

POYA International Co., Ltd.
Minutes of 2020 Annual General Shareholders' Meeting
(Translation)

Time: 9 a.m., June 23, 2020 (Tuesday)

Place: No.74, Sec.3, Minzu Rd., West Central Dist., Tainan City (6-Floor Meeting Room)

Attendance: All shareholders and their proxy holders, representing 88,498,564 shares (including 76,409,791 shares the voting rights of which are exercised by the electronic means), or 90.60% of the total 97,685,031 outstanding shares. Chen Jian-Zao(Chairman), Chen Fan Mei-Jin(Vice Chairman), Chen Zong-Cheng(Director), Lin Tsai-Yuan(Independent Director) were present and the present directors were more than one-third of total directors(7 members).

Chairperson: Chen Jian-Zao

Minute Recorder: Shen Hong-Yu

Guests: Mr. Liu Tzu-Meng, CPA, PricewaterhouseCoopers Taiwan

A. Call the Meeting to Order (shareholdings of the attendance has formed a quorum)

B. Chairman's Remarks (omitted)

C. Reports

I. 2019 Business Report (See Appendix I)

II. 2019 Audit Committee's Review Report (See Appendix II)

III. 2019 Distribution of Employees' and Directors' Remuneration

Explanation :

1. In accordance with the Act 21-1 of Articles of Incorporation, the monetary amount of employees' remuneration is NT\$ 124,421,677 accounting for 5% and the monetary amount of directors' remuneration is NT\$ 5,280,000 accounting for 0.2%.
2. The employees' and directors' remuneration mentioned above shall be treated as expenses in 2019. There is no difference between the amount of recognized expenses and the amount of employees' and directors' remuneration passed by the Board of Directors.
3. The distribution of employees' remuneration has been passed by the 7th-term Board of Directors in the 29th Board meeting and the distribution of directors' remuneration has been passed by the 3rd-term Remuneration Committee in the 12th Remuneration Committee meeting.

IV. Annual Earnings Cash Dividend Distribution in 2019

Explanation :

1. In accordance with the Article 21 of Articles of Incorporation, if the distribution of

shareholders' dividends and bonuses is fully or partially made by cash, it shall be appointed to Board of Directors to make a resolution and report to Shareholders' Meeting.

2. The Ex-dividend record date and payment date of cash dividend distribution have been passed by the 7th-term Board of Directors in the 29th Board meeting. The cash dividends of NT\$ 1,670,414,030 shall be paid on June 12th, 2020. The cash dividend distributed by earnings would be calculated by each person's name and the number of shares owned based on the register of shareholders as of the record date. Every 1,000 shares shall be paid NT\$ 17,100 and rounded down to NT\$1 dollar.

V. Amendments to part of Articles of Ethical Corporate Management Best Practice Principles of the Company. (See Appendix III)

D. Acknowledgements

Proposal 1: Adoption of the 2019 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

1. The Company's 2019 Financial Statements were audited by PricewaterhouseCoopers Taiwan. Also Business Report and Financial Statements have been approved by the Audit Committee, with the review report included in the meeting minute.
2. Business report is attached as Appendix I. The auditing report of the certified accountants and the financial statements mentioned above are attached as Appendix IV.
3. Please acknowledge the 2019 Business Report and Financial Statements.

Resolution: the voting results are as followed:

88,496,295 shares were represented at the time of voting (including 76,409,791 shares the voting rights of which are exercised by the electronic means)

Voting results	Proportion to the total represented shares present
Affirmative votes 85,450,110 shares (including 73,363,620 shares the voting rights of which are exercised by the electronic means)	96.56%
Dissenting votes 2,671 shares (including 2,671 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,043,514 shares (including 3,043,500 shares the voting	3.44%

rights of which are exercised by the electronic means)	
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The proposal has been adopted by voting without any modification.

Proposal 2: Adoption of the proposal for distribution of 2019 Profit (Proposed by the Board of Directors)

Explanation:

1. The Distribution Table of 2019 Profit is attached as Appendix V which has been submitted to the Company's Audit Committee for approval and been passed by the 7th-term Board of Directors in the 29th Board meeting.
2. Please acknowledge the proposal for distribution of 2019 profits.

Resolution: the voting results are as followed:

88,496,295 shares were represented at the time of voting (including 76,409,791 shares the voting rights of which are exercised by the electronic means)

Voting results	Propotion to the total represented shares present
Affirmative votes 85,450,140 shares (including 73,363,650 shares the voting rights of which are exercised by the electronic means)	96.56%
Dissenting votes 2,641 shares (including 2,641 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,043,514 shares (including 3,043,500 shares the voting rights of which are exercised by the electronic means)	3.44%

The proposal has been adopted by voting without any modification.

E. Matters for Discussion and Election

Proposal 1: Amendments to part of Articles of Incorporation. Please proceed to discuss.
(Proposed by the Board of Directors)

Explanation:

1. Complied with the actual need of operating procedure and revision of regulation, the Company hereby revises part of the provision of Articles of Incorporation. The comparison table for the amendments to Articles of Incorporation before and after revision is attached as Appendix VI.
2. Please proceed to discuss.

Resolution: the voting results are as followed:

88,496,295 shares were represented at the time of voting (including 76,409,791 shares the voting rights of which are exercised by the electronic means)

Voting results	Propotion to the total represented shares present
Affirmative votes 85,449,030 shares (including 73,362,540 shares the voting rights of which are exercised by the electronic means)	96.56%
Dissenting votes 3,741 shares (including 3,741 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,043,524 shares (including 3,043,510 shares the voting rights of which are exercised by the electronic means)	3.44%

The proposal has been adopted by voting without any modification.

Proposal 2: Amendments to part of “Articles of Rules of Procedure for Shareholders’ Meetings”.

Please proceed to discuss. (Proposed by the Board of Directors)

Explanation:

1. Complied with the revised laws and regulations, the Company hereby revises part of the provision of Articles of Rules of Procedure for Shareholders’ Meetings. The comparison table for the amendments to Articles of Rules of Procedure for Shareholders’ Meetings before and after revision and the articles before revision are attached as Appendix VII.
2. Please proceed to discuss.

