

POYA International Co., Ltd.
Minutes of 2019 Annual General Shareholders' Meeting
(Translation)

Time: 9 a.m., May 28, 2019 (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 86,014,251 shares (including 66,251,085 shares the voting rights of which are exercised by the electronic means), or 88.05% of the total 97,685,031 outstanding shares. Chen Jian-Zao(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. 2018 Business Report (See Appendix I)

II. 2018 Audit Committee's Review Report (See Appendix II)

III. 2018 Distribution of Employees' and Directors' Remuneration

Explanation :

1. In accordance with the Article 21-1 of Articles of Incorporation, the monetary amount of employees' remuneration is NT\$ 113,000,000 accounting for 5% and the monetary amount of directors' remuneration is NT\$ 4,800,000 accounting for 0.2%.

2. The employees' and directors' remuneration mentioned above shall be treated as expenses in 2018. 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 17th Board meeting and the distribution of directors' remuneration has been passed by the 3rd-term Remuneration Committee in the 8th Remuneration Committee meeting.

D. Acknowledgements

Proposal 1: Adoption of the 2018 Business Report and Financial Statements (Proposed by the Board)

Explanation:

1. The Company's 2018 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 2018 Business Report and Financial Statements.

Resolution: the voting results are as followed:

86,011,982 shares were represented at the time of voting (including 66,251,085 shares the voting rights of which are exercised by the electronic means)

Voting results	Proportion to the total represented shares present
Affirmative votes 82,762,258 shares (including 63,053,201 shares the voting rights of which are exercised by the electronic means)	96.22%
Dissenting votes 3,188 shares (including 3,188 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,246,536 shares (including 3,194,696 shares the voting rights of which are exercised by the electronic means)	3.78%

The proposal has been adopted by voting without any modification.

Proposal 2: Adoption of the proposal for distribution of 2018 profits (Proposed by the Board)

Explanation:

1. The Distribution Table of 2018 Profits (Attached as Appendix IV) has been submitted to the Company's Audit Committee for approval and been passed by the 7th-term Board of Directors in the 17th 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 2018 profits.

Resolution: the voting results are as followed:

86,011,982 shares were represented at the time of voting (including 66,251,085 shares the voting rights of which are exercised by the electronic means)

Voting results	Propotion to the total represented shares present
Affirmative votes 82,762,157 shares (including 63,053,100 shares the voting rights of which are exercised by the electronic means)	96.22%
Dissenting votes 3,288 shares (including 3,288 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,246,537 shares (including 3,194,697 shares the voting rights of which are exercised by the electronic means)	3.78%

The proposal has been adopted by voting without any modification.

E. Discussion and Election

Proposal 1: Amendments to part of Articles of Incorporation (Proposed by the Board)

Explanation:

1. In order to conform to the actual operational needs and decree amendments, amendments are to be made to certain clauses of Articles of Incorporation. The comparison table for the amendments to Articles of Incorporation before and after revision is attached as Appendix V.
2. Please discuss the amendments to part of articles of Incorporation.

Resolution: the voting results are as followed:

86,014,251 shares were represented at the time of voting (including 66,251,085 shares the voting rights of which are exercised by the electronic means)

Voting results	Propotion to the total represented shares present
Affirmative votes 82,673,784 shares (including 63,052,958 shares the voting rights of which are exercised by the electronic means)	96.12%
Dissenting votes 3,406 shares (including 3,406 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,337,061 shares (including 3,194,721 shares the voting rights of which are exercised by the electronic means)	3.88%

The proposal has been adopted by voting without any modification.

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

Explanation:

1. In order to conform to decree amendments, amendments are to be made to certain clauses of Operational Procedures for Acquisition or Disposal of Assets. The comparison table for the amendments to Articles of Incorporation before and after revision is attached as Appendix VI.
2. Please discuss the amendments to part of Operational Procedures for Acquisition or Disposal of Assets.

Resolution: the voting results are as followed:

86,014,251 shares were represented at the time of voting (including 66,251,085 shares the voting rights of which are exercised by the electronic means)

Voting results	Proportion to the total represented shares present
Affirmative votes 82,673,952 shares (including 63,053,126 shares the voting rights of which are exercised by the electronic means)	96.12%
Dissenting votes 3,238 shares (including 3,238 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 3,337,061 shares (including 3,194,721 shares the voting rights of which are exercised by the electronic means)	3.88%

The proposal has been adopted by voting without any modification.

F. Extemporary motions:

Minutes of speech:

1. Shareholder in attendance No. 23111 asked question about the planning of the Company's new brand, Poya Home. After CEO's explanation, the shareholder had no other opinions.
2. Shareholder in attendance No. 25369 asked questions about income recognition for the Company's new brand, Poya Home and the Company's EC strategy. After CEO's explanation, the shareholder had no other opinions.

G. Adjournment: 9:36 a.m., May 28, 2019

(The Minutes only records main ideas of 2019 Annual General Shareholders' Meeting. The content and procedure of the Meeting shall refer to video recording.)

