

POYA International Co., Ltd.
Minutes of 2017 Annual General Shareholders' Meeting
(Translation)

Time: 9 a.m., June 13, 2017 (Tuesday)

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

Attendance: All shareholders and their proxy holders, representing 85,258,938 shares (including 56,976,107 shares the voting rights of which are exercised by the electronic means), or 88.37% of the total 96,476,038 outstanding shares. Chen Jian-Zao(Chairman), Chen Fan Mei-Jin(Director), Chen Zong-Cheng(Director) and 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, Chairman

Minute Recorder: Shen Hong-Yu

Guests: Ms. Lin Chi-Yu, 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. 2016 Business Report (See Appendix I)

II. 2016 Audit Committee's Review Report (See Appendix II)

III. 2016 Distribution of Employees' and Directors' Remuneration

Explanation :

1. The 2016 distribution of employees' and directors' remuneration shall be managed in accordance with Ministry of Economic Affairs 11th June 2015 Shang Tsu No. 10402413890, 15th October 2015 Shang Tsu No. 10402427800 and Financial Supervisory Commission 30th January 2016 Chin Kuan Cheng Shen Tsu No. 1050001900.
2. In accordance with the Article 21-1 of Articles of Incorporation "The employees' remuneration shall not less than 5% and the directors' remuneration shall not exceed 6% of the profits in the current year after offsetting the accumulated losses. (The profits in the current year are the profits before income tax excluding the calculation of the employees' and directors' remuneration.)The employees' remuneration shall be distributed in stock or cash, and shall also be distributed to those employees of affiliated companies who meet specific conditions." The monetary amount of employees' remuneration is NT\$ 90,000,000 accounting for 6% and the monetary amount of directors' remuneration is NT\$ 4,800,000 accounting for 0.3%.

3. Except directors' remuneration distributed in cash, the employees' remuneration amounted to NT\$ 90,000,000 shall be distributed in new shares. The number of issuing shares to be 244,233 shares shall be calculated based on the closing price NT\$ 368.5 at the date of one day previous to the Board of Directors' Meeting on 18th Feb 2017 for resolution of new share issue. The employees' remuneration NT\$ 140 is less than one share, and it shall be distributed in cash.
4. The employees' and directors' remuneration mentioned above shall be treated as expenses in 2016. There is no difference between the amount of recognized expenses and the amount of employees' and directors' remuneration passed by the Board of Directors.
5. Rights and obligations of the newly issued shares are as the same as the existing common shares. All the new shares are issued in non-physical form.
6. The distribution of employees' remuneration has been passed by the 6th-term Board of Directors in the 28th Board meeting and the distribution of directors' remuneration has been passed by the 2nd-term Remuneration Committee in the 12th Remuneration Committee meeting.

D. Acknowledgements

Proposal 1: Adoption of the 2016 Business Report and Financial Statements (Proposed by the Board)

Explanation:

1. The Company's 2016 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 III.
3. Please acknowledge the 2016 Business Report and Financial Statements.

Resolution: the voting results are as followed:

85,258,938 shares were represented at the time of voting

Voting results	Proportion to the total represented shares present
Affirmative votes 82,851,193 shares (including 54,569,372 shares the voting rights of which are exercised by the electronic means)	97.18%
Dissenting votes 4,757 shares (including 4,757 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 2,402,988	2.82%

shares (including 2,401,978 shares the voting 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 2016 profits (Proposed by the Board)

Explanation:

1. The Distribution Table of 2016 Profits (Attached as Appendix IV) has been submitted to the Company's Audit Committee for approval and been passed by the 6th-term Board of Directors in the 28th Board meeting.
2. The Board of Directors shall be fully authorized by the Regular Shareholders' Meeting to handle the matters related to that the shares or profits to be distributed to each share based on the number of actual shares outstanding on the record date for distribution change because of the change of capital.
3. Upon the proposal of share dividends and cash dividends being approved by the Regular Shareholders' Meeting, the Board of Directors shall be authorized to resolve the date of share distribution by capitalization, the ex-dividend date, and other relevant issues.
4. Please acknowledge the proposal for distribution of 2016 profits.

Resolution: the voting results are as followed:

85,258,938shares were represented at the time of voting

Voting results	Propotion to the total represented shares present
Affirmative votes 82,851,183shares (including 54,569,362shares the voting rights of which are exercised by the electronic means)	97.18%
Dissenting votes 4,767 shares (including 4,767 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 2,402,988 shares (including 2,401,978 shares the voting rights of which are exercised by the electronic means)	2.82%

The proposal has been adopted by voting without any modification.

