

# Poya International Co., Ltd.

## 2020 Annual Report

Website for inquiry at MOPS: <http://mops.twse.com.tw/mops/web/index>

Poya official website: <http://www.poya.com.tw>

Date of printing: May 19, 2021

I. The spokesman and the acting spokesman

Name of spokesman: Shen Hong-Yu  
Title: Director, Finance and Accounting Division  
Telephone: (06)241-1000  
E-mail: [simon@poya.com.tw](mailto:simon@poya.com.tw)

Name of acting spokesman: Zheng, Zhi-Yuan  
Title: Director, Human Resource Division  
Telephone: (06)241-1000  
E-mail: [fin888@poya.com.tw](mailto:fin888@poya.com.tw)

II. Address and telephone numbers of the corporate headquarters and the branches: Please refer to page 196~ 200

III. Shares Registration Agent:

Name: Shares Registration Service Dept, Hua Nan Securities Co., Ltd.  
Address: 4F, No. 54, Ming Sheng East Road Section IV, Taipei  
Telephone: (02)2718-6425  
Website: <http://www.entrust.com.tw>

IV. External auditors of the financial statement covering the previous fiscal period

Name of firm: PriceWaterhouse Coopers Taiwan  
Names of CPAs: Liu Tzu-Meng, Lin Tzu-Shu  
Address: 12F, No. 395, Lin Sen Road Section I, Tainan  
Telephone: (06)234-3111  
Website: <http://www.pwc.tw>

V. Name of exchanges in foreign countries where the Company is listed for securities trade and the means of access to information on overseas securities: None.

VI. Company website: <http://www.poya.com.tw>

## Table of Contents

<b>LETTER TO THE SHAREHOLDERS.....</b>	<b>1</b>
<b>COMPANY OVERVIEW.....</b>	<b>6</b>
<b>CORPORATE GOVERNANCE.....</b>	<b>10</b>
<b>CAPITAL PROJECTION AND IMPLEMENTATION.....</b>	<b>64</b>
<b>OPERATING HIGHLIGHTS .....</b>	<b>73</b>
<b>FINANCIAL INFORMATION .....</b>	<b>102</b>
<b>FINANCIAL POSITION, FINANCIAL OPERATION IN REVIEW, AND RISK ASSESSMENT.....</b>	<b>111</b>
<b>SPECIAL NOTES.....</b>	<b>121</b>

# Letter to the Shareholders

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## Letter to the Shareholders

Dear shareholders,

### A. 2021 Business plan

The global economy was hit by the pandemic in 2020. As the coronavirus pandemic wildly spread in the first half of 2020, all countries implemented border restrictions to contain the pandemic transmission, which affected operations of enterprises globally. Since the third quarter in 2020, the development of pandemic has showed signs of easing and the central banks have implemented fiscal and quantitative monetary easing policies to support the enterprises and labors which affected by the pandemic to stabilize the economy and financial markets.

In Taiwan, thanks to the proactive measures against the COVID-19, the pandemic has been in control and people to maintain relative normal life during the pandemic. To stimulate the domestic consumption and stabilize the economy, Taiwan's government issued the consumption voucher in July in 2020. The Taiwan economic growth rate in 2020 was 2.98%, mainly driven by the investment from domestic manufacturers for expanding production capabilities, according to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan. Taiwan Central bank forecasted the 2021 economic growth rate of 3.68% mainly driven by domestic demand.

Copping with the changing environment, POYA will continue to strengthen our market position and optimize our services with development of high quality products to enhance our operational performance. By the end of 2020, we operated 281 stores, including 260 POYA and 21 POYA HOME. The operating revenue and profit after tax in 2020 were NT\$17.5 billion and NT\$2.1 billion respectively, both of which reached the record high.

In terms of the business operations, Poya keeps optimizing stores format and creating new product display, with the spirits of "Beauty, Trendy, and Colorful". It's our core value to offer a variety of products with high cost-performance ratio to fulfill the customers' needs. Riding with fast fashion trend in affordable price, we offer a fun and pleasant shopping experience for our customers by offering promotional prices and activities from time to time. We will continue to keep upgrading our services and maintain the customer lifetime value by tracking customer consumption behavior regularly.

## B. 2020 Business results

### 1. The implementation of the business plan

Unit : NT\$ 1,000

Title/amount	FY2020	FY2019	Change in amount	Change in proportion (%)
Operating revenue	17,538,838	15,787,694	1,751,144	11.09%
Operating Cost	(9,966,051)	(8,963,459)	1,002,592	11.19%
Net operating margin	7,572,787	6,824,235	748,552	10.97%
Operating expenses	(4,922,568)	(4,395,061)	527,507	12.00%
Operating profit	2,650,219	2,429,174	221,045	9.10%
Non-operating income and expenses	(43,986)	(70,443)	26,457	37.56%
Profit before income tax	2,606,233	2,358,731	247,502	10.49%
Profit for the year	2,110,123	1,886,727	223,396	11.84%
Basic earnings per share (in dollars)	21.60	19.31	2.29	11.86%

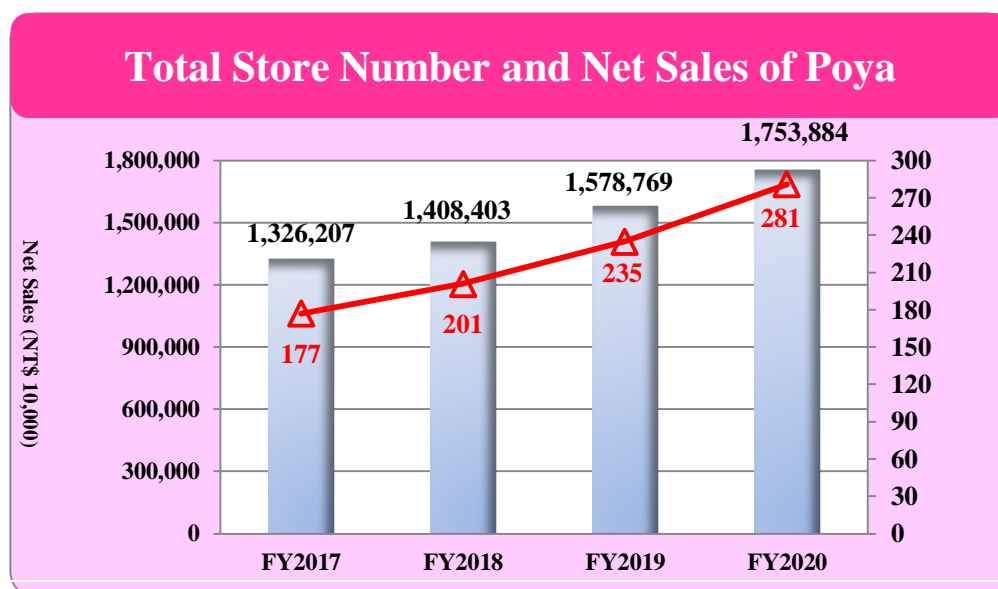
The growth of operating revenue and national store numbers remain stable. The growth rate of store number in 2020 was 19.57%.

Unit : Stores/NT\$

10,000

Title/year	FY2017	FY2018	FY2019	FY2020
Operating revenue	1,326,207	1,408,403	1,578,769	1,753,884
Total store number (Note)	177	201	235	281

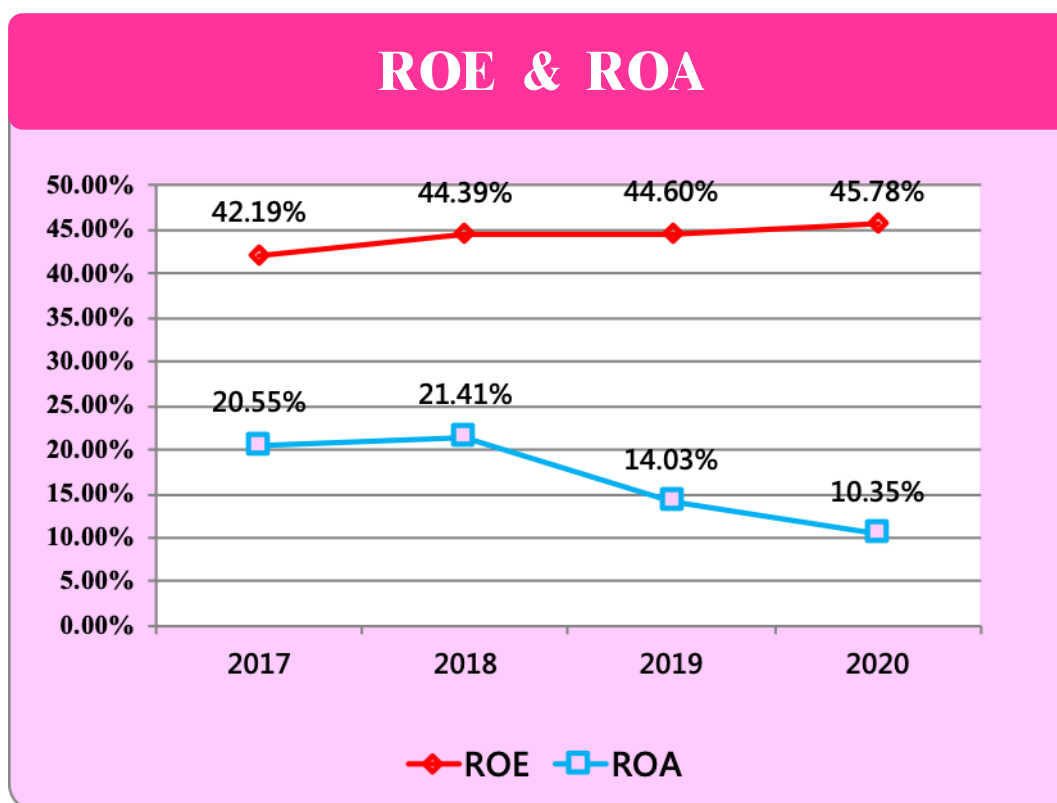
Note : We use the store numbers of 235 in 2019 as the basis for the calculation of the new store growth rate.



## 2. Financial structure and profitability analysis

Title		FY2020	FY2019
Financial Structure	Ratio of liabilities to assets (%)	79.17	77.64
	Ratio of long-term capital to fixed assets (%)	178.85	183.24
Profitability	Return on assets (ROA) (%)	10.35	14.03
	Return on equity (ROE) (%)	45.78	44.6
	Profit ratio (%)	12.03	11.95
	Basic EPS (NTD) (Note)	21.6	19.31

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



## C. Business Policy

### 1. An aggressive store expansion plan

Poya is currently ranked as No. 1 in cosmetic and grocery channel and will continue to expand store network and increase our market share. In 2019, we created a new hardware channel named “Poya Home”, to allow our customers to enjoy the fun of life by simple remodeling of their living space. The current traditional hardware stores in Taiwan offer limited product choices, where we see market potential to fulfill the customers’ demand. As such, POYA devoted to offer a variety of product selections in our professional, spacious shopping environment. We uphold “fair price, simple and convenience” as our core value with service-oriented culture to continuously enhance our market share in Taiwan’s hardware market.

### 2. Strengthen brand value with optimization of stores format

With core spirits of "Beauty, Trendy, and Color", Poya continues to strengthen our brand image through optimizing store formats and speed up the digitalization. Except for the exposure on multimedia platforms, we apply digital transformation to enhance our customer royalty. We also continue to innovate upon business philosophy by creating a more convenient and comfortable shopping space with various product selection in order to provide customers a pleasant shopping experience. This should lead Poya into a new century of digitization.

### 3. Enhanced competitiveness with diverse activities

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

### 4. Product and space management

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

Poya has strived to become “A more preferred Poya by the customers”, and hopes to be the top choice for customers within the products and services which Poya offers. Poya also

continues to implement the sustainable spirit on environment, society and corporate governance for perpetual growth and corporate sustainability.

On behalf of the management, we are grateful for all the supports of shareholders, customers and suppliers, and the dedication of all the staff. We will spare no effort 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



## Company Overview

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### Company Overview

I. Date of incorporation: March 12 1997

II. Company history:

March 1997	Established Hua Ya Daily Items Company Limited, with a stated capital of NT\$20 million.
April 1997	Reorganized the Company as Hua Ya Daily Items Company Limited by shares.
June 1998	Officially adopted Poya and DOU CHIN as the trademarks of the Company for the corporate identity system.
October 1998	Set up the San Min Branch at Tai Ping Road, Taichung, with the intention of expanding the retailing market in central Taiwan.
March 1999	Set up the Wen Heng Branch at Wen Heng 2 <sup>nd</sup> Road, Kaohsiung, with the intention of enlarging the market share and the operation scale in department store and boutique industry in Kaohsiung.
June 1999	Renamed the Company as Poya Department Store Co., Ltd, and expanded its business scope by a resolution of the Regular Shareholder Meeting in 1998.
August 1999	Set up the Tung Ning Branch at Tung Ning Road in Tainan City.
November 1999	Relocated the Company headquarter to No. 74, Min Tzu Road Section III, Tainan City.
December 1999	Completed the design of the 2 <sup>nd</sup> generation CIS and established a brand new corporate identity system
February 2000	Purchased the inventories and fixed assets of operation sites of Pao Ching Wu Co., Ltd. at Chia Nan District and Chang Yun District to set up the Hsiao Pei Branch and the Feng Chia Branch.
April 2000	Set up the Tou Liu Branch at Tou Liu City in Yun Lin County. Being different from the principles of branch expansion in metropolitan cities, the Company started to launch their plan for the development of mid-size urban centers.
June 2000	Change the Company's name from Poya Department Store Co., Ltd. to Poya International Co., Ltd.
August 2000	Entered into an agreement with Hua Nan Securities Co., Ltd. for the

	supervision of listing on Taipei Exchange. The Company prepared for listing on Taipei Exchange and transferred its operation to a new era.
January 2001	Set up the Yuan Lin Branch at the Yuan Lin Township in Chang Hua County.
August 2001	Set up the Feng Shan Branch in Feng Shan City in Kaohsiung County.
April 2002	Registered as an emerging stock on Taipei Exchange of Taiwan for enhancing the Company's awareness before entering the trading market, and establishing the Company's image to its customers which helped the Company in business developments and product sales.
September 2002	Set up the Liberty Branch on Liberty Road in Kaohsiung City.
September 2002	Listed on Taipei Exchange and its operation entered into a new era.
December 2002	Set up the Wen Hsin Branch at Wen Hsin Road in Taichung City, which was the 10 <sup>th</sup> branch of Poya International Co., Ltd.
December 2003	Completed the design of the 3 <sup>rd</sup> generation CIS and established a brand new corporate identity system.
September 2005	Set up the San Min Branch in Chu Pei City in Hsinchu County, which was the 20 <sup>th</sup> branch of Poya International Co., Ltd.
March 2007	Set up the Ta Tun Branch at Ta Tun Road in Taichung City, which was the 30 <sup>th</sup> Branch of Poya International Co., Ltd.
July 2008	Set up the Shueh Shi Branch at Hsueh Shi Road in Taichung City, which was the 40 <sup>th</sup> Branch of Poya International Co., Ltd.
December 2009	Set up the Nan Ping Branch at Nan Ping Road in Taoyuan County, which was the 50 <sup>th</sup> Branch of Poya International Co., Ltd.
January 2011	Completed the design of the 4 <sup>th</sup> generation CIS and established a brand new corporate identity system.
July 2011	Set up the Pa Te Branch at Chieh Shou Road in Pa Te City in Taoyuan County, which was the 60 <sup>th</sup> Branch of Poya International Co., Ltd.
July 2012	Set up the Po Ai Branch at Po Ai Road in Chu Nan Township in Miaoli County, which was the 70 <sup>th</sup> Branch of Poya International Co., Ltd.
August 2013	Set up the Ching Wu East Branch at Ching Wu East Road in Taichung City, which was the 80 <sup>th</sup> Branch of Poya International Co., Ltd.
May 2014	Set up the Chung Cheng Branch at Nan Miao Chung Cheng Road in Miaoli County, which was the 90 <sup>th</sup> Branch of Poya International Co., Ltd.
August 2014	Set up the Jinhua Branch at Jinhua Road in Tainan City, which was the 100 <sup>th</sup> Branch of Poya International Co., Ltd.
January 2015	Set up the Hankou Branch at Hankou Road in Taichung City, which was

	the 110 <sup>th</sup> Branch of Poya International Co., Ltd.
September 2015	Set up the Siangyang Branch at Siangyang Road in Taichung City, which was the 120 <sup>th</sup> Branch of Poya International Co., Ltd.
December 2015	Set up the Farglory Branch at Sec. 1, Sintai 5th Rd. Section I, in New Taipei City, which was the 130 <sup>th</sup> Branch of Poya International Co., Ltd.
June 2016	Set up the Homei Branch at Luho Rd in Changhua County, which was the 140 <sup>th</sup> Branch of Poya International Co., Ltd.
September 2016	Set up the Kunshan Branch at Dawan Road in Tainan City, which was the 150 <sup>th</sup> Branch of Poya International Co., Ltd.
February 2017	Set up the Renwu Bade Branch at Bade Central Road in Kaohsiung City, which was the 160 <sup>th</sup> Branch of Poya International Co., Ltd.
September 2017	Set up the Zhonghe Juguang Branch at Juguang Road in New Taipei City, which was the 170 <sup>th</sup> Branch of Poya International Co., Ltd.
February 2018	Set up the Keelung E-square Branch at Ren 2 <sup>nd</sup> Road in Keelung City, which was the 180 <sup>th</sup> Branch of Poya International Co., Ltd.
September 2018	Set up the Taoyuan Guanyin Branch at Zhongshan Road in Taoyuan City, which was the 190 <sup>th</sup> Branch of Poya International Co., Ltd.
December 2018	Set up the Datong Xizhi Branch at Datong Road in New Taipei City, which was the 200 <sup>th</sup> Branch of Poya International Co., Ltd.
June 2019	Set up the Chiayi Zhongxing Branch at Zhongxing Road, West Dist. in Chiayi City, which was the 210 <sup>th</sup> Branch of Poya International Co., Ltd.
August 2019	Set up the Pingtung Chaozhou Branch at Xinsheng Road, Chaozhou Township in Pingtung County, which was the 1 <sup>st</sup> Branch of Poya Home
November 2019	Set up the Amart Fuxing Branch at Fuxing Road, South Dist. in Taichung City, which was the 220 <sup>th</sup> Branch of Poya International Co., Ltd.
December 2019	Set up the Linkou Wenhua Branch at Sec.1, Wenhua 3 <sup>rd</sup> Road, Linkou Dist. in New Taipei City, which was the 230 <sup>th</sup> Branch of Poya International Co., Ltd.
July 2020	Set up the Chun Ri Branch at Chunri Rd., Taoyuan Dist., Taoyuan City, which was the 240 <sup>th</sup> Branch of Poya International Co., Ltd.
July 2020	Set up the Xitun Fuke Branch at Fuya Rd., Xitun Dist., Taichung City, which was the 10 <sup>th</sup> Branch of Poya Home
September 2020	Set up the Pingtung Neipu Branch at Xueren Rd., Neipu Township, Pingtung County, which was the 250 <sup>th</sup> Branch of Poya International Co., Ltd.
November 2020	Set up the Nanzi Huimin Branch at Huimin Rd., Nanzi Dist., Kaohsiung City, which was the 20 <sup>th</sup> Branch of Poya Home

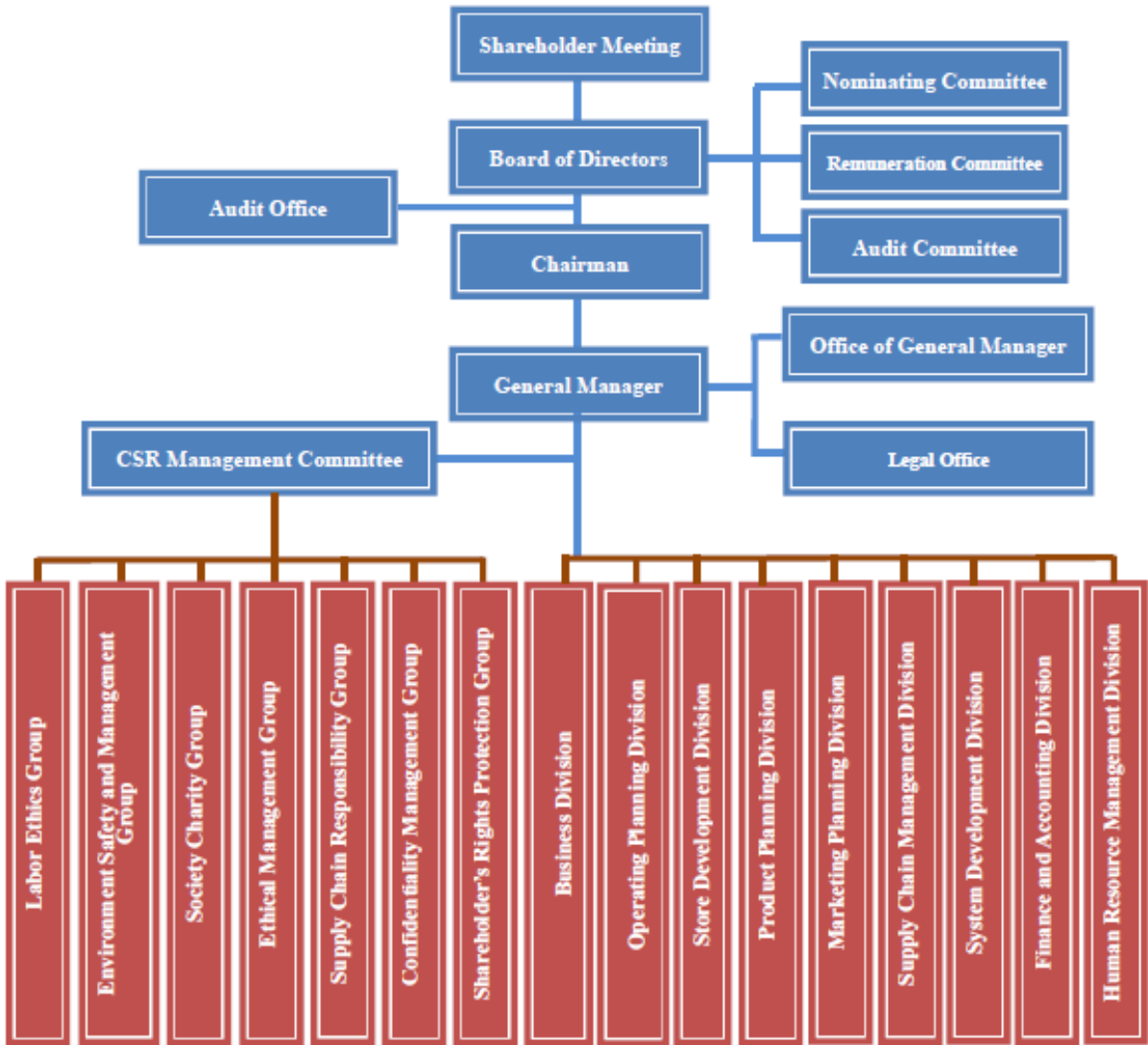
December 2020     Set up the Hsinchu J.Piin Branch at Linsen Rd., East Dist., Hsinchu City,  
which was the 260<sup>th</sup> Branch of Poya International Co., Ltd.

# Corporate Governance

## Corporate Governance

### I. Organizational Structure

#### 1. Organizational Chart of the Company



## 2. Main Duties of Each Division

Division	Main Duties
CSR Management Committee	<ol style="list-style-type: none"> <li>(1) In charge of draw out and coordinate plans and directions of CSR and sustainable development.</li> <li>(2) Compile the CSR report and submit to BOD to review and publish.</li> <li>(3) Execute, implement and follow up the annual goals of each functional group.</li> </ol>
Audit Office	<ol style="list-style-type: none"> <li>(1) Review and evaluate the effectiveness of the internal control system of the Company and provide relevant information for the management in time for the more efficient execution of assigned duties.</li> <li>(2) Formulate and implement the annual audit plan and prepare the audit reports.</li> <li>(3) Keep track of the status of corrective action addressing non-conformities on the basis of the audit findings.</li> </ol>
Office of General Manager	<ol style="list-style-type: none"> <li>(1) Formulate, analyze and implement the business policy of the Company.</li> <li>(2) Give managerial advices to each division of the Company.</li> <li>(3) Overall manage the branch expansion and collect the market information.</li> <li>(4) Overall manage the formulation, evaluation and implementation of each business plan of the Company.</li> <li>(5) Formulate the mid-term and long-term development strategy.</li> <li>(6) Coordinate the execution of each division and arrange all managerial systems.</li> </ol>
Legal Office	<ol style="list-style-type: none"> <li>(1) Manage the insurance of construction and rental contract.</li> <li>(2) Take charge of relative business of legal and the management of both internal and external contracts enacting and verifying. Also, provide the legal consultation, deal with the litigation and ensure that company abides by the domestic and foreign regulations.</li> </ol>
Business Division	<ol style="list-style-type: none"> <li>(1) Achieve annual goals of sales and profits through store operations management.</li> <li>(2) Implement the activities such as business plan, product display plan and promotion.</li> </ol>
Operational Planning Division	<ol style="list-style-type: none"> <li>(1) Direct and cooperate operation with each branch to achieve</li> <li>(2) Formulate the business plan and product display plan for each branch, and supervise the branches to achieve the business goal</li> <li>(3) Implement the promotional activities and keep tract of the results.</li> </ol>
Store Development Division	<ol style="list-style-type: none"> <li>(1) Allocate and assess new branch expansion.</li> <li>(2) Investigate into the selection of branch location and the operation of new branches.</li> <li>(3) Investigate into the market size</li> <li>(4) Design and decorate the branch.</li> <li>(5) Contract out the branch decoration and renovation.</li> </ol>
Product Planning Division	<ol style="list-style-type: none"> <li>(1) Introduce and eliminate products, raise the proposals periodically for promoted products, and explore new product suppliers.</li> <li>(2) Differentiate the products from those of the competitors.</li> <li>(3) Maintain the database of the suppliers.</li> </ol>
Marketing Planning Division	<ol style="list-style-type: none"> <li>(1) Perform the duties relating to service process, sale promotion, customer management and analysis, and other business service matters.</li> </ol>
Supply Chain Management Division	<ol style="list-style-type: none"> <li>(1) Allocate and distribute products properly among the branches in the same region.</li> <li>(2) Process the imported merchandises of each branch nationwide.</li> <li>(3) Provide logistics support to E-commerce activities (B to C).</li> <li>(4) Provide logistics support and product distribution management to the branches by the centralized logistic center (B to B).</li> </ol>
System Development Division	<ol style="list-style-type: none"> <li>(1) Activate system automation and transfer of store operation information.</li> <li>(2) Take charge of information system planning, development and management; allocate and install the computer hardware and software; eliminate the failure.</li> </ol>
Finance and Accounting Division	<ol style="list-style-type: none"> <li>(1) Overall manage the financial affairs and shares registration services of the Company.</li> <li>(2) Mange fund properly and handle the transactions between the Company and banks.</li> <li>(3) Make the short-term, middle-term and long-term plan of fund management.</li> <li>(4) Take charge of all the accounting and tax affairs and plan the budgets.</li> </ol>
Human Resource Management Division	<ol style="list-style-type: none"> <li>(1) Perform the duties relating to the personnel and administration affairs, such as the recruitment, employment and dismissal, education and training, evaluation and attendance management, payroll management of human resources.</li> <li>(2) Conduct the affairs of employee welfare according to the policies of Employee Welfare Committee.</li> <li>(3) Perform the duties relating to the office supplies procurement.</li> </ol>

## II. Information on the directors, supervisors, general manager, vice general manager, assistant vice general manager, heads of divisions and branches:

### 1. Profiles of Directors

#### A. Basic Profiles of Directors

April 24 2021

Title	Nationality or place of incorporation	Name	Gender	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 <sup>nd</sup> tier			Notes
							Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation	
Chairman	Republic of China	Duo Chin Investment Co., Ltd.	Male	2020.06.23	3 yrs	1999.05.10	8,085,981	8.38%	8,169,840	8.36%	0	0%	0	0%	No	No	No	No	No	
	Republic of China	Representative: Chen Jian-Zao		-	-	-	0	0%	20,000	0.02%	175,754	0.18%	0	0%	Pei Men High School; Owner of Chien Chang Herbal Medicine Company	Chairman of Duo Chin Investment Co., Ltd.; Chairman of Chen Ching Investment Co., Ltd.; Chairman of Gao Heng Investment Co., Ltd.; Supervisor of Poya Investment Co., Ltd.	Vice Chairman General Manager Supervisor or of Product Planning Division	Chen Fan Mei-Jin Chen Zong-Cheng Chen Rong-Rong	Spouse Son-in-law Father and daughter	Note
Vice Chairman	Republic of China	Poya Investment Co., Ltd	Female	2020.06.23	3 yrs	1999.05.10	7,924,168	8.21%	8,010,409	8.20%	0	0%	0	0%	No	No	No	No	No	
	Republic of China	Representative: Chen Fan Mei-Jin		-	-	-	174,014	0.18%	175,754	0.18%	20,000	0.02%	0	0%	Kuang Hua Girls High School; Chin Ting Art Gallery, Plant Manager	Chairman of Poya Investment Co., Ltd	Chairman General Manager Supervisor or of Product Planning Division	Chen Jian-Zao Chen Zong-Cheng Chen Rong-Rong	Spouse Son-in-law Mother and daughter	
Director and General Manager	Republic of China	Chen Zong-Cheng	Male	2020.06.23	3 yrs	2003.04.21	6,031,393	6.25%	6,128,023	6.27%	2,438,625	2.50%	0	0%	Information Dept, Feng Chia University; Information Department of Sheng Yu Steel Co., Ltd	General Manager of Poya International Co., Ltd; Chairman of Maersk Investment Co., Ltd.	Chairman Vice Chairman Supervisor or of Product Planning Division	Chen Jian-Zao Chen Fan Mei-Jin Chen Rong-Rong	Father-in-law Mother-in-law Sister-in-law	Note
Director	Republic of China	Chen Ming-Shian	Male	2020.06.23	3 yrs	2003.06.12	0	0%	0	0%	0	0%	0	0%	Honorary Doctorate Degrees of Science, National Kaohsiung University of Applied Science; Executives Program, Graduate School of Business Administration, National Cheng Chi University;	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.;	No	No	No	

Title	Nationality or place of incorporation	Name	Gender	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2 <sup>nd</sup> tier			Notes
							Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation	
															Electronic Engineering, National Kaohsiung University of Applied Science;	Director, Shine Optical HK Limited Director, 3D Global Biotech				
Independent Director	Republic of China	Li Ming Hsien	Male	2020.06.23	3yrs	2020.06.23	0	0%	0	0%	0	0%	0	0%	Masters in Accounting, National Chengchi University; Chief Director, PricewaterhouseCoopers Council Vice Director, PricewaterhouseCoopers	Vice Director, Zhi Cheng Accounting Firm Independent Director, Soft-World International Corporation Independent Director, Brogent Technologies Independent Director, Allring-tech Independent Director, Jinyuan President Securities,	No	No	No	
Independent Director	Republic of China	Liu Zhi-Hong	Male	2020.06.23	3yrs	2003.05.13	0	0%	0	0%	0	0%	0	0%	Masters in Finance, Boston University, U.S. Masters in Accounting, National Taiwan University; Bachelor's Degree in Accounting, National Chengchi University; School of International Liberal Studies, Waseda University, Tokyo, Japan;	Director, Thinflex Corporation Independent director, Symtek Automation Asia Co., Ltd Chairman, Chien Hsing Information Co., Ltd. Chairman, Chien Lian Investment Co., Ltd. Director, Shun Lai Business Consultancy Co., Ltd.	No	No	No	
Independent Director	Republic of China	Wu Lin-I	Male	2020.06.23	3yrs	2020.06.23	0	0%	0	0%	0	0%	0	0%	MBA, Tiffin University; Major in Electrical Engineering Tunghnan University General Manager, Yamay International Development Corp. General Manager, Peng Cheng Construction Corp.	Chairman and General Manager, Li Xin Emporium Co. Ltd. Chairman, Fullon Hotels & Resorts Chairman and General Manager, Yamay International Development Corp. Vice President, Chairman and General Manager Peng Cheng Construction Corp. Chairman, Hi Mall	No	No	No	

Note: The number of independent directors shall be increased and elected at proper timing in accordance with regulations. Also, more than half of directors are not employees or managers concurrently.



B. Profiles of dominant shareholders of institutional shareholders

April 24 2021

Name of institutional shareholders	Dominant shareholders of institutional shareholders (Proportion of shareholding, %)
Duo Chin Investment Co., Ltd.	Chen Rong-Rong (99.9999%), Chen Jian-Zao (0.0001%)
Poya Investment Co., Ltd.	Chen Shan-Shan (99.9999%), Chen Jian-Zao (0.0001%)

C. Professional intelligence and independence of Directors

Qualifications  Name (Note 1)	More than 5 years of experience and the following professional qualifications			Status of independence (Note 2)												Also an Independent Director of other public companies
	A lecturer or higher capacity in a public or private college or university in business, law, finance accounting, or related subjects in corporate management	Judge, prosecutor, lawyer, CPA, or other professional and technical personnel with certification through national examinations with the issuance of license and certificates	Experience in business, law, finance, accounting and other areas of specialization that the Company needs	A	B	C	D	E	F	G	H	I	J	K	L	
Duo Chin Investment Co., Ltd.; Representative: Chen Jian-Zao			✓	✓								✓		✓		-
Poya Investment Co., Ltd. Representative: Chen Fan Mei-Jin			✓	✓								✓		✓		-
Chen Zong-Cheng			✓	✓								✓		✓	✓	-
Chen Ming-Shian			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Li Ming Hsien	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Liu Zhi-Hong		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wu Lin-I			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: More or less columns shall be adjusted on the basis of real number.

Note 2: If any of the following qualifications is applicable to the directors, in the last 2 years before and during their term of office with the Company, put a“✓”in relevant fields:

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or any of its affiliates. (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- Not a spouse, relative within the second degree of kinship, or linear relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or any of the above persons in the preceding subparagraphs 2 and 3.
- Not a director, supervisor, or employee of a institutional shareholder that directly holds more than 5% or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law. (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company. (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO(or equivalent) (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (except as a specific company or institution holding more than 20% but less than 50% of the issued shares of the Company and being as an independent director of its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).

- I. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an audit service or a non-audit service which total compensation within the recent two years exceeds NTD500,000.
- J. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.
- K. Not been a person of any conditions defined in Article 30 of the Company Law.
- L. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2. Profiles of the general manager, vice general manager, assistant vice general manager, heads of each division and branch:

April 24, 2021

Title	Nationality	Name	Date of office	Quantity of shareholding		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of a third party		Education and important experience	Positions in other companies	Manager who is the spouse or kindred within the 2 <sup>nd</sup> tier			Note
				Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation	
General Manager	Republic of China	Chen Zong-Cheng	2000.12.28	6,128,023	6.27%	2,438,625	2.50%	0	0%	Information Dept, Feng Chia University Information Department of Sheng Yu Steel Co., Ltd	Director of Chen Ching Investment Co., Ltd. Chairman of Maersk Investment Co., Ltd. Chairman of Wu Yang Investment Co., Ltd.	Supervisor of Product Planning Division	Chen Rong-Rong	Sister-in-law	Note
Project Director, General Manager's Office	Republic of China	Tsai Ming-Lun	2002.09.02	34,000	0.03%	0	0%	0	0%	Graduate Institute of Industrial Management, National Cheng Kung University	No	No	No	No	
Supervisor, Product Planning Division	Republic of China	Chen Rong-Rong	2000.12.28	708,374	0.73%	0	0%	0	0%	EMBA in Business Administration Dept, Royal Roads University	Supervisor of Duo Chin Investment Co., Ltd. Supervisor of Gao Heng Investment Co., Ltd.	General Manager	Chen Zong-Cheng	Brother-in-law	
Executive Director, Finance and Accounting Division	Republic of China	Shen Hong-Yu	2008.11.01	29,212	0.03%	0	0%	0	0%	Graduate School of Finance and Banking, National Chung Cheng University	No	No	No	No	
Executive Director, Store Development Division	Republic of China	Ren Shi-Liang	2010.03.10	0	0%	0	0%	0	0%	National Chin Yi University of Science and Technology	No	No	No	No	
Executive Director, Business Planning Division	Republic of China	Lin Chun-Wen	2013.12.01	35,796	0.04%	0	0%	0	0%	Provincial Hsin Feng High School	No	No	No	No	
Director, System Development Division	Republic of China	Wu Rai-Chin	2006.02.06	9,259	0.01%	0	0%	0	0%	Dept of Computer Science, Soochow University	No	No	No	No	
Director, Audit Office	Republic of China	Hsiao Li-Yuan	2016.05.01	110,015	0.11%	0	0%	0	0%	Dept of Tourism, Aletheia University	No	No	No	No	

Director, Supply Chain Management Division	Republic of China	Fan Di-Wei	2014.07.01	2,000	0%	0	0%	0	0%	Graduate School of Logistics Management, National Kaohsiung First University of Science and Technology	No	No	No	No	
Executive Manager, Marketing planning Division	Republic of China	Lee Sheng-Yueh	2018.10.08	200	0 %	0	0%	0	0%	Dept of Business Administration, Fu Jen Catholic University	No	No	No	No	
Executive Manager, Legal Office	Republic of China	Wang Shih-Chi	2016.04.01	0	0%	1,000	0%	0	0%	Graduate School of Law, Soochow University	No	No	No	No	
Director, Human Resource Management Division	Republic of China	Cheng Chih-Yuan	2019.02.12	0	0%	0	0%	0	0%	Graduate School of Business Administration, National Taipei University	No	No	No	No	

Note: The number of independent directors shall be increased and elected at proper timing in accordance with regulations. Also, more than half of directors are not employees or managers concurrently.

