

POYA International Co., Ltd.

2017 Annual General Shareholders' Meeting

Meeting Agenda

(Translation)

June 13, 2017

Place: 6F, Meeting Room, No. 74, Sec. 3, Minzu Rd.

West Central Dist. Tainan City

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POYA International Co., Ltd.

Procedure for the 2017 Annual Meeting of Shareholders

- 1、Call the Meeting to Order
- 2、Chairman's Remarks
- 3、Reports
- 4、Acknowledgements
- 5、Matters for Discussion and Election
- 6、Motions
- 7、Adjournment

POYA International Co., Ltd.
Agenda of 2017 Annual Meeting of Shareholders

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

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

1、Call the Meeting to Order

2、Chairman's Remarks

3、Reports

(1) 2016 Business Report

(2) 2016 Audit Committee's Review Report

(3) The Distribution of 2016 Employees' and Directors' Remuneration.

4、Acknowledgements

(1) Adoption of the 2016 Business Report and Financial Statements

(2) Adoption of the proposal for distribution of 2016 profits

5、Matters for Discussion and Election

(1) Proposals for a new share issue through capitalization of earnings.

(2) Amendments to part of articles of Operational Procedures for Acquisition or Disposal of
Assets

(3) Re-election of directors, including independent directors.

(4) Proposals to release the new board of directors and representatives from the non-competition
restrictions

6、Motions

7、Adjournment

Reports

Report 1: 2016 Business Report

Explanation : The 2016 Business Report is attached as pp. [11-14], Appendix I.

Report 2: 2016 Audit Committee's Review Report

Explanation : The 2016 Audit Committee's Review Report is attached as pp. [15-15], Appendix II.

Report 3: The Distribution of 2016 Employees' and Directors' Remuneration

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.

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 pp. [11-14], Appendix I. The auditing report of the certified accountants and the financial statements mentioned above are attached as pp. [16-24], Appendix III.
3. Please acknowledge the 2016 Business Report and Financial Statements.

Resolution:

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 pp. [25-26], 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:

Matters for 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 same as the existing common shares. Also, the issue in non-physical form is adopted.
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:

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. [27-59], Appendix V.
2. Please discuss the amendments to part of articles of Operational Procedures for Acquisition or Disposal of Assets

Resolution:

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 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 : <ul style="list-style-type: none"> ● Owner, Chien Chang Herbal Medicine Company 	8,085,981
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 	0

	<ul style="list-style-type: none"> ● Graduate School of Business Administration, National Cheng Chi University ● Electronic Engineering, National Kaohsiung University of Applied Science <p>Major Past Positions :</p> <ul style="list-style-type: none"> ● Director, Optical Connection Inc. USA 	
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The list and the relative information of candidates nominated to be Independent Directors are followed:

Lin Tsai-Yuan	<p>Current Positions :</p> <ul style="list-style-type: none"> ● Honorary Professor, Graduate School of Management, Chang Jung Christian University <p>Education :</p> <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 <p>Major Past Positions :</p> <ul style="list-style-type: none"> ● Chair Professor, Graduate School of Management, Chang Jung Christian University ● Associate Professor of Accounting, National Cheng Kung University ● Professor of Business Administration, National Sun Yat-Sen University ● Dean of Institutional Affairs, National Sun Yat-Sen University ● Director and Vice President, Evening College, National Sun Yat-Sen University ● Vice President, Chang Jung Christian University ● Visiting Professor, College of Management, Sun Yat-Sen University at Guangzhou; ● Professor of management and accounting, Tamkang University ● Executive VP, Sunonwealth Electric Machine Industry ● 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. 	0
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Liou Jr-Hung	<p>Current Positions :</p> <ul style="list-style-type: none"> ● 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 ● Member of Taiwan CPA Association ● Member of Taipei CPA Association 	0
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.

The result of election:

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.

Resolution:

Motions

Adjournment

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 national wide 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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(2017) Tsai Shen Pao Tsu No. 16002823

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)

			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	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
Distribution items:			
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>Every year, 50%-100% of the 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>
<p>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.</p> <p>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.</p>			

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>Applicable scope</p> <p>The scope of applicability of the term "assets" as used in these procedures shall be as follows: ...(omitted)</p>	<p>Subparagraph 2 is added in accordance with the revision</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>3. <u>The most recent financial 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</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><u>conducted after the board of directors approved.</u></p> <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 long term and short term investment on securities shall be engaged in accordance with the rule of investment cycle which enacted by 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</p>	Complied with the regulation revision, the Company hereby revises part of word statements.

Articles	Article after amendment	Article before amendment	Explanation
		<u>Internal Control System of the Company.</u>	
Article 9	<p>Disposal or acquisition of assets:</p> <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</p>	<p>Disposal or acquisition of assets:</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>	Complied with 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.

Articles	Article after amendment	Article before amendment	Explanation
	transaction. ... (omitted)	... (omitted)	
Article 11	<p>Related Party Transactions</p> <p>1. ... (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 <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>Related Party Transactions</p> <p>1. ... (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>	Complied with the revision of Art. 14 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the company hereby revised parts of paragraph 4.
Article 12	... (omitted)	... (omitted)	Complied with the revision, the company revised parts of word

Articles	Article after amendment	Article before amendment	Explanation
			statements in Chinese version.
Article 13	<p>Procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of 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>Procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of 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>Complied with the revision of Art. 22 of “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</p>	<p>Publicly Announcement and Reporting standards</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of</p>	<p>1. Complied with the revision of Art.30 of “Regulations Governing the</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>assets shall publicly announce and report the relevant information on the website designated by the Financial Supervisory Commission, R.O.C in the appropriate 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>assets shall publicly announce and report the relevant information on the website designated by the Financial Supervisory Commission, R.O.C in the appropriate 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>Acquisition and Disposal of Assets by Public Companies''. The wording of 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</p>

Articles	Article after amendment	Article before amendment	Explanation
	<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 following:</u></p> <ol style="list-style-type: none"> 1. <u>Public companies which paid-in capital is less than NT\$10 billion, and the transaction is NT\$ 500 million or more.</u> 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>(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</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>	precedence.

Articles	Article after amendment	Article before amendment	Explanation
	<p>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 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</p>	<p>(5) Where an asset transaction other than any of those referred to in the preceding four item, 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 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</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>or redemption of domestic money market funds <u>issued by securities investment trust enterprises.</u></p> <p>...(omitted)</p>	<p>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 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>Deadline for Publicly Announcement and Reporting :</p> <p>1. ...(omitted)</p>	Complied with the revision of Art. 30 of

Articles	Article after amendment	Article before amendment	Explanation
	<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 the day the matter is known or the event occurs.</u></p> <p>...(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.</p> <p>...(omitted)</p>	<p>“Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the wording of paragraph 3 shall be revised.</p>
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>	<p>Complied with this revision, the company hereby revised some parts of word statements.</p>
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</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</p>	<p>1. Add the number and date of the amendment.</p> <p>2. Complied with this revision, the company hereby revised some parts of word</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>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>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>statements.</p>

POYA International Co., Ltd.