Resolution: the voting results are as followed:

88,496,295 shares were represented at the time of voting (including 76,409,791 shares the voting rights of which are exercised by the electronic means)

Voting results	Propotion to the total represented shares present
Affirmative votes 85,448,977 shares (including 73,362,487 shares the voting rights of which are exercised by the electronic means)	96.56%
Dissenting votes 3,794 shares (including 3,794 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,043,524 shares (including 3,043,510 shares the voting rights of which are exercised by the electronic means)	3.44%

means)	
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The proposal has been adopted by voting without any modification.

Proposal 3: The Re-election of the Company's directors including independent directors. Please cast your vote. (Proposed by the Board of Directors)

Explanation:

1. The tenure of the 7th-term Board of Directors will be expiring on June 12th 2020.
According to the Company Act. 195, in case no election of new directors is effected after expiration of the term of office of existing directors, the tenure of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
2. The Company shall have 7 Board of Directors members (including 3 independent directors) in accordance with Incorporation Act.14. The tenure of new directors will be 3 years from June 23rd 2020 to June 22nd 2023. And the tenure of the original directors (including independent directors) shall be terminated when finishing this general shareholders' meeting.
3. In order to implement corporate governance, Audit Committee consists of all the independent directors, and the 3rd-term of Audit Committee will take effect after the re-election of new independent directors was completed in accordance with Incorporation Act.14-2 and Securities and Exchange Act.14-4.
4. According to Incorporation Act.14, the election of directors shall be conducted using the candidate nomination system. The shareholders shall elect directors from among those listed in the slate of director candidates, and the independent directors and non-independent directors shall be elected at the same time, but in separately calculated numbers. The list and the relative information of candidates nominated to be directors are followed:

The list and the relative information of candidates nominated to be directors are followed:

April 25th, 2020

Name	Education and important experience	Shareholdings (Share)
Duo Chin Investment Co., Ltd. Representative Chen Jian-Zao	<p>Current Positions:</p> <ul style="list-style-type: none"> ● Chairman, Poya International Co., Ltd. ● Chairman, Duo Chin Investment Co., Ltd. ● Supervisor, Poya Investment Co., Ltd. ● Chairman, Chen Ching Investment Co., Ltd ● Chairman, Gao Heng Investment Co., Ltd. <p>Education:</p> <ul style="list-style-type: none"> ● Pei Men High School <p>Experiences:</p> <ul style="list-style-type: none"> ● Owner, Chien Chang Herbal Medicine Company 	8,169,840

Name	Education and important experience	Shareholdings (Share)
Poya Investment Co., Ltd. Representative Chen Fan Mei-Jin	Current Positions: <ul style="list-style-type: none"> ● Vice Chairman, Poya International Co., Ltd. ● Chairman, Poya Investment Co., Ltd. Education: <ul style="list-style-type: none"> ● Kuang Hua Girls High School Experience: <ul style="list-style-type: none"> ● Plant manager, Chin Ting Art Gallery 	8,010,409
Chen Zong-Cheng	Current Positions : <ul style="list-style-type: none"> ● General Manager, Poya International Co., Ltd. ● Chairman, Maersk Investment Co., Ltd. ● Chairman, Wu Yang Investment Co., Ltd. Education: <ul style="list-style-type: none"> ● Information Dept. Feng Chia University Experience: Information Dept., Sheng Yu Steel Co., Ltd	6,128,023
Chen Ming-Shian	Current Positions : <ul style="list-style-type: none"> ● Chairman and VP of Greater China Business Dept, ST.Shine Optical Co., Ltd. ● Director, Shine Optical Holding Groups Inc. ● Director, Shine Optical (Samoa) Holding Groups, Inc. ● Director, Shine Optical HK Limited Education: <ul style="list-style-type: none"> ● Honorary Doctorate Degrees of Science, National Kaohsiung University of Applied Science; ● Graduate School of Business Administration, National Cheng Chi University; ● Electronic Engineering, National Kaohsiung University of Applied Science; Experience: <ul style="list-style-type: none"> ● Director, US Optical Connection Inc. 	0

The list and the relative information of candidates nominated to be independent directors are followed:

April 25th, 2020

Name	Education and important experience	Shareholdings (Share)
Liu Zhi-Hong	Current Positions: <ul style="list-style-type: none"> ● Chairman, Song Yang Electronic Materials (Kunshan) Limited Company ● Director, Thinflex Corporation ● Independent director, Fitness Factory Co., Ltd. ● Independent director, Symtek Automation Asia Co., Ltd ● Chairman, Chien Hsing Information Co., Ltd. 	0

Name	Education and important experience	Shareholdings (Share)
	<ul style="list-style-type: none"> ● Director, Chien Lian Investment Co., Ltd. ● Director, Shun Lai Business Consultancy Co., Ltd. <p>Education:</p> <ul style="list-style-type: none"> ● Masters in Finance, Boston University, U.S. ● Masters in Accounting, National Taiwan University ● Bachelor's Degree in Accounting, National Chengchi University <p>Experience:</p> <ul style="list-style-type: none"> ● Passed the advanced CPA examination ● Member of CPA Associations R.O.C.(Taiwan) ● Member of CPA Association Taipei 	
Wu Lin-I	<p>Current Positions :</p> <ul style="list-style-type: none"> ● Chairman and General Manager, Li Xin Emporium Co., Ltd. ● Chairman, Fullon hotels Co., Ltd. ● Director and General Manager, Ya May International Development Co. ● Chairman and General Manager, Peng Cheng Construction Co., Ltd. ● General Manager, Hi Mall Department Co., Ltd. <p>Education :</p> <ul style="list-style-type: none"> ● Masters in Bussiness Administration, Tiffin University USA ● Dept. of Electrical Engineering, Tungnan University <p>Experience:</p> <ul style="list-style-type: none"> ● Vice General Manager, Ya May International Development Co. ● Vice General Manager, Peng Cheng Construction Co., Ltd. 	0
Lee Ming-Hsien	<p>Current Positions :</p> <ul style="list-style-type: none"> ● Vice Leader, Zhi Cheng Accounting Firm ● Independent Director, Soft-World International Co., Ltd. <p>Education:</p> <ul style="list-style-type: none"> ● Graduate School of Business Administration, National Cheng chi University <p>Experience :</p> <ul style="list-style-type: none"> ● President, PricewaterhouseCoopers, Taiwan ● Vice Leader, PricewaterhouseCoopers, Taiwan 	0