### 3. Remunerations to the directors, supervisors, general manager and the vice general manager in the previous fiscal year

#### A. Remunerations to the directors

December 31 2020; currency unit: NT\$1, 000

Title	Name	Remunerations to directors								A+B+C+D in proportion to corporate earnings (Note 11)		Remunerations to employees performing routine duties								A+B+C+D+E+F+G in proportion to corporate earnings		Any remuneration from investees beyond subsidiaries
		Remuneration (A)		Pension (B)		Directors Remuneration (C)		Business subsidy (D)				Salaries, bonus, and special subsidy (E)		Pension (F)		Employee Remuneration (G)						
		Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		Poya International	All companies in the consolidated financial statement	
																Cash dividend	Stock dividend	Cash dividend	Stock dividend			
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	3,263	3,263	0	0	960	960	0	0	0.20%	0.20%	0	0	0	0	0	0	0	0	0.20%	0.20%	0
Vice Chairman	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	2,613	2,613	0	0	960	960	0	0	0.17%	0.17%	0	0	0	0	0	0	0	0	0.17%	0.17%	0
Director	Chen Zong-Che	0	0	0	0	960	960	0	0	0.05%	0.05%	4,511	4,511	0	0	4,510	0	4,510	0	0.47%	0.47%	0

Director	Chen Ming-Shian	0	0	0	0	600	600	65	65	0.03%	0.03%	0	0	0	0	0	0	0	0	0.03%	0.03%	0
Independent Director	Lin Tsai-Yuan (Note 4)	0	0	0	0	300	300	30	30	0.02%	0.02%	0	0	0	0	0	0	0	0	0.03%	0.03%	0
Independent Director	Zhong Jun-Rong (Note 4)	0	0	0	0	300	300	9	9	0.01%	0.01%	0	0	0	0	0	0	0	0	0.03%	0.03%	0
Independent Director	Liu Zhi-Hong	0	0	0	0	600	600	39	39	0.03%	0.03%	0	0	0	0	0	0	0	0	0.03%	0.03%	0
Independent Director	Li Ming-Hsien (Note 4)	0	0	0	0	300	300	35	35	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	0
Independent Director	Wu Lin-I (Note 4)	0	0	0	0	300	300	28	28	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	0
Except as provided in the disclosure of information section above, the directors' remunerations from providing services for the companies which disclosed in the financial statements (such as being consultants etc.): N/A																						

Note 1: The distribution of 2020 employees' and directors' remuneration was passed by the Board of Directors on 2021.02.22.

Note 2: The distribution of 2019 employees' remuneration was passed by the Board of Directors on 2020.02.17, and it shall be distributed in cash..

Note 3: Corporate earnings in FY2020 amounted to NT\$2,110,123 thousands.

Note 4: Independent Directors Lin Tsai Yuan and Zhong Jun Rong were discharged on 2020.06.22. Independent Directors Li Ming-Hsien and Wu Lin-I were assumed office on 2020.06.23.

### Remuneration Brackets

Brackets of remunerations to the directors of Poya International	Name of directors			
	A+B+C+D		(A+B+C+D+E+F+G)	
	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement
Less than NT\$1,000,000	Lin Tsai-Yuan, Chen Zong-Cheng, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong, Li Ming-Hsien Wu Lin-I	Lin Tsai-Yuan, Chen Zong-Cheng, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong, Li Ming-Hsien Wu Lin-I	Lin Tsai-Yuan, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong, Li Ming-Hsien Wu Lin-I	Lin Tsai-Yuan, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong, Li Ming-Hsien Wu Lin-I
NT\$ 1,000,000~NT\$ 2,000,000 (exclusive)	0	0	0	0
NT\$2,000,000~NT\$3,500,000 (exclusive)	0	0	0	0
NT\$3,500,000~NT\$5,000,000 (exclusive)	Chen Jian-Zao, Chen Fan Mei-Jin	Chen Jian-Zao, Chen Fan Mei-Jin	Chen Jian-Zao, Chen Fan Mei-Jin	Chen Jian-Zao, Chen Fan Mei-Jin
NT\$5,000,000~NT\$10,000,000 (exclusive)	0	0	Chen Zong-Cheng	Chen Zong-Cheng
NT\$10,000,000~NT\$15,000,000 (exclusive)	0	0	0	0
NT\$15,000,000~NT\$30,000,000 (exclusive)	0	0	0	0

NT\$30,000,000~NT\$50,000,000 (exclusive)	0	0	0	0
NT\$50,000,000~NT\$100,000,000 (exclusive)	0	0	0	0
More than NT\$100,000,000	0	0	0	0
Total	9	9	9	9

- B. Remunerations to supervisors: Not appliance. (In order to intensify corporate governance, three Independent Directors were elected at Shareholder's Meeting on June 10, 2014. Besides, Poya International established the Audit Committee instead of supervisors according to Securities and Exchange Act.)

### C. Remunerations to the general manager

December 31 2020; currency unit: NT\$1,000

December 31, 2020; currency unit: RMB1, 000														
Title	Name	Salary (A)		Pension (B)		Bonus and subsidy ( C )		Employee remunerations (D)				A+B+ C+ D in proportion to corporate earnings (%)		Any remuneration from investees beyond subsidiaries
		Poya International	All companies in the consolidated statement	Poya International	All companies in the consolidated statement	Poya International	All companies in the consolidated statement (Note 6)	The Company		All companies in the consolidated financial statement		Poya International	All companies in the consolidated statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
General Manager	Chen Zong-Cheng	4,511	4,511	0	0	0	0	4,510	0	4,510	0	0.43%	0.43%	0

Note 1: The distribution of 2020 employees' and directors' remuneration was passed by the Board of Director on 2021.02.22.

Note 2: The distribution of 2019 employees' remuneration was passed by the Board of Director on 2020.02.17, and it shall be distributed in cash.

Note 3: There is no vice general manager in Poya International and only the remuneration to general manager is disclosed.

Note 4: Corporate earnings in FY2020 amounted to NT\$2,110,123 thousands.

### Remuneration Brackets

Brackets of remunerations to the general manager and vice general managers of Poya International	Names of the general manager and the vice general manager	
	Poya International	All companies in the consolidated statement
Less than NT\$1,000,000	0	0
NT\$ 1,000,000~NT\$ 2,000,000 (exclusive)	0	0
NT\$2,000,000~NT\$3,500,000 (exclusive)	0	0
NT\$3,500,000~NT\$5,000,000 (exclusive)	0	0
NT\$5,000,000~NT\$10,000,000 (exclusive)	Chen Zong-Cheng	Chen Zong-Cheng
NT\$10,000,000~NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000~NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000~NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000~NT\$100,000,000 (exclusive)	0	0
More than NT\$100,000,000	0	0
Total	1	1

### D. Names of managers entitled to employee remuneration and the status of distribution:

December 31 2020; currency unit: NT\$1,000

	Title	Name	Amount of stock	Amount of cash (Note 2)	Total	Proportion to corporate earnings (%)
Managers	General Manager	Chen Zong-Cheng	11,817	0	11,817	0.56%
	Executive Director, Finance and Accounting Division	Shen Hong-Yu				
	Executive Director, Business Planning Division	Lin Chun-Wen				
	Project Director, General Manager's Office	Tsai Ming-Lun				
	Executive Director, Store Development Division	Ren Shi-Liang				

Note 1: The distribution of 2020 employees' and directors' remuneration was passed by the Board of Director on 2021.02.22.

Note 2: The employee remuneration was calculated based on the actual amount which distributed last year.

Note 3: Corporate earnings in FY2020 amounted to NT\$2,110,123 thousands.

- E. The analysis of the remunerations to the directors, supervisors, general manager, vice general manager paid by Poya International and all other companies in the consolidated financial statement in late two years in proportion to corporate earnings, and the association between the policy, standard, combinations and procedure of remunerations and the operating performance and the future risks are as follows:

December 31 2020; currency unit: NT\$1, 000

Title	FY 2018				FY 2019			
	Total remunerations		Proportion to corporate earnings (%)		Total remunerations		Proportion to corporate earnings (%)	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement
Directors (including Independent Directors)	10,368	10,368	0.55%	0.55%	10,402	10,402	0.49%	0.49%
Supervisors (Note)	0	0	0%	0%	0	0	0%	0%
General manager (also director)	9,813	9,813	0.52%	0.52%	9,981	9,981	0.47%	0.47%
Total	20,181	20,181	1.07%	1.07%	20,383	20,383	0.97%	0.97%

Note: Since Poya International has established Audit Committee on June 10, 2014, there is no remuneration to supervisors paid by Poya International in FY2019 and FY2020.

The remunerations to the directors of Poya International are stated in the Articles of Incorporation with reference to industry standards and the resolution at the Shareholders Meeting. Poya International introduced external directors in supporting the advocacy of corporate governance by the government. Except remunerations to the directors and employees, the bonus distributed to the general manager and the head of each division are also determined and adjusted based on the operating performance of Poya International.

#### 4. Corporate governance in action

##### A. The Board of Directors in session:

### **Information on the Board of Directors in session**

In the most recent fiscal period, The Board of Directors held 13 sessions (A). At least one Independent Director attended in person at each Board of Directors. The attendances by the directors are shown in the table below:

Title	Name	Frequency of attendance (sitting in as observers) (B)	Attended by proxy	Attendance rate (%) 【B/A】 (Note)	Remarks
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	13	0	100%	
Director	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	13	0	100%	
Director	Chen Zong-Cheng	13	0	100%	
Director	Chen Ming-Shian	13	0	100%	
Independent Director	Liu Zhi-Hong	11	2	85%	
Independent Director	Lin Tsai-Yuan	6	0	100%	Discharged on 2020.06.22
Independent Director	Zhong Jun-Rong	3	3	50%	Discharged on 2020.06.22
Independent Director	Li Ming Xian	7	0	100%	Assumed office on 2020.06.23
Independent Director	Wu Lin Yi	6	1	86%	Assumed office on 2020.06.23

Other important notice:7

(1) The enforcement of Board of Directors in any following circumstances shall be covered the meeting date, period, the content of proposal, the opinions from all the independent directors and the handling from company.



A. The matters mentioned in Provisions of Article 14-III of the Securities and Exchange Act: The Company has set up the audit committee, therefore, the Provisions of Article 14-III of the Securities and Exchange Act is not available.	
B. Except any of the above matters, other proposals on record which are made either opposite or reserve objections by independent directors: None.	
(2) The enforcement of avoiding the interested-director from making a decision of the interest-relative-proposal: directors acted to avoid possible influence on the result of decisions taken on motions with conflicts of interest to Poya International. The chart as provided below is the implementation for reference.	
(3) Evaluation of the Board of Directors and the accomplishments:	
Evaluation Cycle	Once a year
Evaluation Period	January 1, 2020 to December 31, 2020
Evaluation Scope	Performance evaluations of the Board of Directors, individual directors and functional committee
Evaluation Method	Internal self-evaluations of the Board of Directors, self-assessments of directors and peer evaluations.
Evaluation Content	Content according to evaluation scope at least includes: A. Performance evaluations of the Board of Directors at least include participation toward the Company's operations, decision quality of the Board of Directors, composition and structure of the Board of Directors, elections and further education of directors and internal control. B. Performance evaluations of individual directors at least include control of the Company's target and mission, awareness of directors' duty, participation toward the Company's operations, connection and communication of internal relationship, directors' profession and further education and internal control. C. Performance evaluations of functional committee include participation of the Company's operations, awareness of the duty of functional committee, decision quality of functional committee, composition and elections of members of functional committee and internal control.
(4) During this and recent fiscal years, Poya International has worked to strengthen the function of the Board (e.g., establishing the Audit Committee and enhancing information transparency) and evaluate the implementation of such measures:	
A. Poya International should submit proposals to the audit committee for consent before submitting to the Board of Directors according to the "Company Act" and "Securities and Exchange Act". After the consent from the audit committee, proposals are sent to the Board of Directors for resolution and execution.	
B. Poya International has amended articles of "Ethical Corporate Management Best Practice Principles", "Rules of Procedure for Shareholders Meetings", "Corporate Social Responsibility Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Regulations Governing Procedure for Board of Directors Meetings", "Audit Committee Charter", "Remuneration Committee Charter", "Charter of Nominating Committee" and "Corporate Governance Best Practice Principles" according to competent authorities	
C. Poya International has amended the part of articles of "Rules of evaluation of Board of Directors Meetings" in 2019 to implement company's governance, improve function of the Board of Directors, set up objectives with enhancement of efficiency for Board of Directors.	
D. Poya International has amended the part of articles of "Rules and Procedures of Board of Directors Meetings" and "Audit Committee Charter" in 2018 to let Board of Directors runs more efficiently.	
E. Poya International has formulated the Procedures for Election of Directors in 2016 to complete corporate management and implement the company autonomy pragmatically.	
F. Poya International has formulated the measures of performance assessment of the Board of Directors in 2015 to implement the execution of corporate governance and promote the function of the Board of Directors.	
G. Poya International established the Audit Committee and the Nominating Committee in 2014 to fortify the execution of corporate governance and the mechanism of management	
H. The minutes of Board session on record and the relative corporate governance regulations were uploaded to the special web pages designed for investors for the purpose to fortify the information disclosure of the Board of Directors.	

Note: Attendance rate (%) is calculated based on the number of meetings called and the attendance of the directors (sitting in as observers) during their term of office.

The enforcement of avoiding the interested-director from making a decision of the interest-relative-proposal:

Date	The Content of Proposal	Interested-Directors, the Reasons for Interest Avoidance and the Participation in Voting
2020.01.20	The proposal of the year-end bonus for the managers in FY2019	<ol style="list-style-type: none"> <li>1. Chen Zong-Cheng, Director and General Manager, Shen Hong-Yu, Director of Finance and Accounting Division, Chen Jian-Zao, Chairman, Chen Fan Mei-Jin, Vice Chairman did not participate in discussion and voting due to conflicts of interests as the motion was the resolution of remunerations to themselves or within the second degree of kinship. As such, they assigned director, Lin Tsai-Yuan as acting moderator.</li> <li>2. The motion was passed without objection by all the members of Remuneration Committee.</li> <li>3. Except the directors who did not participated in discussion according to the “Act on Recusal of Related Person due to Conflicts of Interest”, others did not make any objection to the proposal. The proposal was approved as proposed.</li> </ol>
	The proposal of the year-end bonus for the chairman and the vice chairman in FY2019	<ol style="list-style-type: none"> <li>1. Chen Jian-Zao, Chairman, Chen Fan Mei Jin, Vice-Chairman and Chen Zong-Cheng, Director and General Manager did not participate in discussion and voting due to conflicts of interests as the motion was the resolution of remunerations to themselves or within the second degree of kinship. As such, they assigned director, Lin Tsai-Yuan as acting moderator.</li> <li>2. The motion was passed without objection by all the members of Remuneration Committee.</li> <li>3. Except the directors who did not participated in discussion according to the “Act on Recusal of Related Person due to Conflicts of Interest”, others did not make any objection to the proposal. The proposal was approved as proposed.</li> </ol>
2020.03.23	The motion of salary adjustment to managers in FY2020	<ol style="list-style-type: none"> <li>1. Shen Hong-Yu, Director of Finance and Accounting Division, did not participate in discussion and voting due to conflicts of interests as the motion was the resolution of remunerations to themselves or within the second degree of kinship.</li> <li>2. The motion was passed without objection by all the members of Remuneration Committee.</li> <li>3. Except the directors who did not participated in discussion according to the “Act on Recusal of Related Person due to Conflicts of Interest”, others did not make any objection to the proposal. The proposal was approved as proposed.</li> </ol>
2020.05.11	The proposal of individual remunerations of directors in FY2019	<ol style="list-style-type: none"> <li>1. The related Directors did not participated in discussion and voting according to the “Act on Recusal of Related Person due to Conflicts of Interest”. One Director should be appointed as acting moderator when the President did not participated in discussion.</li> <li>2. The motion was passed without objection by all the members of Remuneration Committee.</li> <li>3. Except the directors who did not participated in discussion according to the “Act on Recusal of Related Person due to Conflicts of Interest”, others did not make any objection to the proposal. The proposal was approved as proposed.</li> </ol>
	The motion of distributing remunerations to managers in FY2019	<ol style="list-style-type: none"> <li>1. Chen Zong-Cheng, Director and General Manager, Shen Hong-Yu, Director of Finance and Accounting Division, Chen Jian-Zao, Chairman, Chen Fan Mei-Jin, Vice Chairman did not participate in discussion and voting due to conflicts of interests as the motion was the resolution of remunerations to themselves or within the second degree of kinship. As such, they assigned director, Lin Tsai-Yuan as acting moderator.</li> <li>2. The motion was passed without objection by all the members of Remuneration Committee.</li> <li>3. Except the directors who did not participated in discussion according to the “Act on Recusal of Related Person due to Conflicts of Interest”, others did not make any objection to the proposal. The proposal was approved as proposed.</li> </ol>

- B. The operations of the Audit Committee or the participation of the supervisors in the Board of Directors:

### **The operations of the Audit Committee**

The Independent Directors were elected at the Shareholding Meeting on June 10, 2014. Besides, Poya International established the Audit Committee instead of supervisor according to Securities and Exchange Act.

In the most recent fiscal year, the Audit Committee held 7 sessions (A) and the attendances in meeting as observers by the Independent Directors are shown in the table below:

Title	Name	Frequency of attendance in meeting as observers (B)	Attended by proxy	Rate of attendance in meeting as observers (%) (B/A) (Note)	Remarks
Independent Director	Liu Zhi-Hong	6	1	86%	
Independent Director	Lin Tsai-Yuan	4	0	100%	Discharged on 2020.06.22
Independent Director	Zhong Jun-Rong	2	2	50%	Discharged on 2020.06.22
Independent Director	Li Ming Xian	3	0	100%	Assumed office on 2020.06.23
Independent Director	Wu Lin Yi	2	1	67%	Assumed office on 2020.06.23

Note: Actual rate of attendance is based on the meetings frequency of BOD in their tenure and actual attendance in meetings as observers

Other important notice:

- A. The operations of audit committee in any following circumstances shall be covered the date of meeting, period, the content of proposal, the resolutions and the handling of company.

(A) Provisions of Article 14-V of the Securities and Exchange Act.

Date of meeting	Resolutions	The results of the resolutions of the Audit Committee and the reactions of the Company
2020.02.17 (The 29 <sup>th</sup> Board Session in 7 <sup>th</sup> term)	1. Passed 2019 Business Report, Financial Statements and profit distribution. 2. Passed the proposal of "Declaration of Internal Control in FY 2019". 3. Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant.	Passed by all attended members
2020.03.23 (The 30 <sup>th</sup> Board Session in 7 <sup>th</sup> term)	1. Passed the motion of the amendments to part of the provisions of "Article of the Corporation". 2. Passed the motion of amendments to part of the provisions of "Ethical Corporate Management Best Practice Principles". 3. Passed the motion of amendments to the provisions of "Rules of Procedure for Shareholders Meetings".	
2020.04.13 (The 31 <sup>th</sup> Board Session in 7 <sup>th</sup> term)	1. Passed the motion of acquisition of right-to-use assets of the Company.	
2020.04.27 (The 32 <sup>th</sup> Board Session in 7 <sup>th</sup> term)	1. Passed the Q1 2020 Business Report and Financial Statements. 2. Passed the motion of amendments to the provisions of Proposal for Distribution of 2019 Profits	
2020.6.23 (The 1 <sup>st</sup> Board Session in 8 <sup>th</sup> term)	1. Passed the motion of election of the Audit Committee convener in 3rd term	
2020.07.27 (The 2nd Board Session in 8th term)	1. Passed the Q2 2020 Business Report and Financial Statements. 2. Passed the motion of the amendments to the internal audit system of the company	
2020.10.26 (The 5 <sup>th</sup> Board Session in 8 <sup>th</sup> term)	1. Passed the Q3 2020 Business Report and Financial Statements. 2. Passed the motion of amendments to part of the provisions as follows.	

	<p>“Corporate Social Responsibility Best Practice Principles”</p> <p>“Procedures for Ethical Management and Guidelines for Conduct”</p> <p>“Regulations Governing Procedure for Board of Directors Meetings”</p> <p>“Audit Committee Charter”</p> <p>“Remuneration Committee Charter”</p> <p>“Charter of Nominating Committee”</p>	
<p>(B) Except any of the above matters, other proposals on record which is made either opposite or reserve objections by independent directors : None.</p> <p>B. The enforcement of avoiding the interested-independent director from making a decision of the interest-relative-proposal, in which the Company shall state the name of such Independent Director, the content of the proposal, the reasons for interest avoidance and the participation in voting: Not applicable.</p> <p>C. The communication between the Independent Directors and the internal audit manager, or the Independent Directors and the accountants (such as communication on the matters, methods and results with respect to the corporate finance or business operations):</p> <p>(A) The internal audit manager reports the audit results to the Independent Directors in the Audit Committee meeting periodically. The communication between the Independent Directors and the internal audit manager is fine. The detail is as followed:</p> <ol style="list-style-type: none"> <li>1. The audit plan for next year shall be reviewed by audit committee then submit to Board of Directors at the end of every fiscal year.</li> <li>2. Report the implementation to audit committee every quarter.</li> <li>3. The internal audit report shall be delivered and checked by the audit committee (independent directors) within a month from the final examine date.</li> <li>4. To improve the items which made a checking suggestion or deficiency by competent authority, audit committee or any internal division and the items listed in the statement of internal control. Keep tracking and reviewing, and make an paper report of improving implementation to auditing committee.</li> <li>5. The effectivity of internal control and the statement of internal control shall be audited by audit committee.</li> </ol> <p>(B) The CPAs report the review results of the current financial statements to the Committee members in the Audit Committee meeting quarterly. The communication between the Independent Directors and the CPAs is fine.</p> <p>(C) The Independent Directors and audit manager shall be attended to the Board of Directors, and the audit manager report the internal audit results at each meeting.</p> <p>D. The main works and implementation of the auditing committee:</p> <ol style="list-style-type: none"> <li>1. Main supervision for the operation of audit committee: <ol style="list-style-type: none"> <li>(1) Whether the financial statement present fairly in all material aspects.</li> <li>(2) The independence and the appointment of the certified public accountant</li> <li>(3) The effective implementation of internal control</li> <li>(4) The related regulations and rules which the company shall follow</li> <li>(5) The existed and potential risk control</li> </ol> </li> <li>2. The exercise of power for audit committee covered : <ol style="list-style-type: none"> <li>(1) Adoption or amendment of an internal control system pursuant to Article 14-1</li> <li>(2) The assessment of the effectivity of internal control system</li> <li>(3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.</li> <li>(4) A matter bearing on the personal interest of a director</li> <li>(5) A material asset or derivatives transaction.</li> <li>(6) A material monetary loan, endorsement, or provision of guarantee.</li> <li>(7) The offering, issuance, or private placement of any equity-type securities.</li> <li>(8) The hiring or dismissal of an attesting CPA, or the compensation given thereto</li> <li>(9) The appointment or discharge of a financial, accounting, or internal auditing officer</li> <li>(10) The annual financial report and semi-annual financial report</li> <li>(11) Any other material matter required by the Company or the Competent Authority</li> </ol> </li> <li>3. The implementation of audit committee in 2020</li> </ol>		
Date of meeting	Resolutions	
2020.02.17	<ol style="list-style-type: none"> <li>1. Passed 2019 Business Report, Financial Statements and profit distribution.</li> <li>2. Passed the proposal of” Declaration of Internal Control in FY 2019”.</li> <li>3. Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant.</li> </ol>	
2020.03.23	<ol style="list-style-type: none"> <li>1. Passed the motion of the amendments to part of the provisions of “Article of the Corporation”.</li> <li>2. Passed the motion of amendments to part of the provisions of “Ethical Corporate Management Best Practice Principles”.</li> <li>3. Passed the motion of amendments to the provisions of “Rules of Procedure for Shareholders Meetings”.</li> </ol>	
2020.04.13	<ol style="list-style-type: none"> <li>1. Passed the motion of acquisition of right-to-use assets of the Company.</li> </ol>	
2020.04.27	<ol style="list-style-type: none"> <li>1. Passed the Q1 2020 Business Report and Financial Statements.</li> <li>2. Passed the motion of amendments to the provisions of Proposal for Distribution of 2019 Profits</li> </ol>	
2020.6.23	<ol style="list-style-type: none"> <li>1. Passed the motion of election of the Audit Committee convener in 3rd term</li> </ol>	
2020.07.27	<ol style="list-style-type: none"> <li>1. Passed the Q2 2020 Business Report and Financial Statements.</li> <li>2. Passed the motion of the amendments to the internal audit system of the company</li> </ol>	
2020.10.26	<ol style="list-style-type: none"> <li>1. Passed the Q3 2020 Business Report and Financial Statements.</li> </ol>	

	2. Passed the motion of amendments to part of the provisions as follows. “Corporate Social Responsibility Best Practice Principles” “Procedures for Ethical Management and Guidelines for Conduct” “Regulations Governing Procedure for Board of Directors Meetings” “Audit Committee Charter” “Remuneration Committee Charter” “Charter of Nominating Committee”	
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### **The operations of Nominating Committee**

The nominating committee of the Company consists of 5 directors including 3 independent directors. The purpose of nominating committee is to strengthen function of BOD of the Company and management mechanism.

In the most recent fiscal year, the Nominating Committee held 2 session (A) and the attendances in meeting as observers by Directors are shown in the table below:

Title	Name	Frequency of attendance in meeting as observers (B)	Attended by proxy	Rate of attendance in meeting as observers (%) ( B / A ) (Note)	Remarks
Director	Chen Zong-Cheng	2	0	100%	-
Director	Chen Ming-Shian	2	0	100%	
Independent Director	Lin Tsai-Yuan	2	0	100%	Discharged on 2020.06.22
Independent Director	Zhong Jun-Rong	1	1	50%	Discharged on 2020.06.22
Independent Director	Liu Zhi-Hong	2	0	100%	

Note:

1. Actual rate of attendance is based on the meetings frequency of BOD in their tenure and actual attendance in meetings as observers

2. Independent Directors Li Ming-Hsien and Wu Lin-I were assumed office on 2020.06.23.

There are no conferences held by the nominating committee in 3<sup>rd</sup> term, 2020

Other important notice:

1. The implementation of audit committee in 2020

Date of meeting	Resolutions
2020.01.20	1. The proposal of qualification of each convener and member of the committee of the Company in 2019. 2. The assessment of performance of the Board of Directors of the Company in 2019.
2020.05.11	1. Examine the proposal of the director nominated from the company's shareholders who are above 1%

2. The enforcement of avoiding the interested-independent director from making a decision of the interest-relative-proposal, in which the Company shall state the name of such Independent Director, the content of the proposal, the reasons for interest avoidance and the participation in voting :

Date of meeting	Resolutions	Interested-Directors, the Reasons for Interest Avoidance and the Participation in Voting
2020.01.20	The proposal of qualification of each convener and members of the committee of the Company in 2019.	1. The related Directors did not participated in discussion and voting according to the "Act on Recusal of Related Person due to Conflicts of Interest". One Director should be appointed as acting moderator when the President did not participated in discussion. 2. Except for directors who did not participate in discussion according to the "Act on Recusal of Related Person due to Conflicts of Interest", other members should review qualification of each convener and members of the committee and stated that if there is need to replace any members. The proposal was presented to the BOD.

3. The Company voluntarily established nominating committee in 2014 and set up organization rules of nominating committee according to Act 27 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". The organization rule of nominating committee of the Company states clearly that members of the Committee authorized by the BOD shall implement the following duties based on good manager's duty of care and submits all the proposals to the Board of Director.

(1) Seeking, reviewing, and nominating candidates for directors.

(2) Establishing and developing organization structure of BOD and each committee, assessing performance of BOD, each committee, and each director, and assessing the independence of independent directors.

(3) Formulating and periodically reviewing directors' further study plan.

C. The discrepancy between the executions of Corporate Governance of Poya International and the “Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies”, and the reasons for the discrepancy:

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
1. If Poya International enacts and discloses the Corporate Governance Best Practice Principles according to “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”?	✓		<ul style="list-style-type: none"> <li>● The enactment of Corporate Governance Best Practice Principles has been approved by the Board of Directors on October 27, 2014 with the amendment being approved by Board of Director on April 27, 2015. The Principles have been disclosed on the special web pages designed for investors (www.poya.com.tw) and on MOPS.</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.</li> </ul>
2. Equity structure and shareholders’ equity A. If Poya International enacts the internal operating procedure for responding to the recommendations, doubts, disputes and lawsuits of the shareholders and executes thoroughly according to such procedure?	✓		<ul style="list-style-type: none"> <li>● Poya International appointed a share registration agent to handle related business and also arranged a company spokesman for responding to the recommendations and disputes of the shareholders. Additionally, Poya International enacted the Corporate Governance Best Practice Principles to protect the shareholders’ equity and executed thoroughly according to relative rules and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.</li> </ul>
B. If Poya International keeps proper control over the list of dominant shareholders and the ultimate shareholders of these dominant shareholders who hold real control of Poya International?	✓		<ul style="list-style-type: none"> <li>● With the support of the share registration agent, Poya International can properly control and understand the composition of dominant shareholders and can declare the status of shareholdings of the directors, and managers at regular intervals.</li> <li>● As Poya International is closely affiliated with its dominant shareholders except for the natural persons, Poya International shall properly keep the list of ultimate shareholders of the dominant shareholders under control. Poya International can obtain such the list of ultimate shareholders at any time from the dominant shareholders, when necessary.</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.</li> </ul>

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
C. If Poya International establishes and executes the risk control mechanism and firewall between the Company and its subsidiaries and affiliates?	✓		<ul style="list-style-type: none"> <li>● Currently, Poya International has no affiliated enterprises regulated by the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies”.</li> </ul>
D. If Poya International establishes the internal rules and regulations to prohibit any personnel of the Company from trading the securities by utilizing private corporate information?	✓		<ul style="list-style-type: none"> <li>● Poya International has enacted the Operational Procedures for Preventing Insider Trading and Handling Material Inside Information, Corporate Governance Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct to prohibit any personnel of the Company from trading the securities by utilizing private corporate information.</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies”.</li> </ul>
3. The organization and functions of the Board of Directors A. If the Board of Directors enacts the policies of maintaining the variety of the member composition and executes thoroughly?	✓		<ul style="list-style-type: none"> <li>● Poya International has enacted the Corporate Governance Best Practice Principles to fortify the Board structure and has executed thoroughly the policies of maintaining the variety of the Board composition. The nomination and election process of BOD members are governed by the “Act of Incorporation” with the candidate nomination system. Except evaluating each candidate’s education and important experiences, the process shall be conducted in accordance with the “Procedures for Election of Director”.</li> <li>● The diversified personal expertise of BOD members were declared to the special web pages designed for investors.</li> </ul> <p>The diversified personal expertise of BOD members:</p>	<ul style="list-style-type: none"> <li>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies”.</li> </ul>



Item	State of Operation										Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons																																																																																
	Yes	No	Summary																																																																																								
			<table><tr><th>Name</th><th>Gender</th><th>Operation &amp; Determination</th><th>Finance &amp; Accounting</th><th>Operation &amp; Management</th><th>Crisis Management</th><th>Industry knowledge</th><th>Global vision</th><th>Leadership</th><th>Decision Making</th></tr><tr><td>Chen Jui-Zao</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chen Fan-Mei-Jin</td><td>Female</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chen Zong-Chang</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chen Ming-Shian</td><td>Male</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Lin Tsai-Yuan</td><td>Male</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Liu Zhi-Hong</td><td>Male</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Zhong Jun-Rong</td><td>Male</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr></table> <p>● There are 7 directors in the Company including 4 directors and 3 independent directors. Each of them is experienced with profession in finance, business and management fields. One of the directors is female (the ratio of female directors is 14%); 2 are above 70, 5 in their fifties to seventies. The ratio of directors who involved the business operation is 14%, and the ratio of independence directors is 43%. The Company cares about the gender equality of the director composition. The target for the ratio of female directors is above 20%, and the Company will add more seats for female directors to reach the target in the future.</p>								Name	Gender	Operation & Determination	Finance & Accounting	Operation & Management	Crisis Management	Industry knowledge	Global vision	Leadership	Decision Making	Chen Jui-Zao	Male	V		V	V	V	V	V	V	Chen Fan-Mei-Jin	Female	V		V	V	V	V	V	V	Chen Zong-Chang	Male	V		V	V	V	V	V	V	Chen Ming-Shian	Male			V	V	V	V	V	V	Lin Tsai-Yuan	Male		V		V	V	V	V	V	Liu Zhi-Hong	Male		V	V	V	V	V	V	V	Zhong Jun-Rong	Male			V	V	V	V	V	V	
Name	Gender	Operation & Determination	Finance & Accounting	Operation & Management	Crisis Management	Industry knowledge	Global vision	Leadership	Decision Making																																																																																		
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Chen Zong-Chang	Male	V		V	V	V	V	V	V																																																																																		
Chen Ming-Shian	Male			V	V	V	V	V	V																																																																																		
Lin Tsai-Yuan	Male		V		V	V	V	V	V																																																																																		
Liu Zhi-Hong	Male		V	V	V	V	V	V	V																																																																																		
Zhong Jun-Rong	Male			V	V	V	V	V	V																																																																																		
B. Except the Remuneration Committee and Audit Committee, if Poya International establishes other functional committee voluntarily?	✓		<p>● Poya International has established the Remuneration Committee according to relative rules in 2011 to fortify the corporate governance. In 2014, Poya International set up the Audit Committee and Nominating Committee voluntarily. In the most recent fiscal period, the Committees operate well and the operation state of each Committee is as followed: the Remuneration Committee has held 6 sessions; the Audit Committee has held 7 sessions; Nominating Committee has held 2 sessions.</p>								●Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.																																																																																
C. If Poya International stipulates measures and means of performance assessment of the Board of Directors , makes the performance assessment	✓		<p>● Poya International has stipulated the measures of performance assessments of the Board of Directors and has made the performance</p>								●Compliant with the requirements of “Corporate																																																																																

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
annually and at regular intervals, report the results to the Board of Directors and apply the results as reference for remunerations and reappointment of directors?			<p>assessments according to relative rules and regulations. Directors conduct the assessments by themselves and peers evaluations at the end of the first quarter of the next year. The Finance and Accounting Division is responsible for the assessments, and the implementation is by internal questionnaire. The questionnaire and its results are disclosed on specific web page designed for investors and will be reported to Board of Directors. The members shall provide the improvement suggestions at the meeting.</p> <ul style="list-style-type: none"> <li>● The evaluations for the overall Board of Directors are as followed: <ol style="list-style-type: none"> <li>(1) The degree of participation in corporate operations.</li> <li>(2) The promotion of decision quality at the Board of Directors.</li> <li>(3) The composition and structure of the Board of Directors.</li> <li>(4) The election of Directors and further studies.</li> <li>(5) Internal control.</li> </ol> </li> <li>● The performance evaluations for Board members are as followed: <ol style="list-style-type: none"> <li>(1) The degree of knowledge over corporate target and mission.</li> <li>(2) Acknowledgement of the Directors' duties.</li> <li>(3) The degree of participation in corporate operations.</li> <li>(4) The build up of the internal relationship and conversations.</li> <li>(5) The Directors' profession and further studies.</li> <li>(6) Internal control.</li> </ol> </li> <li>● The performance evaluations for functional committee are as followed: <ol style="list-style-type: none"> <li>(1) The degree of participation in corporate operation.</li> <li>(2) Acknowledgement of the duties of functional committee.</li> <li>(3) Enhancement of the quality of decision making for functional committee</li> <li>(4) The composition and election of members of functional committee.</li> <li>(5) Internal control</li> </ol> </li> <li>● The 2020 performance evaluations for BOD members, Board meetings, Audit Committee and Remuneration Committee were</li> </ul>	Governance Best Practice Principles by TWSE/GTSM-listed Companies”.

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
			<p>completed on January 25 2021, with the results suggesting an effective operations of BOD.</p> <ul style="list-style-type: none"> <li>● Poya International has stipulated "Remuneration Committee Charter" and disclosed it to the Company's official website. Remuneration Committee would review remuneration policy of directors and managers in a professional and fair aspects. Meetings would be held at least once a year or anytime when needed to submit suggestions to the BOD as the reference for the decision making. Please refer to p.38 in annual report for related operation.</li> </ul>	
D. If Poya International makes routine assessment of the independence of the Certified Public Accountant?	✓		<ul style="list-style-type: none"> <li>● Poya International makes routine assessment (once annually) of the independence of the certified public accountants according to Article 29-V of the Corporate Governance Best Practice Principles. The Auditors' audit checklist enacted pursuant to Article 47 of the "Certified Public Accountants Act" and No.10 of the "Statement of Ethic Code of Conduct" on "Integrity, impartiality and independence" and the "declaration of independence and impartiality" issued by the certified public accountants shall be reviewed by the Audit Committee and then be submitted to the Board of Directors for approval in order to assess the independence of the certified public accountants. The results in the lately two years were reported at Board of Directors on Feb 17, 2020 and Feb 22, 2021 respectively.</li> <li>● After being confirmed, except the certification and financial fees, there is no circumstance as followed between the accountants and Directors:               <ol style="list-style-type: none"> <li>(1) Direct and indirect material financial relationship.</li> <li>(2) Close business relationship</li> <li>(3) Potential employment relationship.</li> <li>(4) Financing and guarantee behavior.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".</li> </ul>

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
			The accountant recruitment and the expense deliberation can be made once the families are confirmed that they don't violate the independence.	
4. If the listed company designated eligible personnel and an appropriate number of personnel as well as designated personnel to implement corporate governance related business (including, but not limited to, providing information needed by directors or supervisors to execute their duties, to comply with regulations, matters related to meetings of the Board and shareholder meetings held in accordance to legal requirements, and producing proceedings for the meetings of the Board and shareholders)?			<ul style="list-style-type: none"> <li>● Poya International has set up the Corporate Governance Group, and the convener of it is General Manager. Finance and Accounting Division is appointed as an exclusive dedicated unit to be in charge of related business to protect the rights of shareholders and strengthen BOD functions. The major duties are providing the related information and newest rules for corporate operation to assist Directors follow the laws and decrees.</li> <li>● The execution of the Company is as follows: <ol style="list-style-type: none"> <li>1. Develop and enact the proper devices and rules for company to promote the independence of BOD and implement the compliance with laws and decrees.</li> <li>2. Seek the advices of each Director before Board of Directors and design the meeting agenda, provide the meeting paper and notice all Directors at least seven days prior to Board of Directors to let Directors understand the related proposals and remind any interested parties not to participant in discussion in advance.</li> <li>3. Register the date of shareholders meeting in compliance with the legal time limit every year. Make the meeting notice, meeting agenda and meeting minutes and declare before deadline. Apply for registration change after regulation amending and Directors re-election.</li> <li>4. Besides Each Directors conduct the assessment by themselves and colleagues every year, the overall operation is submitted to the nominating committee for internal assessment. The result is disclosed on the official website.</li> <li>5. Poya International has installed official websites in Chinese and English for the disclosure of its financial and operational information, CSR reports to protect the rights of shareholders</li> </ol> </li> </ul>	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
			<p>and implement the fair treatment for every shareholder.</p> <p>6. Update and maintain the information disclosed on official websites in Chinese and English periodically.</p> <p>7. Deal with the correlation matters of Board of Directors and shareholders meeting in compliance with the laws and decrees</p> <p>8. Deal with the correlation matters of company registration and registration changes.</p> <p>9. Take meeting minutes for Board of Directors and shareholders' meetings within 20 days.</p> <p>10. Arrange the courses at home for BOD members to obtain at least six credits, and purchase of liability insurances for the Company's directors and key personnel.</p> <p>11. Hold the communication meeting among accountants, independent directors and audit manager irregularly to implement the internal auditing.</p>	
5. If Poya International establishes the channels of communication with the stakeholders included but not limited to shareholders, employees, customers and suppliers etc., and special web page designed for stakeholders and properly responds to main issues of corporate social responsibility concerned by the stakeholders?	✓		<p>● 1. Poya International disclosed corporate social responsibility report and designed special web page for stakeholders on the Chinese official website. Since 2013, Poya International prepared corporate social responsibility report to illustrate further about issues that interested parties concern and channels of communication voluntarily to help the stakeholders to understand the operating status.</p> <p>2. Hot line, email, facebook and investor's contact window are offered for maintaining well communication with each stakeholder.</p> <p>3. A special web page was designed for corporate governance and the minutes of Board session on record were disclosed on the Chinese official website for investors to download related information.</p>	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies".
6. If Poya International appoints the professional share registration agent to handle related affairs of Shareholders Meeting?	✓		<p>● Poya International appoints Hua Nan Securities Co., Ltd. as the professional share registration agent to assist the Company to handle related affairs of Shareholders Meeting.</p>	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies".