Operational Procedures for Acquisition or Disposal of Assets

(Before the Amendments)

Article 1 Basis of the laws

The procedure is formulated in accordance with Articles 36-1 of the ROC Securities and Exchange Law and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

Article 2 Purpose

In order to ensure making the investment and implementing information to disclose, assets that are acquired or disposed of the Company should handle in accordance with the procedures.

Article 3 Applicable scope

The scope of applicability of the term "assets" as used in these procedures shall be as follows:

- (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.;
- (2) Real estate (including land, house, building, investment real estate, tenure, inventories of construction enterprises) and the apparatus;;
- (3) Memberships;
- (4) Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;
- (5) Claims of the financial institution (including receivables, bills purchased and discounted, loans, and overdue receivables);
- (6) Derivatives;
- (7) Assets acquired or disposed through mergers, splits, acquisitions or shares transference in accordance with law;
- (8) Other major assets.

Article 4 Evaluation procedures for trade

The evaluation procedures for the acquisition and disposal of assets of the Company are as follows:

- (1) Acquisition or disposition of the stocks or convertible bonds traded on the Stock Exchange Market or over-the-counter shall be determined in accordance with the

prevailing price of stock or bond.

- (2) Acquisition or disposition of the stocks not traded on the Stock Exchange Market or over-the-counter shall consider its book value per share, profitability, and development potential in the future, also refer to the prevailing trading price or the opinions issued by securities analysts on the reasonableness of the transaction amount and so on.
- (3) Acquisition or disposition of the bonds not traded on the Stock Exchange Market or over-the-counter shall refer to the prevailing market rate, the bond coupon rate and debtor credit and so on.
- (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.
- (5) Acquisition or disposition of other fixed assets shall based on the price comparison, bargaining or tender alternative to.
- (6) Acquisition or disposition of assets of the Company shall award by the authority within the scope of authorization.

Article 5 Operating procedures

Acquisition or disposal of assets shall comply in accordance with the internal control system of the Company.

Article 6 The execution unit

Purchasing and selling of the long and short-term securities investment of the Company: shall comply in accordance with the internal control system of the investment cycle of the Company.

Real estate and other fixed assets: shall comply in accordance with the internal control system of the fixed assets cycle of the Company.

Article 7 The investment scope and amount

In addition to the assets of the Company obtained for business use, also the real estate and securities may be purchased or invested for non business use, its limits were as follows:

1. The total amount of real estate investment for non business use may not exceed 20 percent of the Company's total assets.
2. The total amount of long and short-term securities investment may not exceed 30 percent of the Company's total assets; the amount of individual security investment may not exceed 40 percent of the total amount of the long and short-term securities investment.

Article 8 The penalty of related personnel for not handling in accordance with the procedures Acquisition or disposal of assets shall follow the relevant regulations of the internal control system of the Company. If any violations are discovered, the penalty of related personnel shall be done in accordance with Article 2, Chapter 6 of Company's Personnel Management Regulations, and the dismissal may be made without notice.

Article 9 Acquisition or disposal of assets

Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition or disposal of equipment for operation purpose, for acquisition or disposal of real estate or equipment by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by professional appraiser shall be obtained prior to the Date of the Event and the following provisions shall be complied with:

- (1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.
- (2) If the transaction price is over NT\$ 1 billion, the Company shall retain at least two professional appraisers to perform the appraisal.
- (3) Professional appraiser's valuation results of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 by Accounting Research And Development Foundation (hereafter referred to as the Accounting Research And Development Foundation) and comment on the reason for the discrepancy and the fairness of the transaction price:
 - A. If the discrepancy between the results of the appraisal report of professional appraiser and the transaction price exceeds 20% of the transaction price.
 - B. In case the discrepancy between the two appraisal reports is over 10% of the transaction price.
- (4) The appraisal report should be issued within 3 months before the contract date. Provided that if the object's publicly announced value is still the same and the appraisal report was issued no longer than 6 months, the original professional appraiser may present supplemental opinions.

2. Before the date of the event of the acquisition or disposal of securities, the latest financial statements of the object company audited or reviewed by certified public accountant should be acquired for the assessment and reference of transaction price. Should the transaction price reaches 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price have to be sought from certified public accountant before the date of the event of the subject acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20 by Accounting Research And Development Foundation; provided however, these requirements are not applicable if such securities have a public price from an active market or if the Financial Supervisory Commission, R.O.C supervise otherwise.
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.
4. The calculation of the transaction price referred to in the preceding 3 subparagraphs shall be done in accordance with Article 14, paragraph 2 herein, and "within one year" refers to one year preceding the date of event of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion by the certified public accountant has been obtained need not be counted toward the transaction price.

Article 10 The provisions for acquisition or disposal of assets by the Company's Subsidiary

- (1) Acquisition or disposal of assets by the Company's Subsidiary should follow the provisions issued from "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" with Financial Supervisory Commission, R.O.C and the "procedures for acquisition or disposal of assets" issued from the procedures. And in accordance with the relevant provisions sent to the Board and supervisors, then submitted to the shareholders' meeting agreed to implement, while revised also the same as. If there is Audit Committee shall need to get it agreed.
- (2) If the acquisition or disposal of assets by the Company's Subsidiary reaches the reporting standard specified in Article 14 of the procedures and such Subsidiary

is not a public company, it shall be noticed to the Company while occurred. Then the Company should publish and report for such Subsidiary.

The subsidiary should report the conditions of engaging in derivatives transactions and the acquisition or disposal of assets to the Company by each end of last month on schedule.

- (3) The announcement of the Company's Subsidiary declaration applicable the provision that about 20% of the Company's paid-in capital or 10% of the total assets of Article 14 of the procedures, based on the Company's paid-in capital or total assets.

The Subsidiary referred to in the preceding paragraph shall assert in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Article 11 Related party transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision and the evaluation of trading conditions rationality, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion by the certified public accountant in accordance with the provision.
2. The calculation of the transaction price referred to in the preceding paragraph shall be done in accordance with Article 9, subparagraph 4 herein.
3. To judge whether the transaction object is related party, in addition to paying attention to the legal form, shall also consider the essential relation.
4. If the Company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million, except the trading of government bonds, bonds under repurchase and resale agreements, purchase or call domestic money market fund, 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 half of all audit committee members and then submitted to the Board for a resolution:
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (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.

- (4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and the evaluation of the necessity of the transaction, and reasonable utilization of the funds.
 - (6) An appraisal report from a professional appraiser or opinions by the certified public accountant obtained in compliance with this Article, subparagraph 1.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.
5. The calculation of the transaction amounts referred to in this Article, subparagraph 4 shall be made in accordance with Article 14, subparagraph 2 herein, and "within one year" refers to one year preceding the date of event of the current transaction. Items that have been previously approved by the audit committee and submitted to the Board need not be counted toward the transaction amount.
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.
7. When a matter is submitted for discussion by the Board pursuant to this Article, paragraph 4, each Independent Director's opinions shall be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.
8. The Company that acquired real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry

of Finance.