E. Discussion and Election

Proposal 1: Proposal for a new share issue through capitalization of earnings (Proposed by the Board)

Explanation:

1. Considering the future needs of business developments, the Company proposes to issue 964,760 new shares (common stocks) with par value NTD 10 per share, through capitalization of stock dividends of NTD 9,647,600 which were allocated from the 2016 distributable earnings.
2. According to the holding shares recorded in the register of shareholders at the date of share distribution through capitalization, each existing shareholder with common stocks will be entitled to receive a stock dividend of 10 shares for each 1,000 shares. For the fractional shares less than one share, the shareholders shall pool into one share and register at the Shares Registration Agent of the Company within five days after the book closure date of share distribution through capitalization. Overdue fractional shares or those fractional shares still less than one share after pooling shall be distributed in cash in a dollar amount (round down to a dollar amount) according to Article 240 of the Company Act. Such fractional shares shall be purchased at par value by specific persons arranged by the Chairman authorized by the Board of Directors.
3. The rights and obligations of the newly issuing shares are as the same as the existing common shares. All the shares are issued in non-physical form.
4. The Board of Director shall be fully authorized by the Shareholders' Meeting to handle the matters related to that the stocks to be distributed to each share based on the number of actual shares outstanding on the record date for distribution change because of the change of capital.
5. Upon the resolution of new share issue through capitalization being passed by the Regular Shareholders' Meeting and being submitted to the authorities for approval, the date of share distribution through capitalization shall be set up by the Board of Directors. If there is any change made by the authorities or for the reaction to the objective environments, the Board of Directors shall handle the matters under full authorities given by the Shareholders' Meeting.
6. Please discuss the proposal of a new share issue through capitalization of earnings and employee bonus.

Resolution: the voting results are as followed:

85,258,938 shares were represented at the time of voting

Voting results	Propotion to the total represented shares present
Affirmative votes 80,717,785 shares (including 52,435,964 shares the voting rights of which are exercised by the electronic means)	94.67%
Dissenting votes 2,138,165 shares (including 2,138,165 shares the voting rights of which are exercised by the electronic means)	2.51%
Invalid votes and vote abstention 2,402,988 shares (including 2,401,978 shares the voting rights of which are exercised by the electronic means)	2.82%

The proposal has been adopted by voting without any modification.

Proposal 2: Amendments to part of articles of Operational Procedures for Acquisition or Disposal of Assets (Proposed by the Board)

Explanation:

1. Complied with the revised laws and regulations, the Company hereby revises part of the provision of Operational Procedures for Acquisition or Disposal of Assets. The comparison table for the amendments to articles of Operational Procedures for Acquisition or Disposal of Assets before and after revision and the articles before revision are attached as pp. [28-39], Appendix V.
2. Please discuss the amendments to part of articles of Operational Procedures for Acquisition or Disposal of Assets

Resolution: the voting results are as followed:

85,258,938 shares were represented at the time of voting

Voting results	Propotion to the total represented shares present
Affirmative votes 80,722,979 shares (including 52,441,158 shares the voting rights of which are exercised by the electronic means)	94.68%
Dissenting votes 2,132,971 shares (including 2,132,971 shares the voting rights of which are exercised by the electronic means)	2.50%
Invalid votes and vote abstention 2,402,988	2.82%

shares (including 2,401,978 shares the voting rights of which are exercised by the electronic means)	
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The proposal has been adopted by voting without any modification.

Proposal 3: Re-election of directors, including independent directors.

Explanation :

1. The tenure of the 6th-term Board of Directors will be expiring on June 9th 2017. 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 Director members (including 3 independent directors) in accordance with Incorporation Act.14. The tenure of new directors will be 3 years from June 13th 2017 to June 12th 2020. 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 Board of Directors, and the 2nd-term of Audit Committee will take effect after the re-election of new 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 as followed:

April 15, 2017

Title/Name	Education, Current Positions & Major Past Positions	Shareholdings (shares)
Dou Chin Investment Co., Ltd Representative : Chen, Jian-Zao	Current Positions : <ul style="list-style-type: none"> ● Chairman, Poya International Co., Ltd. ● Chairman, Dou Chin Investment Co., Ltd. ● Director, Poya Investment Co., Ltd. ● Chairman, Chen Ching Investment Co., Ltd. Education : <ul style="list-style-type: none"> ● Pei Men High School Major Past Positions :	8,085,981

	<ul style="list-style-type: none"> ● Owner, Chien Chang Herbal Medicine Company 	
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. ● Director, Dou Chin Investment Co., Ltd. ● Supervisor, Chen Ching Investment Co., Ltd. Education : <ul style="list-style-type: none"> ● Kuang Hua Girls High School Major Past Positions : <ul style="list-style-type: none"> ● Plant Manager, Chin Ting Art Gallery 	7,924,168
Chen, Zong-Cheng	Current Positions : <ul style="list-style-type: none"> ● General Manager, Poya International Co., Ltd. ● Director, Chen Ching Investment Co., Ltd. Education : <ul style="list-style-type: none"> ● Information Dept., Feng Chia University Major Past Positions : <ul style="list-style-type: none"> ● Information Department of Sheng Yu Steel Co., Ltd 	6,031,393
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 Major Past Positions : <ul style="list-style-type: none"> ● Director, Optical Connection Inc. USA 	0

The list and the relative information of candidates nominated to be Independent Directors are as followed:

Lin Tsai-Yuan	Current Positions : <ul style="list-style-type: none"> ● Honorary Professor, Graduate School of Management, Chang Jung Christian University Education : <ul style="list-style-type: none"> ● PhD, Honoris Causa, Human Resources, American M & N University ● Phd. Business Administration, National Cheng Chi University ● Master. Accounting, National Cheng Chi University Major Past Positions : <ul style="list-style-type: none"> ● Chair Professor, Graduate School of Management, Chang 	0
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	<p>Jung Christian University</p> <ul style="list-style-type: none"> ● 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 ● Independent Director, Chien Shing Stainless Steel Co., Ltd. ● President, Guangdong Liang Light Fixtures Co., Ltd. ● Independent Director, Taiwan Business Bank ● Convener, Remuneration Committee of TYC Brother Industrial Co., Ltd. ● Practising Certified Public Accountant, Chung Hsin CPA Office(1972-1988) ● Passed the advanced CPA examination ● Passed the securities investment analyst examination ● Member of Taiwan CPA Association. 	
Liou Jr-Hung	<p>Current Positions :</p> <ul style="list-style-type: none"> ● Executive Director, Thinflex Corporation ● Chairman, Song Yang Electronic Materials (Kunshan) Limited Company ● Independent Director, Fitness Factory Co., Ltd. ● Supervisor, Chinese Television System Corporation. ● Chairman, Chien Hsing Information Co., Ltd. ● Chairman, Chien Lian Investment Co., Ltd. ● Director, Shun Lai Business Consultancy Co., Ltd. ● Director, Chang Chun Biomedical Co., Ltd. ● Director, Huang Hui Biotech Co., Ltd. <p>Education :</p> <ul style="list-style-type: none"> ● Study in School of International Liberal Studies, Waseda University ● Masters in Finance, Boston University, U.S. ● Masters in Accounting, National Taiwan University ● Bachelor's Degree in Accounting, National Cheng Chi University <p>Major Past Positions :</p> <ul style="list-style-type: none"> ● Passed the advanced CPA examination ● Practising CPA, Chien Hsing CPA Office 	0

	<ul style="list-style-type: none"> ● Member of Taiwan CPA Association ● Member of Taipei CPA Association 	
Jung Jiun-Rung	<p>Current Positions :</p> <ul style="list-style-type: none"> ● Chairman and General Manager, San Far Property Co., Ltd. ● Director, Pleasant Hotels International Inc ● Chairman, Jingo International Records Co., Ltd. ● Chairman, Cheng Hsin Investment Co., Ltd. ● Chairman, Chang Yi Investment Limited Company ● Director, Chi Yi Investment Co., Ltd. ● Convener, Remuneration Committee of Sunfar Computer Co., Ltd. <p>Education :</p> <ul style="list-style-type: none"> ● Wenzao Ursuline College <p>Major Past Positions :</p> <ul style="list-style-type: none"> ● General Manager, Minfa Construction Co., Ltd. 	0

5. Please cast your vote.

Resolution: The elected director lists are as followed:

Shareholder Account No. or ID number	Title/Name	Number of shares
3	Dou Chin Investment Co., Ltd. Representative : Chen, Jian-Zao	79,875,800 shares
4	Poya Investment Co., Ltd. Representative : Chen Fan Mei-Jin	78,887,188 shares
9	Chen, Zong-Cheng	76,950,770 shares
15196	Chen, Ming-Shian	76,910,323 shares

The elected independent director lists are as followed :

Shareholder Account No. or ID number	Title/Name	Number of shares
E10108****	Lin Tsai-Yuan	74,585,824 shares
R12216****	Liou Jr-Hung	71,943,139 shares
T12205****	Jung Jiun-Rung	72,066,266 shares

Proposal 4: Proposals to release the new Board of Directors and representatives from the non-competition restrictions (Proposed by the Board)

Explanation:

1. According to Article 209 of the Company Act – “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. Proposal to approve the lifting of non-competition restrictions on Directors and their representatives elected by the 2017 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.

The lists of the new Board of Directors and representatives from the non-competition restrictions are as followed:

Director- 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
Independent Director- Liou Jr-Hung	Current Positions : <ul style="list-style-type: none"> ● Executive Director, Thinflex Corporation ● Chairman, Song Yang Electronic Materials (Kunshan) Limited Company ● Independent Director, Fitness Factory Co., Ltd. ● Supervisor, Chinese Television System Corporation. ● Chairman, Chien Hsing Information Co., Ltd. ● Chairman, Chien Lian Investment Co., Ltd. ● Director, Shun Lai Business Consultancy Co., Ltd. ● Director, Chang Chun Biomedical Co., Ltd. ● Director, Huang Hui Biotech Co., Ltd.
Independent Direcotr- Jung Jiun-Rung	Current Positions : <ul style="list-style-type: none"> ● Chairman and General Manager, San Far Property Co., Ltd. ● Director, Pleasant Hotels International Inc ● Chairman, Jingo International Records Co., Ltd. ● Chairman, Cheng Hsin Investment Co., Ltd. ● Chairman, Chang Yi Investment Limited Company ● Director, Chi Yi Investment Co., Ltd.

