

POYA International Co., Ltd.

2019 Annual General Shareholders' Meeting

Meeting Agenda

(Translation)

May 28, 2019

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

West Central Dist. Tainan City

Content

1. Meeting Procedure	1
2. Meeting Agenda	2
3. Reports	3
4. Acknowledgements	4
5. Matters for Discussion	5
6. Motions	5
7. Appendix	
(Appendix I) Business Report.....	6-9
(Appendix II) Audit Committee's Review Report	10
(Appendix III) 2018 Auditing Report of the Certified Accountants and Financial Statements	11-18
(Appendix IV) Distribution Table of 2018 Profits.....	19-20
(Appendix V) Comparison Table for the Amendments to Articles of Incorporation and Articles before Revision.....	21-33
(Appendix VI) Comparison Table for the Amendments to Articles of Operational Procedures for Acquisition or Disposal of Assets before Revision	34-68
(Appendix VII) Rules of Procedure for Shareholders Meetings	69-76
(Appendix VIII) Shareholdings of the Directors of the Company	77
(Appendix IX) Other Matters	78

POYA International Co., Ltd.

Procedure for the 2019 Annual Meeting of Shareholders

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

POYA International Co., Ltd.
Agenda of 2019 Annual Meeting of Shareholders

Time: 9 a.m., May 28, 2019 (Tuesday)

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

1、Call the Meeting to Order

2、Chairman's Remarks

3、Reports

(1) 2018 Business Report

(2) 2018 Audit Committee's Review Report

(3) The Distribution of 2018 Employees' and Directors' Remuneration.

4、Acknowledgements

(1) Adoption of the 2018 Business Report and Financial Statements

(2) Adoption of the proposal for distribution of 2018 profits

5、Matters for Discussion:

(1) Amendments to part of Articles of Incorporation

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

6、Motions

7、Adjournment

Reports

Report 1: 2018 Business Report

Explanation : The 2018 Business Report is attached as pp. [06-09], Appendix I.

Report 2: 2018 Audit Committee's Review Report

Explanation : The 2018 Audit Committee's Review Report is attached as pp. [10-10], Appendix II.

Report 3: The Distribution of 2018 Employees' and Directors' Remuneration

1. In accordance with the Article 21-1 of Articles of Incorporation, the monetary amount of employees' remuneration is NT\$ 113,000,000 accounting for 5% and the monetary amount of directors' remuneration is NT\$ 4,800,000 accounting for 0.2%.
2. The employees' and directors' remuneration mentioned above shall be treated as expenses in 2018. There is no difference between the amount of recognized expenses and the amount of employees' and directors' remuneration passed by the Board of Directors.
3. The distribution of employees' remuneration has been passed by the 7th-term Board of Directors in the 17th Board meeting and the distribution of directors' remuneration has been passed by the 3rd-term Remuneration Committee in the 8th Remuneration Committee meeting.

Acknowledgements

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

Explanation:

1. The Company's 2018 Financial Statements were audited by PricewaterhouseCoopers Taiwan. Also Business Report and Financial Statements have been approved by the Audit Committee, with the review report included in the meeting minute.
2. Business report is attached as pp. [06-09], Appendix I. The auditing report of the certified accountants and the financial statements mentioned above are attached as pp. [11-18], Appendix III.
3. Please acknowledge the 2018 Business Report and Financial Statements.

Resolution:

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

Explanation:

1. The Distribution Table of 2018 Profits (Attached as pp. [19-20], Appendix IV) has been submitted to the Company's Audit Committee for approval and been passed by the 7th-term Board of Directors in the 17th Board meeting.
2. The Board of Directors shall be fully authorized by the Regular Shareholders' Meeting to handle the matters related to that the shares or profits to be distributed to each share based on the number of actual shares outstanding on the record date for distribution change because of the change of capital.
3. Upon the proposal of cash dividends being approved by the Regular Shareholders' Meeting, the Board of Directors shall be authorized to resolve the ex-dividend date, and other relevant issues.
4. Please acknowledge the proposal for distribution of 2018 profits.