- (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
 - (3) Where land and structures 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.
 - (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.
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:
- (1) The related party acquired the real estate through inheritance or as a gift.
 - (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 for the current transaction.
 - (3) The real estate is acquired through signing a joint development contract with the related party, or contracting related party to construct on land owned or rented by the company.
10. When the results of the appraisal conducted in accordance with this Article, subparagraph 8, item 1 to item 3 are uniformly lower than the transaction price, the matter shall be handled in compliance with this Article, subparagraph 12 to subparagraph 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and certified public accountant, this restriction shall not apply:
- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following

conditions:

- A. Where undeveloped land is appraised in accordance with the subparagraph 8 to subparagraph 9, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division of the recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
- 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.
- 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.

(2) Where the Company acquired 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 size by unrelated parties within the preceding year.

- 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.
- 12. Where the Company acquired real estate and the results of appraisals conducted in accordance with this Article, subparagraph 8 to subparagraph 11 are uniformly lower than the transaction price, the following steps shall be taken:

- (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. 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.
 - (2) The audit committee shall comply with the Article 218 of the ROC Company Act.
 - (3) Actions taken pursuant to item 1 and item 2 of this subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
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 evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.
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.

The related party referred to in the preceding paragraph shall assert in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Article 12 Derivatives Trading

- 1. When the Company engages in the transaction of derivatives, it shall comply with the Derivatives Trading of "the Operational Procedures for Acquisition or Disposal of Assets" of the Company, and pays attention to the risk management and auditing matters. The details of the type, amount, date of passage by the Board and the matters required to be carefully evaluated shall be recorded in the memorandum book for derivatives trading.
- 2. Trading principles and strategies
 - (1) Transaction type
 - A. Be engaged in financial derivatives including Forward, Option, Swap, the

combination of above goods into a composite contract, and etc.

B. Be engaged in the Futures of the bulk materials commodity.

(2) Operations and risk aversion

The main profit of company shall come from the operations of the normal business, so evading the risk shall be the main purpose of engaging in the derivatives trading. The selection of the trading goods shall be able to avoid risks arising from the business operations. Therefore, the transaction shall be defined as hedge trading or investment before it was made, to be the judgment on accounting records and the basis of financial statement disclosure.

(3) Total amount of the contracts and the maximum loss limits

A. Total amount of the contracts

a. The hedging-purpose derivatives

The total amount of the contracts does not exceed 20 percent of the Company's total assets.

b. The trading-purpose derivatives

5 percent of the paid-in capital is limited.

B. The maximum loss limits

- a. The hedging-purpose derivatives: The loss assessment for two consecutive months of individual contract shall be no more than 20 percent of the contract amount; or the loss assessment of total contracts shall be not more than 10 percent of total contract amount.
- b. The trading-purpose derivatives: The tolerable loss of individual contract shall not exceed 3 percent of the contract amount; or the tolerable loss of total contracts shall not exceed 2 percent of the paid-in capital.
- c. If the loss exceeds the maximum limit, the general manager and chairman shall be reported, and shall report to the Board to discuss the responses.

3. Division of responsibilities:

(1) Finance Department:

- A. Being responsible for drafting the company's strategy of the foreign exchange operations.
- B. Due to the changes of the foreign exchange market, keeping abreast with market information regularly; determining the trends and assessing risk; and getting familiar with financial instruments, rules and regulations. And

according to the company's foreign exchange position, drafting the operation strategy as the basis for the company avoiding the risk, after approving by the general manager.

- C. According to the company's turnover and the quantity of imports and exports, stipulating each limit (monthly or quarterly) that must be hedged after confirming the foreign position, for reducing the degree of exposure of foreign exchange position to risk.

(2) Accounting Department:

Being responsible for dealing with the accounts of the transactions and providing the relevant information for the financial statements disclosure.

(3) Audit Department:

- A. Periodically checking the appropriateness of the risk management measures currently used and handled in accordance with the transaction of derivative products that the Company provided.
- B. Supervising trading and profit and loss situation. Taking the necessary measures while material violation is discovered, and report to the Board of Directors immediately, and ask the independent directors to attend and express the opinions.

4. Assessment of performance

(1) Hedging-purpose transaction

- A. The finance Department shall make performance report regularly on the 5th and the 20th every month in accordance with the type of the derivatives, and the content should include:
 - a. The analysis of the commodity trend.
 - b. The appropriateness of the position control.
 - c. The amount of hedging gains and losses that already held or deferred explicitly.
- B. The hedging transactions should be set target prices or exchange rate that trade personnel to target as the basis for performance evaluation.

(2) Trading-purpose transaction

- A. The finance Department shall make performance report regularly on Tuesdays in accordance with the type of the derivatives, and the content should include:
 - a. The analysis of the commodity trend.

- b. The appropriateness of the position control.
- c. The net profit or loss the trading activity has generated.

B. Set up the maximum loss limits on each transaction before the trade. The trade personnel assess the transaction profit and deficit on each single transaction in accordance with the daily market value. When approaching the loss limits shall report to the finance director and general manager immediately to determine whether to stop the decreasing or not immediately.

(3) The evaluation reports shall be given to the general manager.

5. Operational procedures

(1) Authorized limit

The amount of hedging and investment transactions of financial derivatives and commodities futures trading of bulk goods shall be approved by the general manager, that the transactions can conduct.

(2) Execution units:

Because financial derivatives changed rapidly, and the potential risk, profit and loss calculation with complex characteristics, and it related to the company's account payment data, it shall be served as and carried out by financial personnel. However, the personnel who engaged in derivative transactions authorized by the Board of Directors does not subject to the limits.

(3) Explanation of the transaction procedures

- A. The trade personnel filled in” the application for the transaction of derivative products” and approved by authority supervisor and general manager.
- B. The trade personnel shall trade in accordance with the application approved.
- C. The trade personnel trade by phone or fax letter with the bank or the futures company.
- D. The trade personnel filled in” the application for the transaction of derivative products” in accordance with the transaction content after the bank or the futures company noticed the deal and obtaining the relevant foreign evidences. And it shall be confirmed by the authority supervisor to sign.
- E. The contract notes and the relevant foreign evidences shall be sent to the general manager to sign and seal.
- F. The contract notes delivered to the personnel of accounting department to be accounted, and the foreign evidences shall be returned to the bank or the futures company.
- G. If the trade needs to pay security deposit, the trade personnel shall fill in the”

payment request form” and send the form together with the contract notes and the relevant foreign evidences to the authority supervisor to approve, and then refer to the general manager for approval.

H. “The application for the transaction of derivative products” is done in duplicate. The original shall be retained by the finance department, and the second receipt shall be retained by the accounting department.

6. Deleted

7. Internal control

(1) Risk management measures

A. Credit risk management

The trading object is defined as the bank and the futures company which the Company has dealings with. They can provide adequate information and have the highly flexible trade ability on the foreign exchange market and futures market.