5. Please cast your vote.

The result of election: The list of elected directors:

Shareholder's account number or ID number	Shareholder's Name	Number of Shares
3	Chen Jian-Zao, Representative of Dou Chin Investment Co., Ltd	116,744,991 shares (including 116,744,991 shares the voting rights of which are exercised by the electronic means)
4	Chen Fan Mei-Jin, Representative of Poya Investment Co., Ltd.	95,928,649 shares (including 86,341,699 shares the voting rights of which are exercised by the electronic means)
9	Chen Zong-Cheng	82,165,722 shares (including 61,513,999 shares the voting rights of which are exercised by the electronic means)
E12142****	Chen Ming-Shian	75,747,267 shares (including 61,132,809 shares the voting rights of which are exercised by the electronic means)

The list of elected independent directors:

Shareholder's account number or ID number	Shareholder's Name	Number of Shares
S12046****	Lee Ming Hsien	74,812,910 shares (including 68,339,424 shares the voting rights of which are exercised by the electronic means)
U12038****	Wu Lin-I	74,465,244 shares (including

		68,337,221 shares the voting rights of which are exercised by the electronic means)
R12216****	Liu Zhi-Hong	72,698,197 shares (including 45,904,407 shares the voting rights of which are exercised by the electronic means)

Proposal 4: Proposals to Release the New Board of Directors and Representatives from the Non-competition Restrictions. Please proceed to discuss. (Proposed by the Board of Directors)

Explanation:

1. According to Article 209 of the Company Act – “A director who does anything for himself or on behalf or another person that is within the scope of the company's business, shall explain to the shareholders’ meeting the essential contents of such an act and secure its approval.”
2. Proposal to approve the lifting of non-competition restrictions on directors and their representatives elected by the 2020 Annual General Shareholders’ Meeting in accordance with the law in order to leverage on the expertise and relevant experience of the directors.
3. Please proceed to discuss.

Supplement to the release of the New Board of Directors including independent directors from the Non-competition Restrictions are followed:

Title	Name	Allowed Competition Behavior and Title
Director	Chen Ming-Shian	VP of Greater China Business Dept, ST. Shine Optical Co., Ltd. Director, Shine Optical Holding Groups Inc. Director, Shine Optical (Samoa) Holding Groups, Inc. Director, Shine Optical HK Limited
Independent Director	Liu Zhi-Hong	Chairman, Song Yang Electronic Materials (Kunshan) Limited Company Director, Thinflex Corporation Independent Director, Fitness Factory Co., Ltd. Independent Director, Symtek Automation Asia Co., Ltd. Chairman, Chien Hsing Information Co., Ltd. Director, Chien Lian Investment Co., Ltd. Director, Shun Lai Business Consultancy Co., Ltd.

Title	Name	Allowed Competition Behavior and Title
Independent Director	Wu Lin-I	Chairman and General Manager, Li Xin Emrium Co., Ltd. Chairman, Fullon Hotels Co., Ltd. Director and General Manager, Ya May International Development Co., Ltd. Chairman and General Manager, Peng Cheng Construction Co., Ltd. General Manager, Hi Mall Department Co., Ltd.
Independent Director	Lee Ming-Hsien	Vice Leader, Zhi Cheng Accounting Firm Independent Director, Soft-World International Co., Ltd.

Resolution: the voting results are as followed:

88,498,564 shares were represented at the time of voting (including 76,409,791 shares the voting rights of which are exercised by the electronic means)

Voting results	Propotion to the total represented shares present
Affirmative votes 59,389,572 shares (including 47,303,082 shares the voting rights of which are exercised by the electronic means)	67.11%
Dissenting votes 26,060,922 shares (including 26,060,922 shares the voting rights of which are exercised by the electronic means)	29.45%
Invalid votes and vote abstention 3,048,070 shares (including 3,045,787 shares the voting rights of which are exercised by the electronic means)	3.44%

The proposal has been adopted by voting without any modification.

F. Extemporary motions: None.

G. Adjournment: 9:40 a.m., June 23, 2020

Poya International Co., Ltd.
2019 Business Report

1. 2019 Business Results

(1) The implementation of the business plan

Unit : NTD 1,000

Title/amount	FY2019	FY2018	Change in amount	Change in proportion (%)
Operating revenue	15,787,694	14,084,032	1,703,662	12.10%
Operating Cost	(8,963,459)	(7,915,849)	1,047,610	13.23%
Net operating margin	6,824,235	6,168,183	656,052	10.64%
Operating expenses	(4,395,061)	(4,071,565)	323,496	7.95%
Operating profit	2,429,174	2,096,618	332,556	15.86%
Non-operating income and expenses	(70,443)	35,890	(106,333)	-296.27%
Profit before income tax	2,358,731	2,132,508	226,223	10.61%
Profit for the year	1,886,727	1,709,140	177,587	10.39%
Basic earnings per share (in dollars)	19.31	17.50	1.81	10.34%

The growth of operating revenue and national store number remain stable. The growth rate of store number in 2019 is 16.92%.

Unit : Stores/NTD 10,000

Title/year	FY2016	FY2017	FY2018	FY2019
Operating revenue	1,242,375	1,326,207	1,408,403	1,578,769
Total store number (Note)	157	177	201	235

Note : The store number in 2018, which was 201, was used as the basis for the calculation of the growth rate of new stores.