Resolution:

Matters for Discussion

Proposal 1: Amendment to part of “Articles of Incorporation”. Please proceed to discuss.
(Proposed by the Board of Directors)

Explanation:

1. Complied with the actual need of operating procedure and revision of regulation, the Company hereby revises part of the provision of Articles of Incorporation. The comparison table for the amendments to Articles of Incorporation before and after revision and the Articles before revision are attached as pp. [21-33], Appendix V.
2. Please proceed to discuss.

Resolution:

Proposal 2: Amendment to part of “Articles of Operational Procedures for Acquisition or Disposal of Assets”. Please proceed to discuss. (Proposed by the Board of Directors)

Explanation:

1. Complied with the revised laws and regulations, the Company hereby revises part of the provision of Operational Procedures for Acquisition or Disposal of Assets. The comparison table for the amendments to articles of Operational Procedures for Acquisition or Disposal of Assets before and after revision and the articles before revision are attached as pp. [34-68], Appendix VI.
2. Please proceed to discuss.

Resolution:

Motions

Adjournment

Poya International Co., Ltd.
2018 Business Report

1. 2018 Business Results

(1) The implementation of the business plan

Unit : NTD 1,000

Title/amount	FY2018	FY2017	Change in amount	Change in proportion (%)
Operating revenue	14,084,032	13,262,071	821,961	6.20%
Operating Cost	(7,915,849)	(7,583,371)	332,478	4.38%
Net operating margin	6,168,183	5,678,700	489,483	8.62%
Operating expenses	(4,071,565)	(3,956,878)	114,687	2.90%
Operating profit	2,096,618	1,721,822	374,796	21.77%
Non-operating income and expenses	35,890	1,023	34,867	3408.31%
Profit before income tax	2,132,508	1,722,845	409,663	23.78%
Profit for the year	1,709,140	1,429,057	280,083	19.60%
Basic earnings per share (in dollars)	17.50	14.63	2.87	19.62%

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

Unit : Stores/NTD 10,000

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

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

(2) Financial structure and profitability analysis

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

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

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

2. 2019 Business plan

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

Owing to the competitive and changeable economic environment and the impacts from population and climate change, Poya shall keep making differentiation by market positioning and upgrading its services to pursue better operating performance. With the support of all personnel and the management, there are 201 stores national wide by the end of 2018. The operating revenue and profit for the year after tax in 2018 are NT\$14.1 billion and NT\$1.7 billion respectively, both of

which reached the record highs.

In terms of the business operation, Poya keeps optimizing 5th generation stores and introduces 6th generation stores to upgrade the image of market position and to activate the selling space with the spirits of “Beauty, Trendy, Color” . In addition to creating brand value, Poya also focuses on product quality. With the core value of offering high CP ratio products (Cost-Performance Ratio), Poya can raise the satisfaction level of the customers. As there is the trend of consuming fair-priced and fashion products, Poya will irregularly offers promotion and holds activities to reward our customers. We hope to intensify the positive feeling in fair-price for our customers, and provide great fun when they make the purchase. Moreover, Poya will keep providing better services, tracing the consuming behaviors of the members periodically, and maintaining the permanent value of the customers.

3 、 Business policy

(1) Optimize 5th generation stores and introduce the 6th generation stores to make differentiated market position

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

(2) Intensify the competitive ability of stores by differentiated marketing

Poya can cultivate specific selling points to increase the traffic, sales and net profits by means of effective market researches which help to understand the customers’ demands and market position, outstanding advantages which help to create brand value, and differentiated marketing activities of each store which help to intensify the competitive ability of stores in each market region.

(3) Enhance the competitive ability of product management

Poya devotes itself to greater product competitiveness, more effective inventory control, deeper product categories and higher completeness of product mix in order to satisfy the customers' needs at different levels, to increase the selling opportunity of products in different area, and to remain the leading position in the industry.

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

Poya International Co., Ltd.

Chen Jian-Zao, Chairman

Chen Zong-Cheng, General Manager

Shen Hung-Yu, Financial and Accounting Manager

POYA International Co., Ltd.
Audit Committee's Review Report

The Board of Directors have passed the business report, financial statements and profit distribution proposal for the year 2018, among which the financial statements (balance sheets, statements of comprehensive income, of changes in equity and of cash flows) have been audited and reviewed by Liu Tzu-Meng and Lin Tzu-Shu, who are both certified accountants from the accounting firm of PwC Taiwan, and they have issued an audit report. The Audit Committee is responsible for supervision of the process of the Company's financial reports.