Poya International Co., Ltd.
2018 Business Report

1. 2018 Business Results

(1) The implementation of the business plan

Unit : NTD 1,000

Title/amount	FY2018	FY2017	Change in amount	Change in proportion (%)
Operating revenue	14,084,032	12,423,746	821,961	6.20%
Operating Cost	(7,915,849)	(7,316,193)	332,478	4.38%
Net operating margin	6,168,183	5,107,553	489,483	8.62%
Operating expenses	(4,071,565)	(3,746,697)	114,687	2.90%
Operating profit	2,096,618	1,360,856	374,796	21.77%
Non-operating income and expenses	35,890	49,312	34,867	3408.31%
Profit before income tax	2,132,508	1,410,168	409,663	23.78%
Profit for the year	1,709,140	1,169,484	280,083	19.60%
Basic earnings per share (in dollars)	17.50	12.01	2.87	19.62%

The growth of operating revenue and national store number remain stable. The growth rate of store number in 2018 is 13.56%.

Unit : Stores/NTD 10,000

Title/year	FY2015	FY2016	FY2017	FY2018
Operating revenue	1,068,783	1,242,375	1,326,207	1,408,403
Total store number (Note)	131	157	177	201

Note : The store number in 2017, which was 177, was used as the basis for the calculation of the growth rate of new stores.

(2) Financial structure and profitability analysis

Title		FY2018	FY2017
Financial Structure	Ratio of liabilities to assets (%)	52.45	51.79
	Ratio of long-term capital to property, plant, and equipment (%)	178.77	168.74

Profitability	Return on assets (ROA) (%)	21.41	20.55
	Return on equity (ROE) (%)	44.39	42.19
	Profit ratio (%)	12.14	10.78
	Basic EPS (NTD) (in retrospect) (Note)	17.50	14.63

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

2. 2019 Business plan

The global economy kept growing in 2018, and it was conducive to Taiwan's market. In the first half of the year, the economic growth rate was over 3%, the Export maintained double digital growth, and the Taixex stayed over 10,000 points. However, the investment performance was inferior to the index. The trade war between the United States and China has started since the third quarter. Moreover, the rate raised by FED leads to strong US dollar. These two factors caused global movement of capital flows which hurt emerging markets and developing countries and also affected main economics such as the United States, EU, Japan, etc. and Taiwan finance market. Therefore, the prospect of Taiwan market turned to conservative in the second half of 2018. Regarding private consumption, the steady global economic recovery drove the sales and profits of domestic enterprises. The wage growth from January to August in 2018 hit record high since 2015 and the unemployment rate kept going down. The optimistic employment market contributed to private consumption. On the other hand, severe fluctuation of global finance market, insufficient energy of Taixex, fiscal reform by government and inflation of daily necessities influenced the confidence of domestic consumption and purchase ability. According to Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C., the forecast of growth rates of real consumption in 2018 and 2019 are 2.26% and 2.20% respectively.

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 201 stores national wide by the end of 2018. The operating revenue and profit for the year after tax in 2018 are NTD 14.1 billion and NTD 1.7 billion respectively, both of

which reached the record highs.

In terms of the business operation, Poya keeps optimizing 5th generation stores and introduces 6th 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) Optimize 5th generation stores and introduce the 6th 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 passed the business report, financial statements and profit distribution proposal for the year 2018, 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 2018 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 2018 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.

2019 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 18, 2019

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, 2018 and 2017, 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, 2018 and 2017, 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(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 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 18, 2019