B. Market risk and liquidity management

The foreign exchange transaction shall be carried out mainly on the open foreign exchange market of bank and the customers. The trade financial products chose need to have high liquidity (which means that it is easy to make a day trade on the market).

C. Operating risk management

The transaction procedure and the authorization amount shall be handled according to regulations, and incorporated into the internal audit periodically audit project in order to avoid operating risk.

D. Legal risk management

The contract engaged in derivative transactions should be double checked by the law firm before signing with bankers, if necessary.

(2) Regular evaluation

A. Personnel engaged in derivative transactions shall not serve in other operations concurrently such as confirmation and settlement. The assessment, oversight, and control of the risk shall be reported to the general manager and the Board of Directors by the personnel of audit department.

B. Finance department shall assess the derivative position held by the company once per week; but if the business need for hedging transaction is at least twice per month. The assessment reports shall be submitted to the general manager. If any abnormalities are discovered (such as the loss has reached

the maximum limit), report to the Board immediately and adopt necessary response measures.

C. The Board shall monitor and manage indeed in accordance with the following principles:

- a. The audit department shall constantly monitor and control the risk of derivative transactions.
- b. Regularly evaluate whether the performance of derivative transactions complies with predetermined management strategy and whether the risk undertook is within the scope of tolerance permitted by the company.

8. Internal auditing system

Internal auditors of the Company shall periodically check the fairness of internal control, and regularly review the compliance of the transaction departments with the processing procedures for the transactions of derivatives products per month and make the audit reports. Any serious violations shall be reported to the audit committee by notification.

Article 13 Procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

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 an accountant, 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.
2. The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
3. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any

company related to the plan for merger, demerger, acquisition, or transfer of shares.

4. The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (2) An action, such as a disposal of major assets that affects the company's financial operations.
 - (3) An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
5. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
 - (1) Handling of breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The manner of handling changes in the number of participating entities or companies.

- (5) Preliminary progress schedule for plan execution, and anticipated completion date.
- (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 13-1 A company participating in a merger, demerger, or acquisition convenes a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant

1. The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the Financial Supervisory Commission, R.O.C is notified in advance of extraordinary circumstances and grants consent.
2. The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the Financial Supervisory Commission, R.O.C is notified in advance of extraordinary circumstances and grants consent.
3. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an Over-the-Counter market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
4. When participating in a merger, demerger, acquisition, or transfer of another

company's shares, the Company that is listed on an exchange or has its shares traded on an Over-the-Counter market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the Financial Supervisory Commission, R.O.C for recordation.

5. where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an Over-the-Counter market, the Company that is listed on an exchange or has its shares traded on an Over-the-Counter market shall sign an agreement with such company whereby the latter is required to abide by the provisions of subparagraph 3 and 4.

Article 13-2 After public disclosure of the information, with any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, and acquisition of Provisions

1. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
2. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraph 3, Article 13-1 and subparagraph 1.

Article 14 Publicly Announcement and Reporting standards

2. 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 format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

- (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.
- (2) Deleted.
- (3) Merger, demerger, acquisition, or transfer of shares.
- (4) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (5) Where an asset transaction other than any of those referred to in the preceding four item, 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:
 - A. Trading of government bonds.
 - B. Securities trading by investment professionals on foreign or domestic securities exchanges or Over-the-Counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.
 - C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
 - D. 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 is less than NT\$500 million.
 - E. 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.
 - F. 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.

2. The amount of transactions in the preceding subparagraph shall be calculated as follows:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (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.
- (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

3. "Within the preceding year" as used in the preceding subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

Article 14-1 The total assets and paid-in capital of the foreign company for the calculation of transactions amounts For the calculation of 10% of total assets under these Procedures, the total assets stated in the most recent the Company individual financial report shall be used.

In the case of a foreign corporation whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 15 Deadline for Publicly Announcement and Reporting :

2. Where any of the following circumstances occurs with respect to a transaction has already publicly announced and reported, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission, R.O.C within 2 days commencing immediately from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.

3. 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 the prescribed format into the information reporting website designated by the Financial Supervisory Commission, R.O.C by the 10th day of each month.
4. When the Company at 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.
5. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and accountant, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 16 Disclosure of Financial Statements

When information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisition and 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.

Article 17 Supplement the Act

Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 18 Exercise the power of Audit Committee

After approval by Audit Committee and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. When these Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes. If any director took an objection, and a record or written statement to the effect has to be made, then the Company shall submit the data about the objection of the director to Audit Committee and shareholders' meeting for discussion. The same shall apply in case of any amendments thereof.

When established an Audit Committee of the Company, When established an Audit Committee of the Company, draw up or amended these Operating Procedures shall be agreed by all members of more than half, and submitted to the

Board of Directors resolution. If the proposal has not been approval by one-half or more of all Audit Committee members, it shall follow restricted by the Company of “Audit Committee Charter” Article 6, paragraph 3.

The preceding paragraph "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 19 The amendment record of the procedure:

These Procedures were originally adopted on June 28, 1999.

The 1st amendment was made on June 26, 2000.

The 2nd amendment was made on April 21, 2003.

The 3rd amendment was made on May 22, 2007.

The 4th amendment was made on June 3, 2009.

The 5th amendment was made on June 6, 2012.

The 6th amendment was made on June 10, 2014.

Poya International Co., Ltd.
Procedures for Election of Directors

- Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.”
- Article 2 Except those regulated by law and regulation or by the Company’s Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 3 The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration in order to formulate an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the consideration include, without being limited to, the following two general standards:
1. Basic requirements and values: Gender, age, nationality, and culture.
 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.
- Each Board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the Board as a whole are as follows:
1. The ability to make judgments about operations.
 2. The ability to make Accounting and financial analysis.
 3. The ability to conduct business management.
 4. The ability to conduct crisis management.
 5. Industrial knowledge.
 6. An international market perspective.
 7. The ability to perform leadership.
 8. The ability to make decisions.

The Board of Directors shall consider adjusting its composition based on the results of performance evaluation.

Article 4 The qualifications for the Independent Directors of the Company shall comply with Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

The election of Independent Directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” , and shall be conducted in accordance with Article 24 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.”

Article 5 Elections of directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications so that qualified directors will be elected.

When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders Meeting. When the number of directors falls short by one third of the total number prescribed in the Company’ s Articles of Incorporation, the Company shall call a special Shareholders Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of Independent Directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or subparagraph 8 of the “Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM” , a by-election shall be held at the next Shareholders Meeting to fill the vacancy. When the Independent Directors are dismissed en masse, a special Shareholders Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- Article 6 The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 7 The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the Shareholders Meeting. The shareholders voting by electronic means shall not receive the ballots. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. The shareholders voting by electronic means mentioned above shall exercise the voting rights on the electronic voting platform appointed by the Company.
- Article 8 The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for Independent and Non-independent Director. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance. The number of votes mentioned in proceeding paragraph shall be calculated according to number of votes being cast by the attending shareholders at the Shareholders Meeting plus number of votes being cast by electronic methods. If a person receiving the highest number of votes for Independent Director based on the voting results do not have accounting or financial ability, the number of votes received by the candidates with accounting or financial ability shall be calculated separately and the candidates with the highest number of votes shall be elected as the Independent Director. The remaining number of directors shall be elected in accordance with the rules in the proceeding paragraph.
- Article 9 Before the election begins, the Chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the Board of Directors and publicly

checked by the vote monitoring personnel before voting commences.

