

**POYA International Co., Ltd.**  
**Minutes of 2016 Annual General Shareholders' Meeting**  
**(Translation)**

Time: 9 a.m., May 31, 2016 (Tuesday)

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

Attendance: All shareholders and their proxy holders, representing 79,503,487 shares (including 28,830,913 shares the voting rights of which are exercised by the electronic means), or 83.44% of the total 95,277,388 outstanding shares

Chairperson: Chen Jian-Zao, Chairman

Minute Recorder: Shen Hong-Yu

Present directors: Chen Zong-Cheng Director, Chen Fan Mei-Jin Director, Lin Tsai-Yuan Independent Director

Guests: Mr. Lee Ming-Hsien, CPA, PricewaterhouseCoopers Taiwan

- A. Call the Meeting to Order (shareholdings of the attendance has formed a quorum)
- B. Chairman's Remarks (omitted)
- C. Discussion(A)

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

Explanation:

- 1. Complied with the rule revision, the Company hereby revises part of the provisions of Articles of Incorporation. The comparison table for the amendments to Articles of Incorporation before and after revision is attached as Appendix I.
- 2. Please discuss the amendments to part of provisions of Articles of Incorporation

Resolution: the voting results are as followed:

79,503,487 shares were represented at the time of voting

<b>Voting results</b>	<b>Propotion to the total represented shares present</b>
Affirmative votes 74,038,237shares (including 23,460,849 shares the voting rights of which are exercised by the electronic means)	93.12%
Dissenting votes 2,563,117 shares (including 2,563,117 shares the voting rights of which are exercised by the electronic means)	3.22%
Invalid votes and vote abstention 2,902,133	3.66%

shares (including 2,806,947 shares the voting rights of which are exercised by the electronic means)	
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The proposal has been adopted by voting without any modification.

#### D. Reports

- I. 2015 Business Report (See Appendix II)
- II. 2015 Audit Committee's Review Report (See Appendix III)
- III. 2015 Distribution of Employees' and Directors' Remuneration

##### Explanation :

1. The 2015 distribution of employees' and directors' remuneration shall be managed in accordance with Ministry of Economic Affairs 11<sup>th</sup> June 2015 Shang Tsu No. 10402413890, 15<sup>th</sup> October 2015 Shang Tsu No. 10402427800 and Financial Supervisory Commission 30<sup>th</sup> January 2016 Chin Kuan Cheng Shen Tsu No. 1050001900.
2. The 2015 distribution of employees' and directors' remuneration shall be managed in accordance with the Article 21 of Articles of Incorporation which has been revised after the resolution of 2016 Regular Shareholders' Meeting: "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 monetary amount of employees' remuneration is NT\$ 82,000,000 accounting for 6.6% and the monetary amount of directors' remuneration is NT\$ 4,800,000 accounting for 0.4%.
3. Except directors' remuneration distributed in cash, the employees' remuneration amounted to NT\$ 82,000,000 shall be distributed in new shares. The number of issuing shares to be 245,877 shares shall be calculated based on the closing price NT\$ 333.5 at the date of one day previous to the Board of Directors' Meeting on 22<sup>nd</sup> Feb 2016 for resolution of new share issue. The employees' remuneration NT\$ 21 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 complied with the revised laws and regulations in 2015. 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 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 6<sup>th</sup>-term Board of

Directors in the 20<sup>th</sup> Board meeting and the distribution of directors' remuneration has been passed by the 2<sup>nd</sup>-term Remuneration Committee in the 7<sup>th</sup> Remuneration Committee meeting.

E. Acknowledgements

Proposal 1: Adoption of the 2015 Business Report and Financial Statements (Proposed by the Board)

Explanation:

1. The Company's 2015 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, the auditing report of the certified accountants and the financial statements mentioned above are attached as Appendix II and Appendix IV.
3. Please acknowledge the 2015 Business Report and Financial Statements.