Certified accountants assured the Company's financial statements for the year 2018 and communicated with the Audit Committee matters as follows:

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

The financial statements, business report, and profit distribution proposal for the year 2018 resolved by board of directors have been reviewed by the Audit Committee and the Audit Committee are of the opinion that they are in order, and hereby issue this report in accordance to Article 219 of the Company Act.

2019 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 18, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(2019) Tsai Shen Pao Tsu No. 18002889

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

Opinion

We have audited the accompanying balance sheets of Poya International Co., Ltd. as of December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Completeness and accuracy of franchising retail sales revenue

Description

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

In retail franchising, merchandise information such as name, cost, retail price, price changes and annual sales discount is first established. The point of sales system (henceforth POS) is used to run the merchandise information automatically. Each store gathers sales transactions by the end of the day. The system will aggregate all the information of transactions and then upload to ERP system to

generate sales revenue journal entries. In addition, each store has to file cash report daily including cash, gift vouchers, credit cards, and electronic payment devices and reconcile with system data. Cash collections are deposited with the banks periodically.

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

How our audit addressed the matter

Our procedures 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’s or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

PricewaterhouseCoopers, Taiwan

Independent Accountants

Liu Tzu-Meng

Lin Tzu-Shu

February 18, 2019

POYA INTERNATIONAL CO.,LTD
BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

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

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

POYA INTERNATIONAL CO.,LTD
STATEMENTS OF COMPREHENSIVE INCOME

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

Year ended December 31

	Items	Notes	2018		2017	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(12) and 12	\$ 14,084,032	100	\$ 13,262,071	100
5000	Operating costs	6(3)(8)(16)(17)(20)	(7,915,849)	(56)	(7,583,371)	(57)
5900	Net operating margin		6,168,183	44	5,678,700	43
	Operating expenses	6(8)(16)(17)(20) and 7				
6100	Selling expenses		(3,504,926)	(25)	(3,350,051)	(25)
6200	General and administrative expenses		(566,639)	(4)	(606,827)	(5)
6000	Total operating expenses		(4,071,565)	(29)	(3,956,878)	(30)
6900	Operating profit		2,096,618	15	1,721,822	13
	Non-operating income and expenses					
7010	Other income	6(13)	51,295	-	50,953	-
7020	Other gains and losses	6(14)	614	-	(39,671)	-
7050	Finance costs	6(5)(15)	(16,019)	-	(10,259)	-
7000	Total non-operating income and expenses		35,890	-	1,023	-
7900	Profit before income tax		2,132,508	15	1,722,845	13
7950	Income tax expense	6(18)	(423,368)	(3)	(293,788)	(2)
8200	Net income for the year		\$ 1,709,140	12	\$ 1,429,057	11
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(8)	\$ 1,252	-	(\$ 1,557)	-
8349	Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(18)	(26)	-	265	-
8300	Total other comprehensive income (loss) for the year		\$ 1,226	-	(\$ 1,292)	-
8500	Total comprehensive income for the year		\$ 1,710,366	12	\$ 1,427,765	11
	Earnings per share (in dollars)	6(19)				
9750	Basic		\$ 17.50		\$ 14.63	
9850	Diluted		\$ 17.42		\$ 14.58	