Article 10 When voting at the Shareholders Meeting, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot if the candidate is a shareholder; for a non-shareholder candidate, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11 When voting at the Shareholders Meeting, a ballot is invalid under any of the following circumstances:

- 1.The ballot was not prepared by the Board of Directors.
- 2.A blank ballot is placed in the ballot box.
- 3.The writing is unclear and indecipherable or has been altered.
- 4.The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- 5.Other words or marks are entered in addition to the candidate's account name (name) or shareholder account number (or identity card number) and the number of voting rights allotted.
- 6.The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
- 7.Account names (names) or shareholder account numbers (or identity card numbers) of two or more candidates are entered in the same ballot.

Article 12 The voting rights including votes being cast by the ballots and the electronic

methods shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the Chair on the site.

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

Article 13 The Board of Directors of the Company shall issue notifications to the persons elected as directors.

Article 14 If any matters not provided herein shall be subject to the Company Act, Article of Incorporation and the relevant laws.

Article 15 These Procedures, and any amendments hereto, shall be implemented after approval by a Shareholders Meeting.

Article 16 These Procedures were enacted on May 31, 2016.

POYA International Co., Ltd.

Rules of Procedure for Shareholders' Meetings

Article 1 To establish a strong governance system, and improve supervisory function and managerial mechanism of the Company's shareholders' meetings, these Rules are enacted according to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."

Article 2 Except those prescribed by the relevant laws and ordinances or the Company's Articles of Incorporation, the procedures of the Shareholders' Meeting of the Company shall comply with these Rules.

Article 3 Except those regulated by the relevant laws or ordinances, the Shareholders' Meeting shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the Shareholders' Meeting notice, proxy forms and explanatory materials relating to all the proposals including those for ratification, discussion, election or dismissal of the directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of an annual Shareholders' Meeting or 15 days before the date of a special Shareholders' Meeting.

The Company shall also prepare electronic versions of the Shareholders' Meeting minutes and supplemental meeting materials, uploading them to the MOPS 21 days before the date of the annual Shareholders' Meeting or 15 days before the date of the special Shareholders' Meeting.

Additionally 15 days before the date of the Shareholders' Meeting, the Shareholders' Meeting minutes and supplemental meeting materials shall be prepared by the Company for any reference by the shareholders, being displayed at the Company and its shareholders services agent as well as being distributed on-site at the Shareholders' Meeting.

The reasons for convening the shareholders meeting shall be specified in the meeting notice and public announcement, which shall be delivered by emails after the agreement of the counterparts.

Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the Company, any matter under Article 185, paragraph 1 of the Company Act, or any matter under Articles 26-1 and 43-6 of the Securities and Exchange Act, or any matter under Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Issuers shall be set out in the reasons for convening the Shareholders Meeting. None of them mentioned above may be raised by an extraordinary motion.

- Article 4 A shareholder may appoint an attorney to attend a Shareholders' Meeting on his or her behalf by offering a proxy statement printed by the Company, declaring the scope of authorization with respect to the meeting agenda. A shareholder may only execute one power of attorney, appointing one proxy as limited, and shall serve such written proxy to the Company no later than 5 days prior to the date of the Shareholders' Meeting. In the case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail unless a declaration is made to cancel the previous proxy appointment.
- Article 5 A Shareholders' Meeting shall be convened at the premises of the Company or a place which is convenient for all the shareholders to attend and is suitable for holding the Shareholders' Meeting. The meeting time shall not be earlier than 9am, or later than 3pm. The opinion of the independent directors shall be taken into consideration when selecting the location and time of the Shareholders' Meeting.
- Article 5-1 The matters such as time and place for accepting attendance registrations of the shareholders, and other items for attention shall be specified in the meeting notice of the Shareholders' Meeting. The attendance registration of the shareholders, mentioned in the preceding paragraph, shall be accepted at least 30 minutes before the beginning of the Shareholders' Meeting. The place for accepting attendance registration shall be clearly marked and handled by the sufficient number of suitable personnel.
- Article 6 The Company shall furnish the attending shareholders or their proxies (collectively, "shareholders") with an attendance book for signing-in. The attending shareholders may also hand in a sign-in card in place of signing-in on the attendance book. The Company shall provide the attending shareholders with a meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of the directors, pre-printed ballots shall also be offered.
- The shareholders shall attend the shareholders' meetings based on the attendance cards, sign-in cards or other certificates of attendance. The Company may not arbitrarily ask to offer additional identification documents as the identification documents of the attending shareholder has been already provided. The solicitors who solicit proxy forms shall also bring identification documents for verification.
- When the government or a legal entity is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. However when a legal entity is appointed as proxy to attend the Shareholders' Meeting, it may designate only one person to represent it in the meeting.
- Article 7 If the Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board; the Vice Chairman shall act in place of the Chairman if he/she is on leave or for any reason unable to exercise the powers; one of

the managing directors shall be appointed to act as meeting Chair by the Chairman of the Board if there is no Vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise the powers; one of the directors shall be appointed to act as meeting Chair appointed by the Chairman of the Board if there are no managing directors; one of the managing directors or the directors shall be selected from among themselves to serve as meeting Chair if the Chairman does not make such a designation.

The Shareholders' Meeting convened by the Board of Directors shall be chaired by the Chairman personally, shall be participated personally by the half or more of all the director members, shall be participated by at least one committee member on behalf of each functional Committee, and the attendance shall be included in the meeting minutes of the Shareholders' Meeting. If the Shareholders' Meeting is convened by the convener other than the Board of Directors, the convener shall chair the meeting. If two or more persons are so entitled to convene the meeting, they shall select one from among themselves to serve as meeting Chair.

The Company may appoint its attorneys, certified public accountants, or relevant personnel to participate in a Shareholders' Meeting as a non-voting observer.

Article 8 The Company, beginning from the time accepting attendance registrations of the shareholders, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures.

The recorded materials in the preceding paragraph shall be retained for at least 1 year. However, if a shareholder files a lawsuit according to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 9 Attendance at the Shareholders' Meetings shall be calculated based on the share number. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards, plus the number of shares whose voting rights are exercised by correspondence or electronic means. The Chair shall call the meeting to order at the time scheduled for the meeting. However if the number of shares held by the attending shareholders is below than half of the total number of issued shares, the Chair may announce postponement of the meeting. The postponement shall be announced twice only as limited and for a combined total of no more than 1 hour. If the shares held by the attending shareholders are still below one-third of the total number of issued shares, with two postponements being announced, the Chair may announce that the meeting shall be canceled.