POYA INTERNATIONAL CO.,LTD
BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 1,247,097	15	\$ 972,751	13
1150	Notes receivable, net		5,733	-	8,307	-
1170	Accounts receivable, net	6(2)	813,543	10	678,875	9
1200	Other receivables		2,847	-	7,595	-
130X	Inventories	5(2) and 6(3)	3,036,311	35	2,638,948	35
1410	Prepayments	6(4)	98,844	1	101,032	2
1476	Other current financial assets	8	17,977	-	23,151	-
11XX	Total current assets		<u>5,222,352</u>	<u>61</u>	<u>4,430,659</u>	<u>59</u>
	Non-current assets					
1600	Property, plant and equipment, net	6(5)	2,804,885	33	2,621,317	35
1840	Deferred income tax assets	6(18)	43,753	-	32,698	-
1920	Refundable deposits	6(20)	305,429	4	283,840	4
1980	Other non-current financial assets	8	5,000	-	4,200	-
1985	Long-term prepaid rents		164,432	2	144,352	2
1990	Other non-current assets		13,448	-	12,063	-
15XX	Total non-current assets		<u>3,336,947</u>	<u>39</u>	<u>3,098,470</u>	<u>41</u>
1XXX	Total assets		<u>\$ 8,559,299</u>	<u>100</u>	<u>\$ 7,529,129</u>	<u>100</u>
	Liabilities and Equity					
	Current liabilities					
2130	Current contract liabilities	6(12)	\$ 28,626	-	\$ -	-
2150	Notes payable		61,673	1	58,027	1
2170	Accounts payable		1,828,541	22	1,644,272	22
2200	Other payables	6(6)	709,638	8	644,116	9
2230	Current income tax liabilities		284,831	3	173,229	2
2310	Receipts in advance	3(1)	128	-	9,487	-
2320	Long-term liabilities, current portion	6(7)	615,548	7	536,665	7
2399	Other current liabilities	3(1)	-	-	22,765	-
21XX	Total current liabilities		<u>3,528,985</u>	<u>41</u>	<u>3,088,561</u>	<u>41</u>
	Non-current liabilities					
2540	Long-term borrowings	6(7)	944,085	11	793,335	11
2570	Deferred income tax liabilities	6(18)	4,351	-	3,431	-
2640	Net defined benefit liabilities-non-current	6(8)	4,814	-	7,640	-
2645	Guarantee deposits received		6,778	-	6,337	-
25XX	Total non-current liabilities		<u>960,028</u>	<u>11</u>	<u>810,743</u>	<u>11</u>
2XXX	Total liabilities		<u>4,489,013</u>	<u>52</u>	<u>3,899,304</u>	<u>52</u>
	Equity					
	Share capital					
3110	Common stock	6(9)(11)	976,850	12	976,850	13
3200	Capital surplus	6(9)(10)	640,419	8	640,419	8
	Retained earnings	6(9)(11)				
3310	Legal reserve		712,549	8	569,643	8
3350	Unappropriated retained earnings		1,740,468	20	1,442,913	19
3XXX	Total equity		<u>4,070,286</u>	<u>48</u>	<u>3,629,825</u>	<u>48</u>
	Significant Contingent Liabilities and Unrecognized Contract Commitments	6(20) and 9				
3X2X	Total liabilities and equity		<u>\$ 8,559,299</u>	<u>100</u>	<u>\$ 7,529,129</u>	<u>100</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 COMPREHENSIVE INCOME

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

Year ended December 31

	Items	Notes	2018		2017	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(12) and 12	\$ 14,084,032	100	\$ 13,262,071	100
5000	Operating costs	6(3)(8)(16)(17)(20)	(7,915,849)	(56)	(7,583,371)	(57)
5900	Net operating margin		<u>6,168,183</u>	<u>44</u>	<u>5,678,700</u>	<u>43</u>
	Operating expenses	6(8)(16)(17)(20) and 7				
6100	Selling expenses		(3,504,926)	(25)	(3,350,051)	(25)
6200	General and administrative expenses		(566,639)	(4)	(606,827)	(5)
6000	Total operating expenses		(4,071,565)	(29)	(3,956,878)	(30)
6900	Operating profit		<u>2,096,618</u>	<u>15</u>	<u>1,721,822</u>	<u>13</u>
	Non-operating income and expenses					
7010	Other income	6(13)	51,295	-	50,953	-
7020	Other gains and losses	6(14)	614	-	(39,671)	-
7050	Finance costs	6(5)(15)	(16,019)	-	(10,259)	-
7000	Total non-operating income and expenses		<u>35,890</u>	<u>-</u>	<u>1,023</u>	<u>-</u>
7900	Profit before income tax		<u>2,132,508</u>	<u>15</u>	<u>1,722,845</u>	<u>13</u>
7950	Income tax expense	6(18)	(423,368)	(3)	(293,788)	(2)
8200	Net income for the year		<u>\$ 1,709,140</u>	<u>12</u>	<u>\$ 1,429,057</u>	<u>11</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(8)	\$ 1,252	-	(\$ 1,557)	-
8349	Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(18)	(26)	-	265	-
8300	Total other comprehensive income (loss) for the year		<u>\$ 1,226</u>	<u>-</u>	<u>(\$ 1,292)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 1,710,366</u>	<u>12</u>	<u>\$ 1,427,765</u>	<u>11</u>
	Earnings per share (in dollars)	6(19)				
9750	Basic		<u>\$ 17.50</u>		<u>\$ 14.63</u>	
9850	Diluted		<u>\$ 17.42</u>		<u>\$ 14.58</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
(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, 2017</u>						
Balance at January 1, 2017		\$ 964,760	\$ 552,861	\$ 452,695	\$ 1,174,037	\$ 3,144,353
Net income for the year ended December 31, 2017		-	-	-	1,429,057	1,429,057
Other comprehensive loss for the year ended December 31, 2017		-	-	-	(1,292)	(1,292)
Total comprehensive income for the year ended December 31, 2017		-	-	-	1,427,765	1,427,765
Distribution of 2016 net income:						
Legal reserve		-	-	116,948	(116,948)	-
Cash dividends	6(11)	-	-	-	(1,032,293)	(1,032,293)
Stock dividends	6(9)(11)	9,648	-	-	(9,648)	-
Employees' stock bonuses	6(9)	2,442	87,558	-	-	90,000
Balance at December 31, 2017		\$ 976,850	\$ 640,419	\$ 569,643	\$ 1,442,913	\$ 3,629,825
<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(11)	-	-	-	(1,269,905)	(1,269,905)
Balance at December 31, 2018		\$ 976,850	\$ 640,419	\$ 712,549	\$ 1,740,468	\$ 4,070,286