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

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

	Notes	Common stock	Capital surplus Additional paid-in capital	Retained Earnings Legal reserve	Unappropriated retained earnings	Total equity
<u>Year ended December 31, 2017</u>						
Balance at January 1, 2017		\$ 964,760	\$ 552,861	\$ 452,695	\$ 1,174,037	\$ 3,144,353
Net income for the year ended December 31, 2017		-	-	-	1,429,057	1,429,057
Other comprehensive loss for the year ended December 31, 2017		-	-	-	(1,292)	(1,292)
Total comprehensive income for the year ended December 31, 2017		-	-	-	1,427,765	1,427,765
Distribution of 2016 net income:						
Legal reserve		-	-	116,948	(116,948)	-
Cash dividends	6(11)	-	-	-	(1,032,293)	(1,032,293)
Stock dividends	6(9)(11)	9,648	-	-	(9,648)	-
Employees' stock bonuses	6(9)	2,442	87,558	-	-	90,000
Balance at December 31, 2017		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 569,643</u>	<u>\$ 1,442,913</u>	<u>\$ 3,629,825</u>
<u>Year ended December 31, 2018</u>						
Balance at January 1, 2018		\$ 976,850	\$ 640,419	\$ 569,643	\$ 1,442,913	\$ 3,629,825
Net income for the year ended December 31, 2018		-	-	-	1,709,140	1,709,140
Other comprehensive income for the year ended December 31, 2018		-	-	-	1,226	1,226
Total comprehensive income for the year ended December 31, 2018		-	-	-	1,710,366	1,710,366
Distribution of 2017 net income:						
Legal reserve		-	-	142,906	(142,906)	-
Cash dividends	6(11)	-	-	-	(1,269,905)	(1,269,905)
Balance at December 31, 2018		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 712,549</u>	<u>\$ 1,740,468</u>	<u>\$ 4,070,286</u>

(Note)The employees' bonus were \$90,000 and \$92,000, and the directors' remuneration were both \$4,800 in 2016 and 2017, respectively, which had been deducted from statements of comprehensive income.

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

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

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

POYA International Co., Ltd.2018 Profits Distribution Table

Unit: New Taiwan Dollars

Items	Amount	Note
Beginning unappropriated retained earnings	\$30,101,994	The industry that the company is in continues to evolve with many changes; the corporate lifecycle is currently in a phase of steady growth. After the confirmation of the financial statements each year, the Company shall pay the income tax and also offset losses for previous years. If after this, retained earning remains, the Company shall set aside 10% as legal reserve and may set aside or reverse more amount as special reserve based on the law. The remaining profits are distributable earnings for the current period, being added to the accumulated retrained earnings from the previous year to be equal to accumulated distributable earnings.
Less: 2018 adjustment to retained earnings	<u>(1,225,955)</u>	
Adjusted unappropriated retained earnings	31,327,949	
Add: Net earnings after tax for the current year	<u>1,709,140,015</u>	
Distributable earnings for the current period	1,740,467,964	
Less: Legal reserve	<u>(170,914,002)</u>	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
Accumulated distributable earnings	1,569,553,962	
Distribution items:		
Shareholders dividend		
—Cash \$ 15.75/share	<u>(1,538,539,238)</u>	
Unappropriated retained earnings	<u>\$31,014,724</u>	

		<p>shall be allocated as shareholders' dividends and bonuses. The shareholders' dividends and bonuses shall be distributed in cash or stock, cash dividends of which shall not be less than 1% of total dividends. If cash dividend is lower than NT\$ 0.5 per share, stock dividend shall be substituted for cash dividend</p> <p>New shares or cash shall be issued from the legal reserve with the limitation that the monetary amount of new shares or cash shall not exceed 25% of the part which legal reserve is in excess of the paid-in capital.</p>
<p>Cash dividends were calculated based on allocated percentage and in a dollar amount (round down to a dollar amount). The total amount of fractional cash dividends less than a dollar shall be sorted by the number after decimal point from big to small and be adjusted by the order of account number with the purpose of compliance with the total distributed amount of cash dividends.</p> <p>Complied with the implementation of Imputation System, the Company shall pay Additional 10% Surtax on Undistributed Retained Earnings according to Article 66-9 of Income Tax Act. In accordance with Ministry of Finance, 30 April 1998, Tai Tsai Shui No. 871941343, the Company shall first allocate earnings from the current period by using the specific identification method.</p>		

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

POYA International Co., Ltd.