(2) Financial structure and profitability analysis

Title		FY2019	FY2018
Financial Structure	Ratio of liabilities to assets (%)	77.64	52.45
	Ratio of long-term capital to property, plant, and equipment (%)	183.24	178.77

Profitability	Return on assets (ROA) (%)	14.03	21.41
	Return on equity (ROE) (%)	44.60	44.39
	Profit ratio (%)	11.95	12.14
	Basic EPS (NTD) (Note)	19.31	17.50

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

2. 2020 Business plan

Due to the impact of trade war in 2019, global economy performed not well. US-China trade war affected confidence of enterprises in the first half of the year; their operating strategies tended to be conservative; and their willingness toward purchasing and investing became lower. The influence also impacted emerging market and developing countries. From the beginning of the third quarter in 2019, in order to maintain stable economy for the second half of the year, each of main economies released easing policies on fiscal and monetary in succession as the influence of trade war went severe. Private consumption in Taiwan bodes well given the minimum wage increase, increasing investments back from China to Taiwan for Taiwanese enterprises because of the government policies and the trade war. These should help for the stabilization of domestic job market and continuously drive private consumption. According to Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C., Taiwan's economic growth rate in 2019 was 2.71%. Since the epidemic of COVID-19 disrupted global supply chain and ultimate demand, growth momentum for domestic consumption and export was restrained in Taiwan with about one percentage point of GDP impact. It is estimated room for further GDP revision, according to Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Owing to the impact of changeable external environment, Poya shall keep making differentiation by market positioning, upgrading its services, and developing high-quality products to pursue better operating performance. With the dedication of all personnel and the management, there were 235 stores nationwide by the end of 2019 including 230 Poya and 5 Poya Home. The operating revenue and profit after tax in 2019 were NT\$15.8 billion and NT\$1.9 billion respectively, both of which reached the record high.

In terms of the business operation, Poya International keeps optimizing stores, enriching merchandise display, and creating selling space with the spirits of “Beauty, Trendy, and Color. In addition to cultivating Poya’s culture and brand value, we also pursue value of product quality. With the core value of offering high CP ratio products (Cost-Performance Ratio), Poya can raise the satisfaction level of the customers. Riding on the trend of consuming fashion products with fair price, Poya will irregularly offer promotion and hold activities to reward our customers. We hope to intensify positive feeling in fair price and provide great fun and pleasant shopping experience for our customers. Moreover, Poya will keep optimizing services, tracing consumer behaviors of our members periodically, and maintaining the permanent value of customers.

3、Business policy

(1) Aggressively planning and continuously store expansion

Poya is currently ranked as No. 1 in cosmetic and grocery channel and will continue to expand stores and increase penetration rate in the future. In 2019, we created a new brand of hardware channel named “Poya Home.” With consistent service-oriented culture and the core value of “fair price, easy and convenience,” Poya Home is positioned as a hardware store which helps customers to make DIY easily for their home improvement. By simple renovation, each of our customers can feel warm at home and experience a good-quality and pleasant life.

According to the statistics of Ministry of Finance, R.O.C, nationwide revenue of home repair products in 2018 and 2019 was NT\$ 85.832 billion and NT\$ 80.934 billion respectively. Poya Home clearly understands that people have infinite demands with limited choices in Taiwan’s hardware market so as to offer such a professional and homey hardware store where customers are able to enjoy their shopping.

(2) Cultivating brand value and optimizing stores

With core spirits of "Beauty, Trendy, and Color", Poya continues to strengthen our brand image, optimize store structure, have exposure on multimedia platforms, and roll out digital activities which make customers experience a brand new Poya. We also continue to innovate upon business philosophy, build up a more convenient and comfortable shopping space, and offer diverse products in order to provide customers a pleasant shopping

experience and lead Poya into a new century of digitization.

(3) Diverse activities and enhanced competitiveness

Through the understanding of customers' demands and market positioning, Poya makes use of its outstanding advantages to create brand value, attract more customers by cross-industry alliance, and roll out diverse activities and mobile payments to strengthen competitiveness. By creating a unique shopping experience in Poya with selling points, this should lead to sales and profit growth.

(4) Merchandise management and space efficiency

Poya devotes itself to enhance the product competitiveness by deepening product categories with higher completeness of product mix, manage well the inventory for each shop with smooth process of shelves management, in order to optimize operating procedure and satisfy customers' needs at different levels. This should help us to increase selling opportunity of products in different areas, and to remain our leading position in the industry.

Poya has aimed at and strives to becoming “A more preferred Poya by the customers” , and hopes to be the top choice for customers when making a purchase by offering better products and services. 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 Jian-Zao, Chairman

Chen Zong-Cheng, General Manager

Shen Hong-Yu, Financial and Accounting Manager

POYA International Co., Ltd.
Audit Committee's Review Report

The Board of Directors have passed the business report, financial statements and profit distribution proposal for the year 2019, among which the financial statements (balance sheets, statements of comprehensive income, of changes in equity and of cash flows) have been audited and reviewed by Liu Tzu-Meng and Lin Tzu-Shu, who are both certified accountants from the accounting firm of PwC Taiwan, and they have issued an audit report. The Audit Committee is responsible for supervision of the process of the Company's financial reports.

Certified accountants assured the Company's financial statements for the year 2019 and communicated with the Audit Committee matters as follows:

1. The scope and time of examination planned by certified accountants are free of material misstatement.
2. Accounting staff provided to the Audit Committee by certified accountants are subject to independence regulation and has followed independence-related statements in the code of professional ethics. No other relationships and matters which are possible to affect independence of accountants are discovered.
3. The critical matters of examination that shall be communicated in audit report have been communicated between certified accountants and the Audit Committee and included in audit report.

The financial statements, business report, and profit distribution proposal for the year 2019 resolved by board of directors have been reviewed by the Audit Committee and the Audit Committee are of the opinion that they are in order, and hereby issue this report in accordance to Article 219 of the Company Act.

2020 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 17, 2020

Ethical Corporate Management Best Practice Principles

- 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, 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, 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 obtain approval

from the Board of Directors, 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 the Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess business activities on a regular basis within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

- Offering and acceptance of bribes.
- Illegal political donations.
- Improper charitable donations or sponsorship.
- Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- Engaging in unfair competitive practices.
- 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.

1.

Article 8 The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify in their rules and external documents and on website the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of

such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

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, 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, 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, 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, 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, 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, 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, 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 (at least once a year).
- Article 18 The Company and its directors, 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, 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, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the Board of Directors.

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:

- ◆ Standards for determining whether improper benefits have been offered or accepted.
- ◆ Procedures for offering legitimate political donations.
- ◆ Procedures and the standard rates for offering charitable donations or

sponsorship.

- ◆ Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- ◆ Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- ◆ Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
- ◆ Handling procedures for violations of these Principles.
- ◆ Disciplinary measures on offenders.