Resolution: the voting results are as followed:

79,503,487 shares were represented at the time of voting

<b>Voting results</b>	<b>Propotion to the total represented shares present</b>
Affirmative votes 76,592,881 shares (including 26,020,493 shares the voting rights of which are exercised by the electronic means)	96.33%
Dissenting votes 3,483 shares (including 3,483 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 2,907,123 shares (including 2,806,937 shares the voting rights of which are exercised by the electronic means)	3.67%

The proposal has been adopted by voting without any modification.

Proposal 2: Adoption of the proposal for distribution of 2015 profits (Proposed by the Board)

Explanation:

1. The Distribution Table of 2015 Profits (Attached as Appendix V) has been submitted to the Company's Audit Committee for approval and been adopted by the 6<sup>th</sup>-term Board of Directors in the 20<sup>th</sup> 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 outstanding shares 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 2015 profits.

Resolution: the voting results are as followed:

79,503,487 shares were represented at the time of voting

<b>Voting results</b>	<b>Proportion to the total represented shares present</b>
Affirmative votes 76,591,871 shares (including 26,019,483 shares the voting rights of which are exercised by the electronic means)	96.33%
Dissenting votes 4,493 shares (including 4,493 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 2,907,123 shares (including 2,806,937 shares the voting rights of which are exercised by the electronic means)	3.67%

The proposal has been adopted by voting without any modification.

#### F. Discussion (B)

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 952,773 new shares (common stocks) with par value NT\$ 10 per share, through capitalization of stock dividends of NT\$ 9,527,730 which were allocated from the 2015 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.

3. The rights and obligations of the newly issuing shares are as same as the existing common shares. Also, the issue in non-physical form is adopted.
4. The Board of Directors shall be fully authorized by the Shareholders' Meeting to handle the matters related to that the shares to be distributed to each share based on the number of actual outstanding shares 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 for a new share issue through capitalization of earnings.

Resolution: the voting results are as followed:

79,503,487shares were represented at the time of voting

<b>Voting results</b>	<b>Propotion to the total represented shares present</b>
Affirmative votes 76,590,816 shares (including 26,018,428 shares the voting rights of which are exercised by the electronic means)	96.33%
Dissenting votes 4,518 shares (including 4,518 shares the voting rights of which are exercised by the electronic means)	0.00%
Invalid votes and vote abstention 2,908,153 shares (including 2,807,967 shares the voting rights of which are exercised by the electronic means)	3.67%

The proposal has been adopted by voting without any modification.

Proposal 2: Abolishment of “Rules for Director Elections” and enactment of “Procedures for Election of Directors” (Proposed by the Board)

Explanation:

Complied with Article 21 of “Corporate Governance Best Practice Principles”, the Company reenacts the “Procedures for Election of Directors” in accordance with the “Sample Template for xxx Co., Ltd. Procedures for Election of Directors and Supervisors”

issued by Taiwan Stock Exchange. The original “Rules for Director Elections” is abolished.  
The Procedures for Election of Directors is attached as Appendix VI.

Resolution: the voting results are as followed:

79,503,487 shares were represented at the time of voting

<b>Voting results</b>	<b>Propotion to the total represented shares present</b>
Affirmative votes 74,032,241 shares (including 23,459,853 shares the voting rights of which are exercised by the electronic means)	93.11%
Dissenting votes 2,564,123 shares (including 2,564,123 shares the voting rights of which are exercised by the electronic means)	3.22%
Invalid votes and vote abstention 2,907,123 shares (including 2,806,937 shares the voting rights of which are exercised by the electronic means)	3.67%

The proposal has been adopted by voting without any modification.

G. Motions:

Record of the statement made by the shareholder:

1. The shareholder with attendance card number 17557 raises the question of “Whether Poya International considers establishing oversea branches in China, Philippines or Vietnam. After the explanation made by the general manager, no other opinion is raised by the shareholders.