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
<p>7. Disclosure</p> <p>(A) If Poya International installs an official website for the disclosure of its financial and operational information and the enforcement of corporate governance?</p>	✓		<p>● Poya International has installed official websites in Chinese and English for the disclosure of its financial and operational information and the enforcement of corporate governance. The addresses of websites are as followed: Chinese Website: www.poya.com.tw English Website: www.poya.com.tw/en</p>	<p>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.</p>
<p>(B) If Poya International adopts other means of disclosures (such as installation of English website, appointment of a designated personnel to gather and disclose the Company’s information, realization of the spokesman system, and uploading process of the conferences for institutional investors on the official websites)?</p> <p>(C) If the Company announces and declares annual financial report within two months after the end of the fiscal year and also quarterly reports and operating status of each month earlier than the deadline?</p>	✓		<p>● Poya International has adopted other means of disclosures:</p> <ol style="list-style-type: none"> <li>(1) Install official websites in Chinese and English to disclose relative information.</li> <li>(2) Announce material information in Chinese and English.</li> <li>(3) Announce quarterly reports and operating status of each month within regulated deadline and appoint designated personnel to update Chinese and English websites periodically.</li> <li>(4) Participate in the conferences for institutional investors held by the securities corporation and the authorities, make a presentation about operation status of the Company and disclose related information on the Chinese and English websites according to related rules and regulations.</li> <li>(5) The spokesman of Poya International announces the Company’s information according to the Regulations for the Management of Spokesman. There is only one spokesman and one acting spokesman.</li> </ol>	<p>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.</p>
<p>8. If Poya International provides other major information which helps to understand the operation of corporate governance (including but not be limited to rights and interests of the employees, employee care, investor relation, supplier relation, the rights of the stakeholders, courses for further studies taken by the directors</p>	✓		<p>● (1) Courses for further studies taken by the directors: In order to enhance the professional functions of the Company’s directors and broaden their knowledge, Poya International has applied the 6-hour courses at home from Taiwan Corporate Governance Association in 2020. Besides, the directors also participated in other related courses. In 2020, all of the directors have taken the courses for further studies. The courses taken by the directors are mentioned in Table 1 below.</p> <p>(2) Courses for further studies taken by the managers: The courses</p>	<p>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.</p>

Item	State of Operation			Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
and supervisors, risk management policies, execution of risk measure standards, execution of customer policies, purchase of liability insurances for the Company's directors and supervisors)?			<p>taken by the manager are mentioned in Table 1 below.</p> <p>(3) Execution of avoiding the director from participating in the proposal having the interest relation with such the director: the directors of Poya International shall practice high self-discipline and shall not participate in the voting when the interest relation between the director and the proposal raised up at the Board meeting harms the interests of the Company. Please refer to Page 23~24 for complete information of meeting avoidance.</p> <p>(4) Purchase of liability insurances for the Company's directors: the directors of Poya International shall practice ethical corporate management, thus there isn't any lawsuit or illegal behavior. Poya International has purchased liability insurances for the directors and supervisors from Fubon Insurance since 2020 with the sum insured to be USD\$5 million. The period of insurances is from October 1, 2020 to October 1, 2021.</p>	
9. Please specify improvements based on the corporate governance results issued by TWSE corporate governance and make the priority of enhancement and measures for unimproved issues. (The company which is not in list doesn't have to fill the form.)	✓		<p>● Poya International intensifies the execution of corporate governance based on the comments of the Board of Directors and makes a self-evaluation report in the Appraisal of Corporate Governance. Poya International also discusses with the authorities for improvement of corporate governance, which includes the following items:</p> <p>A. Stipulate and revise the relative rules of corporate governance according to the laws and regulations and the policies.</p> <p>B. Enhance English official website to fortify the information transparency.</p> <p>C. Announce material information in Chinese and English to fortify the integrity and fairness of information disclosure.</p> <p>D. E-voting is adopted at the Shareholders Meeting. Announce relative information of Shareholders Meeting previously.</p> <p>Poya International will keep fortifying the execution of corporate governance according to the relative laws and regulations in the future.</p>	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies".

Table 1 Continuing education taken by directors and managers:

Title	Name	Date of office	Date of training	Organizer	Name of course	Hours of study	Compliant or not
Chairman	Chen Jian-Zao	2017.06.13	2020.03.23	Taiwan Corporate Governance Association	Response to the latest amendment of Company governance Company Act and Seminar of practical case of risk control and management	6	Yes
Vice Chairman	Chen Fan Mei-Jin	2017.06.13	2020.03.23	Taiwan Corporate Governance Association	Response to the latest amendment of Company governance Company Act and Seminar of practical case of risk control and management	6	Yes
Director and General Manager	Chen Zong-Cheng	2017.06.13	2020.03.23	Taiwan Corporate Governance Association	Response to the latest amendment of Company governance Company Act and Seminar of practical case of risk control and management	6	Yes
Director	Chen Ming-Shian	2017.06.13	2020.03.23	Taiwan Corporate Governance Association	Response to the latest amendment of Company governance Company Act and Seminar of practical case of risk control and management	6	Yes
Independent Director	Lin Tsai-Yuan	2017.06.13	2020.03.23	Taiwan Corporate Governance Association	Response to the latest amendment of Company governance Company Act and Seminar of practical case of risk control and management	6	Yes
Independent Director	Liu Zhi-Hong	2017.06.13	2020.03.23	Taiwan Corporate Governance Association	Response to the latest amendment of Company governance Company Act and Seminar of practical case of risk control and management	6	Yes
Independent Director	Wu Lin Yi	2020.06.23	2020.05.03	DaDu Mountain Industry Innovation Foundation	Government policies and Industry Development, Familiarize with Corporate Laws to evaluate vision on business management, Enterprise leadership and innovation under radically changing environments	6	Yes
			2020.05.16		Investment changes of 2020 – new economic transitions under the spread of Covid19, Innovation development trends of Taiwan society	6	Yes
			2020.05.31		Artificial Intelligence and industry development, Global transitions – Risk and Opportunities of Taiwan Industries	6	Yes
Independent Director	Li Ming Xian	2020.06.23	2020.05.11	Securities and Futures Institute	Analysis of global tax trends and practices under the new version of Corporate Governance	3	Yes
			2020.08.12		Strategies and management of corporate upgrade and transformation – decisions of Mergers and Acquisitions	3	Yes
Executive Director of Finance and Accounting Division	Shen Hong-Yu	2008.11.01	2020.11.19~11.20.	National Cheng Kung University	29 <sup>th</sup> Session of the Chief Accounting Officers Continuing Education Program: Gain insights from financial reports, Commercial Bribery and Whistleblower Act, Impact of global tax avoidance on Taiwanese firm's fund allocation, Explanation of the process of Mergers & Acquisitions, New concepts of tax management of multinational enterprise	12	Yes



D. Disclosure of the composition, responsibilities and operation of the Remuneration Committee, if applicable:

1. Profiles of the Remuneration Committee members

Title	Qualification Name	More than 5 years of experience and the following professional qualifications			Status of independence (Note 1)										Also a Remuneration Committee of other public companies	Remarks
		A lecturer or higher capacity in a public or private college or university in business, law, accounting, or related subjects in corporate management	Judge, prosecutor, lawyer, or other professional and technical personnel with certification through national examinations with the issuance of license and certificates	Experience in business, law, finance, accounting and other areas of specialization that the Company needs	A	B	C	D	E	F	G	H	I	J		
Independent Director	Lin Tsai-Yuan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Discharged on 2020.06.22
Independent Director	Zhong Jun-Rong			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Discharged on 2020.06.22
Independent Director	Liu Zhi-Hong		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	No
Independent Director	Li Ming Xian	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Assumed office on 2020.06.23
Independent Director	Wu Lin Yi			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Assumed office on 2020.06.23

Note 1: If any member meets any of the following in the last two years before being elected into office or during the term of office, put a “✓” in the appropriate fields:

- Not an employee of the Company or its affiliates
- Not a director or supervisor of the Company or any of its affiliates. (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- Not a spouse, relative within the second degree of kinship, or linear relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or any of the above persons in the preceding subparagraphs 2 and 3.
- Not a director, supervisor, or employee of a institutional shareholder that directly holds more than 5% or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law. (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO(or equivalent) (except as an Independent Director of the Company and its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (except as a specific company or institution holding more than 20% but less than 50% of the issued shares of the Company and being as an independent director of its parent company, its subsidiary, or the subsidiary with the same parent company, according to the Provision or provision of local country).
- Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company,

or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an audit service or a non-audit service which total compensation within the recent two years exceeds NTD500,000.

- j. Not been a person of any conditions defined in Article 30 of the Company Law.

## 2. The Operations of the Remunerations Committee

- (1) The Remunerations Committee of Poya International consists of 3 members.
- (2) Appointed term of this session is from June 23, 2020 to June 22, 2023. In the last fiscal period, the Remunerations Committee convened 6 sessions (A). The eligibility of the members and their attendance in committee meetings are shown below:

Title	Name	Frequency of attendance (B)	Attend by proxy	Attendance rate (%) (B/A)	Remarks
Convener	Lin Tsai-Yuan	4	0	100%	Discharged on 2020.06.22
Convener	Li Ming Xian	2	0	100%	Assumed office on 2020.06.23
Member	Zhong Jun-Rong	2	2	50%	Discharged on 2020.06.22
Member	Liu Zhi-Hong	6	0	100%	
Member	Wu Lin Yi	2	0	100%	Assumed office on 2020.06.23

Other important notes:

- (A) Where the Board of Directors does not accept or revise the recommendations of the Remunerations Committee, the date and instance of the Board session, the contents of the motions, the resolution of the Board and the response to the opinions of the Remunerations Committee shall be specified (if the resolutions on remuneration issues passed by the Board of Directors are superior to the recommendations of the Remunerations Committee, the detailed explanation shall be given): None.
- (B) If there is any adverse opinion or qualified opinion of the members in the decision over specific motions at the Remunerations Committee meeting on record or with a written declaration, the date and instance of the committee meeting, the contents of the motion, the opinions of all members and the response to the opinions of members shall be specified: None.
- (C) The content of proposal, the resolutions and the handling of company:

Date of meeting	Board meeting	Content	Resolution	The results of the resolutions of the Audit Committee and the reactions of the Company
2020.01.20 (The 11 <sup>th</sup> meeting in 3 <sup>rd</sup> term)	2020.01.20 (The 28 <sup>th</sup> meeting in 7 <sup>th</sup> term)	1. The proposal of the year-end bonus for the managers in FY2019. 2. The proposal of the year-end bonus for the chairman and the vice chairman in FY2019. 3. Amendment of the proposal – annual compensation of directors	Passed by all attended members	Submitted to the Board sessions and passed by all attended Directors.
2020.02.17 (The 12 <sup>th</sup> meeting in 3 <sup>rd</sup> term)	2020.02.17 (The 29 <sup>th</sup> meeting in 7 <sup>th</sup> term)	1. The proposal of “Remunerations of directors in FY 2019.		
2020.03.23 (The 13 <sup>th</sup> meeting in 3 <sup>rd</sup> term)	2020.03.23 (The 30 <sup>th</sup> meeting in 7 <sup>th</sup> term)	1. The proposal of “Salary Adjustment of Managers in FY2020”.		
2020.05.11 (The 14 <sup>th</sup> Board Session in 3 <sup>rd</sup> term)	2020.05.11 (The 33 <sup>rd</sup> Board Session in 7 <sup>th</sup> term)	1. The proposal of “Remunerations Distribution of Individual Director in FY 2019”. 2. The proposal of “Remunerations Distribution of Managers in FY 2019”.		
2020.06.23	2020.06.23	1. The proposal of nominating the convener		

	(The 1 <sup>st</sup> Board Session in 4 <sup>th</sup> term)	(The 1 <sup>st</sup> Board Session in 8 <sup>th</sup> term)	of the remuneration committee In the 4th term.		
	2020.09.28 (The 2 <sup>nd</sup> Board Session in 4 <sup>th</sup> term)	2020.09.28 (The 4 <sup>th</sup> Board Session in 8 <sup>th</sup> term)	1. The proposal of “Remunerations of directors in FY 2020”.		

Note: Attendance rate (%) is calculated based on the number of meetings called and the attendance of the directors (sitting in as observers) during their term of office.

E. The practice of corporate social responsibility including the discrepancy between the executions of corporate social responsibility and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for the discrepancy:

Item	State of operation			Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
1. Has Poya International conducted the risk evaluations on environmental, social, and corporate governance issues related to company operations based on materiality principle and stipulated related risk management policy or strategy?	✓		<ul style="list-style-type: none"> <li>● Poya International has enacted Corporate Social Responsibility Best Practice Principle and established Corporate Social Responsibility Management Committee in October, 2014. The minister is served by General Manager, managing the formulation of relative strategies and systems, and reviewing of the implementation. Besides, the implementation shall be made by the following teams: Labor &amp; Ethics Regulation Team Environment Safety and Management Team Social Charity Team Integrity Operation Team Supply Chain Management Team Business Confidentiality Management Team Shareholders' Equity Protection Team</li> <li>● Poya International assessed related risks of important issues based on materiality principle and stipulated related policy based on the evaluations. Please refer to official website for further information.</li> </ul>	● Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".
3. Has Poya International designated a full or partial-duty personnel to implement corporate social responsibility policy with senior management authorized by the Board of Directors to manage them and do they give status reports to the Board of Directors?.	✓		<ul style="list-style-type: none"> <li>● Poya International has appointed Finance and Accounting Division as the exclusive (or concurrently) division being in charge of the formulation and implementation of CSR policies, systems and action plans. The execution of CSR shall be illustrated in the annual report and official website, also reported to Board of Directors by the minister. The implementations of CSR: 1. CSR group would collect and organize opinions from interested parties' feedback to evaluate countermeasures</li> </ul>	● Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".

Item	State of operation			Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
			<p>in the end of each year and carry out after convener approves based on PDCA.</p> <p>2. CSR group starts to edit prior year's CSR report in Q3 every year. The operation and execution of 2019 CSR report had been passed by the Board of Directors on September 28<sup>th</sup>, 2020 so 2019 CSR report has been disclosed on MOPS and Poya official website to assist stakeholders understand how the operating status.</p>	
<p>3. Environment Issue</p> <p>A. Has Poya International set up an appropriate environmental management system that is specifically designed to the industry that Poya operates?</p>	✓		<p>● Poya International belongs to retail industry and dedicates to improve efficiency on the use of resource. Since there is no sewage, chemicals, gas, noise and waste generated from operations, ISO 14001 or other related specifications is not applicable for Poya International.</p>	<p>● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.</p>
<p>B. Has Poya International endeavored to make more efficient use of resources and use renewable materials that have a lower impact on the environment?</p>	✓		<p>● Poya International dedicates to improve the efficiency on the use of resources in a reasonable range. For example, Poya International adopts electronic system for file review and approval to reduce paper waste. Poya International also adopts various energy-saving products like LED lighting, inverter air conditioner, water-saving toilets to decrease the impact on environment.</p>	<p>● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.</p>
<p>C. Does Poya International evaluate potential risks and opportunities of climate change for the Company now and in the future, and make countermeasures to issues related to climate change?</p>	✓		<p>● Poya International closely pays attention to the impact of climatic change on the Company’s operation, continues to push forward the energy management, and executes the examination program of greenhouse gas emission to comply with the advocacy of energy saving and carbon reduction promoted by government.</p>	<p>● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.</p>
<p>D. Did Poya International calculate greenhouse gas emissions, water use and total weight of waste in the past two years and did it establish policies for saving energy, carbon reduction,</p>	✓		<p>● Poya International discloses statistics of greenhouse gas emissions and water use in CSR report each year.</p>	<p>● Compliant with the requirements of “Corporate Social Responsibility</p>

Item	State of operation			Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
reduction of water use, as well as waste management?			Through e-internal management, e-store operational management and other energy-saving control in the daily operations, the company aims to achieve the energy saving target. Regarding details of means and effects for energy saving and carbon reduction, please see 2019 corporate social report p.32-p.36.	Best Practice Principles by TWSE/GTSM- listed Companies”.
<b>4. Social Issue</b> <b>A. Has Poya International established management policies and procedures in accordance with relevant laws and regulations and international human rights contentions?</b>	✓		<ul style="list-style-type: none"> <li>● Poya International complies with local laws and decrees in every branches in Taiwan, also treats full-time, part-time employees and interns with respect in compliance with “The Universal Declaration of Human Rights”, ”International Labor Standards”, “The UN Global Compact” and “Business &amp; Human Rights Resource Centre” voluntarily to enforce the conscious of human rights of employees and interested parties.</li> <li>● Implemented guidelines:               <ol style="list-style-type: none"> <li>1. Provide working environment with safety and dignity.</li> <li>2. Prohibit illegal discrimination in employment to ensure equal opportunities.</li> <li>3. Prohibit the use of child labors.</li> <li>4. Prohibit forced labor</li> <li>5. Help employees maintain work-life balance.</li> <li>6. Review related devices and human behaviors periodically.</li> <li>7. Keep the independent device for appeals clear to grow concern or identify the negative impact of human rights.</li> <li>8. Put an effort into avoiding the human rights violation.</li> <li>9. Establish a solid personal information security system for protecting our members’ personal information and interests.</li> </ol> </li> </ul>	● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.

Item	State of operation			Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
B. Does Poya International have and implement employee welfare measures, including bonuses, holidays, and other benefits and is its operational performance and achievements reflected in their pay?	✓		<ul style="list-style-type: none"> <li>● Poya International emphasizes fairness on compensation system regardless of age, race and gender. Every employee is treated based on equal pay for equal work and provided wage superior to government's minimum wage. Regarding details of employees' welfare, please refer to 2019 CSR report of the Company on p.44-45.</li> <li>● According to article of incorporation, employees' remuneration shall not be less than 5% of remaining profit of the year which is deducted by accumulated loss.</li> </ul>	● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.
C. Does Poya International provide employees with a safe and healthy working environment and regularly implement safety and health education programs for employees?	✓		<ul style="list-style-type: none"> <li>● Poya International has arranged routine inspection on public safety annually and non-scheduled physical examination to ensure all employees have a safe and health working environment.</li> </ul>	● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.
D. Has Poya International established an effective career skills development training program for employees?	✓		<ul style="list-style-type: none"> <li>● Poya International has designed a training program and disclosed related information of such program on the human recruiting website: <a href="https://www.poya.com.tw/about/recruitment">https://www.poya.com.tw/about/recruitment</a></li> </ul>	● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.
E. Does Poya International’s product and service marketing and labeling adhere to relevant laws and regulations and international standards as well as the laws and regulations related to customer health and safety and personal information and has it established policies and grievance procedures to protect consumer protection rights?	✓		<ul style="list-style-type: none"> <li>● Poya International sells products in compliance with the related regulations and guidelines.</li> <li>● Poya International enacted “Profile Protection Plan” in 2013. The Audit Office is delegated to maintain such plan. According to this plan, those profiles filled out by store personnel or customers shall be protected in their safes and shall not be taken out arbitrarily. At a regular base, some of the personal profiles shall be destroyed to protect customer’s privacy.</li> <li>● Poya International has appointed designated personnel to</li> </ul>	● Compliant with the requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies”.



Item	State of operation			Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
			handle the complaints of customers. The customer complaint hotline is: 0800-033168.	
F. Has Poya International established supplier management that requires that suppliers adhere to regulations dealing with such issues as the environment, workplace safety and health, worker rights and, if so, what is the status of implementation?	✓		<ul style="list-style-type: none"> <li>● Poya International takes some steps before making a contract with suppliers. Poya International would review their background. Purchasing division would visit suppliers' factory irregularly to understand the environment and the process of goods production, as well as overall corporate operation.</li> <li>● Poya International has uploaded regulations towards suppliers' social responsibility to investor column on Poya's website. The regulation and contract terms require suppliers in compliance with related product rules. If there is any violation, Poya International will remove the concerned product from shelves at once, and the supplier shall take responsibility to pay compensation.</li> </ul>	● Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".
5. Does Poya International follow international recognized reporting criteria or guides when disclosing non-financial Corporate Social Responsibility reports? Did it obtain assurance or verification statements from third-party certification bodies for previously disclosed reports?	✓		<ul style="list-style-type: none"> <li>● Poya International edits CSR reports according to G4 sustainable reporting guidelines promulgated by the Global Reporting Initiative, GRI and in compliance with the request of core options.</li> <li>● Poya International's CSR report is disclosed voluntarily and is not certified by the third certification institution currently.</li> </ul>	● Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".
6. If the Company has drawn up a code for Corporate Social Responsibility Best Practice Principle based on "Corporate Social Responsibility Best Practice Principles for TWSE-GTSM-listed Companies", please describe any differences between the said code and the Best Practice Principle:				

Item	State of operation			Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	Yes	No	Summary	
The Company has complied with requirements of “Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies” according to applicable rules and regulations.				
7. Other major information that helps to understand the operation of corporate social responsibility:				
a. The Company has disclosed the Corporate Social Responsibility Report on MOPS and official websites in Chinese and English to help to understand the Company’s operation of corporate social responsibility.				
b. Total donation for the following activities is NT\$ 0.79 million. Poya has devoted itself to Taiwan in an aim to enhance positive culture and social value. The implementations in 2020:				
1.Sponsored the“2020 Global Beach Clean-Up ” held by the Society of Wilderness to support the environment protection.				
2.Sponsored the “Protect the Ocean Charity.” held by National Penghu University.				
3.Held member exclusive charity events – donation to help sea turtles and 5 times rewards points gained when purchase of ocean-friendly products				
3.Sponsored“Zeelandia Dementia Association"				
4.Sponsored“Golf development foundation”				
5.Sponsored national slow-pitch soft ball championships- the silence cup for hearing impaired labor in Tainan in 2020.				
6.Sponsored the golf team fee of "Yi Tsai Club "				

F. The practice of ethical corporate management and measures including the discrepancy between the executions of ethical corporate management and Ethic Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for the discrepancy:

Item	State of operation			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
1. Policy of ethical corporate management and action plan in place (A) Does Poya International have ethical operation policies established by the Board, and do PCSC's Articles of Incorporation and external documents explicitly expressing its ethical policies and methods and are the Board and management dedicated to the active implementation of these commitments?	✓		● Poya International has enacted Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, and Procedures for Ethical Management and Guidelines for Conduct, passed by the Board of Directors. The Board of Directors also clearly express policies and procedures of ethical management, together with top manager in a commitment to the execution.	● Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
(B) Did Poya International establish an evaluation system to evaluate risks of unethical behavior and regularly analyze and evaluate operations that have higher risk of unethical behavior and did the Company implement preventative measures for each Item under Clause 2, Article 7 of the Ethical Corporate Management Best Practice Principles for Listed Companies?	✓		● Poya International enacts Procedure for Ethical Management and Guidelines for Conduct according to Ethical Corporate Management Best Practice Principles. Among them, it is clearly stated that unethical behaviors of accepting/taking bribes, fraud, and insider trading are prohibited. Disciplines and appeal system are also clearly stated and executed in internal personnel regulations.	● Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
(C) Do Poya International's unethical conduct prevention programs clearly specify relevant procedures, conduct guidelines, as well as a discipline and appeals system for rule violations, and are they regularly reviewed and amended?	✓		<ul style="list-style-type: none"> <li>● Poya International formulates procedures, guidelines for conduct, disciplines and appeal system in "Appeal and Reporting System for Procedure of Ethical Management and Guidelines of Conduct" and "Treatment for Reported Illegal and Unethical Cases"</li> <li>● Poya International appoints Finance and Accounting Division as dedicated unit, in charge of the execution of prevention measures against unethical behaviors with regular reports submitted to the Board of Directors.</li> </ul>	● Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.

Item	State of operation			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
2. Realization of ethical corporate management (A) Does Poya Internaional evaluate the ethical records of the businesses with which it has dealings and include clear ethical corporate behavior provisions in contracts with such counterparties?	✓		<ul style="list-style-type: none"> <li>● Poya International has explicitly stated in all business agreements the relative rules and regulations of ethical corporate management which emphasizes on the prohibition of giving or taking bribes.</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.</li> </ul>
(B) Has Poya International established an organization under the direct jurisdiction of the Board of Directors that promotes ethical management principles and also reports to the Board regarding the implementation of these principles at least once a year	✓		<ul style="list-style-type: none"> <li>● Poya International has appointed Finance and Accounting Division as an exclusive dedicated unit, which shall assist BOD and management team to formulate ethical regulations for operation and supervise the execution to ensure the implementation. Finance and Accounting Division shall report to the Board of Directors at regular intervals.</li> <li>● Poya International shall reports the ethical operational status to Board of Directors in compliance with the “ Procedures for Ethical Management and Guidelines for Conduct”. The latest date to report related matters to Board of Directors was December 28, 2020. There was no violation in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.</li> </ul>
(C) Has Poya International formuated and implemented policies to prevent conflicts of interest, and provide appropriate channels for reporting and receiving complaints, and executes thoroughly?	✓		<ul style="list-style-type: none"> <li>● Poya International has stipulated the rules and regulations in its Procedures for Ethical Management and Guidelines for Conduct that the directors, managers and the stakeholders presenting or participating at the Board meeting as a non-voting observer shall express opinions about the relationship of interests in the Board meeting when a proposal at a Board meeting concerns a director, manager or stakeholder’s personal interest or the interest of the juristic person represented by the director, manager or stakeholder. If such a relationship is</li> </ul>	<ul style="list-style-type: none"> <li>● Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.</li> </ul>

Item	State of operation			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
			likely to prejudice the interest of the Company, such director, manager or stakeholder may not participate in the discussion nor vote on that proposal. In addition, the director, manager or stakeholder shall refuse involvement in discussion and voting, and may not exercise voting rights as proxy on behalf of another director.	
(D) Has Poya International implemented effective accounting and internal control systems and has the audit division established relevant audit plans based on the results of the unethical risk evaluations and did the audit division ensure that the plans are being complied with or has Poya International had independent accountants periodically review them?	✓		● The accounting system and internal audit control system were established. Internal auditors make the audit plan based on risk ranking and execute, also report to Board of Directors. There is no violation of ethical corporate management.	● Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
(E) Does Poya International periodically hold internal and external ethical corporate behavior training?	✓		● Poya International holds a monthly meeting for making announcements of the relative policies to all the employees, and includes the relative rules and regulations of “Procedures for Ethical Management and Guidelines for Conduct” which shall be reviewed by new employees.	● Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
3. Operation of the Company’s Violation Reporting System (A) Has Poya International established a concrete violation reporting and rewards system, set up convenient reporting channels, and appointed suitable personnel to handle these cases?	✓		● Poya International has enacted “the Reporting and Mechanism of Procedures for Ethical Management and Guidelines for Conduct” and “Reporting Regulations of Irregular, Immoral and Dishonest Conduct.” Reporters can report to the following units: (1) Spokesman, acting spokesman: Accepting the reports from shareholders, investors and external staffs. (2) Management team, manager of Finance and Accounting Division and Audit committee: Accepting the reports from directors, managers, employees and suppliers.	● Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.

Item	State of operation			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
			The accepting units shall report to General Manager, and General Manager would appoint the dedicated unit to manage related investigation.	
(B) Has Poya International established an investigation an SOP for violation reporting, follow up measures, and relevant mechanisms to ensure confidentiality?	✓		● Poya International has establishes the mechanism for the personnel to report on the unethical practices of others in Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct. The coherent department will start to collect the evidences and investigate with secrecy once it receives the notice.	●Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
(C) Does Poya International have any measures in place to protect individuals from possible mistreatment arising from reporting violations?	✓		● Poya International allows anonymous report on the unethical practices of others in its Rules of Personnel Management to protect the reporter and stipulates relative regulations in Codes of Ethical Conduct.	●Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
4. Intensification of information disclosure (A) If Poya International discloses the Ethical Corporate Management Best Practice Principles and its execution on the official websites and MOPS?	✓		● There is a specific web page designed for corporate governance on official websites in Chinese and English to disclose the relative information of ethical corporate management. Besides, Poya International has uploaded the Principles on the MOPS.	●Compliant with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
5. If the Company enacts its Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies”, specify the discrepancies between the execution and the content of the Principle: The Company has complied with requirements of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies” according to applicable rules and regulations.				
6. Other major information that helps to understand the operation of ethical corporate management (for example, any amendment to the provision of the Ethical Corporate Management Best Practice Principles): (A) In order to implement the ethical behavior and integrity management to make sure sustainable development, Poya International encourages to report any illegal and unethical behavior. “Reporting Regulations of Irregular, Immoral and Dishonest Conduct” was passed by the Board of Directors on July 25 2016. (B) In order to establish a sound mechanism on corporate governance and risk control, Poya International has amended parts of the article of its Ethical Corporate Management				

Item	State of operation			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
Best Practice Principles passed by BOD on March 23rd, 2020 and uploaded it to Chinese/English official websites and the MOPS for better understanding of the operation of ethical corporate management.				

- G. Mean of inquiry for corporate governance principles and related regulations: the special web page was designed for the investors on the official website (<http://www.poya.com.tw>)
- H. Other major information that helps to understand the operation of corporate governance shall also be disclosed on the following platform:
1. The special web page designed for the investors on the official website (<http://www.poya.com.tw>).
  2. MOPS: <http://mops.twse.com.tw/mops/web/index>  
The abbreviation is “Poya” and the Stock Code is “5904”.
- I. The implementation of the internal control system:
1. Declaration of internal control: please refer to page197 internal control
  2. Certified Public Accountant Review Report which is issued by the certified public accountants based on the audit result of the internal control system: None.
- J. In the latest fiscal period as of the date this report was printed, the main faults and the improvement of any case that the Company or its personnel was punished based on the regulations, or that the personnel was punished by the Company for violating the provision of internal control system shall be specified: None.

K. In the last fiscal period as of the date this report was printed, the major resolutions of the Shareholders Meeting and the Board of Directors are as followed:

1. Major resolutions of the Shareholders Meeting

Nature of meeting	Date of meeting	Resolutions	Implementation
Shareholders Meeting	2020.06.23	Business Report and Financial Statement of FY 2019	Proceed as resolved.
		Proposal for distribution of 2019 profits	Resolution passed
		Amendments to part of provisions of “Article of the Corporation”	Executed as resolved and disclosed on the official website on June 23, 2020.
		Amendments to part of provisions of “Rules of Procedure for Shareholders Meetings”	Executed as resolved and disclosed on the official website on June 23, 2020.
		Proposal of the re-election of directors (including independent directors)	List of elected directors : 1.Duo Chin Investment Co., Ltd. , Representative: Chen Jian Zao 2.Poya Investment Co., Ltd. , Representative: Chen Fan Mei-Jin 3. Chen Zong-Cheng 4. Chen Ming-Shian List of elected independent directors : 1. Liu Zhi-Hong 2. Wu Lin Yi 3. Li Ming Xian Disclosed the 8th term of the election of directors (including independent directors) on Mops and obtained permission to register by the Ministry of Economic Affairs on July 23 <sup>th</sup> , 2020.
		Release the new Board of Directors and Representatives from the non-competition Restrictions.	Executed as resolved

2. In the last fiscal period as of the date this report was printed, the Board of Directors held 17 sessions and the major resolutions are summarized as followed:

Nature of meeting	Date of meeting	Resolutions
Board Session	2020.01.20	<ol style="list-style-type: none"> <li>Passed the proposal of the annual compensation of directors</li> <li>Passed the motion of distributing year-end bonus to the managers in FY 2019.</li> <li>Passed the motion of distributing year-end bonus to chairman and vice-chairman in FY 2019.</li> <li>Passed the motion of setting up the POYA International Co., Ltd. XinFeng ZhongXing Branch and Taiping HuanZhong Branch.</li> <li>Passed the motion of changing branch locations of POYA International Co., Ltd.</li> </ol>



Nature of meeting	Date of meeting	Resolutions
Board Session	2020.02.17	<ol style="list-style-type: none"> <li>1. Passed the proposal of distributing the “Remunerations of employees and directors in FY 2019.”</li> <li>2. Passed the 2019 Business Report and Financial Statements.</li> <li>3. Passed the proposal for distribution of 2019 profits.</li> <li>4. Passed the proposal of “Declaration of Internal Control in FY 2019”.</li> <li>5. Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant.</li> <li>6. Passed the motion of related matters of ex-dividends and ex-rights base date and the date of distributing cash dividends</li> <li>7. Passed the proposal of re-election of the Company’s directors including independent directors.</li> <li>8. Passed the proposal to release the new Board of Directors and Representatives from the non-competition Restrictions.</li> <li>9. Passed the motion of calling for a regular session of the Shareholders Meeting in FY 2020.</li> <li>10. Passed the motion of the closure of POYA International Co., Ltd Sanxia Zhonghua Branch.</li> <li>11. Passed the motion of setting up the POYA International Co., Ltd Fengyuan Chenggong branch, Tainan Zhonghua W. branch, Taichung Fuke branch in Taichung and Situn Fuke branch in Taichung .</li> </ol>
Board Session	2020.03.23	<ol style="list-style-type: none"> <li>1. Passed the proposal of “Salary Adjustment of Managers” in FY 2020</li> <li>2. Passed the proposal of drawing up amendment to part of provisions of “Article of Corporation” of the Company.</li> <li>3. Passed the proposal of drawing up amendment to part of provisions of “Ethical Corporate Management Best Practice Principles”.</li> <li>4. Passed the proposal of drawing up amendment to part of provisions of “Rules of Procedure for Shareholders Meeting”.</li> <li>5. Passed the motion of setting up the POYA International Co., Ltd Beitou Zhonghe Branch, Showtimes Shulin Branch and Luzhu Nanzhu Branch.</li> </ol>
Board Session	2020.04.13	<ol style="list-style-type: none"> <li>1. Passed the proposal to obtain right of use assets of the Company.</li> </ol>
Board Session	2020.04.27	<ol style="list-style-type: none"> <li>1. Passed the proposal for amendments of the 2019 earnings distribution.</li> <li>2. Passed the proposal for amendments of agenda of 2020 Shareholders’ Meeting.</li> <li>3. Passed the motion of financing from financial institutions due to operating demand and healthy financial structure.</li> <li>4. Passed the motion of setting up the POYA International Co., Ltd TMU Jhuang jing Branch, Zhongxiao Fuxing Branch and Dazhu Daxin Branch.</li> </ol>
Board Session	2020.05.11	<ol style="list-style-type: none"> <li>1. Passed the proposal of “Individual Remunerations of Directors in FY2019”.</li> <li>2. Passed the proposal of “Remunerations of Managers in FY2019”.</li> <li>3. Passed the proposal of reviewing candidates for directors nominated by shareholders with 1% or above of the Company's total shares.</li> <li>4. Passed the motion of financing from financial institution due to operating demand and healthy financial structure.</li> <li>5. Passed the motion of setting up the POYA International Co., Ltd Yunlin Dounan Branch, Chiayi Guohua Branch, Luzhu Zhongshan Branch, Kaohsiung Luzhu and Jhubei Wunsing Branch.</li> </ol>
Board Session	2020.06.23	<ol style="list-style-type: none"> <li>1. Passed the proposal of the election of the director and vice director in the 8<sup>th</sup> term.</li> <li>2. Passed the proposal of the appointment of the remuneration committee in the 4<sup>th</sup> term.</li> </ol>

Nature of meeting	Date of meeting	Resolutions
		<ol style="list-style-type: none"> <li>Passed the proposal of the appointment of the nominating committee in the 3<sup>rd</sup> term.</li> <li>Passed the motion of financing from financial institution due to operating demand and healthy financial structure.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Carrefour Chunri Branch, Sanchong Zhengyi Branch, Taichung Zhongzheng Branch, Zhongli Neili Branch, Kaohsiung Nanzih Branch, Taiping Shuxiao Branch, Hsinchu Guanxin Branch and Tainan Zhonghua 2<sup>nd</sup> Branch, Taipei Tingzhou Branch, Taipei Gaosha Branch, Hsinchuang Xingfu Branch, POYA Home Gangshan Minzhu Branch and POYA Home Yongkang Branch.</li> </ol>
Board Session	2020.07.27	<ol style="list-style-type: none"> <li>Passed the proposal of amendment to “Internal Auditing System” of the Company.</li> <li>Passed the motion of drawing up matters of renewal of insurance for the Company’s directors and crucial employees’ liability insurance due on October 1<sup>st</sup>, 2020</li> <li>Passed the motion of setting up the POYA International Co., Ltd. Luzhou Zhongshan Branch, Chiayi Wufeng Branch, Pingtung Neipu Branch</li> </ol>
Board Session	2020.08.31	<ol style="list-style-type: none"> <li>Passed the motion of setting up the POYA International Co., Ltd Taipei Neihu Branch, Zhushan Daming Branch, Yangmei Zhongshan Branch, Taoyuan Chunri Branch, POYA Home Erlin Erxi Branch and POYA Home Yangmei Tiancheng Branch.</li> <li>Passed the motion of shutting down the POYA International Co., Ltd Chiayi Chuiyang Branch.</li> </ol>
Board Session	2020.09.28	<ol style="list-style-type: none"> <li>Passed the proposal of “Salary Adjustment of Managers” in FY 2020</li> <li>Passed the motion of financing from financial institution due to operating demand and healthy financial structure.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Taipei Beitou Branch, Showtimes East District Branch, Xindian Bitan Branch, POYA Home Nanzih Huimin Branch and POYA Home Bade Chiehshou Branch.</li> <li>Passed the motion of changing the address of POYA International Co., Ltd Yilan Su-auo Branch.</li> </ol>
Board Session	2020.10.26	<ol style="list-style-type: none"> <li>Passed the proposal of amendment to “Corporate Social Responsibility Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Rules of Procedure for Board of Directors Meetings”, “Audit Committee Charter”, “Remuneration Committee Charter”, “Nomination Committee Charter” and “Corporate Governance Best Practice Principles.”</li> <li>Passed the motion of financing from financial institution due to operating demand and healthy financial structure.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Yilan Jiaohsi Branch, Danan Global Branch, Zhongli Sogo Branch, Xindian Xiaobitan Branch and POYA Home Bade Global Branch.</li> </ol>
Board Session	2020.11.30	<ol style="list-style-type: none"> <li>Passed the motion of financing from financial institution due to operating demand and healthy financial structure.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Pingzhen Huanan Branch, Damshui Yingzhuan, Hsinchu J.Piin Branch, and Taipei Jingmei Branch.</li> </ol>
Board Session	2020.12.28	<ol style="list-style-type: none"> <li>Passed the motion of “Audit Plan” in FY 2021</li> <li>Passed the motion of “Operation Plans and Budget” in FY 2021</li> <li>Passed the motion of shutting down the POYA International Co., Ltd Taipei Neihu Branch.</li> </ol>

Nature of meeting	Date of meeting	Resolutions
		<ol style="list-style-type: none"> <li>Passed the motion of changing name of branches.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Liujia Branch, Rende Zhongzheng Branch, POYA Home Yongkang North Zhongzheng and POYA Home Miaoli Guohua Branch.</li> </ol>
Board Session	2021.01.25	<ol style="list-style-type: none"> <li>Passed the proposal of “Distribution of Annual Bonuses to Managers” in FY2020</li> <li>Passed the proposal of Distribution of Annual Bonuses to Directors and Vice Directors” in FY2020</li> <li>Passed the proposal of amendment to “Corporate Governance Best Practice Principles”.</li> </ol>
Board Session	2021.02.22	<ol style="list-style-type: none"> <li>Passed the proposal of” Declaration of Internal Control in FY 2020”.</li> <li>Passed the proposal of “Business Report and Financial Statements in FY2020”.</li> <li>Passed the proposal of “Profits Distribution in FY2020”.</li> <li>Passed the proposal of “Compensation for Employees and Directors in FY2020”.</li> <li>Passed the proposal of “Retained Earnings Transferred to Issue New Stocks”.</li> <li>Passed the proposal of holding the “2021 Shareholders Meeting”.</li> <li>Passed the proposal of “Changes of internal organization in PriceWaterhouse Coopers Taiwan”</li> <li>Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant.</li> <li>Passed the proposal of amendment to “Rules of Procedure for Shareholders Meetings”</li> <li>Passed the proposal of amendment to “Procedures for Election of Directors”.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Taipei Taishi Branch, Taipei Linjiang Branch, POYA Home Tainan BeiAn Branch, POYA Home Yilan Zhongshan Branch and POYA Home Fengyuan Xiangyang Branch.</li> </ol>
Board Session	2021.03.29	<ol style="list-style-type: none"> <li>Passed the proposal of “Salary Regulations of Directors and Vice Directors”.</li> <li>Passed the proposal of “Salary Adjustment of Managers” in FY 2021</li> <li>Passed the motion of financing from financial institution due to operating demand and healthy financial structure.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Xiaogang Kongfeng Branch, POYA Home Chiali Zhongshan Branch, POYA Home Kaohsiung Renwu Branch and POYA Home Taichung Chongde Branch.</li> </ol>
Board Session	2021.04.26	<ol style="list-style-type: none"> <li>Passed the proposal of amendment to “Internal Auditing System” of the Company.</li> <li>Passed the motion of financing from financial institution due to operating demand and healthy financial structure.</li> <li>Passed the motion of setting up the POYA International Co., Ltd Banqiao Zhongshan Branch, POYA Global Mall Qingpu Branch, POYA Home Taichung Henan Branch, POYA Home Kaohsiung Linyuan Branch.</li> </ol>

L. In the last fiscal period as of the date this report was printed, the major content of the adverse opinion of the directors or supervisors in the decision over specific motions at the Board Meeting on record or with a written declaration shall be specified: None.