Resolution: the voting results are as followed :

85,258,938 shares were represented at the time of voting

Voting results	Propotion to the total represented shares present
Affirmative votes 62,916,746 shares (including 34,634,925 shares the voting rights of which are exercised by the electronic means)	73.80%
Dissenting votes 15,869,436 shares (including 15,869,436 shares the voting rights of which are exercised by the electronic means)	18.61%
Invalid votes and vote abstention 6,472,756 shares (including 6,471,746 shares the voting rights of which are exercised by the electronic means)	7.59%

The proposal has been adopted by voting without any modification.

F. Extemporary motions: None.

G. Adjournment: 9:46 a.m., June 13, 2017

Poya International Co., Ltd.
2016 Business Report

1. 2016 Business Results

(1) The implementation of the business plan

Unit : NTD 1,000

Title/amount	FY2016	FY2015	Change in amount	Change in proportion (%)
Operating revenue	12,423,746	10,687,825	1,735,921	16.24%
Operating Cost	(7,316,193)	(6,310,255)	1,005,938	15.94%
Net operating margin	5,107,553	4,377,570	729,983	16.68%
Operating expenses	(3,746,697)	(3,248,955)	497,742	15.32%
Operating profit	1,360,856	1,128,615	232,241	20.58%
Non-operating income and expenses	49,312	20,300	29,012	142.92%
Profit before income tax	1,410,168	1,148,915	261,253	22.74%
Profit for the year	1,169,484	952,145	217,339	22.83%
Basic earnings per share (in dollars)	12.13	9.90	2.23	22.53%

The growth of operating revenue and national store number remain stable. The growth rate of store number in 2016 is 19.85%.

Unit : Stores/NTD 10,000

Title/year	FY2013	FY2014	FY2015	FY2016
Operating revenue	724,946	916,759	1,068,783	1,242,375
Total store number (Note)	87	109	131	157

Note : The store number in 2015, which was 131, was used as the basis for the calculation of the growth rate of new stores.

(2) Financial structure and profitability analysis

Title		FY2016	FY2015
Financial Structure	Ratio of liabilities to assets (%)	51.35	51.73
	Ratio of long-term capital to property, plant, and equipment (%)	173.91	167.98

Profitability	Return on assets (ROA) (%)	19.39	18.14
	Return on equity (ROE) (%)	39.77	37.06
	Profit ratio (%)	9.41	8.91
	Basic EPS (NTD) (in retrospect) (Note)	12.13	9.90

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

2. 2017 Business plan

In 2016, due to the recovery of United States below expectation, slow recovery of Japan and Europe, and the rebalance of China, global economy impacted the momentum of international trade of Taiwan. In favor of the better performance of semiconductor industry and gradually stable price of commodities, the export showed signs of stabilizing during the second half of 2016. In addition, the modest growth in consumption and fixed asset investment drove the domestic demand. According to the forecast made by Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C., the growth rate of consumption in 2016 will reach about 1.95%, and the GDP growth rate of 2017 is expected to rebound with the better export results due to the recovery of international economy. Nevertheless, some risk factors still need to be cared, including the trade policy of new government of United States, the trend of anti-establishment of Europe, financial risks of emerging market, etc.

Owing to the competitive and changeable economic environment and the impacts from population and climate change, 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 157 stores nationwide by the end of 2016. The operating revenue and profit for the year after tax in 2016 are NTD 12.4 billion and NTD 1.2billion respectively, both of which reached the record highs.

In terms of the business operation, Poya introduces 5th generation stores to upgrade the image of market position and to activate the selling place with the spirits of “Beauty, Trendy, Color” since 2016. In addition to creating brand value, Poya will also focus on product quality. With the core value of offering high CP ratio products (Cost-Performance Ratio), 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 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.

3 、Business policy

(1) Introduce the 5th generation stores to make differentiated market position

Hold the core spirits of “Beauty, Trendy, Color” , Poya introduced 5th generation stores since 2016. Poya will not only focus on the brand image intensification, store beautification and medium visibility, but also put emphasis on optimization of the product display and exhibition of hotspots in the selling space in order to create a store with human warmth. By creating innovated business operation and offering more comfortable, brighter shopping space, Poya can deepen the market position and image; also, lead to a new century.

(2) Intensify the competitive ability of stores 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 store which help to intensify the competitive ability of stores 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 the industry.

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 Jian-Zao, Chairman

Chen Zong-Cheng, General Manager

Shen Hung-Yu, Financial and Accounting Manager

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 2016, among which the financial statements have been audited and reviewed by Lee Ming Hsien and Liu Tzu-Meng, who are both certified accounts from the accounting firm of PwC Taiwan, and they have issued an audit report. The report and documents mentioned above have been reviewed by the Audit Committee of the Company and the 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 Act and Article 219 of the Company Act.

2017 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 20, 2017

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, 2016 and 2015, 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, 2016 and 2015, 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 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 contract 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.

Completeness and accuracy of franchising retail sales revenue

Description

Please refer to Note 4(18) “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 then upload to ERP system for generating 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 rely on POS and ERP system to generate reliable and accurate data. This will be effect company' s completeness and accuracy of recognized sales revenue. Thus, franchising retail sales revenue 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 accounting policies on inventory in Note 4(6) 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 was launched automatically by 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 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 and retail price 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 Preparations 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 also maintain the internal control for the preparation of financial statements to avoid material misstatement, whether due to fraud or error.