H. Adjournment: 9:39 a.m., May 31, 2016

(The main points of the Regular Shareholders’ Meeting have been included in the meeting minutes; however, the content and the procedure of the meeting recorded in the audio and video recording is to prevail)

## POYA International Co., Ltd.

### Comparison Table for the Amendments to “Articles of Incorporation” before and after Revision

Article	After the Revision	Before the Revision	Reason for Amendments
Article 21	<p>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.</p> <p>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</p>	<p>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 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.</p> <p>The earnings of the Company shall be allocated after the Board of Directors takes account of the capital demands for future business or reinvestment according to the industry the Company stay. The distribution of the Company’s earnings shall be made by raising the following proposals, which shall be resolved by the shareholders’ meeting.</p> <p>(1) Remuneration of the Directors: shall not be higher than 6% of the distributable earnings in this term;  (2) Bonus for the employees: shall not be less than 0.1% of the distributable earnings in this term;  (3) Dividend and bonus for the Shareholders: 50%-100% of the</p>	<p>1. Complied with Article 235-1 of the Company Act, the related rules and regulation of employees’ and directors’ remuneration shall be separate from the original Article. Article 21, paragraph 2, subparagraph 1 and subparagraph 2 shall be deleted. Article 21-1 shall be enacted.</p> <p>2. Complied with the revision, the Company hereby revises part of word statements.</p>

Article	After the Revision	Before the Revision	Reason for Amendments
	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. ...(Omission)	accumulated distributable earnings, 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. ...(Omission)	
<u>Article 21-1</u>	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.		Complied with Article 235-1 of the Company Act, the related rules and regulation of employees' and directors' remuneration shall be separate from the original Article. Article 21, paragraph 2, subparagraph 1 and subparagraph 2 shall be deleted. Article 21-1 shall be enacted.
Article 23	Add the statement of "The 22 <sup>th</sup> amendment was made on May 31, 2016" based on the original Article.	...(Omission)	Add the number and date of the amendment.

**Poya International Co., Ltd.**  
**2015 Business Report**

## 1. 2015 Business Results

## (1) The implementation of the business plan

Unit : NT\$ 1,000

Title/amount	FY2015	FY2014	Change in amount	Change in proportion (%)
Operating revenue	10,687,825	9,167,590	1,520,235	16.58%
Operating cost	(6,310,255)	(5,456,820)	853,435	15.64%
Net operating margin	4,377,570	3,710,770	666,800	17.97%
Operating expenses	(3,248,955)	(2,815,877)	433,078	15.38%
Operating profit	1,128,615	894,893	233,722	26.12%
Non-operating income and expenses	20,300	42,139	(21,839)	(51.83%)
Profit before income tax	1,148,915	937,032	211,883	22.61%
Profit for the year	952,145	772,462	179,683	23.26%
Basic earnings per share (in dollars)	10.00	8.14	1.86	22.85%

A. The growth of operating revenue and national store number remain stable. The growth rate of store number in 2015 is 20.18%.

Unit : Stores/NT\$ 10,000

Title/year	FY2012	FY2013	FY2014	FY2015
Operating revenue	627,282	724,946	916,759	1,068,783
Total store number (Note)	74	87	109	131

Note : The store number in 2014, which was 109, was used as the basis for the calculation of the growth rate of new stores.

## (2) Financial structure and profitability analysis

Title		FY2015	FY2014
Financial Structure	Ratio of liabilities to assets (%)	51.73	50.89
	Ratio of long-term capital to property, plant and equipment (%)	167.98	184.71
Profitability	Return on assets (ROA) (%)	18.14	17.52

	Return on equity (ROE) (%)	37.06	34.93
	Profit ratio (%)	8.91	8.43
	Basic EPS (NTD) (Note)	10.00	8.14

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

## 2. 2016 Business Plan

In 2015, the global economy grew weakly because of several factors such as slow growth rate of global trading and Chinese economy, declining prices of international materials and lower economy growth rate than expected in emerging markets. The decreasing prices of international crude oil also cause effect on growth of global economy and resource allocation. Although the declining oil prices do help to raise the private consumption and corporate investment, it may also lead to negative impact on economy of the countries exporting materials. Besides, the bad exporting performance of Taiwan, which is caused by the development of local supply chain in China, impacts the investors' willingness and the recruitment in domestic. As a result, the private consumption turned conservative, the growth of domestic needs would be lower than expected. The rate of consumption growth is approx. 2.54% in 2015 from the dgbas (Directorate-General of Budget Accounting and Statistics, Executive Yuan) forecast. The economic recovery which is expected in 2016 will be beneficial to shift the resource into the investments and exports. When the time comes, the investment and exports will grow leading to higher private consumption.

