		Telephone: (05)633-8811
Taichung Xue Shi Branch: No. 175, Xueshi Rd., North Dist., Taichung		Telephone: (04)2203-2000
Shulin Zhongshan Branch: 1F, NO. 111, Zhongshan Rd.. Section I, Shulin Dist, New Taipei City		Telephone: (02)2686-0022
Xizhi Zhong Xing Branch: NO. 195, Zhongxing Rd., Xizhi Dist., New Taipei City		Telephone: (02)2692-4444
Toufen Zhong Hua Branch: No. 1167, Zhonghua Rd., Toufen, Miaoli		Telephone: (037)670-033
Longtan Zhong Zheng Branch: No. 222, Zhongzheng Rd., Longtan, Taoyuan		Telephone: (03)470-0717
Xiaogang Han Min Branch: No. 206, Hanmin Rd., Xiaogang Dist., Kaohsiung		Telephone: (07)802-0033
Yonghe Zhong Shan Branch: No. 177, Zhongshan Rd. Section I, Yonghe Dist., New Taipei City		Telephone: (02)2920-2727
Changhua Lu Gang Branch: No. 322, Fuxing Rd., Lugang, Changhua		Telephone: (04)775-0777
Zhongli Zhong Yuan Branch: No. 55, Zhongbei Rd., Zhongli, Zhongli		Telephone: (03)438-0505
Nantou Pu Li Branch: No., 24, Zhongshan 2 nd Rd., Puli, Nantou		Telephone: (049)298-6060
Taoyuan Nan Ping Branch: No. 399, Nanping Rd., Taoyuan, Taoyuan		Telephone: (03)326-1100
Xinzhuang Xin Tai Branch: No. 300, Xintai Rd., Xinzhuang Dist., New Taipei City		Telephone: (02)2991-4000
Yunlin Bei Gang Branch: No. 62, Huanan Rd., Guangfu Li, Lugang, Yulin		Telephone: (05)783-6363
Pingtung Dong Gang Branch: No. 316, Zhongzheng Rd. Section I , Donggang, Pingtung		Telephone: (08)831-0101
Douliu Station Branch: No. 159, Minsheng Rd., Douliu, Yunlin		Telephone: (05)537-0033
Taichung Tan Zi Branch: No. 2, Lane 99, Yatan Rd. Section I, Tanzi Dist., Taichung		Telephone: (04)253-20000
Yilan Station Branch: No. 6, Guangfu Rd., Yilan, Yilan		Telephone: (03)936-0505

Business unit	Address	Telephone
Fenshan Qing Nian Branch: No. 471, Qingnian 2 nd Rd., Fenshan Dist., Kaohsiung		Telephone: (07)767-6262
Keelung Dong Ming Branch: No. 177, Dongming Rd., XinYi Dist., Keelung		Telephone: (02)2468-0066
Sanxia Zhong Hua Branch: 1F, No. 20, Zhonghua Rd., Sanxia Dist., New Taipei City		Telephone: (02)8674-2121
Tainan Hai Tian Branch: 1F, No. 120, Haitian Rd. Section I, Annan Dist., Tainan		Telephone: (06)350-0011
Tainan Shan Hua Branch: No. 472, Zhongzheng Rd., Shanhuia Dist., Tainan		Telephone: (06)583-0000
Taoyuan Ba De Branch: No. 126, Sec. 2, Jieshou Rd., Bade, Taoyuan		Telephone: (03)371-3838
Banqiao Cong Qing Branch: 1F, No. 247, Congqing Rd., Banqiao, New Taipei City		Telephone: (02)2958-1818
Taichung Mei Cun South Branch: No. 70, Meichun South Rd., South Dist., Taichung		Telephone: (04)226-03388
Zhubei San Min 1 st Branch: No. 202, Sanmin Rd., Zhubei, Hsinchu		Telephone: (03)555-6222
Daya Zhong Qing Branch: No.1171, Sec. 3, Zhongqing Rd., Daya Dist., Taichung		Telephone: (04)256-60202
Tainan Ma Dou Branch: No. 22-1, Bo'ai Rd., Madou Dist., Tainan		Telephone: (06)571-2211
Yingge Jian Guo Branch: No., 280, Jianguo Rd., Yingge, New Taipei City		Telephone: (02)2677-4488
Neili Zhong Xiao Branch: No. 74, Zhongxiao Rd., Zhongli, Taoyuan		Telephone: (03)435-5000
Kaohsiung Rui Long Branch: No. 459, Ruilong Rd., Qianzhen Dist., Kaohsiung		Telephone: (07)713-0011
Taichung Wu Feng Branch: No., 1095, Zhongzheng Rd., Wufeng Dist., Taichung		Telephone: (04)233-21333
Zhunan Bo Ai Branch: No. 281, Bo'ai St., Zhunan, Miaoli		Telephone: (037)481-414
Hsinchu Dong Men Branch: No. 73, Fuxing Rd., Hsinchu		Telephone: (03)523-2200
Xinzhuang Long An Branch: No.252-1, Longan Rd., Xinzhuang Dist., New Taipei City		Telephone: (02)2202-1000
Linkou Ren Ai Branch: No. 2, Yulin St., Linkou, New Taipei City		Telephone : (02)8601-9191
Hsinchu Hu Kou Branch: No. 23, Zhongxiao Rd., Hukou, Hsinchu		Telephone: (03)590-6363
Tainan Gui Ren Branch: No. 133, Zhongshan Rd. Section III, Guiren Dist., Tainan		Telephone: (06)338-8000