- M. In the last fiscal period as of the date this report was printed, the resignation and dismissal of the Company's personnel (including chairman, general manager, accounting manager, internal audit manager...etc.) shall be summarized: None.

## V 、Information on the fees for certified public accountants

Name of CPA firm	Name of CPAs		Audit period	Remark
PriceWaterhouse Coopers Taiwan	Liu Tzu-Meng	Lin Tzu-Shu	2020.01.01-2020.12.31	-

Currency unit: NT\$ 1,000

Bracket \ Item		Auditing fees	Miscellaneous fees	Total
1	Less than 2,000		✓	
2	2,000~4,000(exclusive)	✓		✓
3	4,000~6,000(exclusive)			
4	6,000~8,000(exclusive)			
5	8,000~10,000(exclusive)			
6	10,000 and more			

- (1) If the payment of the miscellaneous services rendered by the certified public accountants, the CPA firm or its affiliates accounts for more than 25% of the auditing fees, the amounts of the auditing fees and miscellaneous fees and the contents of the miscellaneous services shall be disclosed.

Fees for certified public accountants

Currency unit: NT\$ 1,000

Name of CPA firm	Name of CPAs	Auditing fees	Miscellaneous fees					Audit period	Remark
			System design	Business registration	HR	Others	subtotal		
PriceWaterhouse Coopers Taiwan	Liu Tzu-Meng	2,830						2020.01.01- 2020.12.31	Other miscellaneous fees- include the fees for the secretarial work, printing of the report on new share issued through capitalization of earnings. Total amount is NT\$186,000 .
	Lin Tzu-Shu					186	186		

- (2) If the auditing fees decrease with the comparison of the fees in a year previous to the year of replacement of the CPA firm, the amount of the auditing fees before and after the replacement and the reasons shall be disclosed: None.
- (3) If the auditing fees decrease by more than 10% with the comparison of the fees in the previous year, the decrease amount of the auditing fees, the percentage and the reasons shall be disclosed: None.

VI、Information on the replacement of certified public accountants, in the last two fiscal periods and after:

Poya International replaced the certified public accountants to react to the changes of internal organization in PriceWaterhouse Coopers Taiwan in 2021.

(1) Former certified public accountants

Date of replacement	2021.02.22		
Reasons and explanation	React to the changes of internal organization in PriceWaterhouse Coopers Taiwan		
Explanation that the Company or the CPA terminates or rejects the appointment	Party		The Company (Consigner)
	CPA		
	Situation		
Terminate the appointment voluntarily	None		
			Reject the (continued) appointment
Opinions on and reasons of an audit report issued by the former CPA during the most recent 2 years containing an opinion other than an unqualified opinion.	None		
Any disagreements between the former CPA and the issuer	Yes		Accounting policies or practices
			Financial report disclosure
			Auditing scope or procedure
			Other
	No	✓	
	Description		
Others (shall be disclosed according to Article 10, Subparagraph 5, Item 1-4 of the Principle)	None		

(2) Successor certified public accountants

Name of the accounting firm	PriceWaterhouse Coopers Taiwan
Name of the CPAs	Lin, Zi-Yu, Lin Young-Zhi
Date of the appointment	2021.02.22
Consultations and the consultation results of the issues made by the new CPA regarding the accounting treatment of or application of accounting policies to a specific transaction, or the type of audit opinion that might be rendered on the securities firm's financial report prior to the formal engagement of the successor CPA.	None
Any disagreements in written form between the successor CPA and the former CPA	None

VII 、 If the chairman, general manager, finance or accounting manager of the Company has been working in the accounting firm of the CPAs or its affiliates within the last year, the name and title of the personnel and the period of such working relation existing: None.

VIII · In the last fiscal period as of the date this report was printed, the status of the transfer of shares or the shares in pledge held by the directors, supervisors, managers or the shareholders with more than 10% of the Company's shares:

(1) Transfer of shares held by the directors, managers and the major shareholders

Title	Name	FY2020		In 2021 as of the date this report was printed	
		Change in quantity of shares	Change in quantity of shares pledged	Change in quantity of shares	Change in quantity of shares pledged
Chairman	Duo Chin Investment Co.,Ltd.	0	0	0	0
	Representative: Chen Jian-Zao	0	0	0	0
Vice Chairman	Poya Investment Co., Ltd.	0	0	0	0
	Representative: Chen Fan Mei-Jin	0	0	0	0
Director and General Manager	Chen Zong-Cheng	0	0	0	0
Director	Chen Ming-Shian	0	0	0	0
Independent Director	Lin Tsai-Yuan(note 1)	0	0	0	0
Independent Director	Zhong Jun-Rong(note 1)	0	0	0	0
Independent Director	Li Ming-Xian (note 1)	0	0	0	0
Independent Director	Wu Lin-I(note 1)	0	0	0	0
Independent Director	Liu Zhi-Hong	0	0	0	0
Finance and Accounting Executive Director	Shen Hong-Yu	(32,000)	0	(8,000)	0
Business Planning Executive Director	Lin Chun-Wen	0	0	0	0
Office Project Director General Manager	Tsai Ming-Lun	(13,000)	0	(3,000)	0
Store Development Executive Director	Ren Shi-Liang	0	0	0	0



Note 1: Independent Directors Lin Tsai Yuan and Zhong Jun Rong were discharged on 2020.06.22. Independent Directors Li Ming-Hsien and Wu Lin-I were assumed office on 2020.06.23.

- (2) Information showing the counterparty of the share-transferring is the interested party: None.
- (3) Information showing the counterparty of the share-in-pledge is the interested party: None

IX、Information showing that top 10 shareholders have the relationship with one another as the related parties, spouse or kindred within the 2nd tier.

**Information on the relationship among the top 10 shareholders**

April 24 2021

Name	Shares held by the person		Shares held by the spouse and underage children		Shares held by the name of a third party		The name and relationship of top 10 shareholders having the relationship with one another as the related parties, spouse or kindred within the 2 <sup>nd</sup> tier specified in SFAS No. 6.		Remarks
	Qty of shareholdings	Proportion of shareholdings	Qty of shareholdings	Proportion of shareholdings	Qty of shareholdings	Proportion of shareholdings	Name	Relationship	
Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	8,169,840 20,000	8.36% 0.02%	175,754	0.18%	0	0%	Chen Fan Mei-Jin Chen Zong-Cheng Chen Lee-Lee Chen Rong-Rong	Spouse Son-in-law Father and daughter Father and daughter	
Poya Investment Co., Ltd. Representative: Chen Fan Mei-Jin	8,010,409 175,754	8.20% 0.18%	20,000	0.02%	0	0%	Chen Jian-Zao Chen Zong-Cheng Chen Lee-Lee Chen Rong-Rong	Spouse Son-in-law Mother and daughter Mother and daughter	
Chen Ching Investment Co., Ltd. Representative: Chen Jian-Zao	7,532,755 20,000	7.71% 0.02%	175,754	0.18%	0	0%	Chen Fan Mei-Jin Chen Zong-Cheng Chen Lee-Lee Chen Rong-Rong	Spouse Son-in-law Father and daughter Father and daughter	
Chen Zong-Cheng	6,128,023	6.27%	2,438,625	2.50%	0	0%	Chen Jian-Zao Chen Fan Mei-Jin Chen Lee-Lee Chen Rong-Rong	Father-in-law Mother-in-law Spouse Sister-in-Law	
Maersk Investment Co., Ltd. Representative: Chen Zong-Cheng	5,777,153 6,128,023	5.91% 6.27%	2,438,625	2.50%	0	0%	Chen Jian-Zao Chen Fan Mei-Jin Chen Lee-Lee Chen Rong-Rong	Father-in-law Mother-in-law Spouse Sister-in-law	
Investment Account of Small Denomination World Funds Co. Ltd. in Custody of Standard Chartered Bank	2,795,527	2.86%	0	0%	0	0%	-	-	
Gao Heng Investment Co., Ltd. Representative: Chen Jian-Zao	2,703,248 20,000	2.76% 0.02%	175,754	0.18%	0	0%	Chen Fan Mei-Jin Chen Zong-Cheng Chen Lee-Lee Chen Rong-Rong	Spouse Son-in-law Father and daughter Father and daughter	
Chang Yi Investment Co., Ltd. Representative: Chen Lee-Lee	2,697,565 2,438,625	2.76% 2.50%	6,128,023	6.27%	0	0%	Chen Zong-Cheng Chen Jian-Zao Chen Fan Mei-Jin Chen Rong-Rong	Spouse Father and daughter Mother and daughter Sister	
Chen Lee-Lee	2,438,625	2.50%	6,128,023	6.27%	0	0%	Chen Zong-Cheng Chen Jian-Zao Chen Fan Mei-Jin Chen Rong-Rong	Spouse Father and daughter Mother and daughter Sister	
Yi Shui Tang Investment Co., Ltd.	2,025,000	2.07%	0	0%	0	0%	-	-	

X、The quantity of shareholdings of a particular reinvestment business held by the Company, its directors, supervisors, managers and the investment business directly or indirectly controlled by the Company, and the consolidated percentage of combined shareholdings: None.

# Capital Projection and Implementation

## Capital Projection and Implementation

### I. Capital stock and shares

#### 1. Sources of capital stock

April 24 2021; unit: NT\$1; share

Year/month	Issuing price	Stated capital		Paid-in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment by properties beyond cash	Others
Mar 1997	1,000	20,000	20,000,000	20,000	20,000,000	Capital for incorporation	No	-
Nov 1998	10	4,400,000	44,000,000	4,400,000	44,000,000	Raised capital of NT\$24,000,000 by issuing new shares	No	-
Jul 1999	10	12,400,000	124,000,000	12,400,000	124,000,000	Raised capital of NT\$80,000,000 by issuing new shares	No	Note 1
Sep 2000	10	14,880,000	148,800,000	14,880,000	148,800,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 24,800,000.	No	Note 2
Oct 2001	10	16,368,000	163,680,000	16,368,000	163,680,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 14,880,000.	No	Note 3
Jun 2002	10	30,000,000	300,000,000	20,494,700	204,947,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 40,920,000. Issued new shares through capitalization of employee bonus amounted to NT\$ 347,000.	No	Note 4
May 2003	10	40,000,000	400,000,000	23,868,905	238,689,050	Issued new shares through capitalization of retained earnings amounted to NT\$ 30,742,050 Issued new shares through capitalization of employee bonus amounted to NT\$ 3,000,000.	No	Note 5
Jun 2004	10	46,000,000	460,000,000	25,501,900	255,019,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 11,934,450. Issued new shares through capitalization of employee bonus amounted to NT\$ 4,395,500.	No	Note 6
Jun 2005	10	46,000,000	460,000,000	33,952,470	339,524,700	Issued new shares through capitalization of retained earnings amounted to NT\$76,505,700. Issued new shares through capitalization of employee bonus amounted to NT\$ 8,000,000	No	Note 7
Nov 2005	10	61,000,000	610,000,000	34,855,576	348,555,760	Converted the convertible corporate bonds into 903,106 common shares, with the raised capital to be NT\$9,031,060	No	Note 8
Feb 2006	10	61,000,000	610,000,000	39,292,214	392,922,140	Converted the convertible corporate bonds into 4,436,638 common shares, with the raised capital to be NT\$44,366,380.	No	Note 9
May 2006	10	61,000,000	610,000,000	39,625,398	396,253,980	Converted the convertible corporate bonds into 333,184 common shares, with the raised capital to be NT\$3,331,840.	No	Note 10
Jul 2006	10	61,000,000	610,000,000	39,634,166	396,341,660	Converted the convertible corporate bonds into 8,768 common shares, with the raised capital to be NT\$87,680	No	Note 11
Sep 2006	10	61,000,000	610,000,000	80,000,000	476,341,660	Raised capital of NT\$175,200,000 by issuing new shares	No	Note 12
Nov 2006	10	61,000,000	610,000,000	54,950,588	549,505,880	Issued new shares through capitalization of retained earnings amounted to NT\$60,573,000. Issued new shares through capitalization of employee bonus amounted to NT\$ 10,252,300. Converted the convertible corporate bonds into 233,892 common shares, with the raised capital to be NT\$2,338,920	No	Note 13
Apr 2007	10	75,000,000	750,000,000	55,087,365	550,873,650	Converted the convertible corporate bonds into 136,777 common shares, with the raised capital to be NT\$1,367,770	No	Note 14
Jun 2007	10	75,000,000	750,000,000	62,501,365	625,013,650	Issued 7,414,000 new shares through private placement, with the raised capital to be NT\$74,140,000	No	Note 15

Year/month	Issuing price	Stated capital		Paid-in capital		Remarks		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment by properties beyond cash	Others
Sep 2007	10	85,000,000	850,000,000	64,685,731	646,857,310	Issued new shares through capitalization of retained earnings amounted to NT\$ 5,508,740 Issued new shares through capitalization of employee bonus amounted to NT\$10,252,300 Converted the convertible corporate bonds into 608,262 common shares, with the raised capital to be NT\$6,082,620	No	Note 16
Jun 2008	10	85,000,000	850,000,000	66,357,819	663,578,190	Issued new shares through capitalization of retained earnings amounted to NT\$ 6,468,580 Issued new shares through capitalization of employee bonus amounted to NT\$ 10,252,300	No	Note 17
Jun 2009	10	100,000,000	1,000,000,000	73,058,767	730,587,670	Issued new shares through capitalization of retained earnings amounted to NT\$ 59,722,040 Issued new shares through capitalization of employee bonus amounted to NT\$ 7,287,440.	No	Note 18
Sep 2010	10	120,000,000	1,200,000,000	88,309,000	883,090,000	Issued new shares through capitalization of retained earnings amounted to NT\$ 142,464,600. Issued new shares through capitalization of employee bonus amounted to NT\$ 10,037,730.	No	Note 19
Aug 2011	10	120,000,000	1,200,000,000	90,086,658	900,866,580	Issued new shares through capitalization of retained earnings amounted to NT\$8,830,900. Issued new shares through capitalization of employee bonus amounted to NT\$ 8,945,680.	No	Note 20
Aug 2012	10	120,000,000	1,200,000,000	91,626,699	916,266,990	Issued new shares through capitalization of retained earnings amounted to NT\$9,008,660. Issued new shares through capitalization of employee bonus amounted to NT\$ 6,391,750.	No	Note 21
Aug 2013	10	120,000,000	1,200,000,000	92,907,263	929,072,630	Issued new shares through capitalization of retained earnings amounted to NT\$9,162,660. Issued new shares through capitalization of employee bonus amounted to NT\$ 3,642,980.	No	Note 22
Aug 2014	10	120,000,000	1,200,000,000	94,113,057	941,130,570	Issued new shares through capitalization of retained earnings amounted to NT\$9,290,720. Issued new shares through capitalization of employee bonus amounted to NT\$ 2,767,220.	No	Note 23
Aug 2015	10	120,000,000	1,200,000,000	95,277,388	952,773,880	Issued new shares through capitalization of retained earnings amounted to NT\$ 9,411,300. Issued new shares through capitalization of employee bonus amounted to NT\$ 2,232,010.	No	Note 24
Aug 2016	10	120,000,000	1,200,000,000	96,476,038	964,760,380	Issued new shares through capitalization of retained earnings amounted to NT\$ 9,527,730. Issued new shares through capitalization of employee remunerations amounted to NT\$ 2,458,770.	No	Note 25
Aug 2017	10	120,000,000	1,200,000,000	97,685,031	976,850,310	Issued new shares through capitalization of retained earnings amounted to NT\$ 9,647,600. Issued new shares through capitalization of employee remunerations amounted to NT\$ 2,442,330.	No	Note 26

- Note 1: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 1999.7.19(88) Tai-Tsai-Cheng (I) No.63994.  
Note 2: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2000.9.18(89) Tai-Tsai-Cheng(I) No.78517.  
Note 3: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2001.10.9(90) Tai-Tsai-Cheng (I) No. 162012.  
Note 4: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2002.6.19(91) Tai-Tsai-Cheng (I) No. 0910133129.  
Note 5: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2003.5.26 Tai-Tsai-Cheng(I) No.0920123022.  
Note 6: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2004.6.04 Tai-Tsai-Cheng(I) No.0930124844.  
Note 7: At the approval of Financial Supervisory Commission of the Executive Yuan under Letter 2005.6.07 Chin-Kuan-Cheng (I) No.0940122740.

- Note 8: At the approval of Ministry of Economic Affairs under Letter 2005.11.25 Ching-Shou-Chung-Tzi No. 09433215370.
- Note 9: At the approval of Ministry of Economic Affairs under Letter 2006.02.17 Ching-Shou-Chung-Tzi No.09531714710.
- Note 10: At the approval of Ministry of Economic Affairs under Letter 2006.05.02 Ching-Shou-Chung-Tzi No.09532117920.
- Note 11: At the approval of Ministry of Economic Affairs under Letter 2006.07.18 Ching-Shou-Chung-Tzi No.09532523600.
- Note 12: At the approval of Financial Supervisory Commission of the Executive Yuan under Letter 2006.06.06 Chin-Kuan-Cheng (I) No.0950120110.
- Note 13: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2006.09.18 Chin-Kuan-Cheng (I) No.095014275.  
At the approval of the Ministry of Economic Affairs on conversion of corporate bonds into common shares under Letter 2006.11.07 Ching-Shou-Shang-Tzi No.09501247890.
- Note 14: At the approval of Ministry of Economic Affairs under Letter 2007.04.30 Ching-Shou-Chung-Tzi No.09601092770.
- Note 15: At the approval of Ministry of Economic Affairs under Letter 2007.06.12 Ching-Shou-Chung-Tzi No.09601127360.
- Note 16: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2007.07.09 Chin-Kuan-Cheng (I) No. 0960034976.  
At the approval of the Ministry of Economic Affairs on conversion of corporate bonds into common shares under Letter 2007.09.13 Ching-Shou-Shang-Tzi No.0960125730.
- Note 17: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2008.06.19 Chin-Kuan-Cheng (I) No.0970030752.
- Note 18: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2009.06.22 Chin-Kuan-Cheng (I) No.0980030830.  
At the approval of the Ministry of Economic Affairs under Letter 2009.08.10 Ching-Shou-Shang-Tzi No.09801179010.
- Note 19: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2010.08.06 Chin-Kuan-Cheng (I) No.0990041257.  
At the approval of Ministry of Economic Affairs under Letter 2010.11.02 Ching-Shou-Shang-Tzi No.09901245300.
- Note 20: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2011.07.08 Chin-Kuan-Cheng-Fa-Tzi No.1000031705.  
At the approval of Ministry of Economic Affairs under Letter 2011.08.15 Ching-Shou-Shang-Tzi No.10001186730.
- Note 21: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2012.06.25 Chin-Kuan-Cheng-Fa-Tzi No.1010027987.  
At the approval of Ministry of Economic Affairs under Letter 2012.08.06 Ching-Shou-Shang-Tzi No.10101159740.
- Note 22: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2013.06.28 Chin-Kuan-Cheng-Fa-Tzi No.1020025274.  
At the approval of Ministry of Economic Affairs under Letter 2013.08.16 Ching-Shou-Shang-Tzi No.10201166230.
- Note 23: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2014.07.03 Chin-Kuan-Cheng-Fa-Tzi No.1030025252.  
At the approval of Ministry of Economic Affairs under Letter 2014.08.14 Ching-Shou-Shang-Tzi No.10301166890.
- Note 24: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings under Letter 2015.07.01 Chin-Kuan-Cheng-Fa-Tzi No.1040024741.  
At the approval of Ministry of Economic Affairs under Letter 2015.08.24 Ching-Shou-Shang-Tzi No.10401170950.
- Note 25: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings on 2016.06.16.  
At the approval of Ministry of Economic Affairs under Letter 2016.08.01 Ching-Shou-Shang-Tzi No. 10501180160.
- Note 26: At the approval of Financial Supervisory Commission of the Executive Yuan on capitalization of retained earnings on 2017.06.30.  
At the approval of Ministry of Economic Affairs under Letter 2017.08.15 Ching-Shou-Shang-Tzi No. 10601112980.

April 24, 2021; unit: share

Type of share	Stated Capital			Remarks
	Quantity of outstanding shares	Quantity of unissued shares	Total	
Common shares	97,685,031 shares	22,314,969 shares	120,000,000 shares	Stocks listed in Taipei Exchange

## 2. Structure of shareholders

### Structure of shareholders

April 24, 2021; unit: people; share

Shareholder Quantity	Government	Financial institutions	Other institutions	Natural persons	Foreign institutions and foreigners	Total
Number	3	28	33	6,792	333	7,189
Quantity of shareholdings	303,000	1,825,100	42,971,876	16,131,505	36,453,550	97,685,031
Proportion of shareholdings	0.31%	1.87%	43.99%	16.51%	37.32%	100%

## 3. Diversification of shareholdings

April 24, 2021; Common shares: NT\$10/share

Rank of shareholdings	No. of shareholders (people)	Quantity of shareholdings (shares)	Proportion of shareholdings
1 to 999	5,652	499,318	0.51%
1,000 to 5,000	1,094	1,765,495	1.81%
5,001 to 10,000	118	864,702	0.89%
10,001 to 15,000	48	629,293	0.64%
15,001 to 20,000	41	715,277	0.73%
20,001 to 30,000	34	869,816	0.89%
30,001 to 40,000	30	1,057,857	1.08%
40,001 to 50,000	17	765,417	0.78%
50,001 to 100,000	46	3,356,710	3.44%
100,001 to 200,000	37	5,310,123	5.44%
200,001 to 400,000	38	10,656,670	10.91%
400,001 to 600,000	8	4,187,627	4.29%
600,001 to 800,000	4	2,694,532	2.76%
800,001 to 1,000,000	1	812,184	0.83%
More than 1,000,001	21	63,500,010	65.00%
Total	7,189	97,685,031	100.00%

Note: Diversification of preferred stocks: None

#### 4. List of dominant shareholders

April 24, 2021

Shareholdings Names of dominant shareholders	Quantity of shareholdings(shares)	Proportion of shareholdings
Duo Chin Investment Co., Ltd.	8,169,840	8.36%
Poya Investment Co.,Ltd.	8,010,409	8.20%
Chen Ching Investment Co., Ltd.	7,532,755	7.71%
Chen Zong-Cheng	6,128,023	6.27%
Maersk Investment Co., Ltd.	5,777,153	5.91%
Investment Account of Small Denomination World Funds Co. Ltd. in Custody of Standard Chartered Bank	2,795,527	2.86%
Gao Heng Investment Co., Ltd.	2,703,248	2.77%
Chang Yi Investment Co., Ltd.	2,697,565	2.76%
Chen Lee-Lee	2,438,625	2.50%
Yi Shui Tang Investment Co., Ltd.	2,025,000	2.07%

5. The market price, net value, earnings and dividend per share in the last 2 years and the related information (TPEX)

Unit: New Taiwan Dollar

Title \ Year		FY 2019	FY2020 °	2021 to March 31, 2021 (Note 8)
Market price per share (Note 1)	Highest	463.5	660	656
	Lowest	293.5	396	557
	Average	398.28	539.11	592.63
Net value per share (Note 2)	Cum-dividend	44.95	49.42	36.93
	Ex-dividend	27.85	30.72-(Note 9)	-(Note 10)
Earnings per share	Weighted average quantity of shares(1,000 shares)		97,685	97,685
	Earnings per share	Before adjustment	19.31	21.60
		After adjustment	19.24	21.54
Dividend per share	Cash dividend		17.10	18.70
	Stock dividend	From earnings	0	0
		From capital surplus	-	-
	Cumulative unpaid dividends (Note 4)		-	-
ROI analysis	P/E ratio (Note 5)		20.63	24.96
	P/P ratio (Note 6)		23.29	28.83
	Cash dividend yield rate (Note 7)		4.29%	3.47%

Note 1: The highest, lowest and average price in each year is shown and the average market price of each year is calculated with reference to the trading value and trading volume.

Note 2: It's based on the quantity of outstanding shares at the end of the year and the decision on distribution of earnings at the Shareholders Meeting in the next year.

Note 3: If retrospective adjustment is necessary due to the release of stock dividends, the EPS before and after the adjustment shall be stated.

Note 4: If there is an issue requirement of equity securities that unpaid dividend could be accumulated to the year with earnings for distribution, the cumulated amount of unpaid dividends over the year up to current period shall be disclosed.

Note 5: P/E ratio = average price per share at closing in the current year/earnings per share.

Note 6: P/P ratio = average price per share at closing in the current year/cash dividends per share

Note 7: Cash dividend yield rate = cash dividend per share/average price per share at closing in the current year.

Note 8: Information on March 31, 2021 is reviewed by certified public accountants.

Note 9: The proposal of dividends for FY 2020 has been approved by the Board of Directors on Feb 22, 2021. The proposal of dividends for FY 2020 would be recognized on shareholder meeting held in FY2021.

Note 10: Information covers the period of less than one year.



6. Dividend policy and implementation

A. Dividends policy as stated in the Company's Articles of Incorporation

In a changing environment of the industry that we operate, we are in a steady growth of the corporate lifecycle. 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 earnings remain, 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 retained earnings from the previous year to be equal to accumulated distributable earnings.

The Board of Directors made the Company's dividend policy proposal determined by the industry the Company operates with consideration of the future business development, the investment environment, and the shareholders' interests. In accordance with Article 21 of Articles of Corporation, if the distribution of shareholders' dividends and bonuses is fully or partially paid by cash, the Board of Directors is authorized to make a resolution with two thirds of the attendance rate and passed by over half of the board members. The Board of Directors should report to shareholder meetings. This is not applied by the Article 2 of Articles of Corporation.

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. The cash dividends 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.

B. Information on dividends distribution in 2020

On February 22, 2021, the Board of Directors made the resolution on distribution of 2020 earnings as followed:

1. The accumulated earnings NT\$1,826,710,080 shall be appropriated as cash dividends (NT\$18.7 dollars per share). Considering the future business development, the Company proposes to allocate NT\$29,305,500 from the Company's 2020 surplus available for appropriation, and to issue 2,930,550 as capital increase.

After the resolution by the shareholder meeting on the matter of stock dividend, the Board of Directors is authorized to determine the cash dividend record date and payment date. The Board of Directors shall be fully authorized to handle the matters related to the profit distributed to each share based on the number of actual outstanding shares change because of the change of capital.

C. Summary of significant change on expected dividend policy: None.

D. Any other business: The Company shall pay cash dividends at least 10% of total dividends in the following two years.

7. Impact of the Stock Dividend Distribution on Operating Results, Earnings per Share and Shareholders' Return on Investment :

Due to operation expansion needs, 2,930,550 share of stock dividends are issued in 2021. The company keeps its cash from retained earnings for store expansion in the future. Under the premise that issuing stock dividends will be beneficial to business performance and the company's revenue will grow steadily, the diluted effect on earnings per share is limited.

Unit : NT\$ 1,000

Title		Year	2021 (estimated)
Beginning Capital			976,850
2021 Dividend Policy	Cash dividend per share		18.7 dollars (Note 1)
	Retained earnings transferred to common stock		0.03shares (Note 1)
	Capital surplus transferred to common stock		0 share
Business Performance	Operating profit		(Note 2)
	Operating profit growth (YoY)		
	Net profit		
	Net profit growth(YoY)		
	Earnings per share		
	Earnings per share growth(YoY)		
	Average annual return on investment (Reciprocal of average P/E ratio)		
Pro forma EPS and P/E ratio	If all retained earnings are transferred to cash dividends	Pro forma earnings per share	
		Pro forma average annual return on investment	
	If capital surplus is not transferred to common stock	Pro forma earnings per share	
		Pro forma average annual return on investment	
	If capital surplus is not transferred to common stock and all retained earnings are transferred to cash dividends	Pro forma earnings per share	
		Pro forma average annual return on investment	

Note 1: The above-mentioned dividend distribution rate is calculated according to a total of 97,685,031 issued shares in the Board of Directors for the resolution of profit distribution on February 22, 2021, not the 2021 shareholders meeting.

Note 2: According to "Regulations Governing the Publication of Financial Forecasts of Public Companies", the company is not obligated to publicate financial forecasts of 2021. Therefore, there are no 2021 financial forecasts.

Chairman: Chen Jian-Zao

General Manager: Chen Zong-Cheng

Finance and Accounting Manager : Shen Hong-Yu

8. Remunerations to employees and the directors

- A. The percentage or scope of remunerations to employees and the directors as stated in the 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.

- B. The estimated principles of remunerations to employees, the directors and supervisors, the share basis for employee bonus distributed by stocks and the accounting treatment if there is any discrepancy between the actual and estimated amount of remunerations to employees, the directors and supervisors:

The calculation basis of the number of new issued shares for employees' compensation in 2020FY is based on the closing price one day prior to the Board resolution date. The employees' compensation shall be distributed in cash if less than one share.

There is no difference between the amount of recognized expenses and the amount of employees' and directors' remuneration passed by the Board of Directors.

- C. Information on the distribution of remunerations to employees, the directors passed by the Board of Directors

- (A) The amount proposed to be released for remunerations to employees and the directors in cash or in stock:

The amount of remunerations to employees in FY2020 is NT\$139,500,000 in stock.

The amount of remunerations to the directors in FY2020 is NT\$5,280,000 in cash.

The actual amount of payment is congruent with the recognized amount for FY 2020.

- (B) The amount of remunerations to employees of the total amount of the corporate earnings in the current period and the total remunerations to employees: 6.2%

- D. If there is discrepancy between the distribution of remunerations to employees, the directors and supervisors from the earnings of the last fiscal year (including the quantity of share distribution, the amount and stock price) and the recognized amount, the amount of and reasons for the discrepancy and the treatment shall be specified:

- (A) The distribution of remunerations to employees, the directors and the supervisors in FY 2019 which was passed by Board of Directors on Feb 17, 2020:

The total amount of remunerations to employees is NT\$124,421,677 in cash.

The total amount of remunerations to the directors is NT\$5,280,000 in cash

- (B) The actual amount of remunerations to employees and the directors for FY 2019 is NT\$129,701,677. The actual amount of payment is congruent with the recognized amount for FY 2019.

9. Repurchase of Company's shares: None.

II. Corporate bonds: None.

III. Preferred shares: None.

IV. The issuance of overseas depository receipts: None.

V. The issuance of employee stock options: None.

VI. New shares restricted to employees: None.

VII. Acquisition of new shares from other companies through mergers and acquisitions or assignment: None.

VIII. Capital planning and implementation: None.

# Operating Highlights

## Operating Highlights

### I. The content of business

#### A. Business scope:

##### 1. Major business items:

###### (A) Skincare and cosmetic products

There are domestically well-known brands of skincare and cosmetic items displayed over-the-counter, dermatology and cosmetology counter, and economical and practical products displayed on the open-shelf.

###### (B) Daily merchandise

There are daily necessities such as household items, daily utensils, shampoo, shower gel, and so on and also professional hardware, tools, water material, and related repair products.

###### (C) Personal Goods

There are snacks, stationery, leather goods, and accessories, etc.

###### (D) Underwear and socks

There are branded underwear displayed over-the-counter and the trendy socks for customers with different characters and preferences.

##### 2. Business proportion

Currency unit: NT\$ 1,000

Major products or services	Sales in FY2020	
	Amount	Proportion (%)
Skincare and cosmetic products	6,586,204	37.55%
Daily merchandise	6,480,391	36.95%
Personal Goods	2,802,485	15.98%
Underwear and socks	1,669,758	9.52%
Total	17,538,838	100%

##### 3. Current products and services offered by the Company:

(A) Trendy skincare and cosmetic items, accessories and perfume.

(B) Branded cosmetics counter.

(C) Branded underwear counter.

(D) Imported trendy leather goods and ornaments.

(E) Trendy socks, male and female underwear, headwear, scarves, handkerchiefs and other seasonal items.

(F) Household cleaning products, personal toiletries, hairdressing items, grocery goods, shampoo, shower gel, and so on.

(G) Trendy stationery and gifts.

(H) Various kinds of snacks.

(I) Daily items, grocery and home fixtures.

(J) Various kinds of hardware products.

(K) Parking space and special parking space are available in some of branches.

(L) Free cloakroom services.

##### 4. New services in the future:

(A) Rest rooms, fitting rooms and dressing table are going to be available in some of branches.

(B) Product introduction videos, promotional events and new products recommended are going to be offered on the special web page of Poya Facebook.

(C) Offer some products for customers to test in some of branches.

(D) Poya mobile applications are going to be developed for real-time and multi-lateral communications with consumers and updating the latest news and special offer for customers. Poya plans to not only strengthen the function of friend recommendation on the "Line" platform but also introduce new version of APP and develop mobile payment, POYA Pay.