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

Those charged with governance, including 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 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 other 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 audit report and disclose 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 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 auditing.

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

Lee Ming-Hsien

Liu Tzu-Meng

February 20, 2017

POYA INTERNATIONAL CO.,LTD
BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

		(Expressed in thousands of New Taiwan dollars)				
			December 31, 2016		December 31, 2015	
Assets		Notes	AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 833,134	13	\$ 763,608	14
1150	Notes receivable, net		10,419	-	7,239	-
1170	Accounts receivable, net	6(2)	655,900	10	566,726	10
1200	Other receivables	6(21)	3,482	-	2,356	-
130X	Inventories	5(2) and 6(3)	2,314,815	36	2,067,638	36
1410	Prepayments	6(4)	93,790	1	107,441	2
1476	Other current financial assets	8	30,612	1	6,050	-
11XX	Total Current Assets		3,942,152	61	3,521,058	62
Non-current assets						
1600	Property, plant and equipment	6(5)(21)	2,127,895	33	1,830,435	32
1840	Deferred income tax assets	6(18)	28,330	-	18,180	-
1920	Refundable deposits	6(20)	252,195	4	206,292	4
1980	Other non-current financial assets	8	4,200	-	2,550	-
1985	Long-term prepaid rents		98,293	2	80,806	2
1990	Other non-current assets		10,765	-	10,406	-
15XX	Total Non-current Assets		2,521,678	39	2,148,669	38
1XXX	Total Assets		\$ 6,463,830	100	\$ 5,669,727	100

(Continued)

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

		December 31, 2016		December 31, 2015		
Liabilities and Equity		Notes	AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 614,262	10	\$ 562,291	10
2170	Accounts payable		969,035	15	1,010,818	18
2200	Other payables	6(6)(21)	569,960	9	538,814	10
2230	Current income tax liabilities	6(18)	150,265	2	113,836	2
2310	Receipts in advance		16,527	-	12,790	-
2320	Long-term liabilities, current portion	6(7)	405,679	6	329,493	6
2399	Other current liabilities		20,140	-	16,179	-
21XX	Total Current Liabilities		2,745,868	42	2,584,221	46
Non-current liabilities						
2540	Long-term borrowings	6(7)	556,275	9	338,006	6
2570	Deferred income tax liabilities	6(18)	3,160	-	2,865	-
2640	Net defined benefit liabilities-non-current	6(8)	7,676	-	2,869	-
2645	Guarantee deposits received		6,498	-	5,026	-
25XX	Total Non-current Liabilities		573,609	9	348,766	6
2XXX	Total Liabilities		3,319,477	51	2,932,987	52
Equity						
Share capital						
3110	Common stock	6(9)(11)(17)	964,760	15	952,774	17
3200	Capital surplus	6(9)(10)	552,861	9	473,319	8
	Retained earnings	6(9)(11)(17)(18)				
3310	Legal reserve		452,695	7	357,480	6
3350	Unappropriated retained earnings		1,174,037	18	953,167	17
3XXX	Total equity		3,144,353	49	2,736,740	48
Significant Contingent Liabilities and Unrecognized Contract Commitments		6(20) and 9				
3X2X	Total liabilities and equity		\$ 6,463,830	100	\$ 5,669,727	100

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hung-Yu

POYA INTERNATIONAL CO.,LTD
STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for basic and diluted earnings per share)

Items	Notes	2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(12)	\$ 12,423,746	100	\$ 10,687,825	100
5000 Operating costs	6(3)	(7,316,193)	(59)	(6,310,255)	(59)
5900 Net operating margin		<u>5,107,553</u>	<u>41</u>	<u>4,377,570</u>	<u>41</u>
Operating expenses	6(16)(17)(20) and 7				
6100 Selling expenses		(3,107,195)	(25)	(2,708,757)	(25)
6200 General & administrative expenses		(639,502)	(5)	(540,198)	(5)
6000 Total operating expenses		(3,746,697)	(30)	(3,248,955)	(30)
6900 Operating profit		<u>1,360,856</u>	<u>11</u>	<u>1,128,615</u>	<u>11</u>
Non-operating income and expenses					
7010 Other income	6(13)	49,570	-	36,379	-
7020 Other gains and losses	6(14)	8,013	-	(9,113)	-
7050 Finance costs	6(5)(15)(21)	(8,271)	-	(6,966)	-
7000 Total non-operating income and expenses		<u>49,312</u>	<u>-</u>	<u>20,300</u>	<u>-</u>
7900 Profit before income tax		<u>1,140,168</u>	<u>11</u>	<u>1,148,915</u>	<u>11</u>
7950 Income tax expense	6(18)	(240,684)	(2)	(196,770)	(2)
8200 Net income for the year		<u>\$ 1,169,484</u>	<u>9</u>	<u>\$ 952,145</u>	<u>9</u>
Other comprehensive income (loss) (Net)					
income (loss) that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit obligations	6(8)	(\$ 6,542)	-	(\$ 2,490)	-
8349 Income tax relating to the components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(18)	<u>1,112</u>	<u>-</u>	<u>423</u>	<u>-</u>
8300 Total other comprehensive (loss) income for the year		(\$ <u>5,430</u>)	<u>-</u>	(\$ <u>2,067</u>)	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 1,164,054</u>	<u>9</u>	<u>\$ 950,078</u>	<u>9</u>
Earnings per share (in dollars)					
9750 Basic	6(19)	<u>\$ 12.13</u>		<u>\$ 9.90</u>	
9850 Diluted	6(19)	<u>\$ 12.09</u>		<u>\$ 9.87</u>	