**Comparison table of clauses affected by the amendment to
“Articles of Incorporation”**

Articles	Article after amendment	Article before amendment	Explanation
Article 2	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p> <p><u>28</u> F208021 Retail Sale of Drugs and Medicines</p> <p><u>29</u> F113070 Wholesale of Telecom Instruments</p> <p><u>30</u> F213060 Retail Sale of Telecom Instruments</p> <p><u>31</u> F301020 Supermarkets</p> <p><u>32</u> JZ99110 Body Shaping Services</p> <p><u>33</u> F102020 Wholesale of Edible Oil</p> <p><u>34</u> F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p><u>35</u> F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p><u>36</u> F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures</p> <p><u>37</u> F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and</p>	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p> <p><u>28</u> F108021 Wholesale of <u>Drugs and Medicines</u></p> <p>29 F208021 Retail Sale of Drugs and Medicines</p> <p>30 F113070 Wholesale of Telecom Instruments</p> <p>31 F213060 Retail Sale of Telecom Instruments</p> <p>32 F301020 Supermarkets</p> <p>33 JZ99110 Body Shaping Services</p> <p>34 F102020 Wholesale of Edible Oil</p> <p>35 F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p>36 F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</p> <p>37 F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures</p> <p>38 F105050 Wholesale of</p>	<p>Complied with the actual operating needs, the Company hereby adds and adjusts business item.</p>

Articles	Article after amendment	Article before amendment	Explanation
	Fixtures	Furniture, Bedclothes	
<u>38</u>	F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	39 F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	
<u>39</u>	F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	40 F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	
<u>40</u>	F113050 Wholesale of Computing and Business Machinery Equipment	41 F113050 Wholesale of Computing and Business Machinery Equipment	
<u>41</u>	F213030 Retail sale of Computing and Business Machinery Equipment	42 F213030 Retail sale of Computing and Business Machinery Equipment	
<u>42</u>	F108040 Wholesale of Cosmetics	43 F108040 Wholesale of Cosmetics	
<u>43</u>	F208040 Retail Sale of Cosmetics	44 F208040 Retail Sale of Cosmetics	
<u>44</u>	F399040 Retail Business Without Shops	45 F399040 Retail Business Without Shops	
<u>45</u>	F399990 Retail sale of Others	46 F399990 Retail sale of Others	
<u>46</u>	G202010 Parking Garage Business	47 G202010 Parking Garage Business	
<u>47</u>	G801010 Warehousing and Storage	48 G801010 Warehousing and Storage	
<u>48</u>	IZ06010 Cargoes Packaging	49 IZ06010 Cargoes Packaging	
<u>49</u>	F107050 Wholesale of Manure	50 F107050 Wholesale of Manure	
<u>50</u>	F207050 Retail Sale of Manure	51 F207050 Retail Sale of	
<u>51</u>	F116010 Wholesale of		

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

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

Articles	Article after amendment	Article before amendment	Explanation
	<u>directors and reported to shareholders' meeting. It is not applicable to the related regulation in the second item that the distribution shall be approved by shareholders' meeting.</u>		
Article 23	Adds the statement of " <u>The 24th amendment was made on May 28, 2019</u> " based on the original Article.	...(Omitted)	Add the latest amended record.

POYA International Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company shall be incorporated as a company limited by shares according to the Company Act of the Republic of China and shall have the name of “POYA International Co., Ltd.”

Article 2 Business of the Company shall be listed as follows:

1. F106020 Wholesale of Articles for Daily Use
2. F206020 Retail Sale of Articles for Daily Use
3. F210010 Retail Sale of Watches and Clocks
4. F115010 Wholesale of Jewelry and Precious Metals
5. F215010 Retail Sale of Jewelry and Precious Metals
6. F401010 International Trade
7. F210020 Retail Sale of Spectacles
8. JZ99080 Beauty Shops
9. F208050 Retail Sale of the Second Type Patent Medicine
10. F102170 Wholesale of Food and Grocery
11. F203010 Retail Sale of Food and Grocery
12. F102040 Wholesale of Nonalcoholic Beverages
13. F107030 Wholesale of Cleaning Preparations
14. F207030 Retail Sale of Cleaning Preparations
15. F106050 Wholesale of Pottery, Porcelain and Glassware
16. F113020 Wholesale of Household Appliance
17. F213010 Retail Sale of Household Appliance
18. F107080 Wholesale of Environment Medicine
19. F207080 Retail Sale of Environment Medicine
20. F108031 Wholesale of Drugs, Medical Goods
21. F208031 Retail Sale of Medical Equipments
22. F102030 Wholesale of Tobacco Products and Alcoholic Beverages
23. F203020 Retail Sale of Tobacco and Alcoholic Drinks
24. F106010 Wholesale of Ironware
25. F206010 Retail Sale of Ironware
26. F118010 Wholesale of Computer Software
27. F218010 Retail Sale of Computer Software
28. F108021 Wholesale of Drugs and Medicines