Facing changeable environment, climate change and population structure shift, Poya shall keep making differentiation by market positioning, upgrading its services and introducing high quality products to pursue better operating performance. With the support of all personnel and the management, there are 131 stores national wide by the end of 2015. The operating revenue and profit for the year after tax in 2015 are NT\$10.7 billion and NT\$0.95 billion respectively, both of which reached the record highs.

In term of the business operation, Poya will introduce 5<sup>th</sup> generation stores to upgrade the image of market position and to activate the selling place with the spirits of "Beauty, Trendy, Color." 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 5<sup>th</sup> generation store to make differentiated market position

Hold the core spirits of “Beauty, Trendy, Color” , Poya will introduce 5<sup>th</sup> generation stores. 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 each product category.

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

Poya International Co., Ltd.

Chen Jian-Zao, Chairman

Chen Zong-Cheng, General Manager

Shen Hong-Yu, Financial and Accounting Manager

### **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 2015, 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 business report, financial statements and profit distribution proposal 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.

2016 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 22, 2016

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(2016) Tsai Shen Pao Tsu No. 15002646

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

We have audited the accompanying balance sheets of POYA International Co., Ltd. as of December 31, 2015, December 31, 2014, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of POYA International Co., Ltd. as of December 31, 2015, December 31, 2014, and its financial performance and cash flows for the years ended December 31, 2015 and 2014 in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

Independent Accountants

Lee Ming-Hsien

Liu Tzu-Meng

February 22, 2016

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

			December 31, 2015		December 31, 2014	
Assets		Notes	AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 763,608	14	\$ 771,751	16
1150	Notes receivable, net		7,239	-	8,338	-
1170	Accounts receivable, net	6(2)	566,726	10	433,248	9
1200	Other receivables	6(21)	2,356	-	154,382	3
130X	Inventories	5(2) and 6(3)	2,067,638	36	1,765,613	36
1410	Prepayments	6(4)	107,441	2	62,223	1
1476	Other current financial assets	8	6,050	-	-	-
11XX	Total Current Assets		3,521,058	62	3,195,555	65
Non-current assets						
1600	Property, plant and equipment	6(5)(21)	1,830,435	32	1,407,485	29
1840	Deferred income tax assets	6(18)	18,180	-	15,779	1
1920	Refundable deposits	6(20)	206,292	4	157,552	3
1980	Other non-current financial assets	8	2,550	-	-	-
1985	Long-term prepaid rents		80,806	2	103,655	2
1990	Other non-current assets		10,406	-	10,961	-
15XX	Total Non-current Assets		2,148,669	38	1,695,432	35
1XXX	Total Assets		\$ 5,669,727	100	\$ 4,890,987	100

(Continued)

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

		December 31, 2015		December 31, 2014		
Liabilities and Equity		Notes	AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 562,291	10	\$ 444,820	9
2170	Accounts payable		1,010,818	18	927,106	19
2200	Other payables	6(6)(21)	538,814	10	506,503	10
2230	Current income tax liabilities	6(18)	113,836	2	110,557	2
2310	Receipts in advance		12,790	-	12,640	-
2320	Long-term liabilities, current portion	6(7)	329,493	6	263,780	6
2399	Other current liabilities		16,179	-	18,051	1-
21XX	Total Current Liabilities		2,584,221	46	2,283,457	47
Non-current liabilities						
2540	Long-term borrowings	6(7)	338,006	6	197,633	4
2570	Deferred income tax liabilities	6(18)	2,865	-	2,574	-
2640	Net defined benefit liabilities-non-current	5(2) and 6(8)	2,869	-	2,092	-
2645	Guarantee deposits received		5,026	-	3,133	-
25XX	Total Non-current Liabilities		348,766	6	205,432	4
2XXX	Total Liabilities		2,932,987	52	2,488,889	51
Equity						
Share capital						
3110	Common stock	6(9)(11)(17)	952,774	17	941,131	19
3200	Capital surplus	6(9)(10)	473,319	8	394,551	8
	Retained earnings	6(9)(11)(17)(18)				
3310	Legal reserve		357,480	6	284,378	6
3350	Unappropriated retained earnings		953,167	17	782,038	16
3XXX	Total equity		2,736,740	48	2,402,098	49
Significant Contingent Liabilities and Unrecognized Contract Commitments		6(20) and 9				
3X2X	Total liabilities and equity		\$ 5,669,727	100	\$ 4,890,987	100