## B. Industry Outlook:

### 1. Industry outlook and prospect

The comprehensive merchandise retailing industry is for domestic demands, in which the stores carry the products covered needs for food, clothing, living, transport, education, and entertainment. Thus, the growth of this industry in the future will be closely associated with the GDP and the consumer spending. The recent statistical figures of Taiwan in GDP and consumption in the private sector indicate that consumption in the private sector increases, correlating directly with the rise in GDP. As such, the sales of comprehensive merchandises in retailing industry also enjoy sustained growth.

### 2003~2020 Annual Sales of the Comprehensive Merchandise Retailing Industry

Currency unit: NT\$ million

Year	Sales	Annual growth rate
2003	689,761	4.51
2004	738,433	7.06
2005	760,511	2.99
2006	783,045	2.96
2007	814,061	3.96
2008	829,501	1.90
2009	844,795	1.84
2010	901,097	6.66
2011	957,655	6.28
2012	1,002,564	4.69
2013	1,028,124	2.55
2014	1,077,398	4.79
2015	1,116,823	3.66
2016	1,164,705	4.29
2017	1,178,201	1.16
2018	1,222,612	3.77
2019	1,272,664	4.09
2020	1,292,099	1.53

Source: "Business Sales Statistics" compiled by the Department of Statistics, Ministry of Economic Affairs.

The comprehensive merchandise retailing industry in Taiwan is well-developed. Currently, the consuming market has transformed from the era of "manufacturer-oriented" and "retailer-oriented" to "consumer-oriented".

The purchasing power of customers and the consumption environment will be affected by the factors such as global economy, the trends of emphasis on high CP ratio and fair-priced trendy purchases, convenience of transport, change of family structure and the regional development. As the basic needs being satisfied, the living standard being improved and the consuming environment being altered, the consuming behaviors of the customers also change. As a result, more value-added services, such as efficient and convenient services, safe and comfort shopping space, better taste in lives, shall be provided by the retailers.

In respond to the changes in shopping types and consumption needs of the customers, the retailers currently put much emphasis not only on the basic functions of food, clothing, living, and transport, but also on the amused functions of education and entertainments. Thus, the business strategy in comprehensive merchandise retailing

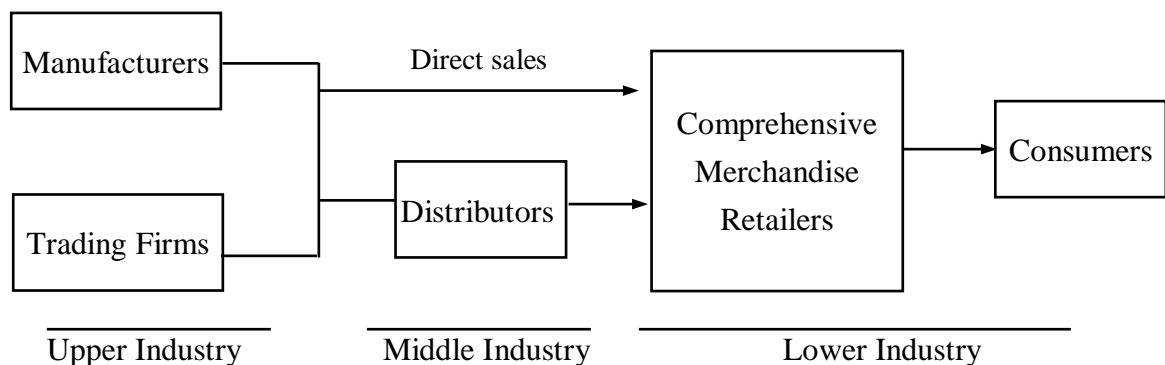
industry gradually focuses on differentiation and personalization instead of homogeneity.

It is because the products carried in the comprehensive merchandise retailing industry are suitable to the public that the customers shall be restricted to the geographic regions. In order to expand market, carry out the economics of scales and avoid the risks from online shopping which makes the small retailers hard to survive, the retailers shall keep opening new stores. As such, the chain store system on operation is gradually formed.

With respect to the sales, the retailers spare no effort in store expansion, joint marketing and promotional events in order to attract customers by creating a better image and reputation, and to provide customers various services without geographical limitation by the chain stores national wide. With respect to the purchases of merchandise, it is the centralized purchases that can remain a competitive advantage of the retailer. With the large volume of purchases, the retailer can enjoy the economics of scales, enlarge the margining power with the suppliers, and lower the inventory cost effectively. As such, the trend of setting up the chain store system in comprehensive merchandise retailing industry shall be inevitable in the future.

2. The association among the upper, middle, and lower industries

The sources of merchandises sold by the Company include manufacturers, distributors, and trading firms. For reducing the purchase costs, the Company has turned to make a direct purchase from the trading firms and the manufacturers.



3. Trend of product developments

(A) Products with high CP ratio and fair-priced fashion

The change of consuming habits drives the young customers to purchase the products with high CP ratio and fair-priced fashion. Thus, the only way to attract consumers is to satisfy their needs with such products.

(B) Business development of large scale and chain store system

It is the market trend for the retailers to enlarge the scales and set up the chain store system for pursuing the economics of scales and better national brand images. Large scale and chain store system can help the Company lower its operational expenses and share the Company resources which makes the corporate management, merchandise purchase, marketing planning and development, and inventory management more competitive. Besides, it also leads to higher market shares and fast business duplication by economics of scales, better competitive abilities and brand awareness enhancement.

(C) Product optimization

In order to provide the various products and one stop shopping service for customers, Poya International holds meetings on focused interview periodically. Simultaneously, Poya International enlarged the development of product classification with the thoughts close to female customers and lifestyle, processing the product optimization. For example, since the road running trend and travel

trend are getting popular in Taiwan in recent years, Poya International introduced related products to save customers' time and cost. Simultaneously, Poya International also introduces various kinds of road running and travel related products.

#### 4. Competition of the products

Comprehensive products have the feature of homogeneousness. As there is more than one competitor selling the same kind of and the brand of comprehensive products, the Company focuses on the following factors of the products in order to attract customers:

- (A) Price: Offer the prices obviously lower than other retailers'. As the high homogeneousness and substitutability of the comprehensive products, customers have lower loyalty to the specific brand and tend to purchase the products from the retailer offering lower prices.
- (B) Convenience: according to a survey conducted by the "Retail Market" magazine, insufficient time for shopping is a common problem among the consumers in advanced nations like Europe and America. Thus, the Company offers a well-designed shopping space and convenient purchase services to lower the effect of insufficient time on the customers' purchase.
- (C) Variety of products: as having insufficient time for shopping, the customers tend to make a purchase in a store with various products. Thus, one-stop shopping and other value-added services become the important factors to attract customers.

In sum, by offering the products and services with the factors above, the Company can maintain the original customers since the customers tend to purchase in the particular store they are familiar with, and broaden the customer base.

On the other hand, the service quality is also an important factor to determine whether the customer makes a purchase in the store, which includes how much the store personnel understand the products, whether the personnel can offer the consultant services and after-sale services of the products and interact properly with the customers. Conceiving with the mission of "Best Services and Customer Orientation", Poya offers perfect products and services to our customers.

#### C. Technologies and R&D:

##### 1. Expenses of introduction of the electronic application system

Currency unit: NT\$ 1,000

Item	Year	FY2020
Expenses of the electronic application system		2,580
Net sales		17,536,185
Proportion to net sales		0.01%

2. R&D plan in the future and estimated expenses of R&D: The budget is approximately NT\$ 23.5 million, accounting for 0.01% of net revenue.

- A. Establish a cloud server and transform the high-load services to the cloud server to ensure the proper server operation during the high-demand period. The mechanism will be completed by March 2021. The budget is approximately NT\$ 1.5 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits from the success of R&D
Cloud Server	Under Assessment	NT\$ 1.5 million	March 2021	To extend server computing resources and fulfill the high-loaded service needs.

- B. Renew onsite backup system to secure the capacities of big data analysis and system automation during the store expansion phase. The mechanism will be completed by June 2021. The budget is approximately NT\$ 14 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits the success of R&D
VMware equipment	Under Assessment	NT\$14million	June 2021	To enhance the hardware capacities at shop-front.
Database equipment	Under Assessment			To support the demand of big data analysis and automation on store counts increase.

- C. Establish remote backup system to secure the completeness, the usefulness of data and lower the risk of data lose. The mechanism will be completed by November 2021. The budget is approximately NT\$ 8 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits the success of R&D
Remote backup system	Under Assessment	NT\$8million	November 2021	To ensure the completeness, the usefulness of data, avoid threatens of malware and virus and lower the risk of data missing.

D. Business development plan in the short and long terms:

1. Short-term plan

(A) Marketing strategy

- (a) Make an effective integration of latest market information and customer consuming trends in order to select the potential products for intensified promotion:

Products are the core factor of business operation in retailing industry. The precise views on product selection can stimulate sales to reach a high peak. Put emphasis on and raise intensified promotion for those products popular in the market and likely purchased by the customers, the Company can have higher return on investment and multiple effect of sale achievement.

- (b) Highlight the selling points and features of the merchandises in order to raise sales:



Investigate into the selling points and features of the potential merchandises and make promotion to the customers through vivid and concise pictures and texts on DM, promotional materials at the stores and Facebook. It helps to catch more attention of the customers, trigger their potential demands and lead to sale growth.

- (c) Strengthen the product knowledge of the store personnel in order to develop a professional and amiable brand image of Poya International:  
Fortify the product knowledge of the store personnel through SOP and the complete education program and make sure that the store personnel can make a detailed introduction and product recommendation whenever the customers have any question about the merchandises in order to develop a professional and amiable brand image of Poya International.
- (d) Optimize the music in the stores in order to provide the relaxed and leisurely shopping environment to the customers:  
Avoid noisy broadcasting and peddling merchandises in the stores. Poya International provides the customers with the shopping environment with lively and relaxed music.
- (e) Put emphasis on the customers' demands and increase customer satisfaction:  
Collect customers' opinions through various channel such as Facebook, questionnaires, 0800, customer surveys conducted by the branches, internal corporate connection and customer reviews. After understanding the customers' demands, the related program will be stipulated and be executed thoroughly in order to increase customer satisfaction.
- (f) Focus on the membership management in order to maintain member loyalty:
  - A. Offer exclusive promotional activities for the members based on the features of the member consuming behaviors. By enabling the store personnel to be familiar with the member activities and to execute the skill of speech, the member participation in the activities will be effectively enhanced and the bonds between the members and Poya International will be strengthened.
  - B. Conduct an analysis based on the membership databases at regular intervals in order to stipulate membership management plan and maintain the loyalty of the members.
  - C. Explore the members' life shape, make new proposals to satisfy the customer demand, and increase loyalty through point-redemption.
  - D. Develop mobile payment, POYA Pay, to shorten checkout process, optimize customers' experience, and enhance satisfaction of customers.
- (g) Promote the activities of co-branded card in order to maintain the card holders:  
Actively cooperate with the banks the issuer of the co-branded card and held various promotional activities which are advertised in DM/promotional materials in the stores to attract the card holders to make continued purchases in the stores. By sharing the resources with each other, the value to card holders will be maximized and the relationship with the card holders will be maintained effectively.
- (h) Investigate into the competition of the industry instantaneously in order to react properly and create opportunity successfully:  
Stipulate proper strategy in time based on the latest strategy of the competitors which are monitored by the investigation system of competitors, also with the consideration of the market trend and Poya's niche to effectively take the opportunity.
- (B) Policy of product development
  - (a) Take advantage of the investigation system in national competitive market by region to maintain the competitive edge in pricing at any time and keep the niche of being the first prize in the same industry by region.

- (b) Stipulate distinct development strategies and promotional programs based on the product characteristics, customers' demands and appeals to product differentiation in order to fortify Poya's ability of attracting customers and the differentiating from the competitors.
- (c) Expand the variety of products based on the existing product categories in order to provide customers more choices and satisfy customers' various demands.
- (d) Stabilize the sources of merchandises purchased from foreign suppliers, maintain the bargaining power of purchase, track the market trend instantaneously and pay attention to the new products by appointing the purchasing team to go abroad for product development periodically in order to satisfy customers' various demands.
- (C) Scale of business operation
  - (a) Raise the market shares by store expansion.
  - (b) Supervise business operation and improve the extraordinary situation at once through the collection and analysis of computer operating system; simplify and automate the operation for higher working efficiency through IT management.
  - (c) Reinforce the product portfolio and the flexibility of the marketing strategy in order to achieve better operating performance.
  - (d) Focus on the human resources and stipulate the education and training program in which the centralized training model is adopted to cultivate proper managerial personnel for business expansion in the future.
  - (e) Make much effort in new type of operation and various developments in order to maintain the high growth rate of profits.
- (D) Financial strategy
 

The main objective of the financial planning is to strictly monitor the overall cash flow in order to meet the capital needs for store expansion in the future.

## 2. Long-term plan

### (A) Marketing strategy

- (a) Enhance the market position for a brand image of POYA:
  - A. Enhance the market position from product oriented to brand impression cultivation
 

Cultivate a brand image of high quality and fashion through the development of products, the optimization of service quality, the adjustment of direct mail design and arrangement of atmospheric materials in the stores.
  - B. Explore the business opportunity through social media exposure
 

After years of expansion, Poya has a established store network nationwide. Poya will develop our regular customer system, exploiting demand from our loyal customers. With the help of the social media, Poya International can continue to develop our branded product with marketing efforts. This, we hope, to attract the existing customers to visit the stores more frequently and also catch more attention for the potential customers.
- (b) Develop a communication platform of micro-community for real-time and various interactions with the customers:
  - A. The APP platform:
 

The APP platform has been launched since 2015. Through the portable APP platform, Poya International can pass the messages like latest marketing activities, e-flyers, best-selling products to the customers instantaneously and interactively. By the end of 2019, accumulated downloads reached 2 million. Besides, in 2020, Poya plans to introduce

new version of APP and develop mobile payment, POYA Pay, to increase the range and frequency of the usage of Poya APP.

B. The Fan Group of Facebook:

- i. Take advantage of the dissemination effect of FB connection and make demonstration articles or videos of the featured products by popular bloggers and models in order to create topicality and promotional effects.
- ii. Offer the messages like promotional activities, best-selling products, market trend on the Fan Group managed by the professional FB marketing personnel, make effective communication with fans, held activities by connecting the resources of the suppliers in order to stimulate visits, raise popularity of Poya Fan Group and increase the fans number.

C. Instagram:

Establish and maintain emerging platform, Instagram, and focus on the sales of exclusive products in order to make efficient promotion and reach more users.

D. Strengthen the function of friend recommendation on “Line” platform to create maximum effectiveness of attracting in-store traffic by real time interaction and information share.

(c) Continually improve the customer analysis system for the maximum of marketing effectiveness:

- A. Investigate into and distinguish the customers based on the consuming behaviors and features to improve the analysis system.
- B. Offer exclusive promotional activities designed according to the consuming type of the customer to utilize the marketing resources accurately and create the greatest value.
- C. Concentrate the resources on the core group of customers to maximize the marketing effectiveness.

(B) Policy of product development

(a) Enhance the depth of product category management:

Enhance the depth of product category management and complete the product line to satisfy the customers’ various demands and create consumption opportunity in different areas.

(b) Reinforce the brand image of high quality:

Extend the breadth and depth of the product line according to the nature of different products and develop various merchandises of aesthetic medicine and health foods to enhance the promotional effects and create the brand image.

(c) Introduce the program of product display in different type of stores:

Arrange the product display according to the type of different stores and enhance the liquidity of the products to make the purchase and return of the products more efficiently.

(C) Scale of operations

(a) Continually expand operating scale and root in Taiwan market.

(b) Establish an effective training system and execute the performance evaluation system which focuses on the competence of the employee to improve the quality of human resources and create a better operating performance.

(D) Financial strategy

The main financial strategies are to stipulate a stable financial policy to support the Company’s operation, enhance the function of financial forecast, set up the capital plan based on the overall operation, the purchase, the marketing and the store expansion plan for the future and make a complete assessment report of the capital sources, execution and the benefits after execution.

## II. Market and sale overview

### A. Market analysis:

#### 1. Sales of the major products and services by region and the market shares:

##### (A) Sales of the major products by region:

Poya International is a comprehensive merchandise retailer in the lower industry. Our major customers are normal consumers and the companies in Taiwan. Currently, Poya International is only engaged in domestic market. The sales of major products by region in the last 3 years are shown in the table below:

Currency unit: NT\$ 1,000

Region \ Year		FY2018		FY2019		FY2020	
		Amount	%	Amount	%	Amount	%
Domestic market	North	4,829,366	34.3	5,618,178	35.6	6,662,051	38.0
	Central	3,774,798	26.8	4,227,160	26.8	4,678,525	26.7
	South	2,364,450	16.8	2,521,249	15.9	2,743,868	15.6
	Kaohsiung and Pingtung	3,115,419	22.1	3,421,107	21.7	3,454,394	19.7
Total		14,084,032	100.0	15,787,694	100.0	17,538,838	100.0

##### (B) Market shares

The sales in FY2018, FY 2019 and FY 2020 are NT\$14.084 billion, NT\$15.788 billion and NT\$17.539 billion respectively. (See the table below) The market shares are 8.66%, 9.40% and 14.82% in the last 3 years, among the other comprehensive stores of the national comprehensive merchandise retailing industry.

#### Annual Sales and Growth Rate of the Comprehensive Merchandise Retailing Industry

Currency unit: NT\$ million; %

Industry \ Year	FY2016	FY2017	FY2018	FY2019	FY2020
Department store	333,149	334,626	340,119	355,205	354,083
Growth rate	4.47	0.44	1.64	4.44	-0.32
Supermarket	181,217	190,024	198,523	207,752	229,915
Growth rate	8.42	4.86	4.47	4.65	10.67
Convenience store	294,137	302,741	321,737	331,633	361,008
Growth rate	4.17	2.93	6.27	3.08	8.86
Hypermarket	189,120	194,716	199,540	210,135	228,745
Growth rate	4.43	2.96	2.48	5.31	8.86
Other Comprehensive Store	167,083	156,093	162,693	167,939	118,348
Growth rate	-0.15	-6.58	4.23	3.22	-29.53
Comprehensive Store	1,164,705	1,178,201	1,222,612	1,272,664	1,292,099
Growth rate	4.29	1.16	3.77	4.09	1.53

Source: "Statistics of Commercial Sales", compiled by the Department of Statistics, Ministry of Economic Affairs.

#### 2. The supply and demand in the market and the future growth:

Poya International adopts the chain store system on selling delicate daily merchandises. The niche products are trendy skin care and cosmetic products, and delicate personal supplies. It is focus on these two categories of products and comfortable shopping space that Poya International can be differentiated from the hypermarkets, supermarkets, convenience stores, pharmacies and drug stores and can be one of the independent categories in the retailing industry. Because of offering

delicate, trendy, various and personalized products, creating and leading the market trend, and enhancing the marketing strategy and the product mix, Poya International targets its main customers to be the young and the female aged between 15-49, whose consuming abilities are raising as there are more and more female employees in recent years. As such, the consuming market will grow stably in the future.

The products sold by Poya International can be separated into four categories, including trendy skin care and cosmetic products, daily merchandises, trendy underwear and socks, and delicate and personal supplies. By the end of April 2021, there were 292 stores (266 Poya stores and 26 Poya home stores) and Poya International still expands its new stores gradually. Compared to the direct competitors, Poya International has the leading position in the industry.

3. Competitive edge:

Location searching is one of the key factors leading to the success. By remodeling the stores, Poya International can offer the customers a comfortable shopping environment. Unlike the hypermarket and the department store constructing the building on its land or rental land, Poya International takes full advantages of store rental in order to effectively decrease the operational expenses and capital costs. Whenever opening a new store, Poya International will previously make a detailed assessment and planning of the business community in which the store is located, the market analysis, the product mix, the personal training and the target market. As such, Poya International can attract target customers, create considerable sales and maintain the leading position in the market.

Poya International introduces the POS system, business intelligence (BI) system, and electronic procurement module to collect the sale data from each store which shall be analyzed instantaneously as a report. Such report can help the management understand the market trends and the consumer behaviors, and help to control the products and the inventories. Thus, Poya International can stipulate proper price strategy, with flexible product operation and marketing system in order to attract target customers, create considerable profits and enhance the market competitive abilities.

4. Favorable and unfavorable factors of further development and the response to each issue:

(A) Favorable factors:

(a) Continued growth of market size in comprehensive merchandise retailing industry.

(b) Instantaneous information system

Thanks to the business intelligence (BI) system and the POS system, Poya can collect real-time sale data to monitor sales trends.

(c) Effective marketing strategy and better product development

Poya International has long been conceived with the principle of “Close to daily lives and satisfy the needs”, and the mission of “follow the market trend and satisfy the customers with various choices”. Poya International expects itself as the retailer creating and leading the trend and satisfying the customers’ demands by offering various trendy, personalized, and delicate products. Also with the flexible promotional system and effective marketing strategy, Poya International can control the products in time and stipulate proper price strategy to meet the customers’ demands on delicate, trendy, fair-priced products.

(d) Effective inventory management

Poya International is a comprehensive merchandise retailer offering various products and daily goods. The major inventories are displayed on the shelves in each store. In order to make effective management, Poya International establishes various indicators for inventory control such as inventory turnover rate, ratio of purchases to sales, sales ranking of products. Also with the complete purchase-sale inventory control system, information system of operation management and marketing strategy, Poya can effectively control the inventories. Recently, Poya has introduced the centralized logistic center in order to achieve the goal of much lower inventory level.

(e) Excellent operation performance

Poya International was ranked at the 112<sup>st</sup> place among the top 2000 national enterprises in the service sector according to the survey conducted by the Common Wealth Magazine in 2019 which was published in 2020. This award signifies the better operation performance, the stable and long-term relationship with the suppliers, operation under the economics of scales and strong bargaining power to lower the cost and increase the competitive abilities.

(B) Unfavorable factors and the responses to each issue:

Unfavorable factors	Responses
Severe competition in the comprehensive merchandise retailing industry	<ol style="list-style-type: none"> <li>1. Establish complete managerial system and control the product trend effectively to respond to the market change. The division involved includes the purchases of merchandises, marketing and planning, store management and analysis of operating information.</li> <li>2. Enhance the education and training of employees to improve the service quality.</li> <li>3. Adjust product mix and enhance the product sell-points based on the natures of customers in different community to satisfy their needs exactly.</li> </ol>
The change of population structure-aging population with fewer children	Through new products innovation, Poya International introduces a lot of branded health food and nutrition to develop the potential market.

B. Purposes of the major products and the production process:

Major products	Purpose
Trendy skin care and cosmetic products	There are well-known brands of cosmetics displayed over-the-counter, such as Shiseido and Kose; various cosmetics, skin-care products, and merchandises of aesthetic medicine.
Daily merchandise	There are daily necessities, groceries, household fixtures/bedding/pillow, and various kinds of hardware products.
Delicate and personal supplies	There are leather goods, suitcases, ornaments, toys and stationery.
Trendy underwear and socks	There are high-quality underwear and socks from domestic and international suppliers, such as underwear for young ladies and socks for men and women.

Poya International is a comprehensive merchandise retailer in the lower industry. The products sold by Poya International are purchased from the suppliers such as the manufacturers, distributors or trading firms. As such, there is no production process.

C. The supply of key materials:

The products sold by Poya International are purchased from the manufacturers, distributors or trading firms. Because of the increasing store number and growing operating sales, Poya International has the advantages of decentralized purchases and making price negotiation among various suppliers. As such, Poya International can effectively decrease the purchase cost and stabilize the supply of merchandises.

D. If any customer in any of the previous two years with purchase (sales) amount exceeding 10% of the total purchase (sales), the name, amount and proportion to total purchase (sales) shall be specified, so shall the reasons for any change if applicable:

Poya International is a comprehensive merchandise retailer. There is no customer in any of the previous two years with purchase (sales) amount exceeding 10% of the total purchase (sales). Therefore, no disclosure is necessary.

E. Production value and volume in the last 2 years:

Poya International is a comprehensive merchandise retailer and does not manufacture any of the products it carries. Production value and volume are not applicable.

F. Sales value and volume in the last 2 years:

As being a comprehensive merchandise retailer, it's hard to make a statistical quantitative analysis because of the complicated product categories and the inconsistent unit of product quantity. The sales by several product categories are shown in the table below:

Currency unit: NT\$ 1,000

Sales Major products	Year	FY2019				FY2020			
		Domestic sales		Exports		Domestic sales		Exports	
		Amount	%	Amount	%	Amount	%	Amount	%
Trendy skin care and cosmetic products		6,461,544	40.93	-	-	6,586,204	37.55	-	-
Daily merchandise		5,253,406	33.28	-	-	6,480,391	36.95	-	-
Delicate and personal supplies		2,473,043	15.66	-	-	2,802,485	15.98	-	-
Trendy underwear and socks		1,599,701	10.13	-	-	1,669,758	9.52	-	-
Total		15,787,694	100.00	-	-	17,538,838	100.00	-	-

Note: Poya International is not engaged in exports. No export information is available.

III. In the last two years as of the date this report was printed, the number of employees, average working period, average age and education are shown in the table below:

Year		FY 2019	FY2020	FY 2020 to March 31, 2021
Number of employees	Sales personnel	3,963	4,357	3,974
	Managerial personnel	362	398	408
	Total (Note)	4,325	4,755	4,382
Average age		29.01	29.78	30.08
Average working period		3.68 years	4.05 years	4.25 years
Education	PhD	0.00%	0.00%	0.00%
	Masters	1.03%	1.33%	1.46%
	Bachelors	72.77%	73.33%	73.69%
	Senior high school	25.21%	24.14%	23.55%
	Below senior high school	0.99%	1.20%	1.30%

Note: The numbers of employees are included the full time employees and the part-time employees for the years end December 31, 2020 and 2019, respectively.

#### IV. Information on the expenditures for environmental protection

Specify the amount of losses and penalty result from environmental pollution in the recent years as of the date this report was printed, if applicable. The responses and the estimated expenditure in the future shall also be disclosed:

In the recent years as of the date this report was printed, there is no matter that the Company suffered any loss or penalty result from environmental pollution. According to the feature of the industry the Company is in, the Company is not affected by the RoHS regulations.

#### V. Labor-Management Relationship

- (1) The systems of employee welfare, further education, training, retirement and the implementation of the systems, the agreement between the labors and the management, and the protection of the rights of the employees:
  - A. The implementation for the consensus between the labors and the management, and the rights of the employees:
    - a. Focus on the industrial relations: Poya International holds employment meeting according to “Measures for Employment Meeting” regularly to communicate and solve problems, so that Poya International can make a further coordination between employer and employee, and upgrade the work performance.
    - b. Complaint mechanism: Poya International devotes to upgrading employees’ salary, welfare and work environment. The company also offers platforms to make an effective, two-way communication with employees. The opinions from employees could be heard sufficiently.
    - c. Establish the Employee Welfare Committee: Employees can use all the welfares which are designed by Employee Welfare Committee.
  - B. Employee welfares:
    - a. Labor insurance, national health insurance and group insurance.
    - b. Employee bonus
    - c. Bonus of operating performance
    - d. Year-end bonus
    - e. Matrimonial gifts
    - f. Subsidy for hospitalization
    - g. Sponsorship for Spring Festival Banquet
    - h. Subsidy for funerals



- i. Subsidy for parties
  - j. Birthday gift coupon
  - k. Festival gift coupon, such as Mid-Autumn Festival, Dragon Boat Festival and Spring Festival
  - l. Health examination
  - m. Free dormitory for dispatched personnel
- C. Further education and training for the employees:
- I. Further education and training
 

Poya International puts emphasis on the cultivation and training of talents. In addition to routine trainings, Poya International provides extra E-Learning platform for the employees to receive complete and real-time learning and training. Besides, there is an evaluation system complied with the overall operating goals. It helps the employees, under the perquisite of achieving Company's targets, to emphasize on self-learning, raise working abilities and make personal career planning.

Poya International has an increasing demand on human resources as there are more and more new stores opened in the middle and long-term development plan. As such, Poya International establishes complete and standardized training system which focuses on the master-apprentice model, and the internal lecturer system to provide better learning environment and platforms. We hope to assist the personnel to finish the training in the short period and to well-perform on their work for getting job promotion. It creates win-win situation.
  - II. The training program for internal personnel is described below:
    - a. OJT training for new employees – the general manager will give a lecture on the Company's history, organization and corporate culture in the first stage which helps the employees to get accustomed to the environment quickly. In the second stage, a review of practical works will be made in the stores to ensure that the employees can get familiar with the basic operation of their work.
    - b. Instructor training – the training of proper ways of job instruction and guidance will be given and the operating skills, knowledge and managerial experience will be shared to the new employees in order to helps them get accustomed to the environment quickly and cultivate the managerial personnel at basic level.
    - c. Evaluation of promotion to section manager: the evaluation system of practical work. The personnel will be assessed in a group in batches and will get promotion as passing the evaluation.
    - d. Business management training – There are two stages: the general manager will give a lecture on business management; the senior store manager will also be invited to act as internal lecturer to share the experience of store management. It helps to improve the managerial abilities of the trainees for being a deputy store manager
    - e. Evaluation of promotion to deputy store manager: the evaluation system of practical work. The personnel will be assessed in a group in batches and will get promotion as passing the evaluation.
    - f. Practical training for store manager candidates: The Class-A store will be arranged for the training and the senior improved manager will be appointed to act as the coach. Through practical operation in the store, the trainees can engage in benchmark learning of proper management skills. This training helps to improve the trainees' abilities of utilizing financial reports and problem-solving and also helps to cultivate qualified store managers.

Training in 2020 and the results:

Subject	Hours of Study	Lessons	Attendance	Total Hours
OJT evaluation	7	36	1,165	8,155
Assistant store manager assessment	7	28	820	5,740
Section manager assessment	7	20	411	2,877
Total		84	2,396	16,772

Subject	Lesson	Attendance	Attendance*hours	Total expense
Basic training	36	1,165	8,155	NT\$1,873,200
Supervisor evaluation	48	1,231	8,617	

D. Retirement system and the implementation:

Poya International adopts both the old and new systems of retirement. The Labor Retirement Regulation has been established under the old system, governed by the Labor Standards Act. After the actuarial estimation, 2% of the total monthly salaries will be allocated as reserve for the pension fund deposited at a designated account at the Bank of Taiwan (previously at Central Trust of China). The calculation of pension payment is based on the Labor Retirement Regulations and will be disbursed accordingly. Employees who elect to go with the new retirement system will have 6% of their respective monthly salaries allocated to their personal pension accounts monthly as required by the Statute for Labor Pension.

E. Ethical Corporate Management Best Practice Principles, Codes of Ethical Conducts, and Corporate Social Responsibility Best Practice Principles:

**Ethical Corporate Management Best Practice Principles**

- Article 1 In order to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices, the Company hereby enacts these Principles according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies."
- These Principles are applicable to its business groups and organizations of such the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such Company ("business group").
- Article 2 When engaging in commercial activities, directors, managers, employees, and mandatories of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

- Article 3 "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5 The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and approval from the Board of Directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
- Article 6 In order to implement ethical management policy, the Company shall enact "Procedures for Ethical Management and Guidelines for Conduct" and shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs").  
The enactment of "Procedures for Ethical Management and Guidelines for Conduct" in the preceding paragraph shall comply with relevant laws and regulations of the territory where the Company and their business group are operating.
- Article 7 The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess business activities on a regular basis within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.  
It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:
- Offering and acceptance of bribes.
  - Illegal political donations.
  - Improper charitable donations or sponsorship.
  - Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
  - Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
  - Engaging in unfair competitive practices.
  - Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.
- Article 8 The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.  
The Company shall clearly specify in their rules and external documents and on website the ethical corporate management policies with the board of directors and senior management implementing the commitment of such policies, carrying out the policies in internal management and also commercial activities.

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

- Article 9      The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.
- When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.
- Article 10     When conducting business, the Company and its directors, managers, employees, mandatories, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.
- Article 11     When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandatories, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
- Article 12     When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandatories, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.
- Article 13     The Company and its directors, managers, employees, mandatories, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.
- Article 14     The Company and its directors, managers, employees, mandatories, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.
- Article 15     The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.
- Article 16     In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandatories, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and

safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17      The directors, managers, employees, mandatories, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company assigns Audit Division for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The Audit Division shall report to the Board of Directors on a regular basis (at least once a year).

Article 18      The Company and its directors, managers, employees, mandatories, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19      When a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal, and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandatories, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20      The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

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

- Article 21 The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof. The procedures and guidelines should at least contain the following matters:
- ◆ Standards for determining whether improper benefits have been offered or accepted.
  - ◆ Procedures for offering legitimate political donations.
  - ◆ Procedures and the standard rates for offering charitable donations or sponsorship.
  - ◆ Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
  - ◆ Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
  - ◆ Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
  - ◆ Handling procedures for violations of these Principles.
  - ◆ Disciplinary measures on offenders.
- Article 22 The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandatories on a regular basis.
- The Company shall periodically organize training and awareness programs for directors, managers, employees, mandatories, and substantial controllers, so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.
- Article 23 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:
- ◆ An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
  - ◆ Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
  - ◆ Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
  - ◆ Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
  - ◆ Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
  - ◆ Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
  - ◆ Whistle-blowing incentive measures.
- When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

- Article 24 If any person of the Company violates the ethical corporate management rules, the Company shall give punishments according to relative rules and regulation based on its violation and shall immediately disclose on the Company's internal website the title and name of the violator, the date and details of the violation, and the actions taken in response.
- Article 25 The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their Company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.
- Article 26 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.
- Article 27 These Principles shall be implemented after the discussion of the Audit Committee and the approval of the Board of Directors, and shall be submitted to the Shareholders Meeting. The same procedure shall be followed when the principles have been amended.
- For the Company that has appointed any Independent Director, when the ethical corporate management best practice principles are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. An Independent Director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.
- Article 28 This Principle was enacted on October 27, 2014. The first amendment was made on February 24, 2015; the second amendment was made on July 25, 2016; the third amendment was made on March 23, 2020.

## **Codes of Ethical Conduct**

### **Article 1 Purpose of and Basis for Adoption**

For the purpose of encouraging the directors and the managerial officers of the Company to act in line with ethical standards, and helping the interested parties of the Company better understand ethical standards, the Company shall enact a code of ethical conduct with reference to “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies”, and shall abide by such a code of ethical conduct.

### **Article 2 Objects of Application**

The Code is applicable to the directors and the managerial officers of the Company, including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company.

### **Article 3 Content of the Code**

#### **1. Prevention of Conflicts of Interest**

The directors or managerial officers of the Company shall perform their duties in an objective and efficient manner, and shall avoid any improper benefit obtained by taking advantage of their position in the Company either for themselves or for their spouse, parents, children, or relatives within the second degree of kinship. The directors and managerial officers of the Company shall voluntarily explain whether there is any potential conflict between them and the Company when the Company makes loans of funds or provisions of guarantees, major asset transactions or the purchases (or sale) of goods involving the affiliated enterprise at which a director or managerial officer mentioned above work.

#### **2. Minimizing Incentives to Pursue Personal Gain**

The Company shall prevent its directors or managerial officers from engaging in any of the following activities:

- (1) Seeking an opportunity to pursue personal gain by using Company's property or information, or taking advantage of their positions.
- (2) Obtaining personal gain by using Company's property or information, or taking advantage of their positions.
- (3) Competing with the Company.

When the Company has an opportunity for profits, it is the responsibility of the directors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

#### **3. Confidentiality**

The directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by laws to disclose such information. Confidential information includes



any undisclosed information that, if exploited by a competitor or disclosed, could result in damages to the Company or its suppliers and customers.

4. Fair Trades

The directors and managerial officers of the Company shall fairly treat all suppliers and customers, competitors, and employees of the Company, and may not obtain improper benefits obtained through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

5. Safeguarding and Proper Use of Company Assets

All directors and managerial officers have the responsibility to safeguard the Company's assets and to ensure that those assets can be effectively and lawfully used for official business purposes. Any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

6. Legal Compliance

The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and by laws.

7. Encouraging Reporting on Any Illegal or Unethical Activity

The Company shall raise awareness of ethics internally and encourage employees to report to the Board of Directors, a managerial officer, the chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company shall manage the case confidentially and let the employees aware that the Company will use its best efforts to ensure the safety of informants.

8. Disciplinary Measures

When a director, or managerial officer of the Company violates the code of ethical conduct, the Company shall, after investigation, handle the matter according to related regulations and shall promptly disclose on the Market Observation Post System (MOPS) the name and title of the violator, the date of the violation, reasons for the violation, provisions of the code violated, and the disciplinary actions taken.

If the director or managerial officer who shall be punished because of violation of the code does not accept the disciplinary actions, the director or managerial officer may appeal against the judgments based on related regulations.

Article 4 Procedures for exemption

If there is necessary for any exemption for directors or managerial officers from compliance with the code, the application of the exemption shall be adopted by a resolution of the Board of Directors. That information on the date on which the Board of Directors adopted the resolution for exemption, and the objection or reservation raised by the Independent Directors, and the period of, reasons for, and principles behind the application of the exemption shall also be disclosed without delay on the MOPS in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the code. It is to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 5 Method of disclosure

The code of ethical conduct and any amendments to it shall be disclosed on the Company's website, in the Company's annual reports and prospectuses, and on the MOPS.

Article 6 Enforcement

The code of ethical conduct and any amendments to it shall enter into force after it has been reviewed by the Audit Committee, adopted by the Board of Directors, and submitted to a Shareholders Meeting.

Article 7 The code of ethical conduct was enacted on October 27, 2014. The first amendment was made on March 23, 2015.

## **Corporate Social Responsibility Best Practice Principles**

### **Chapter I General Principles**

Article 1 In order to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposed of sustainable development, the company hereby formulates the Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and follows it.

Article 2 The Principles applies to the Company, including the entire operations of the Company and its business group.  
The Company actively fulfills their corporate social responsibility in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility

Article 3 In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4 To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information

Article 5 The company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders meeting

### **Chapter 2 Exercising Corporate Governance**

Article 6 The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7 The directors of the Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:

1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines;
2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

- Article 8      The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.
- Article 9      For the purpose of managing corporate social responsibility initiatives, the Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.
- Article 10     The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

### **Chapter 3 Fostering a Sustainable Environment**

- Article 11     The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.
- Article 12     The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.
- Article 13     The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:
1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
  2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
  3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 14 General Administration Office of the Company is established for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for its managerial officers and other employees on a periodic basis.