If the quorum is not met after two postponements as mentioned in the preceding paragraph, but the attending shareholders represent one third or more of the total

number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Company Act.

Article 10 The meeting agenda of the Shareholders' Meeting convened by the Board of Directors shall be determined by the Board. The meeting shall follow the meeting agenda which shall not be changed without the resolution of the Shareholders' Meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.

The Chair may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the Chair declares the meeting adjourned in violation of the Rules, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new Chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders. Then, the Shareholders' Meeting shall be continued.

The Chair shall allow ample opportunity during the meeting for explanation and discussion of the proposals and amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the Chair.

An attending shareholder who submits a speaker's slip but does not actually speak shall be deemed not to speak at the meeting. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

On the same issue, each shareholder shall not take the floor more than twice and shall not speak more than five minutes for each round unless agreed by the Chair. If the shareholder's speech violates the Rules or exceeds the scope of the meeting agenda, the

Chair may terminate the speech.

While an attending shareholder is taking the floor, other shareholders shall not interrupt or interfere with the current floor unless agreed by the Chair and the speaking shareholder. The Chair shall stop an offender.

If there are two or more representatives appointed by a legal entity shareholder to participate in a Shareholders' Meeting, only one representative may speak on the same issue.

After the speech of an attending shareholder, the Chair may respond in person or direct relevant personnel to respond.

Article 12 The vote of the Shareholders' Meeting shall be calculated based on the total shares held by the shareholders.

The resolution of Shareholder's Meeting shall be made based on the calculations of total issued shares excluding the non-voting shares.

When the matters being discussed at the meeting have relations with the personal interests of a shareholders and cause harmful impact on the Company's interests because of such relations, the shareholder shall refuse involvement in voting and acting as proxy to exercise the voting rights on the behalf of other shareholders. The shares unable to exercise the voting rights in the preceding paragraph shall be excluded from the voting rights of the attending shareholders.

When an attorney, except for trust enterprises or registrar which has been permitted by competent authorities, receives the proxies from two or more shareholders, the voting right on behalf of other shareholders shall be limited to 3% of the voting rights of total issued shares. The voting rights exceed the standard mentioned above shall be excluded.

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

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when

a declaration is made to cancel the earlier declaration of intent.

If a shareholder intends to attend the Shareholders' Meeting in person after he/she has exercised voting rights by correspondence or electronic means, a written declaration of intent to rescind the voting rights which has been exercised by the ways mentioned above shall be made known to the Company by the same means by which the voting rights were exercised. The written declaration mentioned above shall be handed in 2 business days before the date of the Shareholders' Meeting; if it is submitted after the time period, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting right both by correspondence or electronic means and by appointing a proxy to attend a Shareholders' Meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Article 13 A shareholder shall be entitled to one vote for each share held, except those restricted shares or shares without voting rights under Article 179, paragraph 2 of the Company Act.

Except those specified in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by half or more of the votes represented by the attending shareholders. When voting on each agenda item, voting rights of the total shares held by the attending shareholders shall be announced by the Chair or assigned personnel. An agenda item shall be regarded approved after the Chair inquires opinion of all the attending shareholders and no objection is raised. The effect is as same as the resolution approved by voting. If there is any objection, the agenda item shall be resolved by voting as mentioned in the preceding paragraph.

When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they shall be put to a vote. However, if any one of the proposals is adopted, the other proposals shall be deemed rejected and no requirement for further voting on them.

The personnel for supervising the casting of votes and counting shares for resolutions shall be designated by the Chairman; however, that the person supervising the casting of votes shall be a shareholder.

Vote counting for the proposals or election resolved at the Shareholders Meeting shall be conducted in public at the place of the Shareholders Meeting. The results, including the statistical tallies of the numbers of votes, shall be announced on-site immediately after the vote counting is completed, and shall be recorded in the minutes.

Article 14 The election of the directors at a Shareholders' Meeting shall be held according to

“Rules for Election of Directors” adopted by the Company, and the voting results shall be announced on-site immediately, including the name list of the elected directors and the number of ballots received by each.

The ballots for the election mentioned in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 The resolution made at the Shareholders’ Meeting shall be included in the meeting minutes, which shall bear the signature or seal of the Chair and be distributed to each shareholder within 20 days after the meeting. The distribution of the meeting minutes in the preceding paragraph may be made by the form of an announcement.

The minutes shall be faithfully record the items, such as meeting's year, month, day, place, Chairman's name, the methods of resolution, summary of the proceedings, and results of resolutions. The minutes of Shareholders' Meeting shall be preserved during the existence of the Company.

"There is no objection from any shareholders after solicited by the Chairman and the resolution is passed" shall be recorded in the meeting minutes if the proposal is passed after the Chair inquires the shareholders’ opinion and no objection is raised. If there is any objection and the proposal is to put to a vote, however, the method for resolution, the number of approval votes cast and the percentage of the approval votes as to total votes shall be recorded in the minutes.

Article 16 The Company shall upload the resolution content of Shareholders’ Meeting to the MOPS within the prescribed time period if the resolution concerning the significant matters regulated by the applicable laws or regulations, or the regulations of Taiwan Stock Exchange Corporation (or GreTai Securities Market).

Article 17 The meeting Chair may instruct security personnel to help maintain order at the meeting. When a shareholder attempts to speak by any device other than the public address equipment set by the Company, the Chair may prevent the shareholder from speaking. The Chair may also instruct security personnel to escort a shareholder from the meeting if the shareholder violates the Rules and defies the Chair’s correction, or obstruct the proceedings and refuse to stop.

Article 18 When a meeting is taking place, the Chair may announce a break based on time considerations. If an event with force majeure occurs, the Chair may rule the meeting temporarily suspended and announce a time for resuming the meeting in view of the circumstances.

If the meeting place is no longer available for continued use for discussing remaining

items (including extraordinary motions) on the meeting agenda, the Shareholders' Meeting may adopt a resolution to resume the meeting at another place.

The shareholders may adopt a resolution to postpone or resume the meeting within 5 days based on Article 182 of the Company Act.

Article 19 These Rules and Procedures and any amendment hereto shall come into force after being resolved by the Board of Directors and then approved by the Shareholders' Meeting.

Article 20 The amendment record of these Rules:

The Rules and Procedures were enacted on March, 2002.

The 1st amendment was made on May 24, 2006.

The 2nd amendment was made on May 20, 2008.

The 3rd amendment was made on June 22, 2011.

The 4th amendment was made on June 6, 2012.

The 5th amendment was made on June 10, 2014.

The 6th amendment was made on June 10, 2015.