29. F208021	Retail Sale of Drugs and Medicines
30. F113070	Wholesale of Telecom Instruments
31. F213060	Retail Sale of Telecom Instruments
32. F301020	Supermarkets
33. JZ99110	Body Shaping Services
34. F102020	Wholesale of Edible Oil
35. F104110	Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
36. F204110	Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
37. F205040	Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
38. F105050	Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
39. F109070	Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
40. F209060	Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
41. F113050	Wholesale of Computing and Business Machinery Equipment
42. F213030	Retail sale of Computing and Business Machinery Equipment
43. F108040	Wholesale of Cosmetics
44. F208040	Retail sale of Cosmetics
45. F399040	Retail Business without Shop
46. F399990	Retail sale of Others
47. G202010	Parking Garage Business
48. G801010	Warehousing and Storage
49. IZ06010	Cargoes Packaging
50. F107050	Wholesale of Manure
51. F207050	Retail sale of Manure
52. F116010	Wholesale of Photographic Equipment
53. F216010	Retail Sale of Photographic Equipment
54. F301010	Department Stores
55. F399010	Convenience Stores
56. A102060	Grain Commerce
57. C501010	Lumbering
58. C501030	Plywood Manufacturing
59. C501040	Reconstituted Wood Manufacturing
60. C501990	Other Wooden Products Manufacturing
61. C501060	Wooden Container Manufacturing

62. I401010 General Advertising Services

63 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company may provide endorsement and guarantee, acting as a guarantor for the corporation with the same business.

Article 4 The head office of the Company is in Tainan City. Subject to the approval of the Board of Directors, the Company may, if necessary, set up branch offices in and out of the country.

Article 5 The methods for public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Chapter 2 Shares

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

Article 7 The total amount of the Company's reinvestment shall not be restricted by Article 13 of the Company Act, which limits the reinvestment amount to less than 40% of the company's paid-up capital.

Article 8 The Company's stocks shall be registered, being issued after signed or sealed by at least three directors and authenticated by laws. The certificates of the Company's shares do not be required printing out; however, the shares shall be registered to Central Security Depository Institution.

Article 9 Registration for transferring the shares shall be suspended in sixty days before the date of regular shareholders' meeting, in thirty days before the date of any special shareholders' meeting, or within five days before the basic date which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Annual Shareholders' Meeting

Article 10 There are two types of the shareholders' meetings: one is the general shareholders' meetings, which shall be convened once annually and at the time within six months after the end of each accounting fiscal year; the other is extraordinary shareholders' meetings, which shall be convened based on the relative laws whenever necessary.

Article 11 If a shareholder is unable to attend the shareholders' meeting for any reason, he/she

may appoint an attorney with the proxy statement issued by the Company, specifying the scope of authorization. Except those regulated by Article 177 of the Company Act, the proxies shall be handled by "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

When the Company holds a shareholders' meeting, the shareholders are allowed to exercise voting rights by correspondence or electronic means, both of which shall be handled according to the Company Act and the regulations of the competent authorities.

Article 12 Except those shareholders who is restricted or do not have voting right pursuant to the second section of Article 179 of the Company Act, a shareholder of the Company shall be entitled to one voting right for each share.

Article 13 Resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes, which shall bear the signature or seal of the chairman of the shareholders' meeting. A copy of the meeting minutes shall be distributed to each shareholder of the Company within 20 days after the shareholders' meeting. The distribution of the minutes mentioned in the preceding paragraph may also be made by the public announcement.

Article 13-1 If the Company would like to stop the Public Offering, it shall be resolved not only by the Board of Directors but also by the shareholders' meeting. The resolution shall be adopted by the half or more of the votes of the present shareholders, who hold two-third or more of the total shares to participate in the shareholders' meeting which is mentioned in the preceding paragraph. The resolution shall be adopted by two-third or more of the votes of the present shareholders, if their holdings are below the standard prescribed above but still account for half or more of the total shares.

Chapter 4 Directors and Audit Committee

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

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

shall be counted separately.