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hung-Yu

POYA INTERNATIONAL CO.,LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015.
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Capital surplus	Retained Earnings		
	Notes	Common stock	Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Total equity
<u>For the year ended December 31, 2015</u>						
Balance at January 1, 2015		\$ 941,131	\$ 394,551	\$ 284,378	\$ 782,038	\$ 2,402,098
Distribution of 2014 net income:						
Legal reserve		-	-	73,102	(73,102)	-
Cash dividends	6(11)	-	-	-	(696,436)	(696,436)
Stock dividends	6(9)(11)	9,411	-	-	(9,411)	-
Employees' stock bonuses	6(9)(21)	2,232	78,768	-	-	81,000
Net income for the year ended December 31,2015		-	-	-	952,145	952,145
Other comprehensive income for the year ended December 31,2015		-	-	-	(2,067)	(2,067)
Balance at December 31, 2015		<u>\$ 952,774</u>	<u>\$ 473,319</u>	<u>\$ 357,480</u>	<u>\$ 953,167</u>	<u>\$ 2,736,740</u>
<u>For the year ended December 31, 2016</u>						
Balance at January 1, 2016		\$ 952,774	\$ 473,319	\$ 357,480	\$ 953,167	\$ 2,736,740
Distribution of 2015 net income:						
Legal reserve		-	-	95,215	(95,215)	-
Cash dividends	6(11)	-	-	-	(838,441)	(838,441)
Stock dividends	6(9)(11)	9,528	-	-	(9,528)	-
Employees' stock bonuses	6(9)(21)	2,458	79,542	-	-	82,000
Net income for the year ended December 31,2016		-	-	-	1,169,484	1,169,484
Other comprehensive income for the year ended December 31,2016		-	-	-	(5,430)	(5,430)
Balance at December 31, 2016		<u>\$ 964,760</u>	<u>\$ 552,861</u>	<u>\$ 452,695</u>	<u>\$ 1,174,037</u>	<u>\$ 3,144,353</u>

(Note)The employees' bonuses were \$81,000 and \$82,000, and the directors' remuneration were both \$4,800 in 2014 and 2015, respectively which had been deducted from statements of comprehensive income.

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

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

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		\$ 1,410,168	\$ 1,148,915
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(16)	387,934	349,820
(Gain) loss on disposal of property, plant and equipment	6(14)	(9,089)	2,141
Interest income	6(13)	(2,337)	(2,534)
Interest expense	6(15)	8,271	6,966
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(3,180)	1,099
Accounts receivable		(89,174)	(133,478)
Other receivables		(1,126)	9,026
Inventories		(247,177)	(302,025)
Prepayments		13,651	(45,218)
Changes in operating liabilities			
Notes payable		51,971	117,471
Accounts payable		(41,783)	83,712
Other payables		152,949	119,316
Receipts in advance		3,737	150
Other current liabilities		3,961	(1,872)
Net defined benefit liabilities-non-current		(1,735)	(1,713)
Cash inflow generated from operations		1,637,041	1,351,776
Interest received		2,337	2,534
Interest paid		(8,271)	(6,966)
Income tax paid		(212,998)	(195,178)
Net cash provided by operating activities		1,418,109	1,152,166
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other current financial assets		(24,562)	(6,050)
Cash paid for acquisition of property, plant and equipment	6(21)	(972,666)	(780,728)
Interest paid for acquisition of property, plant and equipment	6(5)(15)(21)	(1,544)	(598)
Cash received from disposal of property, plant and equipment	6(21)	258,102	143,410
Increase in refundable deposits		(45,903)	(48,740)
Increase in other non-current financial assets		(1,650)	(2,550)
(Increase) decrease in long-term prepaid rent		(17,487)	22,849
(Increase) decrease in other non-current assets		(359)	555
Net cash flows used in investing activities		(806,069)	(671,852)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		911,841	550,000
Repayment of long-term borrowings		(617,386)	(343,914)
Increase in guarantee deposits received		1,472	1,893
Cash dividends paid	6(11)	(838,441)	(696,436)
Net cash flows used in financing activities		(542,514)	(488,457)
Net increase (decrease) in cash and cash equivalents		69,526	(8,143)
Cash and cash equivalents at beginning of year	6(1)	763,608	771,751
Cash and cash equivalents at end of year	6(1)	\$ 833,134	\$ 763,608

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

POYA International Co., Ltd.2016 Profits Distribution Table

Unit: New Taiwan Dollars

Items	Amount		Note:
	Sub-total	Grand Total	
Beginning unappropriated retained earnings		9,984,172	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: 2016 adjustment to retained earnings		<u>(5,429,899)</u>	
Adjusted unappropriated retained earnings		4,554,273	
Add: Net earnings after tax for the current year		<u>1,169,484,185</u>	
Distributable earnings for the current period		1,174,038,458	
Less: Legal reserve		<u>(116,948,419)</u>	
Accumulated distributable earnings		1,057,090,039	
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. 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 Every year, 50%-100% of the
Shareholders dividend	(9,647,600)		
—Shares \$ 0.1/share			
Shareholders dividend	<u>(1,032,293,607)</u>	<u>(1,041,941,207)</u>	
—Cash \$ 10.7/share		<u>\$15,148,832</u>	
Unappropriated retained earnings			

			<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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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.