POYA International Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

- Article 1 The Company shall be incorporated as a company limited by shares according to the Company Act of the Republic of China and shall have the name of “POYA International Co., Ltd.”
- Article 2 Business of the Company shall be listed as follows:
1. F106020 Wholesale of Articles for Daily Use
 2. F206020 Retail Sale of Articles for Daily Use
 3. F210010 Retail Sale of Watches and Clocks
 4. F115010 Wholesale of Jewelry and Precious Metals
 5. F215010 Retail Sale of Jewelry and Precious Metals
 6. F401010 International Trade
 7. F210020 Retail Sale of Spectacles
 8. JZ99080 Beauty Shops
 9. F208050 Retail Sale of the Second Type Patent Medicine
 10. F102170 Wholesale of Food and Grocery
 11. F203010 Retail Sale of Food and Grocery
 12. F102040 Wholesale of Nonalcoholic Beverages
 13. F107030 Wholesale of Cleaning Preparations
 14. F207030 Retail Sale of Cleaning Preparations
 15. F106050 Wholesale of Pottery, Porcelain and Glassware
 16. F113020 Wholesale of Household Appliance
 17. F213010 Retail Sale of Household Appliance
 18. F107080 Wholesale of Environment Medicine
 19. F207080 Retail Sale of Environment Medicine
 20. F108031 Wholesale of Drugs, Medical Goods
 21. F208031 Retail Sale of Medical Equipments
 22. F102030 Wholesale of Tobacco Products and Alcoholic Beverages
 23. F203020 Retail Sale of Tobacco and Alcoholic Drinks
 24. F206010 Retail Sale of Ironware
 25. F218010 Retail Sale of Computer Software
 26. F208021 Retail Sale of Drugs and Medicines
 27. F213060 Retail Sale of Telecom Instruments
 28. F301020 Supermarkets

- 29. JZ99110 Body Shaping Services
- 30. F102020 Wholesale of Edible Oil
- 31. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,
Clothing Accessories and Other Textile Products
- 32. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,
Clothing Accessories and Other Textile Products
- 33. F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
- 34. F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
- 35. F109070 Wholesale of Stationery Articles, Musical Instruments and
Educational Entertainment Articles
- 36. F209060 Retail sale of Stationery Articles, Musical Instruments and
Educational Entertainment Articles
- 37. F113050 Wholesale of Computing and Business Machinery Equipment
- 38. F213030 Retail sale of Computing and Business Machinery Equipment
- 39. F208040 Retail Sale of Cosmetics
- 40. F399040 Retail Business Without Shop
- 41. F399990 Retail sale of Others
- 42. G202010 Parking Garage Business
- 43. G801010 Warehousing and Storage
- 44. IZ06010 Cargoes Packaging
- 45. ZZ99999 All business items that are not prohibited or restricted by law, except
those that are subject to special approval.

- Article 3 The Company may provide endorsement and guarantee, acting as a guarantor for the corporation with the same business.
- Article 4 The head office of the Company is in Tainan City. Subject to the approval of the Board of Directors, the Company may, if necessary, set up branch offices in and out of the country.
- Article 5 The methods for public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article 6 The total capital stock of the Company shall be in the amount of 1,200,000,000 New Taiwan Dollars, divided into 120,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share, and may be paid-up in installments. The un-issued shares may be issued by a resolution of the Board of Directors if the Board deems necessary. The Company may issue employee stock options at a price below the market price. The 2,000,000 shares among the total capital stock mentioned above shall be reserved

for issuing employee stock options.

- Article 7 The total amount of the Company's reinvestment shall not be restricted by Article 13 of the Company Act, which limits the reinvestment amount to less than 40% of the company's paid-up capital.
- Article 8 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 Institution.
- Article 9 Registration for transferring the shares shall be suspended in sixty days before the date of regular shareholders' meeting, in thirty days before the date of any special shareholders' meeting, or within five days before the basic date which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Annual Shareholders' Meeting

- Article 10 There are two types of the shareholders' meetings: one is the general shareholders' meetings, which shall be convened once annually and at the time within six months after the end of each accounting fiscal year; the other is extraordinary shareholders' meetings, which shall be convened based on the relative laws whenever necessary.
- Article 11 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".
- 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.
- Article 12 Except those shareholders who is restricted or do not have voting right pursuant to the second section of Article 179 of the Company Act, a shareholder of the Company shall be entitled to one voting right for each share.
- Article 13 Resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes, which shall bear the signature or seal of the chairman of the shareholders' meeting. A copy of the meeting minutes shall be distributed to each shareholder of the Company within 20 days after the shareholders' meeting. The distribution of the minutes mentioned in the preceding paragraph may also be made by the public announcement.
- Article 13-1 If the Company would like to stop the Public Offering, it shall be resolved not only by the Board of Directors but also by the shareholders' meeting. The resolution shall

be adopted by the half or more of the votes of the present shareholders, who hold two-third or more of the total shares to participate in the shareholders' meeting which is mentioned in the preceding paragraph. The resolution shall be adopted by two-third or more of the votes of the present shareholders, if their holdings are below the standard prescribed above but still account for half or more of the total shares.

Chapter 4 Directors and Audit Committee

Article 14 There shall be seven directors of the Company, who are elected from the candidates with legal capacity by the shareholders' meeting. Complied with the provision of the Company Act, the way for electing directors shall adopt Candidates Nomination System and the directors of the Company shall be elected from the candidates by the shareholders' meeting. The term of office shall be three years, and the directors may be re-elected to further terms.

Among the directors mentioned in the preceding paragraph, there shall not be less than three independent directors and the percentage of the independent directors to the total directors shall not be less than one-fifth. The matters of independent directors relating to professional qualification, shareholding, moonlighting restriction, the ways of nomination and election, and other compliance requirements shall follow the regulations of the competent securities authority. The election for independent directors and the directors shall be held together; however, the quota of the election shall be counted separately.

Article 14-1 The Company shall be responsible for indemnification and purchase liability insurance for the directors and vital officers based on their business scope during their tenure. The matters concerning insurance policies and the determination of vital officers shall be defined by the Board of Directors.

Article 14-2 The Company may establish the Audit Committee according to Article 14-4 of Securities and Exchange Act. The functions assumed by supervisors under the Company Act, Securities and Exchange Act and other relevant provisions shall be executed by the Audit Committee.

The Audit Committee shall entirely be composed of the independent directors, one of whom shall be the convener and at least one of whom shall have accounting or financial expertise.

The matters of the Audit Committee concerning qualification, number of the members, term of office, powers of the positions, rules of meeting procedure and other regulations shall be prescribed by the relevant laws and regulations. Board of Directors of the Company may establish other functional committees, with the organizational charter defined by the Board of Directors.

Article 15 The Board of Directors shall be composed of the directors. The Chairman and Vice Chairman of the Board of Directors shall be elected from the director members by

the half or more of the present directors, who account for two-third or more of all the directors. The Board of Director shall execute every matter of the Company according to the laws, charters and the resolution of shareholders' meeting and Board of Directors. When the Chairman of the Board is on leave or unable to exercise the powers for any reason, the proxy shall be appointed according to Article 208 of the Company Act. When calling a meeting of the Board, a notice setting forth the subjects to be discussed at the meeting shall be given to each director at least 7 days in advance. Under emergencies, however, the meeting may be called on shorter notice. The notice in the preceding paragraph shall be given in written forms, by Email or facsimile.