2.

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, 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 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

- ◆ An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
- ◆ Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
- ◆ Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
- ◆ Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
- ◆ Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.

- ◆ Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
- ◆ Whistle-blowing incentive measures.

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 or supervisors 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, 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 Shareholders 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; the second amendment was made on July 25, 2016; the third amendment was made on March 23, 2020.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(2020) Tsai Shen Pao Tsu No. 19002854

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

Opinion

We have audited the accompanying balance sheets of Poya International Co., Ltd. as of December 31, 2019 and 2018, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for POYA International Co., Ltd. financial statements of the current period are stated as follows:

Completeness and accuracy of franchising retail sales revenue

Description

Please refer to Note 4(19) “Revenue recognition” for accounting policies on retail franchising.

In retail franchising, merchandise information such as name, cost, retail price, price changes and annual sales discount is first established. The point of sales system (henceforth POS) is used to run the merchandise information automatically. Each store gathers sales transactions by the end of the day. The system will aggregate all the information of transactions and then upload to ERP system to

generate sales revenue journal entries. In addition, each store has to file cash report daily including cash, gift vouchers, credit cards, and electronic payment devices and reconcile with system data. Cash collections are deposited with the banks periodically.

Due to numerous transactions with small amount, retail franchising highly relies on POS and ERP system to generate reliable and accurate data. Thus, we identified the completeness and accuracy of retail franchising sales revenue as a key audit matter.

How our audit addressed the matter

Our procedures relation to the above key audit matter included:

1. Checking randomly whether the merchandise information has been properly approved and attached with relevant evidence whenever merchandise information is created or changed;
2. Checking randomly whether the merchandise information has been transferred to POS system;
3. Checking randomly whether all the sales that were recorded in the POS are periodically transferred to ERP system and recorded in operating revenue journal entry automatically;
4. Reviewing the reasons and the relevant evidences for manual adjusting journal entries that are related to retail franchising sales revenue; and
5. Reviewing whether stores' cash deposits amounts recorded on the daily cash report are in accordance with bank remittance amounts.

Calculation cost to retail ratio of retail inventory method

Description

Please refer to Note 4(6) for accounting policies on inventory and Note 6(3) "Inventory" for related information on inventory and cost of sales.

Due to various kinds of merchandise, retail inventory method is used to estimate cost of inventory and cost of goods sold which are both calculated using the rate of cost of goods purchased to retail value of goods purchased (known as cost to retail ratio). The calculation of cost to retail ratio is generated automatically by the ERP system and highly relies on the goods purchased both at cost and retail price. Thus, we identified the accuracy and reliability of calculation of cost to retail ratio of retail inventory method as a key audit matter.

How our audit addressed the matter

Our procedures relation to the above key audit matter included:

1. Conducting interviews with management to obtain an understanding of the calculation of cost to retail ratio in the calculation system of retail inventory method and determining whether it has been consistently applied in the comparative periods of financial statements;
2. Checking randomly whether the merchandise information has been properly approved and attached with relevant evidence whenever merchandise information is created or changed;
3. Confirming whether the records of cost of inventory purchased in POS are transferred to ERP periodically and completely and the records could not be changed manually; and
4. Checking the computation for the correctness of cost to retail ratio.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that the matters should not be disclosed in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such disclosures.

PricewaterhouseCoopers, Taiwan

Independent Accountants

Liu Tsu-Meng

Lin Tsu-Shu

February 17, 2020

POYA INTERNATIONAL CO.,LTD
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,280,186	7	\$ 1,247,097	15
1150	Notes receivable, net	6(2)	4,499	-	5,733	-
1170	Accounts receivable, net	6(2)	844,383	4	813,543	10
1200	Other receivables		1,953	-	2,847	-
130X	Inventories	5(2) and 6(3)	3,473,481	18	3,036,311	35
1410	Prepayments	3(1) and 6(4)	25,940	-	98,844	1
1476	Other current financial assets	8	6,287	-	17,977	-
11XX	Total current assets		5,636,729	29	5,222,352	61
Non-current assets						
1600	Property, plant and equipment, net	6(5)	2,948,424	15	2,804,885	33
1755	Right-of-use assets	3(1), 6(6) and 7	10,630,411	54	-	-
1840	Deferred income tax assets	3(1) and 6(19)	41,787	-	43,753	-
1920	Refundable deposits	6(21)	357,190	2	305,429	4
1980	Other non-current financial assets	8	8,000	-	5,000	-
1985	Long-term prepaid rents	3(1)	-	-	164,432	2
1990	Other non-current assets		14,108	-	13,448	-
15XX	Total non-current assets		13,999,920	71	3,336,947	39
1XXX	Total assets		\$ 19,636,649	100	\$ 8,559,299	100
Liabilities and Equity						
Current liabilities						
2130	Current contract liabilities	6(13)	\$ 31,231	-	\$ 28,626	-
2150	Notes payable		53,959	-	61,673	1
2170	Accounts payable		2,026,329	11	1,828,541	22
2200	Other payables	3(1) and 6(7)	621,273	3	709,638	8
2230	Current income tax liabilities		278,553	2	284,831	3
2280	Current lease liabilities	3(1) and 7	1,194,653	6	-	-
2310	Receipts in advance		191	-	128	-
2320	Long-term liabilities, current portion	6(8)	647,284	3	615,548	7
21XX	Total current liabilities		4,853,473	25	3,528,985	41
Non-current liabilities						
2540	Long-term borrowings	6(8)	1,011,635	5	944,085	11
2570	Deferred income tax liabilities	6(19)	4,696	-	4,351	-
2580	Non-current lease liabilities	3(1) and 7	9,361,042	48	-	-
2640	Net defined benefit liabilities-non-current	6(9)	5,501	-	4,814	-
2645	Guarantee deposits received		9,268	-	6,778	-
25XX	Total non-current liabilities		10,392,142	53	960,028	11
2XXX	Total liabilities		15,245,615	78	4,489,013	52
Equity						
Share capital						
3110	Common stock	6(10)	976,850	5	976,850	12
3200	Capital surplus	6(11)	640,419	3	640,419	8
Retained earnings		3(1) and 6(12)				
3310	Legal reserve		883,463	4	712,549	8
3350	Unappropriated retained earnings		1,890,302	10	1,740,468	20
3XXX	Total equity		4,391,034	22	4,070,286	48
Significant Contingent Liabilities and Unrecognized Contract Commitments		6(21) and 9				
3X2X	Total liabilities and equity		\$ 19,636,649	100	\$ 8,559,299	100