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

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

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

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

Article 15 The Board of Directors shall be composed of the directors. The Chairman and Vice Chairman of the Board of Directors shall be elected from the director members by the half or more of the present directors, who account for two-third or more of all the directors. The Board of Director shall execute every matter of the Company according to the laws, charters and the resolution of shareholders' meeting and Board of Directors. When the Chairman of the Board is on leave or unable to exercise the powers for any reason, the proxy shall be appointed according to Article 208 of the Company Act. When calling a meeting of the Board, a notice setting forth the subjects to be discussed at the meeting shall be given to each director at least 7 days in advance. Under emergencies, however, the meeting may be called on shorter notice. The notice in the preceding paragraph shall be given in written forms, by Email or facsimile.

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

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

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

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

Chapter 5 Managers

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

Chapter 6 Accounting

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

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

Article 20 Deleted.

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

The Company's dividend policy shall be determined based on the industry the Company stay and after the Board of Directors takes account of the future business development, the reinvestment environment, and the shareholders' interests. The distribution of shareholders' dividends and bonuses shall be made after the distribution of the Company's earnings raised by the Board of Directors has been submitted to the Shareholders Meeting for approval every year, 50%-100% of the accumulated distributable earnings shall be allocated as shareholders' dividends and

bonuses. The shareholders' dividends and bonuses shall be distributed in cash or stock, cash dividends of which shall not be less than 1% of total dividends. If cash dividend is lower than NT\$ 0.5 per share, stock dividend shall be substituted for cash dividend.

New shares or cash shall be issued from the legal reserve with the limitation that the monetary amount of new shares or cash shall not exceed 25% of the part which legal reserve is in excess of the paid-in capital.

- Article 21-1 The employees' remuneration shall not less than 5% and the directors' remuneration shall not exceed 6% of the profits in the current year after offsetting the accumulated losses. (The profits in the current year are the profits before income tax excluding the calculation of the employees' and directors' remuneration.)
- The employees' remuneration shall be distributed in stock or cash, and shall also be distributed to those employees of affiliated companies who meet specific conditions.

Chapter 7 Supplementary Provisions

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

- Article 23 These Articles of Incorporation were made on March 5, 1997.

The 1st amendment was made on March 31, 1997.

The 2nd amendment was made on October 23 1998.

The 3rd amendment was made on May 10, 1999.

The 4th amendment was made on June 28, 1999.

The 5th amendment was made on October 25, 1999.

The 6th amendment was made on February 10, 2000.

The 7th amendment was made on June 26, 2000.

The 8th amendment was made on June 21, 2001.

The 9th amendment was made on April 22, 2002

The 10th amendment was made on April 21, 2003.

The 11th amendment was made on May 18, 2004.

The 12th amendment was made on May 17, 2005.

The 13th amendment was made on May 24, 2006.

The 14th amendment was made on May 22, 2007.

The 15th amendment was made on May 20, 2008.

The 16th amendment was made on June 3, 2009.

The 17th amendment was made on June 15, 2010.

The 18th amendment was made on June 6, 2012.

The 19th amendment was made on June 11, 2013.

The 20th amendment was made on June 10, 2014.

The 21st amendment was made on June 10, 2015

The 22nd amendment was made on May 31, 2016

The 23rd amendment was made on June 5, 2018

POYA International Co., Ltd.

Chairman : Chen Jian-Zao

POYA International Co., Ltd.