Article 15 The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16 To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.  
The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17 The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

The Company is advised to monitor the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon its operations and the result of a greenhouse gas inventory. Such strategies should include obtaining carbon credits to promote and minimize the impact of their business operations on climate change.

#### **Chapter 4 Preserving Public Welfare**

Article 18 The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall establish appropriate management methods and processes.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through

- which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.
- Article 19 The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.
- Article 20 The Company is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. The Company is advised to organize training on safety and health for their employees on a regular basis.
- Article 21 The Company is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.
- Article 22 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.
- The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.
- The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.
- Article 23 The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of their products and services. The Company further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.
- Article 24 The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.
- Article 25 The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.
- Article 26 The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.
- Article 27 The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.
- The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

## **Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information**

**Article 28** The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Company and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency. Relevant information relating to corporate social responsibility which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

**Article 29** The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## **Chapter 6 Supplementary Provisions**

**Article 30** The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

**Article 31** The Corporate Social Responsibility Best Practice Principles and any amendments to it shall enter into force after it has been reviewed by the Audit Committee, adopted by the Board of Directors, and submitted to a Shareholders Meeting.

**Article 32** The Corporate Social Responsibility Best Practice Principles was enacted on October 27, 2014. The first amendment was made on February 24, 2015. The second amendment was made on October 26, 2020.

- F. Protection of work environment and labor safety
  - (A) Labor insurance and national health insurance
 

All employees are protected by labor insurance and national health insurance as required by law, and are entitled to insurance benefits. Employees are also entitled to benefits for maternity, injury, sickness, disability, aging and death under the “Labor Insurance Statue” and the “National Health Insurance Act” from Labor Insurance Bureau and National Health Insurance Bureau facilitated by Poya International.
  - (B) Safety and health
 

Poya International complies with the rules and regulations governing labor safety and health by providing a healthy and safe environment, preventing occupational hazards and injuries, and protecting the health and safety of the employees.
  - (C) Health concern and management
 

Physical examination is arranged for all employees once a year for maintaining their physical health.
  - (D) Safety and hygiene at employee accommodations
 

For the preservation of safety, tidiness and hygiene at the accommodation provided by Poya International, the Office of General manager appoints the designated personnel to the employee accommodations across the province to conduct inspections. The scope of inspection covers the public area, home appliance safety, water heating facilities and fire prevention equipment for the safety and health of the employee accommodations.
  - (E) Maintenance and inspection of all facilities
 

All branches and the corporate headquarters shall hold fire safety inspection regularly to maintain reliability and safety of all equipment.
- (2) In the recent years as of the date this report was printed, disclose the estimate amount of the losses and the responses result from labor dispute in the current period and in the future, if applicable: None.

## VI. Material Contracts

Nature of agreement	Contracting Party	Perpetuity of the agreement	The content	Restriction clause
Lease Agreement on Housing	A001~A0248 A6001~A6009	2005.08.01~2039.07.31	Average monthly rental of NT\$ 443,000	No
Loan Agreement	Hua Nan Commercial Bank	2019.09.09-2022.09.09	Draw down of NT\$ 395 million	No
Loan Agreement	Hua Nan Commercial Bank	2020.03.19-2023.03.19	Draw down of NT\$400 million	No
Loan Agreement	Hua Nan Commercial Bank	2020.12.18-2023.12.18	Draw down of NT\$100 million	No
Loan Agreement	KGI Commercial Bank	2019.07.01-2022.07.01	Draw down of NT\$700 million	No
Loan Agreement	KGI Commercial Bank	2020.04.20-2023.04.20	Draw down of NT\$300 million	No
Loan Agreement	E.Sun Commercial Bank	2019.07.01-2022.07.01	Draw down of NT\$ 600 million	No
Loan Agreement	Cathay United Commercial Bank	2020.12.07-2023.12.07	Draw down of NT\$200 million	No
Loan Agreement	Chang Hwa Bank	2019.07.01-2022.07.01	Draw down of NT\$60 million	No
Loan Agreement	Chang Hwa Bank	2020.04.24-2023.04.24	Draw down of NT\$60 million	No
Loan Agreement	O-Bank	2020.04.17~2023.04.17	Draw down of NT\$200million	No
Loan Agreement	First Commercial Bank	2020.05.04~2023.05.04	Draw down of NT\$200million	No
Loan Agreement	Far Eastern International Bank	2020.05.04~2023.05.04	Draw down of NT\$300million	No



# Financial Information

## Financial Information

### I. Condensed balance sheets and consolidated income statements in the last five years

#### A. Condensed balance sheet and consolidated income statement

##### 1. Condensed balance sheet - IFRS

Currency unit: NT\$ 1,000

Year Title		Financial information from January 1 <sup>st</sup> 2016 to March 31 <sup>st</sup> 2021					
		2016	2017	2018	2019	2020	Financial information in 2021 to March 31 <sup>st</sup> (Note 1)
Current assets		3,942,152	4,430,659	5,222,352	5,636,729	6,827,192	6,889,461
Real estate, plants, and equipment		2,127,895	2,621,317	2,804,885	2,948,424	3,378,801	3,465,229
Right-of-Use Asset		-	-	-	10,630,411	12,529,061	12,845,742
Intangible assets		-	-	-	-	-	-
Other assets		393,783	477,153	532,062	421,085	442,038	449,157
Total assets		6,463,830	7,529,129	8,559,299	19,636,649	23,177,092	23,649,589
Current liabilities	Cum-dividend	2,745,868	3,088,561	3,528,985	4,853,473	6,034,486	7,730,948
	Ex-dividend (Note2)	3,778,162	4,358,466	5,067,524	6,523,887	7,861,196	(Note 3)
Non-current liabilities		573,609	810,743	960,028	10,392,142	12,314,654	12,311,000
Total liabilities	Cum-dividend	3,319,477	3,899,304	4,489,013	15,245,615	18,349,140	20,041,948
	Ex-dividend (Note2)	4,351,771	5,169,209	6,027,552	16,916,029	20,175,850	(Note 3)
Shareholders' equity attributable to parent		-	-	-	-	-	-
Capital stock		964,760	976,850	976,850	976,850	976,850	976,850
Capital surplus		552,861	640,419	640,419	640,419	640,419	640,419
Retained earnings	Cum-dividend	1,626,732	2,012,556	2,453,017	2,773,765	3,210,683	1,990,372
	Ex-dividend (Note2)	594,438	742,651	914,478	1,103,351	1,383,973	(Note 3)
Other equities		-	-	-	-	-	-
Treasury stocks		-	-	-	-	-	-
Uncontrolled equities		-	-	-	-	-	-
Total equity	Cum-dividend	3,144,353	3,629,825	4,070,286	4,391,034	4,827,952	3,607,641
	Ex-dividend (Note2)	2,112,059	2,359,920	2,531,747	2,720,620	3,001,242	(Note 3)

Note 1: The financial information as of March 31<sup>st</sup> 2021 was reviewed by CPA.

Note 2: The figures of ex-dividend in 2020 were based on the resolution of the Shareholders Meeting on February 22<sup>th</sup>, 2021.

Note 3: This period is not a complete fiscal period and the data on distribution were omitted.

## 2. Consolidated income statement -IFRS

Currency unit: NT\$ 1,000

Title \ Year	Financial information from January 1 <sup>st</sup> 2015 to March 31 <sup>st</sup> 2020					
	2016	2017	2018	2019	2020	Financial information in 2021 to March 31 <sup>st</sup> (Note 1)
Revenue	12,423,746	13,262,071	14,084,032	15,787,694	17,538,838	4,721,778
Gross profits	5,107,553	5,678,700	6,168,183	6,824,235	7,572,787	2,102,667
Operating income	1,360,856	1,721,822	2,096,618	2,429,174	2,650,219	774,569
Non-operating incomes and expenses	49,312	1,023	35,890	(70,443)	(43,986)	(16,468)
EBT	1,410,168	1,722,845	2,132,508	2,358,731	2,606,233	758,101
Net profit in segments of continued operation	1,169,484	1,429,057	1,709,140	1,886,727	2,110,123	606,399
Loss incurred from discontinued operation	-	-	-	-	-	-
Corporate earnings (loss) in current period	1,169,484	1,429,057	1,709,140	1,886,727	2,110,123	606,399
Other consolidated income in current period (after taxation)	(5,430)	(1,292)	1,226	(1,931)	(2,791)	-
Total consolidated income in current period	1,164,054	1,427,765	1,710,366	1,884,796	2,107,332	606,399
Earnings attributable to owners of parent	-	-	-	-	-	-
Earnings attributable to uncontrolled equity	-	-	-	-	-	-
Total consolidated income attributable to owners of parent	-	-	-	-	-	-
Total consolidated income attributable to uncontrolled equity	-	-	-	-	-	-
EPS	12.01	14.63	17.50	19.31	21.60	6.20

Note 1: The financial information as of March 31<sup>st</sup>, 2021 was reviewed by CPA.

**B. Names of the certified public accountants and audit opinions in the last 5 years**

Year	CPA Firm	Names of CPAs	Audit Opinion
2015	PriceWaterhouse Coopers	Lee Ming-Hsien, Lin Tzu-Shu	Unqualified
2016	PriceWaterhouse Coopers	Lee Ming-Hsien, Liu Tzu-Meng	Unqualified
2017	PriceWaterhouse Coopers	Liu Tzu-Meng Lin Tzu-Shu	Unqualified
2018	PriceWaterhouse Coopers	Liu Tzu-Meng Lin Tzu-Shu	Unqualified
2019	PriceWaterhouse Coopers	Liu Tzu-Meng Lin Tzu-Shu	Unqualified
2020	PriceWaterhouse Coopers	Liu Tzu-Meng Lin Tzu-Shu	Unqualified

## II. Financial analyses in the last five years

### A. Financial analysis - IFRS

<div> <div></div> <div>Year</div> <div>Title</div> </div>		Financial analyses in the last 5 years					Financial information in 2021 to March 31 <sup>st</sup> (Note 1)
		2016	2017	2018	2019	2020	
Financial structure	Liabilities to assets ratio ( % ) (Note 3)	51.35	51.79	52.45	77.64	79.17	84.75
	Long-term capital to real estate, plants, and equipment ratio ( % )	173.91	168.74	178.77	183.24	178.85	130.72
Ability to repay debt	Current ratio ( % ) (Note 3)	143.57	143.45	147.98	116.14	113.14	89.12
	Quick ratio ( % ) (Note 3)	55.85	54.74	59.14	44.04	44.94	30.94
	Debt services coverage ratio (Note 3)	171.50	168.93	134.12	21.84	20.76	22.13
Utility	A/R turnover (time) (Note 2)	-	-	-	-	-	-
	Average days of cash receipt (Note 2)	-	-	-	-	-	-
	Inventory turnover (time)	3.34	3.06	2.79	2.75	2.64	2.47
	A/P turnover (time)	4.64	4.62	4.41	4.52	4.42	4.55
	Average days of sales	109.28	119.28	130.82	132.72	138.26	147.77
	Real estate, plants, and equipment turnover (time)	6.28	5.58	5.19	5.49	5.54	5.52
	Total asset turnover (time) (Note 3)	2.05	1.90	1.75	1.12	0.82	0.81
Profitability	ROA ( % ) (Note 3)	19.39	20.55	21.41	14.03	10.35	10.85
	ROE ( % )	39.77	42.19	44.39	44.60	45.78	57.51
	Ratio of EBT to paid-in capital ( % )	146.17	176.37	218.30	241.46	266.80	310.43
	Net profit rate ( % )	9.41	10.78	12.14	11.95	12.03	12.84
	EPS (NT\$) (Note 4)	12.01	14.63	17.50	19.31	21.60	6.20
Cash flow	Cash flow ratio ( % ) (Note 3)	51.65	58.79	57.80	69.93	62.49	14.32
	Net cash flow adequacy ratio ( % )	77.02	74.93	76.41	87.83	98.17	107.97
	Cash reinvestment ratio ( % )	11.77	13.69	11.91	11.31	11.06	6.21
Leverage	Operation leverage	3.54	3.12	2.78	2.65	2.69	2.55
	Financial leverage	1.01	1.01	1.01	1.05	1.05	1.05

- Note 1: The financial information as of March 31<sup>st</sup> 2021 was reviewed by CPA.
- Note 2: Poya International is in the retailing industry, and this is not applicable here.
- Note 3: Reasons for change of each financial ratio in recent two fiscal years:  
 Liabilities to assets ratio: due to IFRS 16, lease liability and right-of-use asset increase.  
 Current ratio: due to IFRS 16, lease liability (current) increases.  
 Quick ratio: due to IFRS 16, lease liability (current) increases.  
 Debt services coverage ratio: due to IFRS 16, interest expense increases.  
 Total asset turnover: due to IFRS 16, right-of-use assets increase.  
 ROA: due to IFRS 16, interest expense and right-of-use asset increase.  
 Cash flow ratio: due to IFRS 16, the increase of depreciation and interest expense causes the increase of operating cash flow.
- Note 4: The equations for the calculation of the above financial ratios (under IFRS) are shown below:
- (1) Financial structure
    - (A) Liabilities to assets ratio = total liabilities/total assets
    - (B) Long-term capital to real estate, plants, and equipment ratio = (total equity + non-current liabilities)/net value of real estate, plants, and equipment
  - (2) Ability to repay debts
    - (A) Current ratio = current assets/ current liabilities
    - (B) Quick ratio = (current assets – inventory – prepayments) / current liabilities
    - (C) Debt services coverage ratio = EBIT/interest expenses in current period
  - (3) Utility
    - (A) Receivables (including account receivables and note receivables deriving from business operation ) turnover = net sales/the average receivable balance in each period (including account receivables and note receivables deriving from business operation)
    - (B) Average days for cash receipt = 365 days/receivable turnover rate
    - (C) Inventory turnover = cost of goods sold / average inventory
    - (D) Payables (including account payables and note payables deriving from business operations) turnover = cost of goods sold/ average payable balance in each period (including account payables and note payables deriving from business operation).
    - (E) Average days of sales = 365 days/ inventory turnover rate.
    - (F) Real estate, plants, and equipment turnover = net sales/net value of real estate, plants, and equipment.
    - (G) Total assets turnover = net sales/ average total assets.
  - (4) Profitability
    - (A) ROA = [Corporate earnings + interest expense x (1- tax rate)] / average total assets
    - (B) ROE = Corporate earnings /average total equity
    - (C) Net profit rate = Corporate earnings / net sales
    - (D) EPS = (Earnings attributable to the owners of parent – preferred stock dividend)/ weighted average quantity of outstanding shares

- (5) Cash flow
  - (A) Cash flow ratio = net cash flow from operation / current liabilities
  - (B) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years / (capital expenditure + increase in inventory + cash dividend) in the last 5 years
  - (C) Cash reinvestment ratio = (net cash flow from operation – cash dividend) / gross real estate, plants, and equipment + long-term investment + other non-current assets + working capital)
- (6) Leverage:
  - (A) Operation leverage = (net sales – cost of goods sold and expenses) / operating income
  - (B) Financial leverage = operating income / (operation income – interest expenses)

Note 5: Attention to the following items is advised in assessing the equation for the calculation of earnings per share:

- (1) Based on the weighted average quantity of outstanding common shares in current year.
- (2) For new share issue through capitalization of retained earnings and capital surplus, adjustment in proportion of the amount of capital raised shall be made in the calculation of the annual or semi-annual earnings per share of the previous year.

### III. Audit Committee's Review Report on Financial Statement of Last Fiscal Year

#### **POYA International Co., Ltd.**

#### **Audit Committee's Review Report**

The Board of Directors have passed the business report, financial statements and profit distribution proposal for the year 2020, among which the financial statements (balance sheets, statements of comprehensive income, of changes in equity and of cash flows) have been audited and reviewed by Liu Tzu-Meng and Lin Tzu-Shu, who are both certified accountants from the accounting firm of PwC Taiwan, and they have issued an audit report. The Audit Committee is responsible for supervision of the process of the Company's financial reports.

Certified accountants assured the Company's financial statements for the year 2020 and communicated with the Audit Committee matters as follows:

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

The financial statements, business report, and profit distribution proposal for the year 2020 resolved by Board of Directors have been reviewed by the Audit Committee and the Audit Committee are of the opinion that they are in order, and hereby issue this report in accordance to Article 219 of the Company Act.

2021 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 22<sup>nd</sup>, 2021



IV. Financial information in last fiscal year:

Please refer to Page 128~196. Poya International does not have any subsidiary and no consolidated financial statement is necessary. Only the financial statement on the Company itself is required.

V. The audited financial statement of the Company itself in the last fiscal year:  
None

VI. Any insolvency for the Company and the affiliates in the last fiscal period and to the date this report was printed, and the effect on the financial position: None.

# Financial Position, Financial Operation in Review, and Risk Assessment

## Financial Position, Financial Operation in Review, and Risk Assessment

### I. Financial Position

#### Comparison of financial positions

Currency unit: NT\$ 1,000

Title \ Year	FY2020	FY2019	Change	
			Amount	%
Current assets	6,827,192	5,636,729	1,190,463	21.12%
Property, plants and equipment	3,378,801	2,948,424	430,377	14.60%
Right-of-use assets	12,529,061	10,630,411	1,898,650	17.86%
Other assets	442,038	421,085	20,953	4.98%
<b>Total assets</b>	<b>23,177,092</b>	<b>19,636,649</b>	<b>3,540,443</b>	<b>18.03%</b>
Current liabilities	6,034,486	4,853,473	1,181,013	24.33%
Non-current liabilities	12,314,654	10,392,142	1,922,512	18.50%
<b>Total liabilities</b>	<b>18,349,140</b>	<b>15,245,615</b>	<b>3,103,525</b>	<b>20.36%</b>
Capital stock	976,850	976,850	0	0.00%
Capital surplus	640,419	640,419	0	0.00%
Retained earnings	3,210,683	2,773,765	436,918	15.75%
<b>Total shareholders' equity</b>	<b>4,827,952</b>	<b>4,391,034</b>	<b>436,918</b>	<b>9.95%</b>
<p>1. Analysis of changes in proportion (changes less than <math>\pm 20\%</math> are not required for further analysis):</p> <p>(A) Current assets: due to the store expansion, inventories and cash and cash equivalents increase.</p> <p>(B) Current liabilities: due to the increased demand of working capital for store expansion, bank borrowings increase.</p> <p>2. Responses in the future:</p> <p>None</p>				

## II. Financial performance

### Comparison of financial performance

Currency unit: NT\$ 1,000

<b>Title</b>	<b>Year</b>	<b>FY2020</b>	<b>FY2019</b>	<b>Change in amount</b>	<b>Change in proportion (%)</b>
Revenue		17,538,838	15,787,694	1,751,144	11.09%
Cost of goods sold		-9,966,051	-8,963,459	-1,002,592	11.19%
Gross profit		<b>7,572,787</b>	<b>6,824,235</b>	<b>748,552</b>	<b>10.97%</b>
Operating expense		-4,922,568	-4,395,061	-527,507	12.00%
Operating income		<b>2,650,219</b>	<b>2,429,174</b>	<b>221,045</b>	<b>9.10%</b>
Non-operating income and expense		-43,986	-70,443	26,457	37.56%
EBT		<b>2,606,233</b>	<b>2,358,731</b>	<b>247,502</b>	<b>10.49%</b>
Income tax expense		-496,110	-472,004	-24,106	5.11%
Earnings in current period		<b>2,110,123</b>	<b>1,886,727</b>	<b>223,396</b>	<b>11.84%</b>
<p>1. Analysis of changes in proportion in the last 2 fiscal years (changes less than <math>\pm 20\%</math> are not required for further analysis):</p> <p>(A) Non-Operating income and expense: Due to the implementation of the amendment to IFRS16 "Covid-10-related rent concessions", the other gains and losses increased for the recognition of the lease payment change.</p> <p>2. The forecast of sales in the year ahead and the basis of the forecast:</p> <p>Poya will continue to expand our store network and increase our scale. Judging from the economic cycle and our store expansion plan, we see sales on a growth trend in the coming year.</p>					

### III. Cash flow

Analysis of the change in cash flow in last fiscal year, the improvement plan for insufficient liquidity, and the forecast analysis of cash flow in the year ahead.

#### 1. Analysis of the change in cash flow in current period

Currency unit: NT\$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net cash flow from operation in the period (2)	Cash outflow (inflow) in the period (3)	Cash surplus (short) (1)+(2)-(3)	Improvement plan for cash gap	
				Investment plan	Financial plan
\$ 1,280,186	3,770,717	3,326,789	1,724,114	-	Bank loans

The analysis:

- A. Operation activities: net cash inflow from operation activities is approximately NT\$ 3.77 billion which results from the increase of the earnings in current period.
- B. Investment activities: net cash outflow from investment activities is approximately NT\$ 1.1 billion which results from the purchases of property, plant and equipment for store remodeling, store expansion, distribution center construction and refundable deposits for new stores in current period.
- C. Financing activities: net cash outflow from financing activities is approximately NT\$ 2.22 billion which results from the distribution of cash dividends in current period and the repayment of the long-term loans.

#### 2. The improvement plan for insufficient liquidity: Not applicable.

#### 3. Analysis of cash flow in the year ahead

Currency unit: NT\$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net cash flow from operation in the period (2)	Cash outflow (inflow) in the period (3)	Cash surplus (short) (1)+(2)-(3)	Improvement plan for cash gap	
				Investment plan	Financial plan
\$ 1,465,364	5,324,547	4,974,283	1,815,628	-	Bank loans

(1)The analysis:

- A. Operation activities: revenue in FY2021 is expected to grow stably and will generate net cash inflow.

- B. Investment activities: net cash outflow from investment activities mainly results from the continued store expansion, store remodeling, the estimated purchases of equipment for logistic center, and the payment of refundable deposits.
- C. Financing activities: mainly for the projected distribution of cash dividends and the repayment of long-term loans.

(2)The improvement plan for and liquidity analysis of cash gap:

Poya International plans to increase the size of long-term loans from banks to sustain its store expansion plan and the purchase of equipment for logistic center which results in additional capital expenditures and the inadequacy of working capital. Loans from banks can help to maintain a safe level of balance for working capital.

IV. Major capital expenditure in the last fiscal year and its effect on financial position and operation

Currency unit: NT\$ 1,000

Project	Actual or expected sources of funding	Actual or expected date of completion	Total amount required	Actual or estimated spending
				FY2020
New store expansion, remodeling of existing stores and investment in logistic center	Working capital and financial institutions	2020.12.31	994,827	994,827

Based on the capital expenditures mentioned above, we opened 48 new stores in 2020 including 32 Poya stores and 16 Poya Home stores.

- V. Reinvestment policy in the last fiscal year, the main reason for profits or losses, the improvement plan, and the investment plan in the year ahead: None.

## VI. Risk analysis and assessment

3. The effect of fluctuation of interest rate and exchange rate and inflation on the income status of the Company, and the responses:

The effect on the income status of the Company:

Title	FY2020 (NT\$ 1,000; %)
Net interest income (expense)	-129,104
Net exchange gains/loss	0
Net interest income (expense) to net sales ratio	-0.74%
Net interest income (expense) to EBT ratio	-4.95%
Net exchange gains/loss to net sales ratio	0%
Net exchange gains/loss to EBT ratio	0%

A. Fluctuation of interest rate:

As of the end of 2020, Poya International had long-term debt amounting to NT\$2,386,636,000 (including current portion of long-term debts or with maturity in one operation period). It takes little effect on the income status of Poya International. The Company takes responses to keep tracking on the trend of interest rate, and bargain with the service financial institutions actively with an attempt to control the cost of financing at a relative low point in market.

B. Fluctuation of exchange rate:

Poya International buys and sells merchandises in NT\$, and is not engaged in exports. Imported items accounted for a very low proportion of its total sales. In addition, there is no trade agreement involving foreign exchanges. As such, exchange rate fluctuation does not cause significant effect on the revenue and profit of the Company.

C. Inflation:

Poya International pays close attention to the fluctuation of market prices and keeps abreast of information on CPI fluctuation and inflation. As such, inflation does not cause significant effect on the income status of the Company. Poya International spares no effort in enlarging its economy of scale to reduce the pressure from cost up due to inflation, and also reduce the influence on its operation.

4. The policy of engagements in high risk and high leverage investment, financing a third party, endorsement and guarantee in favor of a third party,

and derivative trade, the main reason for profits or losses, and the responses in the future:

Poya International focuses on retailing business and is not engaged in high risk and high leverage investment, financing a third party, endorsement and guarantee in favor of a third party, and derivative trade. For the effective control of related risk, and enhancement of financial operation security, Poya International has established the “Operational Procedures for Loaning of Company Funds”, “Operational Procedures for Endorsements and Guarantees”, and “Operational Procedures for Acquisition or Disposal of Assets” as required by applicable legal rules of the Securities and Futures Bureau. In addition, the auditing function of Poya International has also established related risk management and assessment of related systems in accordance with the “Regulations Governing the Establishment of Internal Control System by Public Companies” of the Securities and Futures Bureau.

5. R&D plan in the future and estimated expenses of R&D: The budget is approximately NT\$ 23.5 million, accounting for 0.01% of net revenue.
- D. Establish a cloud server and transform the high-load services to the cloud server to ensure the proper server operation during the high-demand period. The mechanism will be completed by March 2021. The budget is approximately NT\$ 1.5 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits from the success of R&D
Cloud Server	Under Assessment	NT\$ 1.5 million	March 2021	To extend server computing resources and fulfill the high-loaded services needs.

- E. Renew onsite backup system to secure the capacities of big data analysis and system automation during the store expansion phase. The mechanism will be completed by June 2021. The budget is approximately NT\$ 14 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits the success of R&D
VMware equipment	Under Assessment	NT\$14million	June 2021	To enhance the hardware capacities at shop-front.
Database equipment	Under Assessment			To support the demand of big data analysis and

				automation on store counts increase.
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- F. Establish remote backup system to secure the completeness, the usefulness of data and lower the risk of data lose. The mechanism will be completed by November 2021. The budget is approximately NT\$ 8 million.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits the success of R&D
Remote backup system	Under Assessment	NT\$8million	November 2021	To ensure the completeness, the usefulness of data, avoid threatens of malware and virus, and lower the risk of data missing.

6. The effect of national and international changes in vital policies and legal environment on the financial and business operation of the Company, and the responses to such changes:
- A. The effect of national and international changes in vital policies and legal environment on the financial and business operation of the Company:
- (1) For the enhanced advocacy of corporate governance, Financial Supervisory Commission has mapped out the blue print for 2018~2020 to intensify company governance. Except to short the effective period from 5 to 3 years, the major revolution included pushing forward financial sectors implementing shareholders' action, introducing a sound system for company governance, raising the disclosure rate on information in English, promoting the nomination, increasing the effectively of company governance and fortifying the legal framework. Poya Intentional will support the cause of intensifying corporate governance advocated by FSC.
  - (2) Financial Supervisory Commission indicates that the enterprises operating the business related to people's livelihood, being face to face directly with the customers, or reaching a certain size which may cause significant impacts on the environment and society because of its operation activities shall spare no effort in execution of corporate social responsibility. In 2015, FSC fortifies the responsibilities of internal control of the TWSE/GTSM-Listed Companies and also requires that the listed enterprises in food,



financial and chemical industry, and with the paid in capital amounted to NT\$ 5 billion or more shall issue the corporate social responsibility report (hereinafter referred to as CSR). In order to thoroughly execute the policy of corporate social responsibility and fortify the communication among the stakeholders, Poya International voluntarily uploaded the 2019 CSR report to MOPS and official website in September 2020.

(3) Since January 1<sup>st</sup> 2018, the listed enterprises shall adopt the way of electronic voting as convening the Shareholders Meeting in accordance with the provision of Act. 177-1 of the “Company Act”, Poya International voluntarily implemented electronic voting since 2015 Shareholders Meeting in order to preserve the voting rights of shareholders and to implement the spirits of shareholder activism.

(4) Financial Supervisory Commission announced the executive order to require TWSE/GTSM-Listed Companies to set the Independent Director and establish the audit commission step by step. The functions of establishment of Independent Director and audit commission are fortifying the shareholder’s equity, perfecting the company management and upgrading the company governance. In order to thoroughly execute the policy of corporate governance and fortify the transparency of information and supervision device, Poya International has voluntarily established audit commission in 2014.

B. The responses: Poya International has appointed the designated personnel to pay close attention to any change in applicable legal rules and information released by the government, and submit the information to the management and related personnel timely.

7. The effect of technological and industrial change on the financial position and operation of the Company, and the responses to the change:

Poya International pays close attention to the development of consumer related technologies like e-commerce, telecommunications, and consumer banking. With its ever expanding scale of operation, product management becomes essential. The use of information system for quick access to sales information can effectively help to control the purchase of merchandises to the minimum level of inventory without losing any sale opportunity. As such, the use of information technology can fortify real-time supply of products and services which are vital for development under competition and breakthrough.

Overall, technological change causes no significant influence on the financial position of the Company.

8. The effect of corporate image on crisis management and the responses to the crisis:

In addition to emphasis on its core business operation, Poya International spares effort on performing its corporate social responsibility and social charity in the long run. Please refer to the Company's CSR report of each year for further information. Poya International also establishes relevant rules and regulations for the prevention of disasters like typhoon and fire with proper education and training. These efforts help to minimize the damage caused by disasters quickly. As of the date this report was printed, there is no event that caused damage to the corporate image of the Company.

9. Expected result and possible risks deriving from mergers and acquisitions, and the responses: None.

10. Expected result and possible risks deriving from plant expansion, and the responses: None.

11. The risk deriving from concentration of purchase or sales, and the responses:

Poya International is a retailer and there is no concentration of sales. There is also no single supplier that accounted for more than 10% of the total purchase made by the Company. This is because that the Company seeks to diversify its sources of merchandise supply with purchase and sales in great variety of items. As such, there is no risk deriving from the concentration of purchase or sales.

12. The effect and the risk caused by the transferring of equity shares in large quantity by directors, supervisors or dominant shareholders that hold more than 10% of the shares each or the replacement of directors, supervisors, or dominant shareholders holding more than 10% of the Company shares each , and the response: None.

13. The effect of the change in ownership on the Company, the risk derived thereof, and the response: None.

14. Major law suits, non-contentious matters, or administrative actions involving

the directors, supervisors, general manager, owners, shareholders that hold more than 10% of the equity shares, with sentence or pending on court decision, the result of which may significantly affect the shareholders' equity or stock price of the Company, the action taken in response to the aforementioned disputes, the target amount involved, the date on which the law suit started, the parties concerned, and the status as of the day this report was printed: None.

15. The risk assessment of information safety: To ensure the risk of information safety would be under control when it happened, Poya implemented internal auditing twice a year and external auditing annually. In addition, Poya did the BCP( Business Continuity Planning) on the key items annually and hired the coordinators with ISO 27001 Lead Auditor license to evaluate and control the risk of information safety, then achieve the effective PDCA circle on information safety control. Please refer to risk management of information safety on IR pages of Poya's official website.

16. Other important risks and responses: None.

VII. Other important notice: None.

## Special Notes

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### Special Notes

- I. Information on the affiliates
  - 1. Consolidated business report: None.
  - 2. Consolidated financial statement: None.
  - 3. Report on affiliates: None.
- II. From the last fiscal year to the date this report was printed, any issuance of securities through private placement: None.
- III. From the last fiscal year to the date this report was printed, the holding or disposition of equity shares by the Company: None.
- IV. Other supplementary note: None.
- V. From the last fiscal year to the date this report was printed, any event that significantly affects the shareholders' equity or stock price of the Company as stated in Article 36- III- (II) of the Securities and Exchange Act: None.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

(2021) Tsai Shen Pao Tsu No. 20003158

### **Opinion**

We have audited the accompanying balance sheets of POYA International Co., Ltd. as at December 31, 2020 and 2019, 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

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

## **Key audit matters**

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

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

### **Completeness and accuracy of franchising retail sales revenue**

#### Description

Please refer to Note 4(18) “Revenue recognition” for accounting policies on retail franchising.

In retail franchising, merchandise information such as name, cost, retail price, price changes and annual sales discount is first established. The point of sales system (henceforth POS) is used to run the merchandise information automatically. Each store gathers sales transactions by the end of the day. The system will aggregate all the information of transactions and then upload to ERP system to generate sales revenue journal entries. In addition, each store has to file cash report daily including cash, gift vouchers, credit cards, and electronic payment devices and reconcile with system data. Cash collections are deposited with the banks periodically.

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

#### How our audit addressed the matter

Our procedures in 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 of cost to retail ratio of retail inventory method**

#### Description

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

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

Thus, we identified the accuracy and reliability of calculation of cost to retail ratio of retail inventory method as a key audit matter.

#### How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

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

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

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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.

## **Auditors’ responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an



audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

PricewaterhouseCoopers, Taiwan Independent Accountants

Liu Tzu-Meng

Lin Tzu-Shu

February 22, 2021

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,724,114	7	\$ 1,280,186	7
1150	Notes receivable, net	6(2)	10,670	-	4,499	
1170	Accounts receivable, net	6(2)	964,592	4	844,383	4
1200	Other receivables		4,430	-	1,953	-
130X	Inventories	6(3)	4,076,533	18	3,473,481	18
1410	Prepayments	6(4)	38,566	-	25,940	-
1476	Other current financial	8				
	assets		8,287	-	6,287	-
11XX	Total current assets		6,827,192	29	5,636,729	29
Non-current assets						
1600	Property, plant and	6(5)				
	equipment, net		3,378,801	15	2,948,424	15
1755	Right-of-use assets	6(6) and 7	12,529,061	54	10,630,411	54
1840	Deferred income tax assets	6(20)	22,830	-	41,787	-
1920	Refundable deposits	6(6)	395,834	2	357,190	2
1980	Other non-current financial	8				
	assets		8,000	-	8,000	-
1990	Other non-current assets		15,374	-	14,108	-
15XX	Total non-current assets		16,349,900	71	13,999,920	71
1XXX	Total assets		\$ 23,177,092	100	\$ 19,636,649	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(13)	\$ 33,079	-	\$ 31,231	-
2150	Notes payable		54,218	-	53,959	-
2170	Accounts payable		2,372,431	10	2,026,329	11
2200	Other payables	6(7)	690,696	3	621,273	3
2230	Current income tax liabilities	6(20)	298,696	2	278,553	2
2280	Current lease liabilities	6(6) and 7	1,413,632	6	1,194,653	6
2310	Receipts in advance		6	-	191	-
2320	Long-term liabilities, current portion	6(8)	1,171,728	5	647,284	3
21XX	Total current liabilities		6,034,486	26	4,853,473	25
Non-current liabilities						
2540	Long-term borrowings	6(8)	1,214,908	5	1,011,635	5
2570	Deferred income tax liabilities	6(20)	5,051	-	4,696	-
2580	Non-current lease liabilities	6(6) and 7	11,074,245	48	9,361,042	48
2640	Net defined benefit liabilities-non-current	6(9)	7,218	-	5,501	-
2645	Guarantee deposits received		13,232	-	9,268	-
25XX	Total non-current liabilities		12,314,654	53	10,392,142	53
2XXX	Total liabilities		18,349,140	79	15,245,615	78
Equity						
Share capital						
3110	Common stock	6(10)	976,850	4	976,850	5
3200	Capital surplus	6(11)	640,419	3	640,419	3
Retained earnings						
3310	Legal reserve	6(12)	1,069,392	5	883,463	4
3350	Unappropriated retained		2,141,291	9	1,890,302	10

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

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

	earnings				
3XXX	Total equity		<u>4,827,952</u>	<u>21</u>	<u>4,391,034</u> <u>22</u>
	Significant Contingent	9			
	Liabilities and Unrecognized				
	Contract Commitments				
3X2X	Total liabilities and equity		<u>\$ 23,177,092</u>	<u>100</u>	<u>\$ 19,636,649</u> <u>100</u>

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

POYA INTERNATIONAL CO., LTD.  
STATEMENTS OF COMPREHENSIVE INCOME

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

		Year ended December 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(13)	\$ 17,538,838	100	\$ 15,787,694	100
5000 Operating costs	6(3)(6)(9)(18)				
	(19)	( 9,966,051)	( 57)	( 8,963,459)	( 57)
5900 Net operating margin		7,572,787	43	6,824,235	43
Operating expenses	6(6)(9)(18)(19) and 7				
6100 Selling expenses		( 4,372,012)	( 25)	( 3,895,378)	( 25)
6200 General and administrative expenses		( 550,556)	( 3)	( 499,683)	( 3)
6000 Total operating expenses		( 4,922,568)	( 28)	( 4,395,061)	( 28)
6900 Operating profit		2,650,219	15	2,429,174	15
Non-operating income and expenses					
7100 Interest income	6(14)	2,817	-	2,821	-
7010 Other income	6(15)	63,791	1	52,659	1
7020 Other gains and losses	6(6)(16)	21,327	-	( 12,758)	-
7050 Finance costs	6(5)(6)(17) and 7	( 131,921)	( 1)	( 113,165)	( 1)
7000 Total non-operating income and expenses		( 43,986)	-	( 70,443)	-
7900 Profit before income tax		2,606,233	15	2,358,731	15
7950 Income tax expense	6(20)	( 496,110)	( 3)	( 472,004)	( 3)
8200 Net income for the year		\$ 2,110,123	12	\$ 1,886,727	12
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit obligation	6(9)	(\$ 3,489)	-	(\$ 2,414)	-
8349 Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(20)	698	-	483	-
8300 Total other comprehensive loss for the year		(\$ 2,791)	-	(\$ 1,931)	-
8500 Total comprehensive income for the year		\$ 2,107,332	12	\$ 1,884,796	12
Earnings per share (in dollars)	6(21)				

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

POYA INTERNATIONAL CO., LTD.  
STATEMENTS OF COMPREHENSIVE INCOME

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

9750	Basic	\$	<u>21.60</u>	\$	<u>19.31</u>
9850	Diluted	\$	<u>21.54</u>	\$	<u>19.24</u>

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

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

			Capital Surplus	Retained Earnings		
	Notes	Common stock	Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Total equity
Year ended December 31, 2019						
Balance at January 1, 2019		\$ 976,850	\$ 640,419	\$ 712,549	\$ 1,740,468	\$ 4,070,286
Effects of retrospective application		-	-	-	( 25,509 )	( 25,509 )
Adjusted balance at January 1, 2019		<u>976,850</u>	<u>640,419</u>	<u>712,549</u>	<u>1,714,959</u>	<u>4,044,777</u>
Net income for the year ended December 31, 2019		-	-	-	1,886,727	1,886,727
Other comprehensive loss for the year ended December 31, 2019		-	-	-	( 1,931 )	( 1,931 )
Total comprehensive income for the year ended December 31, 2019		-	-	-	<u>1,884,796</u>	<u>1,884,796</u>
Distribution of 2018 net income:						
Legal reserve		-	-	170,914	( 170,914 )	-
Cash dividends	6(12)	-	-	-	( 1,538,539 )	( 1,538,539 )
Balance at December 31, 2019		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 883,463</u>	<u>\$ 1,890,302</u>	<u>\$ 4,391,034</u>
Year ended December 31, 2020						
Balance at January 1, 2020		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 883,463</u>	<u>\$ 1,890,302</u>	<u>\$ 4,391,034</u>
Net income for the year ended December 31, 2020		-	-	-	2,110,123	2,110,123
Other comprehensive loss for the year ended December 31, 2020		-	-	-	( 2,791 )	( 2,791 )
Total comprehensive income for the year ended December 31, 2020		-	-	-	<u>2,107,332</u>	<u>2,107,332</u>
Distribution of 2019 net income:						
Legal reserve		-	-	185,929	( 185,929 )	-
Cash dividends	6(12)	-	-	-	( 1,670,414 )	( 1,670,414 )
Balance at December 31, 2020		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 1,069,392</u>	<u>\$ 2,141,291</u>	<u>\$ 4,827,952</u>

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



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

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING			
ACTIVITIES			
Profit before tax		\$ 2,606,233	\$ 2,358,731
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(18)	2,001,145	1,751,958
Loss on disposal of property, plant and equipment	6(16)	3,933	12,740
Gain from leases modification	6(6)(16)	( 28,660 )	( 13 )
Interest income	6(14)	( 2,817 )	( 2,821 )
Interest expense	6(17)	131,921	113,165
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 6,171 )	1,234
Accounts receivable		( 120,209 )	( 30,840 )
Other receivables		( 2,477 )	894
Inventories		( 603,052 )	( 437,170 )
Prepayments		( 12,626 )	( 9,499 )
Changes in operating liabilities			
Current contract liabilities		1,848	2,605
Notes payable		259	( 7,714 )
Accounts payable		346,102	197,788
Other payables		42,306	56,220
Receipts in advance		( 185 )	63
Net defined benefit liabilities-non-current		( 1,772 )	( 1,727 )
Cash inflow generated from operations		4,355,778	4,005,614
Interest received		2,817	2,821
Interest paid		( 131,921 )	( 113,165 )
Income tax paid		( 455,957 )	( 500,997 )
Net cash flows from operating activities		3,770,717	3,394,273
CASH FLOWS FROM INVESTING			
ACTIVITIES			
(Increase) decrease in other current financial assets		( 2,000 )	11,690
Acquisition of property, plant and equipment	6(22)	( 994,827 )	( 711,311 )
Interest paid for acquisition of property, plant and equipment	6(5)(17)(22)	( 761 )	( 949 )
Proceeds from disposal of property, plant and equipment		3,242	2,000
Acquisition of right-of-use assets	6(6)	( 70,672 )	( 60,788 )
Increase in refundable deposits		( 38,644 )	( 51,761 )
Increase in other non-current financial assets		-	( 3,000 )
Increase in other non-current assets		( 1,266 )	( 660 )
Net cash flows used in investing activities		( 1,104,928 )	( 814,779 )
CASH FLOWS FROM FINANCING			
ACTIVITIES			

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

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

	Notes	Year ended December 31	
		2020	2019
Proceeds from long-term borrowings	6(23)	1,940,000	1,875,184
Repayment of long-term borrowings	6(23)	( 1,212,283 )	( 1,775,898 )
Repayment of lease principal	6(23)	( 1,283,128 )	( 1,109,642 )
Increase in guarantee deposits received	6(23)	3,964	2,490
Cash dividends paid	6(12)	( 1,670,414 )	( 1,538,539 )
Net cash flows used in financing activities		( 2,221,861 )	( 2,546,405 )
Net increase in cash and cash equivalents		443,928	33,089
Cash and cash equivalents at beginning of year	6(1)	1,280,186	1,247,097
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,724,114</u>	<u>\$ 1,280,186</u>

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

POYA INTERNATIONAL CO., LTD.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) POYA International Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery, hardware and a variety of products.
- (2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on February 22, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

(Note) Earlier application from January 1, 2020 is allowed by the FSC.