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

POYA INTERNATIONAL CO.,LTD
STATEMENTS OF COMPREHENSIVE INCOME

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

		Year ended December 31			
		2019		2018	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(13)	\$ 15,787,694	100	\$ 14,084,032	100
5000 Operating costs	6(3)(9)(17)(18)(21)	(8,963,459)	(57)	(7,915,849)	(56)
5900 Net operating margin		<u>6,824,235</u>	<u>43</u>	<u>6,168,183</u>	<u>44</u>
Operating expenses	6(9)(17)(18)(21) and 7				
6100 Selling expenses		(3,895,378)	(25)	(3,504,926)	(25)
6200 General and administrative expenses		(499,683)	(3)	(566,639)	(4)
6000 Total operating expenses		<u>(4,395,061)</u>	<u>(28)</u>	<u>(4,071,565)</u>	<u>(29)</u>
6900 Operating profit		<u>2,429,174</u>	<u>15</u>	<u>2,096,618</u>	<u>15</u>
Non-operating income and expenses					
7010 Other income	6(14)	55,480	1	51,295	-
7020 Other gains and losses	6(15)	(12,758)	-	614	-
7050 Finance costs	6(5)(6)(16) and 7	(113,165)	(1)	(16,019)	-
7000 Total non-operating income and expenses		<u>(70,443)</u>	<u>-</u>	<u>35,890</u>	<u>-</u>
7900 Profit before income tax		<u>2,358,731</u>	<u>15</u>	<u>2,132,508</u>	<u>15</u>
7950 Income tax expense	6(19)	(472,004)	(3)	(423,368)	(3)
8200 Net income for the year		<u>\$ 1,886,727</u>	<u>12</u>	<u>\$ 1,709,140</u>	<u>12</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit obligation	6(9)	(\$ 2,414)	-	\$ 1,252	-
8349 Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(19)	<u>483</u>	<u>-</u>	<u>(26)</u>	<u>-</u>
8300 Total other comprehensive (loss) income for the year		<u>(\$ 1,931)</u>	<u>-</u>	<u>\$ 1,226</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 1,884,796</u>	<u>12</u>	<u>\$ 1,710,366</u>	<u>12</u>
Earnings per share (in dollars)	6(20)				
9750 Basic		<u>\$ 19.31</u>		<u>\$ 17.50</u>	
9850 Diluted		<u>\$ 19.24</u>		<u>\$ 17.42</u>	

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Common stock	Capital surplus Additional paid-in capital	Retained Earnings Legal reserve	Unappropriated retained earnings	Total equity
<u>Year ended December 31, 2018</u>						
Balance at January 1, 2018		\$ 976,850	\$ 640,419	\$ 569,643	\$ 1,442,913	\$ 3,629,825
Net income for the year ended December 31, 2018		-	-	-	1,709,140	1,709,140
Other comprehensive income for the year ended December 31, 2018		-	-	-	1,226	1,226
Total comprehensive income for the year ended December 31, 2018		-	-	-	1,710,366	1,710,366
Distribution of 2017 net income:						
Legal reserve		-	-	142,906	(142,906)	-
Cash dividends	6(12)	-	-	-	(1,269,905)	(1,269,905)
Balance at December 31, 2018		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 712,549</u>	<u>\$ 1,740,468</u>	<u>\$ 4,070,286</u>
<u>Year ended December 31, 2019</u>						
Balance at January 1, 2019		\$ 976,850	\$ 640,419	\$ 712,549	\$ 1,740,468	\$ 4,070,286
Effects of retrospective application	3(1)	-	-	-	(25,509)	(25,509)
Adjusted balance at January 1, 2019		<u>976,850</u>	<u>640,419</u>	<u>712,549</u>	<u>1,714,959</u>	<u>4,044,777</u>
Net income for the year ended December 31, 2019		-	-	-	1,886,727	1,886,727
Other comprehensive loss for the year ended December 31, 2019		-	-	-	(1,931)	(1,931)
Total comprehensive income for the year ended December 31, 2019		-	-	-	1,884,796	1,884,796
Distribution of 2018 net income:						
Legal reserve		-	-	170,914	(170,914)	-
Cash dividends	6(12)	-	-	-	(1,538,539)	(1,538,539)
Balance at December 31, 2019		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 883,463</u>	<u>\$ 1,890,302</u>	<u>\$ 4,391,034</u>

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

POYA INTERNATIONAL CO.,LTD
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,358,731	\$ 2,132,508
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(17)	1,751,958	502,987
Loss (gain) on disposal of property, plant and equipment	6(15)	12,740	(1,112)
Gain from lease modification	6(15)	(13)	-
Interest income	6(14)	(2,821)	(2,833)
Interest expense	6(16)	113,165	16,019
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,234	2,574
Accounts receivable		(30,840)	(134,668)
Other receivables		894	4,748
Inventories		(437,170)	(397,363)
Prepayments		(9,499)	2,188
Changes in operating liabilities			
Current contract liabilities		2,605	(3,626)
Notes payable		(7,714)	3,646
Accounts payable		197,788	184,269
Other payables		56,220	67,147
Receipts in advance		63	128
Net defined benefit liabilities-non-current		(1,727)	(1,574)
Cash inflow generated from operations		4,005,614	2,375,038
Interest received		2,821	2,833
Interest paid		(113,165)	(16,019)
Income tax paid		(500,997)	(321,927)
Net cash flows from operating activities		<u>3,394,273</u>	<u>2,039,925</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other current financial assets		11,690	5,174
Acquisition of property, plant and equipment	6(22)	(711,311)	(687,795)
Interest paid for acquisition of property, plant and equipment	6(5)(16)(22)	(949)	(1,039)
Proceeds from disposal of property, plant and equipment		2,000	1,766
Acquisition of right-of-use assets	6(6)	(60,788)	-
Increase in refundable deposits		(51,761)	(21,589)
Increase in other non-current financial assets		(3,000)	(800)
Increase in long-term prepaid rent		-	(20,080)
Increase in other non-current assets		(660)	(1,385)
Net cash flows used in investing activities		<u>(814,779)</u>	<u>(725,748)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(23)	1,875,184	1,746,666
Repayment of long-term borrowings	6(23)	(1,775,898)	(1,517,033)
Repayment of lease principal	6(23)	(1,109,642)	-
Increase in guarantee deposits received	6(23)	2,490	441
Cash dividends paid	6(12)	(1,538,539)	(1,269,905)
Net cash flows used in financing activities		<u>(2,546,405)</u>	<u>(1,039,831)</u>
Net increase in cash and cash equivalents		33,089	274,346
Cash and cash equivalents at beginning of year	6(1)	1,247,097	972,751
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,280,186</u>	<u>\$ 1,247,097</u>