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

POYA International Co., Ltd.

Comparison table of clauses affected by the amendment to “Operational Procedures for Acquisition or Disposal of Assets”

Articles	Article after amendment	Article before amendment	Explanation
Article 3	<p>Applicable scope</p> <p>The scope of applicability of the term "assets" as used in these procedures shall be as follows: ...(omitted)</p> <p><u>The definition of terms for procedures as follows:</u></p> <p>1. <u>The term “the date of the occurrence of events” as used in the preceding paragraph, in principle means the date of contract signing, the date of payment, the date of consignment trading, the date of transfer, the date of resolution of board of directors or other date which can confirm the trading counterparty and trading amount (whichever is earlier); if a public company is engaged in foreign investments, it shall mean the above dates or the date of receiving the approval letter from the competent authority, whichever is earlier.</u></p> <p>2. <u>Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</u></p> <p>3. <u>The most recent financial</u></p>	<p>Applicable scope</p> <p>The scope of applicability of the term "assets" as used in these procedures shall be as follows: ...(omitted)</p>	Subparagraph 2 is added in accordance with the revision

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>statements: the financial statements are audited by accountants, and the company declared the financial statements in prior to acquire or dispose the assets in accordance with related regulations.</u></p> <p>4. <u>Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</u></p>		
Article 4	<p>...(omitted)</p> <p><u>For the counterparties who have no relationship with company, the scope of authorization as follows:</u></p> <p>1. <u>The acquisitions or dispositions of property plant or equipment under NT\$500 million(inclusive) are authorized by chairman, and then reported to the most recent audit committee meeting and board meeting; others above NT\$500 million shall be passed by audit committees and proposed to board meeting. It shall be conducted after the board of directors approved.</u></p>	...(omitted)	Subparagraph 2 is added for the explaining of the scope of authorization in accordance with the revision

Articles	Article after amendment	Article before amendment	Explanation
	<p>2. <u>If assets acquired or disposed are for operation purpose, the counterparties do not have relationship with company, and the transaction price is raised to NT\$700 million, the transactions shall be approved by chairman and set up the contract, then proposed to the most recent audit committee meeting and board meeting as subsequent ratifications.</u></p> <p>3. <u>Assets acquired or disposed shall be proposed, admitted and reported to board meeting in accordance with Company Act or other regulations.</u></p>		
Article 5(omitted)	...(omitted)	Complied with the revision, the Company hereby revised punctuation marks in Chinese version.
Article 6	<p>Long term and short term investment of securities shall be engaged in accordance with <u>the rule of investment cycle which enacted by the Company.</u></p> <p>Property and other fixed assets shall be made in accordance with <u>the rule of property, plant and equipment cycle which enacted by the Company.</u></p>	<p><u>The purchasing and selling of</u> long term and short term investment on securities shall be engaged in accordance with the rule of investment cycle which enacted by <u>Internal Control System of the Company.</u></p> <p>Property and other fixed assets shall be made in accordance with the rule of property, plant and equipment cycle which enacted by <u>Internal Control System of the Company.</u></p>	Complied with the regulation revision, the Company hereby revises part of word statements.
Article 9	Disposal or acquisition of assets:	Disposal or acquisition of assets:	Complied with

Articles	Article after amendment	Article before amendment	Explanation
	<p>1. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report made by professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions:</p> <p>a. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, <u>the transaction shall be approved by audit committee and submitted by board of directors for a resolution</u>, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>. ... (omitted)</p>	<p>2. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>a. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>. ... (omitted)</p>	the revision of Art.9 and Art. 11 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the company hereby revises parts of word statements.
Article 11	<p>Related Party Transactions</p> <p>1. ... (omitted)</p>	<p>Related Party Transactions</p> <p>1. ... (omitted)</p>	Complied with the revision of Art. 14

Articles	Article after amendment	Article before amendment	Explanation
	<p>4. When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds <u>issued by securities investment trust enterprises</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by <u>audit committee</u> and submitted by the board of directors for a resolution:</p> <p>...(omitted)</p>	<p>4. When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than <u>half of all audit committee members</u> and submitted by the board of directors for a resolution:</p> <p>...(omitted)</p>	<p>of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the company hereby revised parts of paragraph 4.</p>
Article 12	...(omitted)	...(omitted)	Complied with the revision, the company revised parts of word statements in Chinese version.
Article 13	Procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of	Procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of	Complied with the revision of Art. 22 of