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	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,132,508	\$ 1,722,845
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(16)	502,987	445,546
(Gain) loss on disposal of property, plant and equipment	6(14)	(1,112)	38,309
Interest income	6(13)	(2,833)	(2,277)
Interest expense	6(15)	16,019	10,259
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,574	2,112
Accounts receivable		(134,668)	(22,975)
Other receivables		4,748	(4,113)
Inventories		(397,363)	(324,133)
Prepayments		2,188	(7,242)
Changes in operating liabilities			
Current contract liabilities		(3,626)	-
Notes payable		3,646	(556,235)
Accounts payable		184,269	675,237
Other payables		67,147	127,050
Receipts in advance		128	(7,040)
Other current liabilities		-	2,625
Net defined benefit liabilities-non-current		(1,574)	(1,593)
Cash inflow generated from operations		2,375,038	2,098,375
Interest received		2,833	2,277
Interest paid		(16,019)	(10,259)
Income tax paid		(321,927)	(274,656)
Net cash flows from operating activities		<u>2,039,925</u>	<u>1,815,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other current financial assets		5,174	7,461
Acquisition of property, plant and equipment	6(21)	(687,795)	(937,682)
Interest paid for acquisition of property, plant and equipment	6(5)(15)(21)	(1,039)	(3,252)
Proceeds from disposal of property, plant and equipment		1,766	763
Increase in refundable deposits		(21,589)	(31,645)
Increase in other non-current financial assets		(800)	-
Increase in long-term prepaid rent		(20,080)	(46,059)
Increase in other non-current assets		(1,385)	(1,298)
Net cash flows used in investing activities		<u>(725,748)</u>	<u>(1,011,712)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		1,746,666	1,460,000
Repayment of long-term borrowings		(1,517,033)	(1,091,954)
Increase (decrease) in guarantee deposits received		441	(161)
Cash dividends paid	6(11)	(1,269,905)	(1,032,293)
Net cash flows used in financing activities		<u>(1,039,831)</u>	<u>(664,408)</u>
Net increase in cash and cash equivalents		274,346	139,617
Cash and cash equivalents at beginning of year	6(1)	972,751	833,134
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,247,097</u>	<u>\$ 972,751</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 Hong-Yu

POYA International Co., Ltd.2017 Profits Distribution Table

Unit: New Taiwan Dollars

Items	Amount		Note:
	Sub-total	Grand Total	
Beginning unappropriated retained earnings		30,101,994	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:2018 adjustment to retained earnings		<u>(1,225,955)</u>	
Adjusted unappropriated retained earnings		31,327,949	
Add: Net earnings after tax for the current year		<u>1,709,140,015</u>	
Distributable earnings for the current period		1,740,467,964	
Less: Legal reserve		<u>(170,914,002)</u>	
Accumulated distributable earnings		1,569,553,962	
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			
—Cash \$ 15.75/share		<u>(1,538,539,238)</u>	
Unappropriated retained earnings		<u><u>\$31,014,724</u></u>	

			<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 “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>28</u> F208021 Retail Sale of Drugs and Medicines</p> <p><u>29</u> F113070 Wholesale of Telecom Instruments</p> <p><u>30</u> F213060 Retail Sale of Telecom Instruments</p> <p><u>31</u> F301020 Supermarkets</p> <p><u>32</u> JZ99110 Body Shaping Services</p> <p><u>33</u> F102020 Wholesale of Edible Oil</p> <p><u>34</u> F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p><u>35</u> F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p><u>36</u> F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures</p> <p><u>37</u> F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and</p>	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p> <p><u>28</u> F108021 Wholesale of <u>Drugs and Medicines</u></p> <p>29 F208021 Retail Sale of Drugs and Medicines</p> <p>30 F113070 Wholesale of Telecom Instruments</p> <p>31 F213060 Retail Sale of Telecom Instruments</p> <p>32 F301020 Supermarkets</p> <p>33 JZ99110 Body Shaping Services</p> <p>34 F102020 Wholesale of Edible Oil</p> <p>35 F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p>36 F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p>37 F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures</p> <p>38 F105050 Wholesale of</p>	Complied with the actual operating needs, the Company hereby adds and adjusts business item.