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

POYA International Co., Ltd.

2019 Profits Distribution Table

Unit: New Taiwan Dollars

Items	Amount		Note:
	Sub-total	Grand Total	
Beginning unappropriated retained earnings		31,014,724	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 earning remains, 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 retrained earnings from the previous year to be equal to accumulated distributable earnings.
Less:2019 adjustment to retained earnings		<u>(27,440,526)</u>	
Adjusted unappropriated retained earnings		3,574,198	
Add: Net earnings after tax for the current year		<u>1,886,727,675</u>	
Distributable earnings for the current period		1,890,301,873	
Less: Legal reserve		<u>(185,928,715)</u>	
Accumulated distributable earnings		1,704,373,158	
Distribution items:			The Company's dividend policy shall be determined based on the industry the Company stay and after the Board of Directors takes account of the future business development, the reinvestment environment, and the shareholders' interests.
Shareholders dividend			
—Cash \$ 17.10/share			
(passed by Board of Directors. The report issue in regular shareholders' meeting)		<u>(1,670,414,030)</u>	The distribution of shareholders' dividends and bonuses shall be made after the distribution of the Company's earnings raised by the Board of Directors has been submitted to the Shareholders Meeting for approval
Unappropriated retained earnings		<u>\$33,959,128</u>	
			Every year, 50%-100% of the

			<p>accumulated distributable earnings shall be allocated as shareholders' dividends and bonuses. The shareholders' dividends and bonuses shall be distributed in cash or stock, cash dividends of which shall not be less than 1% of total dividends. If cash dividend is lower than NT\$ 0.5 per share, stock dividend shall be substituted for cash dividend</p> <p>New shares or cash shall be issued from the legal reserve with the limitation that the monetary amount of new shares or cash shall not exceed 25% of the part which legal reserve is in excess of the paid-in capital.</p>
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Note1: Cash dividends were calculated based on allocated percentage and in a dollar amount (round down to a dollar amount). The total amount of fractional cash dividends less than a dollar shall be sorted by the number after decimal point from big to small and be adjusted by the order of account number with the purpose of compliance with the total distributed amount of cash dividends.

Complied with the implementation of Imputation System, the Company shall pay Additional 10% Surtax on Undistributed Retained Earnings according to Article 66-9 of Income Tax Act. In accordance with Ministry of Finance, 30 April 1998, Tai Tsai Shui No. 871941343, the Company shall first allocate earnings from the current period by using the specific identification method.

Note2: The rate of the extra profit-seeking enterprise income tax on unappropriated retained earnings would be reduced from 10% to 5% according to income tax optimization measures disclosed by The ministry of finance, R.O.C. since 2018.

Note3: The dividends on FY2019 are made by Cash only.

Chairman : Chen Jian-Zao General Manager : Chen Zong-Cheng Finance and Accounting Manager : Shen Hong-Yu

POYA International Co., Ltd.**Comparison table of clauses affected by the amendment to “Articles of Incorporation”**

Articles	Article after amendment	Article before amendment	Explanation
Article 2	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p> <p><u>62</u> F101100 Wholesale of Flowers</p> <p><u>63</u> F201070 Retail sale of Flowers</p> <p><u>64</u> F101061 Wholesale of Agricultural</p> <p><u>65</u> F201010 Retail sale of Agricultural Products</p> <p><u>66</u> F101081 Wholesale of Seedling</p> <p><u>67</u> F201061 Retail sale of Seedling</p> <p><u>68</u> F101070 Wholesale of Fishing Tackles</p> <p><u>69</u> F201050 Retail sale of Fishing Tackles</p> <p><u>70</u> F106030 Wholesale of Die</p> <p><u>71</u> F206030 Retail Sale of Die</p> <p><u>72</u> F106040 Wholesale of Water Containers</p> <p><u>73</u> F206040 Retail Sale of Water Containers</p> <p><u>74</u> F106060 Wholesale of pet food and appliances</p> <p><u>75</u> F206050 Retail of pet food and appliances</p> <p><u>76</u> F106070 Wholesale of Articles to offer Sacrifices to</p>	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p>	Complied with the actual operating needs, the Company hereby adds and adjusts business item.

Articles	Article after amendment	Article before amendment	Explanation
	<p>Gods or Ancestors</p> <p><u>77</u> F206060 Retail Sale of Articles to offer Sacrifices to Gods or Ancestors</p> <p><u>78</u> F107010 Wholesale of Paints, Varnishes and Lacquers</p> <p><u>79</u> F207010 Retail Sale of Paints, Varnishes and Lacquers</p> <p><u>80</u> F107020 Wholesale of Dyeing Mills and Dyestuff</p> <p><u>81</u> F207020 Retail Sale of Dyeing Mills and Dyestuff</p> <p><u>82</u> F107040 Wholesale of Insecticides</p> <p><u>83</u> F207040 Retail Sale of Insecticides</p> <p><u>84</u> F207180 Retail Sale of Firecrackers and Fireworks</p> <p><u>85</u> F103010 Wholesale of Animal Feeds</p> <p><u>86</u> F202010 Retail sale of Animal Feeds</p> <p><u>87</u> F107170 Wholesale of Industrial Catalyst</p> <p><u>88</u> F207170 Retail Sale of Industrial Catalyst</p> <p><u>89</u> F102180 Wholesale of Ethanol</p> <p><u>90</u> F203030 Retail Sale of Ethanol</p> <p><u>91</u> F102050 Wholesale of Tea</p> <p><u>92</u> ZZ99999 All business items</p>	<p>63 ZZ99999 All business items that are not prohibited or</p>	

Articles	Article after amendment	Article before amendment	Explanation
	that are not prohibited or restricted by law, except those that are subject to special approval.	<u>63</u> ZZ99999 All business items restricted by law, except those that are subject to special approval.	
Article 23	Adds the statement of “ <u>The 25th amendment was made on June 23, 2020</u> ” based on the original Article.	...(Omitted)	Add the latest amended record.