Articles	Article after amendment	Article before amendment	Explanation
	<p>Shares</p> <p>1. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. <u>The mergers between the company and the subsidiaries which, directly or indirectly, holds 100 percent of issued shares or total capital and between the subsidiaries which holds 100 percent of issued shares or total capital directly or indirectly by the company shall not be included.</u></p> <p>...(omitted)</p>	<p>Shares</p> <p>1. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>...(omitted)</p>	<p>“Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the company hereby revised paragraph 1.</p>
Article 14	<p>Publicly Announcement and Reporting standards</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the Financial Supervisory Commission, R.O.C in the appropriate</p>	<p>Publicly Announcement and Reporting standards</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the Financial Supervisory Commission, R.O.C in the appropriate</p>	<p>1. Complied with the revision of Art.30 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”. The wording of</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds <u>issued by securities investment trust enterprises.</u></p> <p>(2) <u>Merger, demerger, acquisition, or transfer of shares.</u></p> <p>(3) <u>Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</u></p> <p>(4) <u>Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount refers to any of the</u></p>	<p>format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(2) <u>Deleted.</u></p> <p>(3) <u>Merger, demerger, acquisition, or transfer of shares.</u></p> <p>(4) <u>Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</u></p>	<p>paragraph 1, subparagraph 1 shall be modified, the wording of paragraph 4, subparagraph 4 and 6 shall be moved to paragraph 1, subparagraph 4 and 6 respectively, and the wording of subparagraph 5 shall be modified and moved to subparagraph 7.</p> <p>2. Complied with this revision, paragraph 1, subparagraph 2 shall be deleted. subparagraph 3 and 4 shall be filled vacancies in order of precedence.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>following:</u></p> <p>1. <u>Public companies which paid-in capital is less than NT\$10 billion, and the transaction is NT\$ 500 million or more.</u></p> <p>2. <u>Public companies which paid-in capital reaches NT\$ 10 billion or more, and the transaction is NT\$ 1 billion or more.</u></p> <p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding <u>six</u> items, a disposal of</p>	<p>(5) Where an asset transaction other than any of those referred to in the preceding four item, a disposal of</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or Over-the-Counter markets, or subscription of securities, <u>either corporate bonds or general bank debentures that do not involve shareholding right in the domestic primary market or securities recommended by security firms due to underwriting business and served as the recommending securities firms for emerging stocks in accordance with the regulations by Taipei Exchange.</u></p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds <u>issued by securities investment trust enterprises.</u></p> <p>...(omitted)</p>	<p>receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or Over-the-Counter markets, or subscription of securities by a <u>securities firm</u>, either in the primary market or in accordance with relevant regulations.</p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p><u>D.</u> Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related</p>	

Articles	Article after amendment	Article before amendment	Explanation
		<p>party, and the transaction amount is less than NT\$500 million.</p> <p><u>E.</u> Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p><u>F.</u> Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p>	
Article 15	<p>Deadline for Publicly Announcement and Reporting :</p> <p>1. ...(omitted)</p> <p>3. When the Company <u>after</u> the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within 2 business days from</u></p>	<p>Deadline for Publicly Announcement and Reporting :</p> <p>1. ...(omitted)</p> <p>3. When the Company <u>at</u> the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. ... (omitted)</p>	<p>Complied with the revision of Art. 30 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the wording of paragraph 3 shall be revised.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<u>the day the matter is known or the event occurs.</u> ...(omitted)		
Article 16	<p>Disclosure of Financial Statements</p> <p>When information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisition or disposals of assets, and if the trading counterparty is a related party of substance relationship, then the Company shall be disclosed in the notes to financial statements, and then to a shareholders' meeting for approval.</p>	<p>Disclosure of Financial Statements</p> <p>When information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisition <u>and</u> disposals of assets, and if the trading counterparty is a related party of substance relationship, then the Company shall be disclosed in the notes to financial statements, and then to a shareholders' meeting for approval.</p>	Complied with this revision, the company hereby revised some parts of word statements.
Article 19	<p>The <u>adopted date and</u> amendment record of the procedure:</p> <p>These Procedures were originally adopted on June 28, 1999.</p> <p>The 1st amendment was made on June 26, 2000.</p> <p>The 2nd amendment was made on April 21, 2003.</p> <p>The 3rd amendment was made on May 22, 2007.</p> <p>The 4th amendment was made on June 3, 2009.</p> <p>The 5th amendment was made on June 6, 2012.</p> <p>The 6th amendment was made on June 10, 2014.</p> <p><u>The 7th amendment was made on June 13, 2017.</u></p>	<p>The amendment record of the procedure:</p> <p>These Procedures were originally adopted on June 28, 1999.</p> <p>The 1st amendment was made on June 26, 2000.</p> <p>The 2nd amendment was made on April 21, 2003.</p> <p>The 3rd amendment was made on May 22, 2007.</p> <p>The 4th amendment was made on June 3, 2009.</p> <p>The 5th amendment was made on June 6, 2012.</p> <p>The 6th amendment was made on June 10, 2014.</p>	<ol style="list-style-type: none"> 1. Add the number and date of the amendment. 2. Complied with this revision, the company hereby revised some parts of word statements.