Articles	Article after amendment	Article before amendment	Explanation
	Fixtures	Furniture, Bedclothes	
<u>38</u>	F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	Kitchen Equipment and Fixtures	
<u>39</u>	F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	39 F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	
		40 F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	
<u>40</u>	F113050 Wholesale of Computing and Business Machinery Equipment	41 F113050 Wholesale of Computing and Business Machinery Equipment	
<u>41</u>	F213030 Retail sale of Computing and Business Machinery Equipment	42 F213030 Retail sale of Computing and Business Machinery Equipment	
<u>42</u>	F108040 Wholesale of Cosmetics	43 F108040 Wholesale of Cosmetics	
<u>43</u>	F208040 Retail Sale of Cosmetics	44 F208040 Retail Sale of Cosmetics	
<u>44</u>	F399040 Retail Business Without Shops	45 F399040 Retail Business Without Shops	
<u>45</u>	F399990 Retail sale of Others	46 F399990 Retail sale of Others	
<u>46</u>	G202010 Parking Garage Business	47 G202010 Parking Garage Business	
<u>47</u>	G801010 Warehousing and Storage	48 G801010 Warehousing and Storage	
<u>48</u>	IZ06010 Cargoes Packaging	49 IZ06010 Cargoes Packaging	
<u>49</u>	F107050 Wholesale of Manure	50 F107050 Wholesale of Manure	
<u>50</u>	F207050 Retail Sale of Manure		

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>51</u> F116010 Wholesale of Photographic Equipment</p> <p><u>52</u> F216010 Retail Sale of Photographic Equipment</p> <p><u>53</u> F301010 Department Stores</p> <p><u>54</u> F399010 Convenience Stores</p> <p><u>55</u> A102060 Grain Commerce</p> <p><u>56</u> C501010 Lumbering</p> <p><u>57</u> C501030 Plywood Manufacturing</p> <p><u>58</u> C501040 Reconstituted Wood Manufacturing</p> <p><u>59</u> C501990 Other Wooden Products Manufacturing</p> <p><u>60</u> C501060 Wooden Container Manufacturing</p> <p><u>61</u> I401010 General Advertising Services</p> <p><u>62</u> ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>51 F207050 Retail Sale of Manure</p> <p>52 F116010 Wholesale of Photographic Equipment</p> <p>53 F216010 Retail Sale of Photographic Equipment</p> <p>54 F301010 Department Stores</p> <p>55 F399010 Convenience Stores</p> <p>56 A102060 Grain Commerce</p> <p>57 C501010 Lumbering</p> <p>58 C501030 Plywood Manufacturing</p> <p>59 C501040 Reconstituted Wood Manufacturing</p> <p>60 C501990 Other Wooden Products Manufacturing</p> <p>61 C501060 Wooden Container Manufacturing</p> <p>62 I401010 General Advertising Services</p> <p>63 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
Article 8	The Company's stocks shall be registered, being issued after signed or sealed <u>by directors on behalf of the Company and issued after certificated by banks which are approved to certificate stock issue in accordance with regulations.</u> The certificates of the Company's shares do not be	The Company's stocks shall be registered, being issued after signed or sealed by at least three directors and authenticated by laws. The certificates of the Company's shares do not be required printing out; however, the shares shall be registered to Central Security Depository	Amendment complied with Article 162 of the Company Act.

Articles	Article after amendment	Article before amendment	Explanation
	required printing out; however, the shares shall be registered to Central Security Depository Institution.	Institution.	
Article 11	<p>If a shareholder is unable to attend the shareholders' meeting for any reason, <u>the proxies shall be handled by "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies "</u> <u>except those regulated by Article 177 of the Company Act.</u></p> <p>When the Company holds a shareholders' meeting, the shareholders are allowed to exercise voting rights by correspondence or electronic means, both of which shall be handled according to the Company Act and the regulations of the competent authorities.</p>	<p>If a shareholder is unable to attend the shareholders' meeting for any reason, he/she may appoint an attorney with the proxy statement issued by the Company, specifying the scope of authorization. Except those regulated by Article 177 of the Company Act, the proxies shall be handled by "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies ".</p> <p>When the Company holds a shareholders' meeting, the shareholders are allowed to exercise voting rights by correspondence or electronic means, both of which shall be handled according to the Company Act and the regulations of the competent authorities.</p>	Amendment complied with Article 177 of the Company Act.
Article 16-1	<p>...(Omitted)</p> <p><u>Spouse and second-degree relatives of directors or companies with controllable subordinate relationship by directors having interests relating to the matters being discussed at the meeting, the matters shall be regarded as personal interests of directors.</u></p>	...(Omitted)	Complied with Article 206 of the Company Act, the Company hereby added the third item.
Article 21	<p>...(Omitted)</p> <p><u>If the distribution of shareholders' dividends and bonuses is fully or partially made by cash, it shall be</u></p>	...(Omitted)	Complied with the fifth item in Article 240 of the Company Act, the