Article 16 If a director is unable to personally attend a meeting for any reason, the director shall appoint another director as proxy to attend the meeting, with a written proxy statement declaring the scope of authorization with respect to the meeting agenda. The attorney shall accept a proxy from one person only. Attendance of the directors via telecommunications is regarded as attendance in person if it is a telecommunication meeting of the Board.

Article 16-1 Except those regulated by the Company Act, the resolutions of the Board of Directors shall be adopted by half or more of the present directors, who account for half or more of all the directors.

A board director having personal interests relating to the matters being discussed at the meeting shall give detailed explanation about the vital content of the relations at the Board meeting. If such relations cause harmful impact on the interests of the Company, the director shall refuse involvement in the matters. Also, the director shall not discuss and vote for the matters, nor shall he/she vote on the behalf of other directors.

Article 17 The Board of Directors is authorized to determine the remuneration of the Chairman and the Directors, taking account of the extent of participating in the Company's operation and the value contributed by the directors. Also, to determine the compensation bases on the general level in the industry.

Chapter 5 Managers

Article 18 The Company may have the managers. The appointment, removal and remuneration of the managers shall be made subject to Article 29 of the Company Act.

Chapter 6 Accounting

Article 19 At the end of each fiscal year, the Board of Directors of the Company shall prepare the following reports, which shall be submitted to the regular shareholders' meeting

for acknowledgement pursuant to the legal procedures.

1. Business Report;
2. Financial Statements;
3. Proposal Concerning Appropriation of Net Profits or Covering of Loss.

Article 20 Deleted.

Article 21 The Company is in a changeable industry, with a stage of steady growth of the Company's lifecycle. The retained earnings of the Company, after the confirmation of the financial statements each year, shall give priority to be paid to the income tax, offsetting losses for previous years, first setting aside 10% as legal reserve and then setting aside more amount as special reserve based on the laws. The remainder shall be the distributable earnings in this term, which subsuming the accumulated retained earnings of the previous year shall be the accumulated distributable earnings.

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 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.

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.

Article 21-1 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.

Chapter 7 Supplementary Provisions

Article 22 If any matters not provided herein shall be subject to the Company Act and the relevant laws.

Article 23 These Articles of Incorporation were made on March 5, 1997.
The 1st amendment was made on March 31, 1997.

The 2nd amendment was made on October 23 1998.
The 3rd amendment was made on May 10, 1999.
The 4th amendment was made on June 28, 1999.
The 5th amendment was made on October 25, 1999.
The 6th amendment was made on February 10, 2000.
The 7th amendment was made on June 26, 2000.
The 8th amendment was made on June 21, 2001.
The 9th amendment was made on April 22, 2002
The 10th amendment was made on April 21, 2003.
The 11th amendment was made on May 18, 2004.
The 12th amendment was made on May 17, 2005.
The 13th amendment was made on May 24, 2006.
The 14th amendment was made on May 22, 2007.
The 15th amendment was made on May 20, 2008.
The 16th amendment was made on June 3, 2009.
The 17th amendment was made on June 15, 2010.
The 18th amendment was made on June 6, 2012.
The 19th amendment was made on June 11, 2013.
The 20th amendment was made on June 10, 2014.
The 21th amendment was made on June 10, 2015
The 22th amendment was made on May 31, 2016

POYA International Co., Ltd.
Chairman : Chen Jian-Zao

POYA International Co., Ltd.
Shareholdings of the Members of Board of Directors
(Base Date : April 15, 2017)

Title	Name	Shareholdings	Share ownership ratio (%)
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	8,085,981	8.38%
Vice Chairman	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	7,924,168	8.21%
Director	Chen Zong-Cheng	6,031,393	6.25%
Director	Chen Ming-Shian	0	0.00%
Independent Director	Lin Tsai-Yuan	0	0.00%
Independent Director	Liu Zhi-Hong	0	0.00%
Independent Director	Zhong Jun-Rong	0	0.00%
Total		22,041,542	22.84%

Note :

1. Total current issued shares on April 15, 2017: common stocks 96,476,038 shares. The number of legal shares shall be held by all the directors are 7,718,083 shares.
2. The shares held by the Independent Directors are excluded from the actual shares held by all the directors.
3. The rules of legal shares shall be held by the supervisors are not applicable because of the establishment of the Audit Committee of the Company.

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

The total stock dividends are 964,760 shares. The issuance of stock dividends is for the purpose of business expansion. There are positive benefits to the Company's operating performance by retaining the cash from operating earnings for new store expansion in the future. Under the expectation of stable sale growth of the Company, the dilution effect of stock dividend issuance on EPS is limited.

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

Unit : NTD 1,000

Item		Year	2017 (Forecast)
Beginning paid-in capital			964,760
The distribution of stock and cash dividends	Cash dividend per share		NTD 10.7 (Note 1)
	Stock dividend per share through capitalization of earnings		0.01share (Note 1)
	Stock dividend per share through capitalization of additional paid-in capital		0 share
The change of business performance	Operating profits		(Note 2)
	Operating profits, YOY (%)		
	Net income after tax		
	Net income after tax, YOY (%)		
	Earnings per share		
	Earnings per share, YOY (%)		
	Annual average return on investment (A reciprocal of annual average PE ratio)		
Pro Forma EPS and PE ratio	The distribution of cash dividend through capitalization of earnings	Pro Forma EPS	(Note 2)
		Pro Forma Annual average return on investment	
	No dividend distribution through capitalization of additional paid-in capital	Pro Forma EPS	
		Pro Forma Annual average return on investment	
	No dividend distribution through capitalization of additional paid-in capital and distribution of cash dividend through capitalization of earnings	Pro Forma EPS	
		Pro Forma Annual average return on investment	

Note :

1. The cash and stocks to be distributed to each share as shareholders' bonuses mentioned above were calculated based on the total number of actual shares, which was 96,476,038 shares, outstanding on the date of resolution of earnings distributed by the Board of Directors on February 20, 2017. The cash and stocks to be distributed to each share have not yet been adopted by the 2017 Regular Shareholders' Meeting.
2. The Company may not disclose the 2017 financial forecast according to the provision of "Regulations Governing the Publication of Financial Forecasts of Public Companies." Therefore, there is no 2017 forecast information.

Chairman :

General Manager :

Financial and Accounting Manager :

Other Matters

Description of acceptance of shareholders' suggestions in 2017 Regular Shareholders' Meeting:

1. The shareholder, with 1% or more of total shares issued by the Company, shall raise a proposal of Regular Shareholders' Meeting by written form to the Company. Each shareholder shall raise only one proposal as limited and the words of such proposal shall not be more than 300, or such proposal will be excluded.
2. The Company will make an announcement on MOPS according to the applicable rules and regulations. The period for acceptance of the proposal of Regular Shareholders' Meeting this time is from April 6, 2017 to April 17, 2017 (Those proposals by a registered mail shall be accepted with the arriving date to be during the period).
3. The Company didn't receive any proposal from the shareholder.