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- (a) Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Any lease payment changes caused by the rent concessions will be accounted for as variable lease payments during the concession period.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments as endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform-Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts-cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out

below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, these financial statements have been prepared under the historical cost convention:

Defined benefit liabilities are recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements requires in conformity with IFRSs the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. In the statement of comprehensive income, all foreign exchange gains and losses are presented

in “Other gains and losses”.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - b. Assets held mainly for trading purposes;
  - c. Assets that are expected to be realized within twelve months from the balance sheet date;
  - d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- a. Liabilities that are expected to be paid off within the normal operating cycle;
  - b. Liabilities arising mainly from trading activities;
  - c. Liabilities that are to be paid off within twelve months from the balance sheet date;
  - d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Inventories

Inventories are initially recognized at cost and at the end of the year, all inventories are stated at the lower of cost and net realizable value.

(8) Impairment of financial assets

At each reporting date, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime expected credit losses (ECLs).

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows

from the financial asset expire.

(10) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset</u>	<u>Useful lives</u>
Transportation equipment	5 years
Office equipment	2~15 years
Leasehold improvements	3~50 years
Other equipment	5~20 years

(11) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.



C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- a. The amount of the initial measurement of lease liability;
- b. Any lease payments made at or before the commencement date;
- c. Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(12) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(13) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(14) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(15) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plan

I. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

II. Remeasurement arising on defined benefit plan is recognized in other comprehensive income in the period in which they arise, and presented in retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(17) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates

taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(18) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(19) Revenue recognition

- A. The Company operates a chain of retail stores selling daily supplies. Revenue from the sale of goods is recognized when the Company sells a product to the customer.
- B. Payment of the transaction price is due immediately when the customer purchases the product. It is the Company's policy to sell its products to the end customer with a right of return within a period. Therefore, a refund liability and a right to the returned goods (included in other current assets) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

C. The Company operates a loyalty program where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

D. Commission revenue

In accordance with IAS 15 'Revenue', revenue is recognized when the counters sell its goods. The Company's transactions are not subject to significant risks and rewards associated with the sale of goods or the rendering of service and conform to the definition of an agent. Accordingly, the counter's net revenue is recognized representing commissions earned.

(20) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash:		
Cash on hand	\$ 38,290	\$ 34,205
Checking deposits and demand deposits	<u>1,672,401</u>	<u>1,245,981</u>
	<u>1,710,691</u>	<u>1,280,186</u>
Cash equivalents:		
Triple stimulus voucher	<u>13,423</u>	<u>-</u>
	<u>\$ 1,724,114</u>	<u>\$ 1,280,186</u>

A. The Company transacts with a variety of financial institutions all with high credit rankings to diversify credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2020 and 2019, details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8, "Pledged assets".

(2) Notes and accounts receivable, net

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 10,670</u>	<u>\$ 4,499</u>
Accounts receivable - sponsorship	<u>\$ 922,385</u>	<u>\$ 819,692</u>
Accounts receivable - customers	<u>42,207</u>	<u>24,691</u>
	<u>\$ 964,592</u>	<u>\$ 844,383</u>

A. The Company has no past due accounts receivable as of December 31, 2020 and 2019.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020 and 2019, the balance of receivables (including notes receivable) from contracts with customers amounted to \$848,882 and \$819,276, respectively.

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was its book value.

D. The Company did not hold any collateral as security as of December 31, 2020 and 2019.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2), “Financial instruments”.

(3) Inventories

		December 31, 2020	
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	\$ 4,076,533	\$ -	\$ 4,076,533
		December 31, 2019	
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	\$ 3,473,481	\$ -	\$ 3,473,481

The cost of inventories recognized as expense for the year:

		Years ended December 31,	
		2020	2019
Cost of inventories sold		\$ 9,898,162	\$ 8,920,817
Loss on physical inventory		67,889	42,642
		\$ 9,966,051	\$ 8,963,459

(4) Prepayments

	December 31, 2020	December 31, 2019
Overpaid value-added tax	\$ 17,550	\$ 13,291
Other prepaid expenses	21,016	12,649
	\$ 38,566	\$ 25,940

(5) Property, plant and equipment

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2020</u>						
Cost	\$ 27,761	\$ 1,143,288	\$ 3,043,066	\$ 377,471	\$ 26,434	\$ 4,618,020
Accumulated depreciation	( 9,196)	( 479,606)	( 1,068,449)	( 112,345)	-	( 1,669,596)
	<u>\$ 18,565</u>	<u>\$ 663,682</u>	<u>\$ 1,974,617</u>	<u>\$ 265,126</u>	<u>\$ 26,434</u>	<u>\$ 2,948,424</u>
<u>For the year ended December 31, 2020</u>						
At January 1	\$ 18,565	\$ 663,682	\$ 1,974,617	\$ 265,126	\$ 26,434	\$ 2,948,424
Additions	-	-	-	-	1,022,705	1,022,705
Transferred after acceptance inspection	11,110	265,676	646,883	112,129	( 1,035,798)	-
Depreciation	( 6,020)	( 227,983)	( 319,944)	( 31,206)	-	( 585,153)
Disposal-Cost	( 5,527)	( 164,314)	( 169,484)	( 50,784)	-	( 390,109)
-Accumulated depreciation	<u>4,440</u>	<u>164,306</u>	<u>163,768</u>	<u>50,420</u>	<u>-</u>	<u>382,934</u>
At December 31	<u>\$ 22,568</u>	<u>\$ 701,367</u>	<u>\$ 2,295,840</u>	<u>\$ 345,685</u>	<u>\$ 13,341</u>	<u>\$ 3,378,801</u>
<u>At December 31, 2020</u>						
Cost	\$ 33,344	\$ 1,244,650	\$ 3,520,465	\$ 438,816	\$ 13,341	\$ 5,250,616
Accumulated depreciation	( 10,776)	( 543,283)	( 1,224,625)	( 93,131)	-	( 1,871,815)
	<u>\$ 22,568</u>	<u>\$ 701,367</u>	<u>\$ 2,295,840</u>	<u>\$ 345,685</u>	<u>\$ 13,341</u>	<u>\$ 3,378,801</u>

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2019</u>						
Cost	\$ 21,853	\$ 1,019,978	\$ 2,775,960	\$ 391,529	\$ 73,916	\$ 4,283,236
Accumulated depreciation	( 8,581)	( 451,734)	( 870,533)	( 147,503)	-	( 1,478,351)
	<u>\$ 13,272</u>	<u>\$ 568,244</u>	<u>\$ 1,905,427</u>	<u>\$ 244,026</u>	<u>\$ 73,916</u>	<u>\$ 2,804,885</u>
<u>For the year ended December 31, 2019</u>						
At January 1	\$ 13,272	\$ 568,244	\$ 1,905,427	\$ 244,026	\$ 73,916	\$ 2,804,885
Additions	-	-	-	-	694,844	694,844
Transferred after acceptance inspection	11,371	304,392	366,146	60,417	( 742,326)	-
Depreciation	( 4,988)	( 208,143)	( 285,405)	( 38,029)	-	( 536,565)
Disposal-Cost	( 5,463)	( 181,082)	( 99,040)	( 74,475)	-	( 360,060)
-Accumulated depreciation	<u>4,373</u>	<u>180,271</u>	<u>87,489</u>	<u>73,187</u>	<u>-</u>	<u>345,320</u>
At December 31	<u>\$ 18,565</u>	<u>\$ 663,682</u>	<u>\$ 1,974,617</u>	<u>\$ 265,126</u>	<u>\$ 26,434</u>	<u>\$ 2,948,424</u>
<u>At December 31, 2019</u>						
Cost	\$ 27,761	\$ 1,143,288	\$ 3,043,066	\$ 377,471	\$ 26,434	\$ 4,618,020
Accumulated depreciation	( 9,196)	( 479,606)	( 1,068,449)	( 112,345)	-	( 1,669,596)
	<u>\$ 18,565</u>	<u>\$ 663,682</u>	<u>\$ 1,974,617</u>	<u>\$ 265,126</u>	<u>\$ 26,434</u>	<u>\$ 2,948,424</u>



- A. The property, plant and equipment were all owner-occupied as of December 31, 2020 and 2019.
- B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of interest rates for such capitalization are as follows:

	Years ended December 31,	
	2020	2019
Amount capitalized	\$ 761	\$ 949
Interest rate range	0.89% ~ 1.20%	0.89% ~ 1.25%

- C. As of December 31, 2020 and 2019, no property, plant and equipment were pledged to others.

(6) Leasing arrangements-lessee

- A. The Company leases various assets including buildings and structures, machinery and other equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The Company has lease contracts with the key management and non-related parties. The lease terms are between 3 to 20 years. As of December 31, 2020 and 2019, the amount of deposits paid in accordance with the lease contracts was \$390,414 and \$345,886, respectively and was classified as refundable deposits.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings and structures	\$ 12,514,200	\$ 10,614,423
Machinery and equipment	8,237	9,915
Other equipment	6,624	6,073
	<u>\$ 12,529,061</u>	<u>\$ 10,630,411</u>

	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 1,410,967	\$ 1,210,173
Machinery and equipment	4,091	4,350
Other equipment	934	870
	<u>\$ 1,415,992</u>	<u>\$ 1,215,393</u>

- D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$70,672 and \$60,788, respectively, and the additions from remeasurement of right-of-use assets were \$3,243,970 and \$3,032,924, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 120,923	\$ 106,500
Expense on short-term lease contracts	7,706	19,967
Expense on leases of low-value assets	83	83
Expense on variable lease payments	33,631	20,903
Gain from leases modification	( 28,660)	( 13)

F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$1,516,143 and \$1,317,883, respectively.

G. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a store. For individual stores, up to 3% ~10% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs for newly established stores. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

H. Extension and termination options

- (a) Extension options are included in approximately 81.96% of the Company's lease contracts pertaining to retail stores. These terms and conditions aim to maximize optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

I. The Company has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions (listed as "Other gains and losses") amounting to \$28,861 for the year ended December 31, 2020.

(7) Other payables

	December 31, 2020	December 31, 2019
Salaries and bonuses payable	\$ 270,309	\$ 243,739
Rent payable	5,439	4,267
Accrued employees' remuneration and directors' remuneration	145,765	129,702
Equipment payable	89,764	62,647
Labor and health insurance payable	31,069	29,234
Others	148,350	151,684
	<u>\$ 690,696</u>	<u>\$ 621,273</u>

(8) Long-term borrowings

<u>Nature</u>	<u>Borrowing period</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank borrowings				
Unsecured bank borrowings	7.1.2019~ 12.18.2023	0.87%~1.16%	None	\$ 2,386,636
Less: Current portion of long-term borrowings				( 1,171,728)
				<u>\$ 1,214,908</u>

<u>Nature</u>	<u>Borrowing period</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term bank borrowings				
Unsecured bank borrowings	8.16.2017~ 9.9.2022	1.15%~1.20%	None	\$ 1,658,919
Less: Current portion of long-term borrowings				( 647,284)
				<u>\$ 1,011,635</u>

For more information about interest expenses recognized by the Company for the years ended December 31, 2020 and 2019, please refer to Note 6(17), 'Finance costs'.

(9) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Information on the Company's aforementioned pension plan is as follows:

a. The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 71,714)	(\$ 66,030)
Fair value of plan assets	<u>64,496</u>	<u>60,529</u>
Net defined benefit liability	<u>(\$ 7,218)</u>	<u>(\$ 5,501)</u>

b. Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 66,030)	\$ 60,529	(\$ 5,501)
Current service cost	( 177)	-	( 177)
Interest (expense) income	( 528)	484	( 44)
	( 66,735)	61,013	( 5,722)
Remeasurements:			
Return on plan assets	-	1,997	1,997
Change in financial assumptions	( 3,678)	-	( 3,678)
Experience adjustments	( 1,808)	-	( 1,808)
	( 5,486)	1,997	( 3,489)
Pension fund contribution	-	1,993	1,993
Paid pension	507	( 507)	-
Balance at December 31	(\$ 71,714)	\$ 64,496	(\$ 7,218)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	(\$ 60,855)	\$ 56,041	(\$ 4,814)
Current service cost	( 171)	-	( 171)
Interest (expense) income	( 669)	616	( 53)
	( 61,695)	56,657	( 5,038)
Remeasurements:			
Return on plan assets	-	1,921	1,921
Change in financial assumptions	( 2,683)	-	( 2,683)
Experience adjustments	( 1,652)	-	( 1,652)
	( 4,335)	1,921	( 2,414)
Pension fund contribution	-	1,951	1,951
Balance at December 31	(\$ 66,030)	\$ 60,529	(\$ 5,501)

c. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign

real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

d. The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2020	2019
Discount rate	0.40%	0.80%
Future salary increases	2.50%	2.50%

Assumptions regarding future mortality experience are set based on the fifth experience life table of Taiwan life insurance industry.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 2,328)	\$ 2,428	\$ 2,191	(\$ 2,117)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 2,246)	\$ 2,347	\$ 2,135	(\$ 2,059)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

e. Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$1,936.

f.. As of December 31, 2020, the weighted average duration of the retirement plan is 13 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	1,523
2-5 years		8,617
Over 5 years		13,337
	\$	<u>23,477</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were \$88,773 and \$78,217, respectively.

(10) Common stock

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	Years ended December 31,	
	2020	2019
Balance as at January 1 and December 31	<u>97,685</u>	<u>97,685</u>

B. As of December 31, 2020, the Company’s total authorized capital was \$1,200,000 (including \$20,000 reserved for employee stock options) and the paid-in capital was \$976,850 (97,685 thousand shares) with par value of \$10 (in dollars) per share.

(11) Capital surplus

Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is used.

(12) Retained earnings

- A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital.
- B. 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.

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, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the cash dividend per share is less than \$0.5 (in dollars). The distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. And requiring resolutions of a shareholders meeting shall not apply.

C. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balance in other equity items at the balance sheet date before distributing earnings. When debit balance in other equity items is reversed subsequently, an equal amount could then be used for distribution.

D. The Company recognized dividends distributed to owners in 2020 and 2019 amounting to \$1,670,414 (\$17.10 dollars per share) and \$1,538,539 (\$15.75 dollars per share), respectively. During its meeting on February 22, 2021, the Board of Directors proposed for the distribution of dividends from 2020 earnings of \$1,826,710 (\$18.7 dollars per share) for cash dividends and \$29,306 (\$0.3 dollars per share) for stock dividends, respectively.

### (13) Operating revenue

#### A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time as follows:

	Years ended December 31,	
	2020	2019
Merchandise sales	\$ 17,388,948	\$ 15,640,141
License income	149,890	147,553
	<u>\$ 17,538,838</u>	<u>\$ 15,787,694</u>

#### B. Contract assets and liabilities

As of December 31, 2020, January 1, 2020 (December 31, 2019) and January 1, 2019, the Company has no revenue-related contract assets, and the Company has recognized the

following revenue-related contract liabilities:

	December 31, 2020	January 1, 2020 (December 31, 2019)	January 1, 2019
Contract liabilities:			
– Customer loyalty programmes	\$ 31,813	\$ 29,645	\$ 24,824
– Unearned receipts	1,266	1,586	3,802
	<u>\$ 33,079</u>	<u>\$ 31,231</u>	<u>\$ 28,626</u>

a. Significant changes in contract assets and liabilities

The Company has no significant changes in contract assets and liabilities for the years ended December 31, 2020 and 2019.

b. Revenue recognized that was included in the contract liability balance at the beginning of the year is shown below:

	Years ended December 31,	
	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Customer loyalty programmes	\$ 26,401	\$ 24,824
Unearned receipts	1,586	3,802
	<u>\$ 27,987</u>	<u>\$ 28,626</u>

(14) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 1,145	\$ 1,362
Other interest income	1,672	1,459
	<u>\$ 2,817</u>	<u>\$ 2,821</u>

(15) Other income

	Years ended December 31,	
	2020	2019
Rental income	\$ 32,263	\$ 29,668
Other income	31,528	22,991
	<u>\$ 63,791</u>	<u>\$ 52,659</u>

(16) Other gains and losses

	Years ended December 31,	
	2020	2019
Loss on disposal of property, plant and equipment	(\$ 3,933)	(\$ 12,740)
Gain from lease modification	28,660	13
Other losses	(3,400)	(31)
	<u>\$ 21,327</u>	<u>(\$ 12,758)</u>



(17) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 23,805	\$ 18,941
Others	108,877	95,173
Less: Capitalization of qualifying assets	( 761)	( 949)
	<u>\$ 131,921</u>	<u>\$ 113,165</u>

(18) Expenses by nature

	Year ended December 31, 2020		
	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Employee benefit expense	\$ 2,050,600	\$ 205,745	\$ 2,256,345
Depreciation	<u>\$ 1,873,557</u>	<u>\$ 127,588</u>	<u>\$ 2,001,145</u>

	Year ended December 31, 2019		
	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Employee benefit expense	\$ 1,823,399	\$ 200,419	\$ 2,023,818
Depreciation	<u>\$ 1,650,812</u>	<u>\$ 101,146</u>	<u>\$ 1,751,958</u>

(19) Employee benefit expenses

	Year ended December 31, 2020		
<u>Full time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 1,507,090	\$ 82,875	\$ 1,589,965
Labor and health insurance expense	140,667	8,182	148,849
Pension costs	68,110	3,932	72,042
Other personnel expenses	9,531	-	9,531
	<u>\$ 1,725,398</u>	<u>\$ 94,989</u>	<u>\$ 1,820,387</u>

	Year ended December 31, 2020		
<u>Part time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 269,974	\$ 4,082	\$ 274,056
Labor and health insurance expense	38,276	-	38,276
Pension costs	16,952	-	16,952
Other personnel expenses	-	106,674	106,674
	<u>\$ 325,202</u>	<u>\$ 110,756</u>	<u>\$ 435,958</u>

	Year ended December 31, 2019		
<u>Full time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 1,297,193	\$ 64,948	\$ 1,362,141
Labor and health insurance expense	121,362	6,475	127,837
Pension costs	58,334	3,050	61,384
Other personnel expenses	8,464	-	8,464
	<u>\$ 1,485,353</u>	<u>\$ 74,473</u>	<u>\$ 1,559,826</u>

	Year ended December 31, 2019		
<u>Part time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 282,626	\$ 3,966	\$ 286,592
Labor and health insurance expense	38,363	-	38,363
Pension costs	17,057	-	17,057
Other personnel expenses	-	121,980	121,980
	<u>\$ 338,046</u>	<u>\$ 125,946</u>	<u>\$ 463,992</u>

- A. The number of full time employees were 3,381 and 2,943, while part time employees were 1,374 and 1,382 on average for the years ended December 31, 2020 and 2019, respectively, and both included 4 directors.

The employee benefit expenses were \$39,582 and \$39,033, while the employee wages and salaries were \$32,700 and \$31,799 on average for the years ended December 31, 2020 and 2019, respectively. The employee wages and salaries for the year ended December 31, 2020 increased by approximately 2.83% compared to the year ended December 31, 2019.

- B. According to the salary and compensation policy of the Company, the salary levels vary depending on positions, job requirements and job substitution. At the same time, employees' skills, experience and education are considered as the main basis for salary assessment. The company understands the industry salary standard and adjusts the salary levels and salary structure in time through regular salary surveys, which as the salary evaluation basis for special talents or newly added positions.
- C. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 6% for directors' remuneration.
- D. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$139,500 and \$124,422, respectively; while directors' remuneration was accrued at \$5,280 and \$5,280, respectively. The aforementioned amounts were recognized in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. The actual amount approved at the board of directors' meeting for employees' compensation and directors' remuneration for 2019 were \$124,422 and \$5,280, respectively, which were the same as the estimated amount recognized in the 2019 financial statements. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Income tax expense

a. Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current income tax:		
Current tax on profits for the period	\$ 501,462	\$ 494,636
Tax on undistributed surplus earnings	147	46
Prior year income tax (over) under estimation	( 25,509)	37
Total current tax	<u>476,100</u>	<u>494,719</u>
Deferred tax:		
Origination and reversal of temporary differences	20,010	( 22,715)
Income tax expense	<u>\$ 496,110</u>	<u>\$ 472,004</u>

b. The income tax charged to components of other comprehensive income during the period is as follows:

	Years ended December 31,	
	2020	2019
Remeasurements of defined benefit obligations	(\$ 698)	(\$ 483)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 521,246	\$ 471,746
Expenses disallowed by tax regulation	226	175
Tax on undistributed earnings	147	46
Prior year income tax (over) under estimation	( 25,509)	37
Income tax expense	<u>\$ 496,110</u>	<u>\$ 472,004</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

Year ended December 31, 2020					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31	
Temporary differences:					
—Deferred tax assets:					
Unrealized expense	\$ 8,212	\$ 1,061	\$ -	\$ 9,273	
Leases	21,150	(21,150)	-	-	
Pension	6,496	-	698	7,194	
Unearned revenue	5,929	434	-	6,363	
	<u>\$ 41,787</u>	<u>(\$ 19,655)</u>	<u>\$ 698</u>	<u>\$ 22,830</u>	
—Deferred tax liabilities:					
Pension	<u>(\$ 4,696)</u>	<u>(\$ 355)</u>	<u>\$ -</u>	<u>(\$ 5,051)</u>	
	<u>\$ 37,091</u>	<u>(\$ 20,010)</u>	<u>\$ 698</u>	<u>\$ 17,779</u>	
Year ended December 31, 2019					
	January 1	Effects of retrospective application	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:					
—Deferred tax assets:					
Unrealized expense	\$ 32,775	(\$ 25,509)	\$ 946	\$ -	\$ 8,212
Leases	-	-	21,150	-	21,150
Pension	6,013	-	-	483	6,496
Unearned revenue	4,965	-	964	-	5,929
	<u>\$ 43,753</u>	<u>(\$ 25,509)</u>	<u>\$ 23,060</u>	<u>\$ 483</u>	<u>\$ 41,787</u>
—Deferred tax liabilities:					
Pension	<u>(\$ 4,351)</u>	<u>\$ -</u>	<u>(\$ 345)</u>	<u>\$ -</u>	<u>(\$ 4,696)</u>
	<u>\$ 39,402</u>	<u>(\$ 25,509)</u>	<u>\$ 22,715</u>	<u>\$ 483</u>	<u>\$ 37,091</u>

D. As of February 22, 2021, the Company's income tax returns through 2018 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

(21) Earnings per share

Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,110,123	97,685	\$ 21.60
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,110,123	97,685	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	282	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 2,110,123	97,967	\$ 21.54
Year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,886,727	97,685	\$ 19.31
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,886,727	97,685	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	354	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,886,727	98,039	\$ 19.24

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2020	2019
Purchase of property, plant and equipment	\$ 1,022,705	\$ 694,844
Add: Beginning balance of payable on equipment (Other payables)	62,647	80,063
Less: Ending balance of payable on equipment (Other payables)	( 89,764)	( 62,647)
Capitalization of interest	( 761)	( 949)
Cash paid for acquisition of property, plant and equipment	<u>\$ 994,827</u>	<u>\$ 711,311</u>

(23) Changes in liabilities from financing activities

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2020	\$ 1,658,919	\$ 10,555,695	\$ 9,268	\$ 12,223,882
Changes in cash flow from financing activities	727,717	( 1,283,128)	3,964	( 551,447)
Changes in other non-cash items	-	3,215,310	-	3,215,310
At December 31, 2020	<u>\$ 2,386,636</u>	<u>\$ 12,487,877</u>	<u>\$ 13,232</u>	<u>\$ 14,887,745</u>
	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2019	\$ 1,559,633	\$ -	\$ 6,778	\$ 1,566,411
Effects of retrospective application	-	8,646,641	-	8,646,641
Changes in cash flow from financing activities	99,286	( 1,109,642)	2,490	( 1,007,866)
Changes in other non-cash items	-	3,018,696	-	3,018,696
At December 31, 2019	<u>\$ 1,658,919</u>	<u>\$ 10,555,695</u>	<u>\$ 9,268</u>	<u>\$ 12,223,882</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chen Chien Tsao	Key management of the Company

(2) Significant related party transactions

Lease transactions — lessee

A. The Company leases office from the key management of the Company. Rental contracts are typically made for 3 years. Rents are paid at the end of the month.

B. Acquisition of right-of-use assets

	December 31, 2020	December 31, 2019
Key management of the Company	\$ 2,948	\$ 5,896

On January 1, 2019 (the date of initial application of IFRS 16), the Company increased right-of-use assets by \$8,844.

C. Lease liabilities

a. Outstanding balance

	December 31, 2020	December 31, 2019
Key management of the Company	\$ 2,984	\$ 5,932

Classified as “Current lease liabilities” and “Non-current lease liabilities”.

b. Interest expense

	Years ended December 31,	
	2020	2019
Key management of the Company	\$ 52	\$ 87

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 20,242	\$ 20,059

8. PLEDGED ASSETS

The Company’s assets pledged as collateral are as follows:

Assets	December 31, 2020	December 31, 2019	Purpose of collateral
Demand deposits (Note)	\$ 7,237	\$ 5,237	Performance guarantee
Certificate of deposit (Note)	9,050	9,050	Refundable deposits
	<u>\$ 16,287</u>	<u>\$ 14,287</u>	

(Note) Classified as “Other current financial assets” and “Other non-current financial assets”.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditures contracted for but not yet incurred

	December 31, 2020	December 31, 2019
Property, plant and equipment	\$ 31,881	\$ 39,774

10. SIGNIFICANT DISASTER LOSS

None.



## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### (2) Financial instruments

#### A. Financial instruments by category

The Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets, refundable deposits, other non-current financial assets, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are based on their book value as book value approximates fair value. In addition, the fair value information of financial instruments measured at fair value is described in Note 12 (3), "Fair value information".

#### B. Financial risk management policies

The Company adopts a comprehensive risk management system to identify all risks (including market risk, credit risk and liquidity risk) and to enable key management to measure and control all risks. The Company's objectives when managing market risk are achieving optimal risk exposure, maintaining appropriate liquidity and managing all market risks centrally by taking into account the economic environment, competition and market risk.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### I. Foreign exchange risk

Since the main transactions of the Company are denominated in New Taiwan dollars, the Company is not engaged in foreign exchange contracts. Therefore, the Company is not exposed to significant foreign exchange risk.

##### II. Price risk

The Company is not engaged in any financial instrument or derivatives investment, hence is not exposed to price risk.

##### III. Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2020 and 2019, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

- ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, other comprehensive income for the years ended December 31, 2020 and 2019 would have decreased/increased by \$113 and \$121, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- II. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- III. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over certain number of days.
- IV. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using the provision matrix to estimate expected credit loss.
- V. The Company uses the forecast to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2020 and 2019, the Company's expected loss rate used in not past due accounts receivable is immaterial, and the Company has no past due accounts receivable.
- VI. The Company did not recognize the immaterial impairment losses when applying the

modified approach for the years ended December 31, 2020 and 2019.

(c) Liquidity risk

- I. Cash flow forecasting is performed by the Company. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. The Company has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Floating rate:		
Expiring within one year	\$ 377,000	\$ 209,542
Expiring beyond one year	2,071,364	543,302
	<u>\$ 2,448,364</u>	<u>\$ 752,844</u>

- III. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Notes payable	\$ 54,218	\$ -	\$ -	\$ -
Accounts payable	2,372,431	-	-	-
Other payables	690,696	-	-	-
Lease liabilities	1,546,448	1,587,952	4,145,739	5,979,561
Long-term borrowings (including current portion)	1,183,679	959,596	267,703	-
Guarantee deposits received	-	13,232	-	-
December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Notes payable	\$ 53,959	\$ -	\$ -	\$ -
Accounts payable	2,026,329	-	-	-
Other payables	621,273	-	-	-
Lease liabilities	1,307,552	1,333,513	3,520,873	5,064,024
Long-term borrowings (including current portion)	655,030	632,542	391,200	-
Guarantee deposits received	-	9,268	-	-

(3) Fair value information

The Company had no fair value financial instruments as of December 31, 2020 and 2019.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transaction information

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2020.)

- A. Loans to others: None.
- B. Provision of endorsements and guarantee to others provided: None.
- C. Holding of marketable securities at the end of the period: None.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Total purchases or sales of goods from or to related parties reaching \$100 million or 20% of the paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of the paid-in capital or more: None.
- I. Derivative financial instruments undertaken: None.
- J. Significant inter-company transactions: None.

#### (2) Disclosure information of investee company

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2020.)  
None.

#### (3) Disclosure information on indirect investments in Mainland China

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2020.)  
As of December 31, 2020, the Company had no investments in Mainland China.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 1.

### 14. SEGMENT INFORMATION

#### I. General information

The Company operates business only in a single industry. The Company's chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

## II. Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of EBIT. This measurement basis excludes the effects of non-recurring earnings and expenditures from the operating segments. The accounting policies of the operating segment are the same with those summarized in Note 4 of the financial statements report.

## III. Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31,	
	2020	2019
	Retailing	Retailing
Segment revenue	\$ 17,538,838	\$ 15,787,694
Revenue from external customers (net)	17,538,838	15,787,694
Depreciation	2,001,145	1,751,958
Finance cost	131,921	113,165
Segment pre-tax profit	2,606,233	2,358,731
Segment assets	23,177,092	19,636,649
Segment liabilities	18,349,140	15,245,615

## IV. Reconciliation for segment (loss) income

- A. The segment income or loss reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax is provided as follows:

	Years ended December 31,	
	2020	2019
Reportable segment income before tax	\$ 2,606,233	\$ 2,358,731
Other adjustments	-	-
Profit from continuing operations	\$ 2,606,233	\$ 2,358,731

- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	December 31, 2020	December 31, 2019
Assets of reportable segment	\$ 23,177,092	\$ 19,636,649
Unamortised items	-	-
Total assets	\$ 23,177,092	\$ 19,636,649

C. The measurements of amount of liabilities provided to the chief operating decision-maker were in agreement with the Company's financial statements. The reconciliation of segment liabilities and total liabilities is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Liabilities of reportable segment	\$ 18,349,140	\$ 15,245,615
Unamortised items	-	-
Total liabilities	<u>\$ 18,349,140</u>	<u>\$ 15,245,615</u>

V. Information on products and services

Please refer to Note 6(13) Operating revenue for related information.

VI. Geographical information

The Company's geographical information for the years ended December 31, 2020 and 2019 is as follows:

	<u>Year ended December 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	<u>\$ 17,538,838</u>	<u>\$ 15,923,236</u>	<u>\$ 15,787,694</u>	<u>\$ 13,592,943</u>

VII. Major customer information

The Company's annual revenue from each customer for the years ended December 31, 2020 and 2019 did not reach more than 10% of the revenue on the statement of comprehensive income.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Cash on hand		\$ 38,290
Checking Deposits		35,360
Demand Deposits—New Taiwan Dollar		1,637,041
Cash equivalents—Triple stimulus voucher		<u>13,423</u>
		<u>\$ 1,724,114</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE, NET  
DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>
E.SUN Commercial Bank	Accounts receivable - credit card	\$ 22, 143
Others (less than 1%)	Accounts receivable - sponsorship	<u>942, 449</u>
		<u>\$ 964, 592</u>



POYA INTERNATIONAL CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net Realizable Value</u>	
Merchandise	\$ <u>4,076,533</u>	\$ <u>5,536,707</u>	(Note)

(Note) The net realizable value was estimated taking into account retail price reductions due to promotions.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-ACCUMULATED  
DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment, and Note 4(9) for the method to determine depreciation and useful lives for assets.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS-COST  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2020	\$ 11,821,983	\$ 14,265	\$ 6,943	\$ 11,843,191
Increase in lease liabilities	3,252,085	2,413	1,485	3,255,983
Additions	70,672	-	-	70,672
Decrease	(26,405)	-	-	(26,405)
Balance at December 31, 2020	<u>\$ 15,118,335</u>	<u>\$ 16,678</u>	<u>\$ 8,428</u>	<u>\$ 15,143,441</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS -ACCUMULATED  
DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2020	\$ 1, 207, 560	\$ 4, 350	\$ 870	\$ 1, 212, 780
Additions	1, 410, 967	4, 091	934	1, 415, 992
Decrease	( 14, 392)	—	—	( 14, 392)
Balance at December 31, 2020	<u>\$ 2, 604, 135</u>	<u>\$ 8, 441</u>	<u>\$ 1, 804</u>	<u>\$ 2, 614, 380</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF REFUNDABLE DEPOSITS  
DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

Item	Amount
Lease deposit	\$ 390,414
Others (less than 5%)	5,420
	\$ 395,834

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

<u>Suppliers Name</u>	<u>Description</u>	<u>Amount</u>
MENTHOLATUM TAIWAN LIMITED	Accounts payable	\$ 60,096
UNILEVER TAIWAN LTD.	Accounts payable	53,006
Others (less than 2%)	Accounts payable	<u>2,259,329</u>
		<u>\$ 2,372,431</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(7) for the information related to other payables.