Articles	Article after amendment	Article before amendment	Explanation
	<u>approved by at least half of directors in board of directors with at least two-thirds attendance of directors and reported to shareholders' meeting. It is not applicable to the related regulation in the second item that the distribution shall be approved by shareholders' meeting.</u>		Company hereby added the fourth item.
Article 23	Adds the statement of " <u>The 24th amendment was made on May 28, 2019</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
“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:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.;</p> <p>(2) Real estate (including land, house, building, investment real estate, inventories of construction enterprises) and the apparatus;</p> <p>(3) Memberships;</p> <p>(4) Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;</p> <p>(5) <u>Right-to-use assets</u></p> <p>(6) Claims of the financial institution (including receivables, bills purchased and discounted, loans, and overdue receivables);</p> <p>(7) Derivatives;</p> <p>(8) Assets acquired or disposed through mergers, splits, acquisitions or shares transference in accordance</p>	<p>Applicable scope</p> <p>The scope of applicability of the term "assets" as used in these procedures shall be as follows:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.;</p> <p>(2) Real estate (including land, house, building, investment real estate, <u>tenure</u>, inventories of construction enterprises) and the apparatus;</p> <p>(3) Memberships;</p> <p>(4) Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;</p> <p>(5) Claims of the financial institution (including receivables, bills purchased and discounted, loans, and overdue receivables);</p> <p>(6) Derivatives;</p> <p>(7) Assets acquired or disposed through mergers, splits, acquisitions or shares transference in accordance with law;</p> <p>(8) Other major assets.</p>	<p>Complied with the revision of Art. 3 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” in 2019.01.01, the company hereby added the fifth item to broaden the scope of applicability of assets, moved “tenure” in second item to fifth item, and moved item (5) to(8) to item (6) to (9).</p>

Articles	Article after amendment	Article before amendment	Explanation
	with law; (9) Other major assets.		
Article 4	<p>Evaluation procedures for trade</p> <p>The evaluation procedures for the acquisition and disposal of assets of the Company are as follows:</p> <p>(1) ...(omitted)</p> <p>(4) Acquisition or disposition of real estate <u>or right-to-use assets</u> shall refer to the current assessed land value, evaluation of value, actual transaction price of local real estate, if necessary shall obtain an appraisal report prior from a professional appraiser.</p> <p>(5) Acquisition or disposition of other fixed assets <u>or right-to-use assets</u> shall based on the price comparison, bargaining or tender alternative to.</p> <p>...(omitted)</p> <p>For the counterparties who have no relationship with company, the scope of authorization as follows:</p> <p>(1) The acquisitions or dispositions of property plant, equipment <u>or right-to-use assets</u> 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</p>	<p>Evaluation procedures for trade</p> <p>The evaluation procedures for the acquisition and disposal of assets of the Company are as follows:</p> <p>(1) ...(omitted)</p> <p>(4) Acquisition or disposition of real estate shall refer to the current assessed land value, evaluation of value, actual transaction price of local real estate, if necessary shall obtain an appraisal report prior from a professional appraiser.</p> <p>(5) Acquisition or disposition of other fixed assets shall based on the price comparison, bargaining or tender alternative to.</p> <p>...(omitted)</p> <p>For the counterparties who have no relationship with company, the scope of authorization as follows:</p> <p>(1) 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</p>	<p>The Company revised fourth and fifth item in subparagraph 1 and second item in subparagraph 2 for regulating the right-of-use assets accordance with the revision.</p>

Articles	Article after amendment	Article before amendment	Explanation
	shall be passed by audit committees and proposed to board meeting. It shall be conducted after the board of directors approved. ...(omitted)	conducted after the board of directors approved. ...(omitted)	
Article 6	The execution unit ...(omitted) <u>Other assets which don't belong to securities investment, real estate and other fixed assets shall be executed after evaluation by execution unit.</u>	The execution unit ...(omitted)	Complied with the revision, the Company hereby added explanation of procedure.
Article 9	Disposal or acquisition of assets: 1. In acquiring or disposing of real property, equipment or <u>right-to-use assets</u> 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 <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or <u>right-to-use assets</u> 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: a. Where due to special circumstances it is necessary to give a limited	Disposal or acquisition of assets: 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 made by professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions: b. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference	Complied with the regulation revision, the Company hereby revises content in paragraph 1, first item in paragraph 1 and paragraph 3.

Articles	Article after amendment	Article before amendment	Explanation
	<p>price, specified price, or special price as a reference basis for the transaction price, the transaction shall be approved by audit committee and submitted by board of directors for a resolution, 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. (omitted)</p> <p>3. If the Company's acquisition or disposal of intangible assets, membership <u>or right-to-use assets</u> reaches 20% of the Company's paid-in capital or NT\$300 million, besides trading with the government organization, opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the date of the event of the subject acquisition or disposal of assets. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 by Accounting Research And Development Foundation.</p> <p>. ... (omitted)</p>	<p>basis for the transaction price, the transaction shall be approved by audit committee and submitted by board of directors for a resolution, 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. (omitted)</p> <p>3. If the Company's acquisition or disposal of membership or intangible assets reaches 20% of the Company's paid-in capital or NT\$300 million, besides trading with the government organization, opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the date of the event of the subject acquisition or disposal of assets. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 by Accounting Research And Development Foundation.</p> <p>. ... (omitted)</p>	
Article 11	Related party transactions	Related party transactions	1. Complied with