Taoyuan Da You Branch: NO. 586, Dayou Rd., Taoyuan, Taoyuan		Telephone: (03)316-0111
Nantou Zhu Shan Branch: No.89, Dali Rd., Zhushan, Nantou		Telephone: (049)266-2200
Kaohsiung Da Shun Branch: No. 110, Dashun 3 rd Rd., Yaling Dist., Kaohsiung		Telephone: (07)713-1111
Changhua Bei Dou Branch: No. 313, Fuxing Rd., Beidou, Changhua		Telephone: (04)888-2020
Taichung Jing Wu East Branch: No. 97, Jingwu East Rd., East Dist., Taichung		Telephone: (04)2211-9292
Banqiao Xin Hai Branch: No. 93, Xinhai Rd., Banqiao, New Taipei City		Telephone: (02)2250-7766
Kaohsiung Qi Shan Branch: No. 7-17, Dongxin St., Qishan Dist., Kaohsiung		Telephone: (07)662-2626
Hsinchu Jing Guo Branch: No. 820, Jinguo Rd., Section I, Hsinchu		Telephone: (03)542-1616
Zhudong Chang Chun Branch: No. 100, Changchun Rd. Section III, Zhudong, Hsinchu		Telephone: (03)595-3322
Dali Cheng Gong Branch: No.23, Chenggong 2 nd Rd., Dali Dist., Taichung		Telephone: (04)2493-7373
Taichung Song Zhu Branch: No. 168, Songzhu Rd. Section II, Beitun Dist., Taichung		Telephone: (04)2242-2211
Guishan Wen Hua Branch: No. 26, Wenhua 2 nd Rd., Guishan, Taoyuan		Telephone: (03)327-5050
Kaohsiung Minsheng Branch: No. 1, Minsheng 1 st Rd., Xinxing Dist., Kaohsiung		Telephone: (07)229-9090
Taitung Xin Sheng Branch: No., 201, Xinsheng Rd., Taitung, Taitung		Telephone: (089)322-211
Nanmiao Zhong Zheng Branch: No. 929, Zhongzheng Rd., Miaoli, Miaoli		Telephone: (037)361-333
Taichun Li Ming Branch: No. 726, Datun 11 th St., Nantun Dist., Taichung		Telephone: (04)2254-3377
Sanxia Wenhua Branch: No.59, Wenhua Rd., Sanxia Dist., New Taipei City		Telephone: (02)26729911
Chiayi Minxiong Branch: No.48, Shengping Rd., Minxiong Township, Chiayi		Telephone: (05)2066677
Taichung Dongshi Branch: No.558, Fengshi Rd., Dongshi Dist., Taichung		Telephone: (04)25771717
Xinying Zhongshan Branch: No.113, Zhongshan Rd., Xinying Dist., Tainan		Telephone: (06)6333322
Pingtung Fengjia Branch: No.60, Fengjia Rd., Pingtung City, Pingtung		Telephone: (08)7346633
Zhubei Guangming Branch: No.7, Guangming 3rd Rd., Zhubei City, Hsinchu		Telephone: (03)5510055
Changhua Minzu Branch: No.221, Minzu Rd., Changhua City, Changhua		Telephone: (04)7277722
Taoyuan Dayuan Branch: No.99, Zhongzheng E. Rd., Dayuan Township, Taoyuan		Telephone: (03)3862266
Yuanlin Zhongzheng Branch: No.672, Zhongzheng Rd., Yuanlin Township, Changhua		Telephone: (04)8337788
Tainan Jinhua Branch: No.168, Sec. 3, Jinhua Rd., West Central Dist., Tainan		Telephone: (06)2207373
Banqiao Nanya Branch: No.55, Sec. 1, Nanya S. Rd., Banqiao Dist., New Taipei City		Telephone: (02)29688555
Kaohsiung Linyuan Branch: No.46, Ren'ai Rd., Linyuan Dist., Kaohsiung		Telephone: (07)6433366
Tainan Zhongzheng Branch: No.246, Zhongzheng Rd., West Central Dist., Tainan		Telephone: (06)2240666
Changhua Jinma Branch: No.1, Sec. 2, Jinma Rd., Changhua City, Changhua		Telephone: (04)7367755
Penghu Beichen Branch: No.8, Beichen St., Magong City, Penghu		Telephone: (06)9279911
Hsinchu Xuefu Branch: No.130, Xuefu St., Xinfeng Township, Hsinchu		Telephone: (03)5575999
Kaohsiung Xintian Branch: No.168, Xintian Rd., Xinxing Dist., Kaohsiung		Telephone: (07)2822277
Taichung Hankou Branch: No.313, Sec. 4, Hankou Rd., North Dist., Taichung		Telephone: (04)22376767
Huwei Linsen Branch: No.154, Sec. 2, Linsen Rd., Huwei Township, Yunlin		Telephone: (05)6366633
Changhua Shengang Branch: No.55, Xinyi Rd., Shengang Township, Changhua		Telephone: (04)7982626
Yunlin Mailiao Branch: No.377, Zhongshan Rd., Mailiao Township, Yunlin		Telephone: (05)6937733
Tianzhong Zhongzhou Branch: No.123, Sec. 1, Zhongzhou Rd., Tianzhong Township, Changhua		Telephone: (04)8752266