POYA INTERNATIONAL CO., LTD.  
STATEMENT OF CURRENT INCOME TAX LIABILITIES  
DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Income tax payable		\$ 298, 549
Tax on undistributed earnings payable		<u>147</u>
		<u>\$ 298, 696</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF CURRENT LEASE LIABILITIES  
DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Lease terms</u>	<u>Discount rate</u>	<u>Amount</u>
Buildings and structures	2019.1~2039.7	0.0858%~0.1046%	\$ 1,409,739
Machinery and equipment	2019.1~2025.5	0.0858%~0.1046%	2,896
Other equipment	2019.1~2033.11	0.0858%~0.1046%	997
			<u>\$ 1,413,632</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF LONG-TERM BORROWINGS, CURRENT PORTION  
DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

<u>Creditor</u>	<u>Description</u>	<u>Rate</u>	<u>Loan amount</u>	<u>Collateral</u>
KGI Commercial Bank	Unsecured borrowings	( Note )	\$ 333, 333	None
Hua Nan Commercial Bank	Unsecured borrowings	( Note )	298, 395	None
E.SUN Commercial Bank	Unsecured borrowings	( Note )	200, 000	None
Far Eastern International Bank	Unsecured borrowings	( Note )	100, 000	None
O-Bank	Unsecured borrowings	( Note )	66, 667	None
First Commercial Bank	Unsecured borrowings	( Note )	66, 667	None
Cathay United Commercial Bank	Unsecured borrowings	( Note )	66, 666	None
Chang Hwa Bank	Unsecured borrowings	( Note )	40, 000	None
			<u>\$ 1, 171, 728</u>	

( Note ) Range of interest rates is 0.87%~1.16%.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Loan Amount	Expiry date	Rate	Collateral	Note
Hua Nan Commercial Bank	Unsecured borrowings	\$ 630,525	2019.9.9~2023.12.18	( Note )	None	Monthly repayment of principal and interest.
KGI Commercial Bank	Unsecured borrowings	602,778	2019.7.1~2023.4.20	( Note )	None	Monthly repayment of principal and interest.
E.SUN Commercial Bank	Unsecured borrowings	316,667	2019.7.1~2022.7.1	( Note )	None	Monthly repayment of principal and interest.
Far Eastern International Bank	Unsecured borrowings	241,667	2020.5.4~2023.5.4	( Note )	None	Monthly repayment of principal and interest.
Cathay United Bank	Unsecured borrowings	200,000	2020.12.7~2023.12.7	( Note )	None	Monthly repayment of principal and interest.
First Commercial Bank	Unsecured borrowings	161,111	2020.5.4~2023.5.4	( Note )	None	Monthly repayment of principal and interest.
O-Bank	Unsecured borrowings	155,555	2020.4.17~2023.4.17	( Note )	None	Monthly repayment of principal and interest.
Chang Hwa Commercial Bank	Unsecured borrowings	<u>78,333</u>	2019.7.1~2023.4.24	( Note )	None	Monthly repayment of principal and interest.
		2,386,636				
	Less: Current portion	( <u>1,171,728</u> )				
		<u>\$ 1,214,908</u>				

( Note ) Range of interest rates is 0.87%~1.16%.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF NON-CURRENT LEASE LIABILITIES  
DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Lease terms</u>	<u>Discount rate</u>	<u>Amount</u>
Buildings and structures	2019.1 ~ 2039.7	0.0858% ~ 0.1046%	\$ 12,472,793
Machinery and equipment	2019.1 ~ 2025.5	0.0858% ~ 0.1046%	8,313
Other equipment	2019.1 ~ 2033.11	0.0858% ~ 0.1046%	<u>6,771</u>
			12,487,877
		Less: Current portion	( <u>1,413,632</u> )
			<u>\$ 11,074,245</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Retail store revenue	\$ 17,388,948	Revenue from retail stores selling daily supplies
Other operating revenue	<u>149,890</u>	Commission revenue
Operating revenue	<u>\$ 17,538,838</u>	

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2020	\$ 3, 473, 481
Add : Merchandise purchased	10, 111, 515
Less : Loss on physical inventory	( 67, 889)
Merchandise at December 31, 2020	( 4, 076, 533)
Merchandise sold in this period	9, 440, 574
Loss on physical inventory	67, 889
Other operating costs	457, 588
Operating costs	<u>\$ 9, 966, 051</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF OTHER OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	\$ 90,889
Shipping expenses	112,083
Depreciation	127,588
Others	127,028
	\$ 457,588



POYA INTERNATIONAL CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	\$ 1,516,641
Advertisement	186,661
Utilities	236,239
Insurance	154,621
Depreciation	1,831,705
Handling fee	137,396
Others (less than 3%)	308,749
	<u>\$ 4,372,012</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
 (Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	\$ 345,485
Travelling expenses	35,960
Advertisement	21,094
Insurance	34,105
Depreciation	41,852
Others (less than 3%)	72,060
	<u>\$ 550,556</u>

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF OTHER REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(15) for the information related to other revenues.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF FINANCIAL COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(17) for the information related to financial costs.

POYA INTERNATIONAL CO., LTD.  
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND  
AMORTIZATION EXPENSES IN THE CURRENT PERIOD  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(18) for the additional information related to expenses and Note 6(19) for the information related to employee benefits.

Poya International Co., Ltd.  
Statement of Declaration of Internal Control

Date: February 22, 2021

Poya International Co., Ltd. has conducted internal audit in accordance with its Internal Control Regulation covering the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2020 and hereby declares as follows:

- (1) The Company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers, and that the Company has already established such system. The purpose it to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules.
- (2) There is limitation inherent to internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features the self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.
- (3) The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the “Criteria for the Establishment of Internal Control System of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely, 1. control environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for detail.
- (4) The Company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.
- (5) Basing on the aforementioned audit findings, the Company holds that has reasonably preserved the achievement of the aforementioned goals within the aforementioned period of internal control (including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.
- (6) This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
- (7) This statement of declaration has been approved by the Board in a session held on February 22, 2021 with the presence of 7 directors under unanimous consent.

Chairman: Chen Jian-Zao (signature)  
General Manager: Chen Zong-Cheng (signature)  
Poya International Co., Ltd.

## Address and telephone of corporate headquarters and branches

Business unit	Address	Telephone
Headquarters in Tainan: No.74, Sec. 3, Minzu Rd. West Central Dist. Tainan		(06)241-1000
Headquarters in Taipei: 3F., No.2, Sec. 1, Fuxing N. Rd., Zhongshan Dist., Taipei		(02)8772-8688
Tainan Xiao Bei Branch: No. 169, Ximen Rd., Section IV, Tainan		(06)281-7806
Taipei Yong He Branch: No. 239, Zhongzheng Rd., Yonghe Dist, New Taipei City		(02)8941-7717
Chaunghua Yuan Lin Branch: No. 68, Sanmin St., Yuanlin, Changhua		(04)837-9800
Kaohsiung Feng Shan Branch: No. 138, Zhongshan Rd., Fengshan Dist., Kaohsiung		(07)747-7000
Tainan Dong Ning Branch: No. 229, Dongning Rd., Tainan		(06)275-5933
Taichung 1st High School Branch: No. 22-4, Taiping Rd., Taichung		(04)2221-1023
Taichung Wen Xin Branch: No. 597, Wenxin Rd. Section IV, Beitun Dist., Taichung		(04)2247-0011
Tainan Zhong Hua Branch: No. 273~275, Zhonghua East Rd., Tainan		(06)260-1100
Tainan Yong Kang Branch: No. 106, Zhonghua Rd., Yongkang Dist., Tainan		(06)311-2111
Tainan Jian Kang Branch: No. 175, Zhonghua West Rd., Section I, South Dist., Tainan		(06)292-0202
Douliu Min Sheng Branch: No. 64, Zhongjian West Rd., Douliu, Yunlin		(05)533-5050
Kaohsiung Da Chang Branch: No. 145, Dachang 2nd Rd., Sanmin Dist., Kaohsiung		(07)394-3300
Hualien Zhong Zheng Branch: No. 339-1, Zhongzheng Rd., Hualien		(03)834-3322
Luodong Cang Qian Branch: No. 66, Cangqian Rd., Luodong, Yilan		(03)955-1010
Jiali Yan Ping Branch: 1F, No. 91, Yanping Rd., Jiali Dist., Tainan		(06)723-7700
Chiayi Cui Yang Branch: No. 459, Cuiyang Rd., Chiayi		(05)216-6161
Pingtung Zi You Branch: No. 21, Taiyuan 1st Rd., Pingtung, Pingtung		(08)766-0202
Xinying Min Zhi Branch: No. 227, Minzhi Rd., Xinying Dist., Tainan		(06)656-6611
Nantou Da Tong Branch: No. 70, Datong South St., Nantou, Nantou		(049)222-5200
Kaohsiung You Chang Branch: 1F, No. 645, Houchang Rd., Zuoying Dist., Kaohsiung		(07)363-6767
Taitung Zhong Hua Branch: 1F, NO. 513, Zhonghua Rd. Section I, Taitung, Taitung		(089)337-070
Taichung Da Dun Branch: No. 466, Dadun Rd., Nantun Dist., Taichung		(04)2328-2118
Chaozhou Xin Sheng Branch: 1F, NO. 117, Xinsheng Rd., Chaozhou, Pingtung		(08)788-7700
Hualien Zhong Shan Branch: No. 269, Zhongshan Rd., Hualien, Hualien		(03)831-6666
Taipei Min Sheng Branch: No. 163-1, Minsheng East Rd. Section V, Songshan Dist, Taipei		(02)8787-9900
Fengyuan Fu Qian Branch: 1F, No. 39, Fuqian St., Yangming Li, Fengyuan, Taichung		(04)2524-4000
Kaohsiung Wu Jia Branch: NO. 381, Wujia 2nd Rd., Fengshan Dist., Kaohsiung		(07)727-2111
Miaoli Min Zu Branch: No. 59, Minzu Rd., Miaoli, Miaoli		(037)380-808
Pingtung Min Sheng Branch: No. 248, Minsheng Rd., Pingtung, Pingtung		(08)765-5500
Yunlin Hu Wei Branch: No. 105-1, Heping Rd., Huwei, Yulin		(05)633-8811
Taichung Xue Shi Branch: No. 175, Xueshi Rd., North Dist., Taichung		(04)2203-2000
Shulin Zhongshan Branch: 1F, NO. 111, Zhongshan Rd., Section I, Shulin Dist, New Taipei City		(02)2686-0022
Xizhi Zhong Xing Branch: NO. 195, Zhongxing Rd., Xizhi Dist., New Taipei City		(02)2692-4444
Toufen Zhong Hua Branch: No. 1167, Zhonghua Rd., Toufen, Miaoli		(037)670-033
Longtan Zhong Zheng Branch: No. 222, Zhongzheng Rd., Longtan, Taoyuan		(03)470-0717
Xiaogang Han Min Branch: No. 206, Hanmin Rd., Xiaogang Dist., Kaohsiung		(07)802-0033
Yonghe Zhong Shan Branch: No. 177, Zhongshan Rd. Section I, Yonghe Dist., New Taipei City		(02)2920-2727
Changhua Lu Gang Branch: No. 322, Fuxing Rd., Lugang, Changhua		(04)775-0777
Zhongli Zhong Yuan Branch: No. 55, Zhongbei Rd., Zhongli, Zhongli		(03)438-0505
Nantou Pu Li Branch: No., 24, Zhognshan 2 <sup>nd</sup> Rd., Puli, Nantou		(049)298-6060
Taoyuan Nan Ping Branch: No. 399, Nanping Rd., Taoyuan, Taoyuan		(03)326-1100
Xinzhuang Xin Tai Branch: No. 300, Xintai Rd., Xinzhuang Dist., New Taipei City		(02)2991-4000
Yunlin Bei Gang Branch: No. 62, Huanan Rd., Guangfu Li, Lugang, Yulin		(05)783-6363
Pingtung Dong Gang Branch: No. 316, Zhongzheng Rd. Section I, Donggang, Pingtung		(08)831-0101
Douliu Station Branch: No. 159, Minsheng Rd., Douliu, Yunlin		(05)537-0033
Taichung Tan Zi Branch: No. 2, Lane 99, Yatan Rd. Section I, Tanzi Dist., Taichung		(04)253-20000
Yilan Station Branch: No. 6, Guangfu Rd., Yilan, Yilan		(03)936-0505
Fenshan Qing Nian Branch: No. 471, Qingnian 2 <sup>nd</sup> Rd., Fenshan Dist., Kaohsiung		(07)767-6262
Keelung Dong Ming Branch: No. 177, Dongming Rd, XinYi Dist, Keelung		(02)2468-0066
Tainan Hai Tian Branch: 1F, No. 120, Haitian Rd. Section I, Annan Dist., Tainan		(06)350-0011
Tainan Shan Hua Branch: No. 472, Zhongzheng Rd., Shanhua Dist., Tainan		(06)583-0000
Taoyuan Ba De Branch: No. 126, Sec. 2, Jieshou Rd., Bade, Taoyuan		(03)371-3838
Banqiao Chong Qing Branch: 1F, No. 247, Chongqing Rd., Banqiao, New Taipei City		(02)2958-1818
Taichung Mei Cun South Branch: No. 70, Meichun South Rd., South Dist., Taichung		(04)226-03388
Zhubei San Min 1 <sup>st</sup> Branch: No. 202, Sanmin Rd., Zhubei, Hsinchu		(03)555-6222
Daya Zhong Qing Branch: No.1171, Sec. 3, Zhongqing Rd., Daya Dist., Taichung		(04)256-60202
Tainan Ma Dou Branch: No. 22-1, Bo'ai Rd., Madou Dist., Tainan		(06)571-2211
Yingge Jian Guo Branch: No., 280, Jianguo Rd., Yingge, New Taipei City		(02)2677-4488
Neili Zhong Xiao Branch: No. 74, Zhongxiao Rd., Zhongli, Taoyuan		(03)435-5000
Kaohsiung Rui Long Branch: No. 459, Ruilong Rd., Qianzhen Dist., Kaohsiung		(07)713-0011

Business unit	Address	Telephone
Taichung Wu Feng Branch: No., 1095, Zhongzheng Rd., Wufeng Dist., Taichung		(04)233-21333
Zhunan Bo Ai Branch: No. 281, Bo'ai St., Zhunan, Miaoli		(037)481-414
Hsinchu Dong Men Branch: No. 73, Fuxing Rd., Hsinchu		(03)523-2200
Xinzhuang Long An Branch: No.252-1, Longan Rd., Xinzhuang Dist., New Taipei City		(02)2202-1000
Linkou Ren Ai Branch: No. 2, Yulin St., Linkou, New Taipei City		(02)8601-9191
Hsinchu Hu Kou Branch: No. 23, Zhongxiao Rd., Hukou, Hsinchu		(03)590-6363
Tainan Gui Ren Branch: No. 133, Zhongshan Rd. Section III, Guiren Dist., Tainan		(06)338-8000
Taoyuan Da You Branch: NO. 586, Dayou Rd., Taoyuan, Taoyuan		(03)316-0111
Nantou Zhu Shan Branch: No.89, Dali Rd., Zhushan, Nantou		(049)266-2200
Kaohsiung Da Shun Branch: No. 110, Dashun 3 <sup>rd</sup> Rd., Yaling Dist., Kaohsiung		(07)713-1111
Changhua Bei Dou Branch: No. 313, Fuxing Rd., Beidou, Changhua		(04)888-2020
Taichung Jing Wu East Branch: No. 97, Jingwu East Rd., East Dist., Taichung		(04)2211-9292
Banqiao Xin Hai Branch: No. 93, Xinhai Rd., Banqiao, New Taipei City		(02)2250-7766
Kaohsiung Qi Shan Branch: No. 7-17, Dongxin St., Qishan Dist., Kaohsiung		(07)662-2626
Hsinchu Jing Guo Branch: No. 820, Jinguo Rd., Section I, Hsinchu		(03)542-1616
Zhudong Chang Chun Branch: No. 100, Changchun Rd. Section III, Zhudong, Hsinchu		(03)595-3322
Dali Cheng Gong Branch: No.23, Chenggong 2 <sup>nd</sup> Rd., Dali Dist., Taichung		(04)2493-7373
Taichung Song Zhu Branch: No. 168, Songzhu Rd. Section II, Beitun Dist., Taichung		(04)2242-2211
Guishan Wen Hua Branch: No. 26, Wenhua 2 <sup>nd</sup> Rd., Guishan, Taoyuan		(03)327-5050
Kaohsiung Minsheng Branch: No. 1, Minsheng 1 <sup>st</sup> Rd., Xinxing Dist., Kaohsiung		(07)229-9090
Taitung Xin Sheng Branch: No., 201, Xincheng Rd., Taitung, Taitung		(089)322-211
Nanmiao Zhong Zheng Branch: No. 929, Zhongzheng Rd., Miaoli, Miaoli		(037)361-333
Taichung Li Ming Branch: No. 726, Datun 11 <sup>th</sup> St., Nantun Dist., Taichung		(04)2254-3377
Sanxia Wenhua Branch: No.59, Wenhua Rd., Sanxia Dist., New Taipei City		(02)26729911
Chiayi Minxiong Branch: No.48, Shengping Rd., Minxiong Township, Chiayi		(05)2066677
Taichung Dongshi Branch: No.558, Fengshi Rd., Dongshi Dist., Taichung		(04)25771717
Xinying Zhongshan Branch: No.113, Zhongshan Rd., Xinying Dist., Tainan		(06)6333322
Zhubei Guangming Branch: No.7, Guangming 3rd Rd., Zhubei City, Hsinchu		(03)5510055
Changhua Minzu Branch: No.221, Minzu Rd., Changhua City, Changhua		(04)7277722
Taoyuan Dayuan Branch: No.99, Zhongzheng E. Rd., Dayuan Township, Taoyuan		(03)3862266
Yuanlin Zhongzheng Branch: No.672, Zhongzheng Rd., Yuanlin Township, Changhua		(04)8337788
Tainan Jinhua Branch: No.168, Sec. 3, Jinhua Rd., West Central Dist., Tainan		(06)2207373
Banqiao Nanya Branch: No.55, Sec. 1, Nanya S. Rd., Banqiao Dist., New Taipei City		(02)29688555
Kaohsiung Linyuan Branch: No.46, Ren'ai Rd., Linyuan Dist., Kaohsiung		(07)6433366
Tainan Zhongzheng Branch: No.246, Zhongzheng Rd., West Central Dist., Tainan		(06)2240666
Changhua Jinma Branch: No.1, Sec. 2, Jinma Rd., Changhua City, Changhua		(04)7367755
Penghu Beichen Branch: No.8, Beichen St., Magong City, Penghu		(06)9279911
Hsinchu Xuefu Branch: No.130, Xuefu St., Xinfeng Township, Hsinchu		(03)5575999
Kaohsiung Xintian Branch: No.168, Xintian Rd., Xinxing Dist., Kaohsiung		(07)2822277
Taichung Hankou Branch: No.313, Sec. 4, Hankou Rd., North Dist., Taichung		(04)22376767
Huwei Linsen Branch: No.154, Sec. 2, Linsen Rd., Huwei Township, Yunlin		(05)6366633
Changhua Shengang Branch: No.55, Xinyi Rd., Shengang Township, Changhua		(04)7982626
Yunlin Mailiao Branch: No.377, Zhongshan Rd., Mailiao Township, Yunlin		(05)6937733
Tianzhong Zhongzhou Branch: No.123, Sec. 1, Zhongzhou Rd., Tianzhong Township, Changhua		(04)8752266
Taoyuan Zhongzheng Branch: 2F., No.60, Zhongzheng Rd., Taoyuan Dist., Taoyuan		(03)3386565
Toufen Shangshun Branch: No.103, Zhongyang Rd., Toufen City, Miaoli		(037)682929
Kaohsiung Dream Mall Branch:7F., No.789, Zhonghua 5th Rd., Qianzhen Dist., Kaohsiung		(07)8232266
Zuoying Hua Xia Branch:No.636, Huaxia Rd., Zuoying Dist., Kaohsiung		(07)3495522
Gangshan Liuqiao Branch:No.2, Liuqiao W. Rd., Gangshan Dist., Kaohsiung		(07)6253366
Shalu Guanhua Branch: No.308-5, Guanhua Rd., Shalu Dist., Taichung		(04)26626633
Fengyuan Xiangyang Branch: No.227, Xiangyang Rd., Fengyuan Dist., Taichung		(04)25151155
YongKang Zhongzheng Branch: No.646, Zhongzheng S. Rd., Yongkang Dist., Tainan		(06)2542255
Kaohsiung San Duo Branch:No.225, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung		(07)3352266
Kaohsiung Mingchen Branch: No.369, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung		(07)5507722
Wugu Gongshang Branch: No.90, Gongshang Rd., Wugu Dist., New Taipei City		(02)22929933
Tucheng Yumin Branch: No.165, Yumin Rd., Tucheng Dist., New Taipei City		(02)22647272
Tamsui Zhongshan Branch: No.96, Sec. 2, Zhongshan N. Rd., Tamsui Dist., New Taipei City		(02)26230303
Taichung Henan Branch: No.466, Sec. 2, Henan Rd., Xitun Dist., Taichung		(04)27076688
Dajia Yude Branch: No.228, Yude Rd., Dajia Dist., Taichung		(04)26882266
Gangshan Zhongshan N. Branch: No.79, Zhongshan N. Rd., Gangshan Dist., Kaohsiung		(07)6246633
Xiluo Gongzheng Branch: No.137, Gongzheng Rd., Xiluo Township, Yunlin		(05)5870077
Kaohsiung Wannei Branch: No.63, Dashun 2nd Rd., Sanmin Dist., Kaohsiung		(07)3841616
Taoyuan Pingzhen Branch: No.71, Sec. 3, Huannan Rd., Pingzhen Dist., Taoyuan		(03)4687676
Xizhi Farglory Branch: 2F., No.97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City		(02)26973737
Taoyuan Daxing Branch: No.175, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan		(03)3169777



Business unit	Address	Telephone
Tainan Wenxian Branch: No.112, Wenxian Rd., North Dist., Tainan		(06)2502929
Sanchong Renai Branch: Aly. 6, Ln. 255, Xiwei St., Sanchong Dist., New Taipei City		(02)29810101
Zhubei Ziqiang Branch: No.107, Ziqiang S. Rd., Zhubei City, Hsinchu		(03)5506262
Taipei Dongmen Branch: B1F., No.230, Sec. 2, Xinyi Rd., Da'an Dist., Taipei		(02)23956677
Nanzi Dexian Branch: No.211, Dexian Rd., Nanzi Dist., Kaohsiung		(07)3602266
Changhua Xihu Branch: No.312, Donghuan Rd., Xihu Township, Changhua		(04)8610011
Songshan Raohe Branch: No.660, Sec. 4, Bade Rd., Songshan Dist., Taipei City		(02)-25281166
Changhua Hemei Branch: No.360, Sec. 6, Luhe Rd., Hemei Township, Changhua County		(04)-7553388
Shinbei Zhonghe Branch: No.25, Zhonghe Rd., Zhonghe Dist., New Taipei City		(02)-22441177
Erlin Douyuan Branch: No.2, Changqing Rd., Erlin Township, Changhua County		(04)-8951100
Renwu Renxiong Branch: No.38-5, Renxiong Rd., Renwu Dist., Kaohsiung City		(07)-3745252
Tainan Beimen Branch: 1-3F., No.101, Sec. 1, Beimen Rd., West Central Dist., Tainan City		(06)-2232626
Kaohsiung Dingshan Branch: 1-2F., No.251, Dingshan St., Sanmin Dist., Kaohsiung City		(07)-3985522
Donghu Kangning Branch: B1-2F., No.72, Sec. 3, Kangning Rd., Neihu Dist., Taipei City		(02)-26319191
Taichung Beitun Branch: 1-2F., No.275, Beitun Rd., Beitun Dist., Taichung City		(04)-22375656
Wenxin Shanxi Branch: No.196, Sec. 4, Wenxin Rd., North Dist., Taichung City		(04)-22926060
Yongkang Zhongshan S. Branch: No.692, Zhongshan S. Rd., Yongkang Dist., Tainan City		(06)-2036060
Shilin Zhishan Branch: 1-3F., No.1, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City		(02)-28359292
Yongkang Kunshan Branch: No.785, Dawan Rd., Yongkang Dist., Tainan City		(06)-2729955
Chiayi Xinmin Branch: No.689, Xinmin Rd., West Dist., Chiayi City		(05)-2367722
Chiayi Puzi Branch: No.102-3, Shantong Rd., Puzi City, Chiayi County		(05)-3701313
Kaohsiung Jiangong Branch: No.501, Jiangong Rd., Sanmin Dist., Kaohsiung City		(07)-3806161
Changhua Xiushui Branch: No.677, Sec. 2, Zhangshui Rd., Xiushui Township, Changhua County		(04)-7696969
Hsinchu Guangfu Branch: No.560, Sec. 1, Guangfu Rd., East Dist., Hsinchu City		(03)-6662121
Hsinchu Qinghua Branch: 1-2F., No.151, Sec. 2, Guangfu Rd., East Dist., Hsinchu City		(03)-5720101
Dali Guoguang Branch: No.568, Sec. 2, Guoguang Rd., Dali Dist., Taichung City		(04)-24810505
Taipei Linsen Branch: 1F., No.487, Linsen N. Rd., Zhongshan Dist., Taipei City		(02)-25620033
Kaohsiung Taroko park Branch: 1F., No.100, Zhongshan 4th Rd., Qianzhen Dist., Kaohsiung City		(07)-7915050
Renwu Bade Branch: No.72, Bade Central Rd., Renwu Dist., Kaohsiung City		(07)-3729977
Zhongxiao Yongchun Branch: 1F., No.297-1, Sec. 5, Zhongxiao E. Rd., Taipei City		(02)-27652323
Kaohsiung Qixian Branch: No.186, Qixian 2nd Rd., Qianjin Dist., Kaohsiung City		(07)-2886161
Banqiao Shuangshi Branch: No.157, Sec. 2, Shuangshi Rd., Banqiao Dist., New Taipei City		(02)-22521010
Hualien Jian Branch: No.217, Sec. 2, Zhongshan Rd., Ji'an Township, Hualien County		(03)-8526161
THSR Zuoying Branch: No.1350, Huaxia Rd., Zuoying Dist., Kaohsiung City		(07)-3430202
Zhongli Zhonghua Branch: No.677, Sec. 1, Zhonghua Rd., Zhongli Dist., Taoyuan City		(03)-4332233
Taichung Dali Branch: No.480, Sec. 2, Zhongxing Rd., Dali Dist., Taichung City		(04)-24860606
Kaohsiung Meishu E. Branch: No.11, Meishu E. 2nd Rd., Gushan Dist., Kaohsiung City		(07)-5225353
Houlong Zhonghua Branch: 1&2F., No.46-40, Zhonghua Rd., Houlong Township, Miaoli County		(037)-725577
Taoyuna Fuxing Branch: No.375-379, Fuxing Rd., Taoyuan Dist., Taoyuan City		(03)-3320101
Zhonghe Juguang Branch: No.63, Juguang Rd., Zhonghe Dist., New Taipei City		(02)-82215252
Nantou Mingjian Branch: 1F., No.46, Zhangnan Rd., Mingjian Township, Nantou County		(049)-2738383
Keelung E-square Branch: 1F., No.236, Ren 2nd Rd., Ren'ai Dist., Keelung City		(02)-24279090
Fengjia Fuxing Branch: No.562-1, Fuxing Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)		(04)-24515577
Changhua Shetou Branch: No.139, Sec. 2, Yuanji Rd., Shetou Township, Changhua County		(04)-84720101
Xinzhuang Jianguo Branch: No.57, Jianguo 1st Rd., Xinzhuang Dist., New Taipei City		(02)-29037070
Yilan Shennong Branch: No.51-53, Sec. 2, Shennong Rd., Yilan City, Yilan County		(03)-9368888
Tainan Xinhua Branch: No.35, Zhongxiao Rd., Xinhua Dist., Tainan City		(06)-5902699
Taichung Lingdong Branch: No.356, Lingdong Rd., Nantun Dist., Taichung City		(04)-23862255
Guishan Wanshou Branch: No.1, Ln. 769, Sec. 2, Wanshou Rd., Guishan Dist., Taoyuan City		(03)-3592266
Taishan Renai Branch: No.157, Ren'ai Rd., Taishan Dist., New Taipei City		(02)-22976565
Zhongli Xinsheng Branch: 1F., No.65, Xinsheng Rd., Zhongli Dist., Taoyuan City		(03)-4279898
Changhua Huatan Branch: No.57-2, Zhongzheng Rd., Huatan Township, Changhua County		(04)-7860808
Tainan Hewei Branch: No.305, Sec. 4, Hewei Rd., West Central Dist., Tainan City		(06)-3582266
Tainan Xinshi Branch: No. 57, Zhongzheng Rd., Xinshi Dist., Tainan City		(06)-5891212
Hualien Yuli Branch: No. 127, Guangfu Rd., Yuli Township, Hualien County		(03)-8889797
Zhongxiao Mingyao Branch: No 218, Sec.4, Zhongxiao E. Rd., Da'an Dist., Taipei City		(02)-27415050
Taichung Wuri Branch: No. 1-1, Sec. 1, Fuxing Rd., South Dist., Taichung City		(04)-22616611
Bade Xingfeng Branch: 1F&2F, No. 500, Xingfeng Rd., Bade Dist., Taoyuan City		(03)-3650033
Taichung Shengang Branch: No. 29-2, Minsheng Rd., Shengang Dist., Taichung City		(04)-25616262
Yangmei Puxin Branch: 1&2F, No. 257, Sec. 2, Zhongshan N. Rd., Yangmei Dist., Taoyuan City		(03)-4315566
Taoyuan Guanyin Branch: No. 837, Sec. 2, Zhongshan Rd., Guanyin Dist., Taoyuan City		(03)-2820055
Taipei Guting Branch: 1F, No. 100, Sec. 2, Roosevelt Rd., Zhongzheng Dist., Taipei City		(02)-23659977
Taipei Zhanqian Branch: B1F., No. 2, Sec. 1, Kaifeng St., Zhongzheng Dist., Taipei City		(02)-23715858
Taichung Taiping Branch: No. 726, Taiping Rd., Taiping Dist., Taichung City		(04)-22731717
Hsinchu Shipin Branch: No. 190, Shipin Rd., East Dist., Hsinchu City		(03)-5623388

Business unit	Address	Telephone
Taichung Zhongqing Branch: No. 766, Sec. 2, Zhongqing Rd., Beitun Dist., Taichung City		(04)-22956565
Taichung Qingshui Branch: 1F., No. 243, Zhongshan Rd., Qingshui Dist., Taichung City		(04)-26220022
Kaohsiung Yida Branch: B1F., No. 12, Sec. 1, Xuecheng Rd., Dashu Dist., Kaohsiung City		(07)-6569090
Taichung Dadu Branch: No. 747, Sec. 2, Shatian Rd., Dadu Dist., Taichung City		(04)-26997676
Hsinchu Xipu Branch: No. 147&149, Zhongzheng Rd., Xipu Township, Hsinchu County		(03)-5892266
Xizhi Datong Branch: No. 747, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City		(02)-26478585
Shalu Zhennan Branch: No. 638, Sec. 2, Zhennan Rd., Shalu Dist., Taichung City		(04)-26631010
Beitun Dongshan Branch: No. 213-5, Sec. 1, Dongshan Rd., Beitun Dist., Taichung City		(04)-24379393
Kinmen Boyu Branch: 1~2F., No. 232, Sec. 1, Boyu Rd., Jinning Township, Kinmen County		(082)-325050
Taichung Taroko Branch: 8F., No. 186, Sec. 4, Fuxing Rd., East Dist., Taichung City		(04)-22272323
Kaohsiung Wenxin Branch: No. 337, Wenxin Rd., Gushan Dist., Kaohsiung City		(07)-5537070
Taichung Houli Branch: No. 563, Sec. 1, Jiahou Rd., Houli Dist., Taichung City		(04)-25586262
Caotun Bishan Branch: B1F., No. 78, Bishan Rd., Caotun Township, Nantou County		(049)-2302121
Kaohsiung Daliao Branch: No. 771-1&771-2, Fenglin 3rd Rd., Daliao Dist., Kaohsiung City		(07)-7830707
Pingtung Hengchun Branch: No.106, Shengbei Rd., Hengchun Township, Pingtung County		(08)-8897979
Dashe Zhongshan Branch: No.435-8, Zhongshan Rd., Dashe Dist., Kaohsiung City		(07)-3543535
Tamsui Mangrove Branch: No.12, Sec. 2, Zhongzheng E. Rd., Tamsui Dist., New Taipei City		(02)-28092323
Luzhou Jixian Branch: No.399, Jixian Rd., Luzhou Dist., New Taipei City		(02)-22892121
Chiayi Zhongxing Branch: No.217, Zhongxing Rd., West Dist., Chiayi City		(05)-2338989
Xinzhuang Zhongyuan Branch: No.488, Zhongyuan Rd., Xinzhuang Dist., New Taipei City		(02)-85211010
Taoyuan Zhongzhen 2 Branch: 1F., No.430, Zhongzheng Rd., Taoyuan Dist., Taoyuan City		(03)-3329292
Taichung Gongyi Branch: No.183.185.187, Gongyi Rd., West Dist., Taichung City		(04)-23026662
Taipei Ximen Branch: 1F., No.98-4, Kunming St., Wanhua Dist., Taipei City		(02)-23753131
Taipei Gongguan Branch: No.184-4, Sec. 3, Tingzhou Rd., Zhongzheng Dist., Taipei City		(02)-23633232
Chiayi Shuishang Branch: No.260, Zhongxing Rd., Shuishang Township, Chiayi County		(05)-2600699
Taipei Nanjing E. Branch: 1~3F., No.15, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City		(02)-25678080
Taipei Nanjing W. Branch: 1F., No.1, Nanjing W. Rd., Zhongshan Dist., Taipei City 10444		(02)-25217575
Taipei University Branch: 1F., No.540, Xuecheng Rd., Shulin Dist., New Taipei City 23854		(02)-89701212
Amart Fuxing Branch: 3F., No.359, Sec. 1, Fuxing Rd., South Dist., Taichung City 40256		(04)-22625055
Miaoli Yuanli Branch: 3F., No.33, Weigong Rd., Yuanli Township, Miaoli County 35843		(037)-853838
Nangang HSR Branch: 3F., No.369, Sec. 7, Zhongxiao E. Rd., Nangang Dist., Taipei City 11561		(02)-26513030
Tainan Anhe Branch: 3F., No.169, Sec. 5, Anhe Rd., Annan Dist., Tainan City 70959		(06)-3559898
Zhongli Longdong Branch: 3F., No.43, Longdong Rd., Zhongli Dist., Taoyuan City 32092		(03)-4567997
Xindian Baoqiao Branch: 1~2F., No.100, Baoqiao Rd., Xindian Dist., New Taipei City 23145		(02)-29117373
Showtimes Wenxin Branch: 5F., No.289, Wenxin S. Rd., Nantun Dist., Taichung City 40854		(04)-24715252
Lihpao Resort Branch: No.181, Sec. 2, Yuemei E. Rd., Houli Dist., Taichung City 42145		(04)-25586667
Carrefour Xinren Branch: No.755, Sec. 3, Datong Rd., Rende Dist., Tainan City 71746		(06)-2891717
Zhubei Weishun Branch: B1F No.168, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County 30273		(03)-6583737
Linkou Wenhua Branch: No.107, Sec. 1, Wenhua 3rd Rd., Linkou Dist., New Taipei City 24448		(02)-26097373
Fengyuan Chenggong Branch: No.219, Chenggong Rd., Fengyuan Dist., Taichung City 42053		(04)-25251798
Pingtung Chaozhou Branch: No.42, Xinsheng Rd., Chaozhou Township, Pingtung County 92046		(08)-7886565
Tainan Rende Branch: No.246, Zhongshan Rd., Rende Dist., Tainan City 71742		(06)-2705866
Wufeng Zhongzheng Branch: No.1057-1, Zhongzheng Rd., Wufeng Dist., Taichung City 41344		(04)-2332727
Xinshi Zhongzheng Branch: No.67, Zhongzheng Rd., Xinshi Dist., Tainan City 74447		(06)-5990069
Xiushui Zhangshui Branch: No.689, Sec. 2, Zhangshui Rd., Xiushui Township, Changhua County		(04)-7688168
Taichung Daya Branch: No.1069, Sec. 3, Zhongqing Rd., Daya Dist., Taichung City 42878		(04)-25678080
Xinfen Zhongxing Branch: No.48, Zhongxing Rd., Xinfeng Township, Hsinchu County 30442		(03)-5595050
Tainan Zhonghua W. Branch: No.735, Sec. 2, Zhonghua W. Rd., West Central Dist., Tainan City 70063		(06)-2596886
Taiping Huanzhong Branch: No.567, Sec. 3, Huanzhong E. Rd., Taiping Dist., Taichung City 41180		(04)-23927070
Xitun Fuke Store/No. 86, 88, Fuya Road, Xitun District, Taichung City		(04)-24650800
Tainan Zhonghua West Second Store/No. 308, 308-1, 308-2, Section 1, Zhonghua West Road, South District, Tainan City		(06)-2650700
Luzhu Zhongshan Store/88 Zhongshan Road, Luzhu District, Kaohsiung City		(07)-6970303
Zhongli Neili Store / No.223 Zhongxiao Road, Zhongli District, Taoyuan City		(03)-4617070
Yongkang Yongda Store/No. 1446, Section 2, Yongda Road, Yongkang District, Tainan City		(06)-2030100
Gangshan Minzu Store/46 Minzu Road, Gangshan District, Kaohsiung City		(07)-6257979
Zhushan Daming Store/No.42 Yuying Road, Zhushan Town, Nantou County		(049)-2630110
Erlin Erxi Store/No. 62, Section 1, Erxi Road, Erlin Township, Changhua County		(04)-8950100
Taoyuan Chunri Store / 529 Chunri Road, Taoyuan District, Taoyuan City		(03)-3350080
Zhubei Wenxing Store/No. 291, 293, 295, Section 1, Wenxing Road, Zhubei City, Hsinchu County		(03)-6681300
Nanzi Huimin Store/230 Huimin Road, Nanzi District, Kaohsiung City		(07)-3601990
Yangmei Tiancheng Store / No. 296, Section 1, Zhongshan North Road, Yangmei District, Taoyuan City		(03)-4759393
Dayan International Store / 19 Guanglongli International Road, Bade District, Taoyuan City		(03)-2182800
Miaoli Guohua Store / No. 1039, Guohua Road, Miaoli City, Miaoli County		(037)-370199
Yongkang Zhongzheng North Store/63 Zhongzheng North Road, Yongkang District, Tainan City		(06)-2533988

Business unit	Address	Telephone
Bade Jieshou Store / No.598, Section 2, Jieshou Road, Bade District, Taoyuan City		(03)-3658919
Fengyuan Xiangyang Store/265 Xiangyang Road, Fengyuan District, Taichung City		(04)-25158881