Articles	Article after amendment	Article before amendment	Explanation
	<p>1. ...(omitted)</p> <p>4. When the company intends to acquire or dispose of real property or <u>right-to-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property or <u>right-to-use assets</u> 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 <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and submitted by the board of directors for a resolution:</p> <p>(1)...(omitted)</p> <p>(3) With respect to the acquisition of real estate or <u>right-to-use assets</u> from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with this</p>	<p>2. ...(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 issued by securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and submitted by the board of directors for a resolution:</p> <p>(1)...(omitted)</p> <p>(3) With respect to the acquisition of real estate from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with this Article, subparagraph 8 to subparagraph 11.</p>	<p>the revision of Art.15, the company hereby revises paragraph 4, third item in paragraph 4, paragraph 6, first and second item in paragraph 6.</p> <p>2. Complied with the revision of Art.16, the company hereby revises paragraph 8, third and fourth item in paragraph 8, paragraph 9, first, second and fourth item in paragraph 9.</p> <p>3. Complied with the revision of Art.17, the company hereby revises (a)(b) in first item of paragraph 10, second item in paragraph 10, paragraph 9 and paragraph 11</p> <p>4. Complied with the revision of Art.18, the company hereby revises first item in paragraph 12, paragraph 13 and</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>Article, subparagraph 8 to subparagraph 11.</p> <p>(4)...(omitted)</p> <p>5. ...(omitted)</p> <p>6. With respect to the acquisition or disposal of operation-purpose equipment <u>between the Company, its Parent Company and its Subsidiaries or Subsidiaries directly or indirectly hold one hundred percent of issued shares or total capital amount by the Company</u>, the Board may delegate the Chairman to decide such matters when the transaction is within the amount of NT\$700 million in accordance with Article 5 to Article 7 herein and have the decisions subsequently submitted to and ratified at the next Board of Directors' meeting:</p> <p>(1) <u>Acquisition or disposal of equipment or right-to-use assets for business use.</u></p> <p>(2) <u>Acquisition or disposal of right-to-use assets of real estate for business use.</u></p> <p>7. ...(omitted)</p> <p>8. The Company that acquired real estate or <u>right-to-use assets</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p>	<p>(4)...(omitted)</p> <p>5. ...(omitted)</p> <p>6. With respect to the acquisition or disposal of operation-purpose equipment between the Company, its Parent Company and its Subsidiaries, the Board may delegate the Chairman to decide such matters when the transaction is within the amount of NT\$700 million in accordance with Article 5 to Article 7 herein and have the decisions subsequently submitted to and ratified at the next Board of Directors' meeting.</p> <p>7. ...(omitted)</p> <p>8. The Company that acquired real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1)...(omitted)</p> <p>(3) Where land and structures</p>	<p>paragraph 14.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>(1)...(omitted)</p> <p>(3) Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in this Article, item 1 to item 2.</p> <p>(4) The Company that acquired real estate <u>or right-to-use</u> from a related party and appraised the cost of the real estate or <u>right-to-use assets</u> in accordance with this subparagraph, item 1 to item 3 shall also engage a certified public accountant to double check the appraisal and render a specific opinion.</p> <p>9. Where the Company acquired real estate <u>or right-to-use assets</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with this Article, subparagraph 4 to subparagraph 7, and subparagraph 8 do not apply:</p> <p>(1) The related party acquired the real estate <u>or right-to-use assets</u> through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain</p>	<p>thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in this Article, item 1 to item 2.</p> <p>(4) The Company that acquired real estate from a related party and appraised the cost of the real estate in accordance with this subparagraph, item 1 to item 3 shall also engage a certified public accountant to double check the appraisal and render a specific opinion.</p> <p>9. Where the Company acquired real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with this Article, subparagraph 4 to subparagraph 7, and subparagraph 8 do not apply:</p> <p>(1) The related party acquired the real estate through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>the real estate <u>or right-to-use assets</u> to the signing date for the current transaction.</p> <p>(3) ...(omitted)</p> <p>(4) <u>Acquisition of operation-purpose right-to-use assets of real estate between the Company, its Parent Company and its Subsidiaries or Subsidiaries directly or indirectly hold one hundred percent of issued shares or total capital amount by the Company.</u></p> <p>10. ...(omitted)</p> <p>(1) ...(omitted)</p> <p>A. ...(omitted)</p> <p>B. <u>Transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction <u>or lease</u> terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard estate market practices.</p>	<p>for the current transaction.</p> <p>(3) ...(omitted)</p> <p>10. ...(omitted)</p> <p>(1) ...(omitted)</p> <p>A. ...(omitted)</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard estate market practices.</p> <p><u>C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard estate leasing market practices.</u></p> <p>(2) Where the Company acquired</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>(2) Where the Company acquired real estate <u>or leased right-to-use assets of real estate</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions</u> for the acquisition of neighboring or closely valued parcels of land of a similar by unrelated parties within the preceding year.</p> <p>11. "<u>Transactions</u> for neighboring or closely valued parcels of land" in the preceding paragraph in principle refers to parcels on the same, or an adjacent block, and within a distance of no more than 500 meters, or parcels close in publicly announced current value; "transaction for similarly sized parcels" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real estate <u>or right-to-use assets</u>.</p> <p>12. Where the Company acquired real estate and the results of appraisals conducted in accordance with this Article,</p>	<p>real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar by unrelated parties within the preceding year.</p> <p>11. "Completed transactions for neighboring or closely valued parcels of land" in the preceding paragraph in principle refers to parcels on the same, or an adjacent block, and within a distance of no more than 500 meters, or parcels close in publicly announced current value; "transaction for similarly sized parcels" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real estate.</p> <p>12. Where the Company acquired real estate and the results of appraisals conducted in accordance with this Article, subparagraph 8 to subparagraph 11 are</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>subparagraph 8 to subparagraph 11 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate <u>or right-to-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.</p> <p>...(omitted)</p> <p>13. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of , <u>or</u></p>	<p>uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.</p> <p>...(omitted)</p> <p>13. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>their leases have been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.</p> <p>14. When the Company obtains real property <u>or right-to-use assets</u> from a related party, it shall also comply with the preceding two subparagraphs if there is other evidence indicating that the acquisition was not an arms' length transaction.</p> <p>...(omitted)</p>	<p>evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.</p> <p>14. When the Company obtains real property from a related party, it shall also comply with the preceding two subparagraphs if there is other evidence indicating that the acquisition was not an arms' length transaction.</p> <p>...(omitted)</p>	
Article 14	<p>Publicly Announcement and Reporting standards</p> <p>1. ...(omitted)</p> <p>(1) Acquisition or disposal of real property <u>or right-to-use assets</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-to-use assets</u> 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 <u>domestic</u></p>	<p>Publicly Announcement and Reporting standards</p> <p>1. ...(omitted)</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</p>	<p>Complied with the revision of Art. 31, the company hereby revised first item, three to sixth items, seventh item A and B in paragraph 1 and third item in paragraph 2.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.</p> <p>(2) ...(omitted)</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) Where the type of asset acquired or disposed is <u>equipment or right-to use assets</u> for business use, the trading counterparty is not a related party, and the transaction amount refers to any of the following:(omitted)</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property <u>or right-to-use assets</u> for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <u>The transaction amount of disposal of self-constructed real estate with capital amount actually received reaches NT\$ 10 billion or above and the trading counterparty is not</u></p>	<p>agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.</p> <p>(2) ...(omitted)</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) 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 following:(omitted)</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>	