**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	2015		2014	
		AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(12)	\$ 10,687,825	100	\$ 9,167,590	100
5000 <b>Operating costs</b>	6(3)	( 6,310,255)	( 59)	( 5,456,820)	( 59)
5900 <b>Net operating margin</b>		<u>4,377,570</u>	<u>41</u>	<u>3,710,770</u>	<u>41</u>
<b>Operating expenses</b>	6(16)(17)(20) and 7				
6100 Selling expenses		( 2,708,757)	( 25)	( 2,277,795)	( 25)
6200 General & administrative expenses		( 540,198)	( 5)	( 538,082)	( 6)
6000 <b>Total operating expenses</b>		( 3,248,955)	( 30)	( 2,815,877)	( 31)
6900 <b>Operating profit</b>		<u>1,128,615</u>	<u>11</u>	<u>894,893</u>	<u>10</u>
<b>Non-operating income and expenses</b>					
7010 Other income	6(13)	36,379	-	38,985	-
7020 Other gains and losses	6(14)	( 9,113)	-	10,549	-
7050 Finance costs	6(5)(15)(21)	( 6,966)	-	( 7,395)	-
7000 <b>Total non-operating income and expenses</b>		<u>20,300</u>	<u>-</u>	<u>42,139</u>	<u>-</u>
7900 <b>Profit before income tax</b>		<u>1,148,915</u>	<u>11</u>	<u>937,032</u>	<u>10</u>
7950 Income tax expense	6(18)	( 196,770)	( 2)	( 164,570)	( 2)
8200 <b>Net income for the year</b>		<u>\$ 952,145</u>	<u>9</u>	<u>\$ 772,462</u>	<u>8</u>
<b>Other comprehensive income (loss) (Net) income (loss) that will not be reclassified to profit or loss</b>					
8311 Remeasurement of defined benefit obligations	6(8)	( \$ 2,490)	-	\$ 3,969	-
8349 Income tax relating to the components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(18)	<u>423</u>	<u>-</u>	<u>( 675)</u>	<u>-</u>
8300 <b>Total other comprehensive (loss) income for the year</b>		<u>( \$ 2,067)</u>	<u>-</u>	<u>\$ 3,294</u>	<u>-</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 950,078</u>	<u>9</u>	<u>\$ 775,756</u>	<u>8</u>
<b>Basic earnings per share (in dollars)</b>					
9750 <b>Net income</b>	6(19)	<u>\$ 10.00</u>		<u>\$ 8.14</u>	
9850 <b>Diluted earnings per share(in dollars)</b>	6(19)	<u>\$ 9.96</u>		<u>\$ 8.10</u>	

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

				Retained Earnings		
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total equity
<u>For the year ended December 31, 2014</u>						
Balance at January 1, 2014		\$ 929,073	\$ 346,318	\$ 228,493	\$ 517,412	\$ 2,021,296
Distribution of 2013 net income:						
Legal reserve		-	-	55,885	( 55,885 )	-
Cash dividends	6(11)	-	-	-	( 445,954 )	( 445,954 )
Stock dividends	6(9)(11)	9,291	-	-	( 9,291 )	-
Employees' stock bonuses	6(9)(21)	2,767	48,233	-	-	51,000
Net income for the year ended December 31,2014		-	-	-	772,462	772,462
Other comprehensive income for the year ended December 31,2014		-	-	-	3,294	3,294
Balance at December 31, 2014		<u>\$ 941,131</u>	<u>\$ 394,551</u>	<u>\$ 284,378</u>	<u>\$ 782,038</u>	<u>\$ 2,402,098</u>
<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>