POYA International Co., Ltd.

Comparison table of clauses affected by the amendment to “Rules of Procedure for Shareholders’ Meetings”

Articles	Article after amendment	Article before amendment	Explanation
Article 3	<p>...(omitted)</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, <u>capital reduction, application for delisting of shares, competition approval for directors, capitalization of earnings, capitalization of reserves</u>, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act shall be set out and <u>their essential contents shall be explained</u> in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be uploaded to the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the notice.</u></p> <p><u>If a full re-election of the directors and their date of appointment has been stated in the notice of the reasons for convening the shareholders’ meeting, after the re-election has been completed in such shareholders’ meeting, the appointment date may not be changed by extemporary motions.</u></p>	<p>...(omitted)</p> <p>Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the Company, any matter under Article 185, paragraph 1 of the Company Act, or any matter under Articles 26-1 and 43-6 of the Securities and Exchange Act, or any matter under Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Issuers shall be set out in the reasons for convening the Shareholders Meeting. None of them mentioned above may be raised by an extraordinary motion.</p>	Complied with the amendments to “Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.”, the Company hereby revises part of word statements of origin Articles.

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>or other means in the same meeting.</u></p> <p><u>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at the annual general shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Proposals put forward by shareholders urging the Company to promote public interests or fulfill its social responsibilities may still be included in the meeting agenda by the Board of Directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</u></p> <p><u>Prior to the book closure date before the annual general shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, means of acceptance (in writing or by way of electronic transmission), and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</u></p>		

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general shareholders' meeting and take part in discussion of the proposal.</u></p> <p><u>Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</u></p>		
Article 10	<p>The meeting agenda of the Shareholders' Meeting convened by the Board of Directors shall be determined by the Board. <u>All the related proposals including motions and the amendments shall be voted specifically.</u> The meeting shall follow the meeting agenda which shall not be changed without the resolution of the Shareholders' Meeting.</p> <p>...(omitted)</p> <p>The Chair shall allow ample</p>	<p>The meeting agenda of the Shareholders' Meeting convened by the Board of Directors shall be determined by the Board. The meeting shall follow the meeting agenda which shall not be changed without the resolution of the Shareholders' Meeting.</p> <p>...(omitted)</p> <p>The Chair shall allow ample opportunity during the meeting for explanation and discussion of the proposals and amendments or</p>	<p>Complied with the amendments to "Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.", the Company hereby revises part of word statements of origin Articles.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>opportunity during the meeting for explanation and discussion of the proposals and amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote, <u>and set enough for it.</u></p>	<p>extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote.</p>	
Article 13	<p>...(omitted)</p> <p><u>When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to</u></p>	<p>...(omitted)</p>	<p>Complied with the amendments to “Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.”, the Company hereby revises part of word statements of origin Articles.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>original proposals.</u></p> <p><u>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</u></p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a</u></p>		

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u></p> <p>Except those specified in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by half or more of the votes represented by the attending shareholders. When voting on each agenda item, voting rights of the total shares held by the attending shareholders shall be announced by the Chair or assigned personnel. <u>After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u></p> <p>...(omitted)</p>	<p>Except those specified in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by half or more of the votes represented by the attending shareholders. When voting on each agenda item, voting rights of the total shares held by the attending shareholders shall be announced by the Chair or assigned personnel. An agenda item shall be regarded approved after the Chair inquires opinion of all the attending shareholders and no objection is raised. The effect is as same as the resolution approved by voting. If there is any objection, the agenda item shall be resolved by voting as mentioned in the preceding paragraph.</p> <p>...(omitted)</p>	
Article 15	<p>...(omitted)</p> <p>The minutes shall faithfully record the items, such as meeting's year, month, day, place, Chairman's name, the methods of resolution, summary of the proceedings, and results of resolutions <u>(including the numbers of votes counted).</u> <u>When</u></p>	<p>...(omitted)</p> <p>The minutes shall be faithfully record the items, such as meeting's year, month, day, place, Chairman's name, the methods of resolution, summary of the proceedings, and results of resolutions. The minutes of Shareholders' Meeting shall be</p>	<p>Complied with the amendments to "Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.", the Company hereby revises part of</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>an election of directors takes place, the number of votes with which each candidate was elected shall be disclosed.</u> The minutes of Shareholders' Meeting shall be preserved during the existence of the Company.</p> <p>...(omitted)</p>	<p>preserved during the existence of the Company.</p> <p>...(omitted)</p>	<p>word statements of origin Articles.</p>
Article 20	<p>The amendment record of these Rules:</p> <p>The Rules and Procedures were enacted on March, 2002. The first amendment was made on May 24, 2006.</p> <p>The second amendment was made on May 20, 2008.</p> <p>The third amendment was made on June 22, 2011.</p> <p>The fourth amendment was made on June 6, 2012.</p> <p>The fifth amendment was made on June 10, 2014.</p> <p>The sixth amendment was made on June 10, 2015.</p> <p><u>The seventh amendment was made on June 23, 2020.</u></p>	<p>The amendment record of these Rules:</p> <p>The Rules and Procedures were enacted on March, 2002. The first amendment was made on May 24, 2006.</p> <p>The second amendment was made on May 20, 2008.</p> <p>The third amendment was made on June 22, 2011.</p> <p>The fourth amendment was made on June 6, 2012.</p> <p>The fifth amendment was made on June 10, 2014.</p> <p>The sixth amendment was made on June 10, 2015.</p>	<p>Add the latest amended record and revise word statement slightly.</p>