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>related party is more than NT\$ 1 billion.</u></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; <u>the trading counterparty is not related party</u>; 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 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 <u>domestic</u> government bonds.</p> <p>B. Securities trading by investment professionals on securities exchanges or Over-the-Counter markets, or subscription of securities, either corporate bonds or general bank debentures that do not involve</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 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 <u>foreign or domestic</u> securities exchanges or Over-the-Counter markets, or subscription of securities, either corporate bonds or general bank debentures that</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>shareholding right <u>(not including secondary bond) in the primary market or purchase or buyback of securities investment trust or future trust fund</u> 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.</p> <p>C. ...(omitted)</p> <p>2. The amount of transactions in the preceding subparagraph shall be calculated as follows:</p> <p>(1) ...(omitted)</p> <p>(3) The cumulative transaction amount of real property <u>or right-to-use</u> assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) ...(omitted)</p> <p>.....(omitted)</p>	<p>do not involve shareholding right in the <u>domestic</u> 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.</p> <p>C. ...(omitted)</p> <p>2. The amount of transactions in the preceding subparagraph shall be calculated as follows:</p> <p>(1) ...(omitted)</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) ...(omitted)</p> <p>.....(omitted)</p>	
Article 15	<p>Deadline for Publicly Announcement and Reporting :</p> <p>1....(omitted)</p> <p>2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in</p>	<p>Deadline for Publicly Announcement and Reporting :</p> <p>1....(omitted)</p> <p>2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in</p>	Revision of word statements in Chinese version.

Articles	Article after amendment	Article before amendment	Explanation
	<p>the prescribed format into the information reporting website designated by the Financial Supervisory Commission, R.O.C by the 10th day of each month.</p> <p>....(omitted)</p>	<p>the prescribed format into the information reporting website designated by the Financial Supervisory Commission, R.O.C by the 10th day of each month.</p> <p>....(omitted)</p>	
Article 19	<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> <p>The 7th amendment was made on June 13, 2017.</p> <p><u>The 8th amendment was made on May 28, 2019.</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> <p>The 7th amendment was made on June 13, 2017</p>	Add the number and date of the amendment