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

	Notes	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax for the year		\$ 1,148,915	\$ 937,032
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(5)(16)	349,820	296,514
Loss (Gain) from disposal of property, plant and equipment	6(14)	2,141	( 13,375 )
Interest income	6(13)	( 2,534 )	( 2,404 )
Interest expense	6(15)	6,966	7,395
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		1,099	( 1,039 )
Accounts receivable		( 133,478 )	( 145,085 )
Other receivables		9,026	( 3,943 )
Inventories		( 302,025 )	( 348,134 )
Prepayments		( 45,218 )	( 22,923 )
Net changes in liabilities relating to operating activities			
Notes payables		117,471	130,847
Accounts payable		83,712	270,163
Other payables		119,316	171,712
Receipts in advance		150	( 2,037 )
Other current liabilities		( 1,872 )	7,269
Net defined benefit liabilities-non-current		( 1,713 )	( 1,720 )
Cash generated from operations		1,351,776	1,280,272
Interest received		2,534	2,404
Interest paid		( 6,966 )	( 7,395 )
Income tax paid		( 195,178 )	( 130,977 )
Net cash provided by operating activities		1,152,166	1,144,304
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in other current financial assets		( 6,050 )	-
Cash paid for acquisition of property, plant and equipment	6(21)	( 780,728 )	( 620,120 )
Interest paid for acquisition of property, plant and equipment	6(5)(15)(21)	( 598 )	( 573 )
Cash received from disposal of property, plant and equipment	6(21)	143,410	63,095
Increase in refundable deposits		( 48,740 )	( 30,522 )
Increase in other non-current financial assets		( 2,550 )	-
Decrease (increase) in long-term prepaid rents		22,849	( 14,561 )
Decrease in other non-current assets		555	1,916
Net cash used in investing activities		( 671,852 )	( 600,765 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		550,000	320,000
Repayment of long-term borrowings		( 343,914 )	( 346,340 )
Increase in guarantee deposits received		1,893	15
Cash dividends paid	6(11)	( 696,436 )	( 445,954 )
Net cash used in financing activities		( 488,457 )	( 472,279 )
(Decrease) increase in cash and cash equivalents		( 8,143 )	71,260
Cash and cash equivalents at beginning of year	6(1)	771,751	700,491
Cash and cash equivalents at end of year	6(1)	\$ 763,608	\$ 771,751

POYA International Co., Ltd.2015 Profits Distribution Table

Unit: New Taiwan Dollars

Items	Amount		Note:
	Sub-total	Grand Total	
Beginning unappropriated retained earnings		3,088,926	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: 2015 adjustment to retained earnings		(2,067,063)	
Adjusted unappropriated retained earnings		1,021,863	
Add: Net earnings after tax for the current year		952,145,615	
Distributable earnings for the current period		953,167,478	
Less: Legal reserve		(95,214,562)	
Accumulated distributable earnings		857,952,916	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.
Distribution items:			
Shareholders dividend	(9,527,730)		
—Shares \$ 0.1/share			
Shareholders dividend	(838,441,014)	(847,968,744)	
—Cash \$ 8.8/share			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
Unappropriated retained earnings		\$ 9,984,172	

			<p>than 1% of total dividends. If cash dividend is lower than NT\$ 0.5 per share, stock dividend shall be substituted for cash dividend</p> <p>New shares or cash shall be issued from the legal reserve with the limitation that the monetary amount of new shares or cash shall not exceed 25% of the part which legal reserve is in excess of the paid-in capital.</p>
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Note 1:

Cash dividends were calculated based on allocated percentage and in a dollar amount (round down to a dollar amount). The total amount of fractional cash dividends less than a dollar shall be sorted by the number after decimal point from big to small and be adjusted by the order of account number with the purpose of compliance with the total distributed amount of cash dividends.

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

**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.