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

Articles	Article after amendment	Article before amendment	Explanation
Article 3	<p>Applicable scope</p> <p>The scope of applicability of the term "assets" as used in these procedures shall be as follows:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.;</p> <p>(2) Real estate (including land, house, building, investment real estate, inventories of construction enterprises) and the apparatus;</p> <p>(3) Memberships;</p> <p>(4) Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;</p> <p>(5) <u>Right-to-use assets</u></p> <p>(6) Claims of the financial institution (including receivables, bills purchased and discounted, loans, and overdue receivables);</p> <p>(7) Derivatives;</p> <p>(8) Assets acquired or disposed through mergers, splits, acquisitions or shares</p>	<p>Applicable scope</p> <p>The scope of applicability of the term "assets" as used in these procedures shall be as follows:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.;</p> <p>(2) Real estate (including land, house, building, investment real estate, <u>tenure</u>, inventories of construction enterprises) and the apparatus;</p> <p>(3) Memberships;</p> <p>(4) Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;</p> <p>(5) Claims of the financial institution (including receivables, bills purchased and discounted, loans, and overdue receivables);</p> <p>(6) Derivatives;</p> <p>(7) Assets acquired or disposed through mergers, splits, acquisitions or shares transference in accordance with law;</p> <p>(8) Other major assets.</p>	<p>Complied with the revision of Art. 3 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” in 2019.01.01, the company hereby added the fifth item to broaden the scope of applicability of assets, moved “tenure” in second item to fifth item, and moved item (5) to(8) to item (6) to (9).</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>transference in accordance with law;</p> <p>(9) Other major assets.</p>		
Article 4	<p>Evaluation procedures for trade</p> <p>The evaluation procedures for the acquisition and disposal of assets of the Company are as follows:</p> <p>(1) ...(omitted)</p> <p>(4) Acquisition or disposition of real estate <u>or right-to-use assets</u> shall refer to the current assessed land value, evaluation of value, actual transaction price of local real estate, if necessary shall obtain an appraisal report prior from a professional appraiser.</p> <p>(5) Acquisition or disposition of other fixed assets <u>or right-to-use assets</u> shall based on the price comparison, bargaining or tender alternative to.</p> <p>...(omitted)</p> <p>For the counterparties who have no relationship with company, the scope of authorization as follows:</p> <p>(1) The acquisitions or dispositions of property plant, equipment <u>or right-to-use assets</u> under NT\$500 million(inclusive) are authorized by chairman, and then reported to the most recent audit committee meeting and board meeting; others above NT\$500 million</p>	<p>Evaluation procedures for trade</p> <p>The evaluation procedures for the acquisition and disposal of assets of the Company are as follows:</p> <p>(1) ...(omitted)</p> <p>(4) Acquisition or disposition of real estate shall refer to the current assessed land value, evaluation of value, actual transaction price of local real estate, if necessary shall obtain an appraisal report prior from a professional appraiser.</p> <p>(5) Acquisition or disposition of other fixed assets shall based on the price comparison, bargaining or tender alternative to.</p> <p>...(omitted)</p> <p>For the counterparties who have no relationship with company, the scope of authorization as follows:</p> <p>(1) The acquisitions or dispositions of property plant or equipment under NT\$500 million(inclusive) are authorized by chairman, and then reported to the most recent audit committee meeting and board meeting; others above NT\$500 million shall be passed by audit committees and proposed to board meeting. It shall be</p>	<p>The Company revised fourth and fifth item in subparagraph 1 and second item in subparagraph 2 for regulating the right-of-use assets accordance with the revision.</p>

Articles	Article after amendment	Article before amendment	Explanation
	shall be passed by audit committees and proposed to board meeting. It shall be conducted after the board of directors approved. ...(omitted)	conducted after the board of directors approved. ...(omitted)	
Article 6	The execution unit ...(omitted) <u>Other assets which don't belong to securities investment, real estate and other fixed assets shall be executed after evaluation by execution unit.</u>	The execution unit ...(omitted)	Complied with the revision, the Company hereby added explanation of procedure.
Article 9	Disposal or acquisition of assets: 1. In acquiring or disposing of real property, equipment or <u>right-to-use assets</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or <u>right-to-use assets</u> for business use, shall obtain an appraisal report made by professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions: a. Where due to special circumstances it is necessary to give a limited price, specified price, or	Disposal or acquisition of assets: 2. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report made by professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions: b. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction	Complied with the regulation revision, the Company hereby revises content in paragraph 1, first item in paragraph 1 and paragraph 3.

Articles	Article after amendment	Article before amendment	Explanation
	<p>special price as a reference basis for the transaction price, the transaction shall be approved by audit committee and submitted by board of directors for a resolution, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>... (omitted)</p> <p>2. (omitted)</p> <p>3. If the Company's acquisition or disposal of intangible assets, membership or <u>right-to-use assets</u> reaches 20% of the Company's paid-in capital or NT\$300 million, besides trading with the government organization, opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the date of the event of the subject acquisition or disposal of assets. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 by Accounting Research And Development Foundation.</p> <p>... (omitted)</p>	<p>price, the transaction shall be approved by audit committee and submitted by board of directors for a resolution, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>... (omitted)</p> <p>2. (omitted)</p> <p>3. If the Company's acquisition or disposal of membership or intangible assets reaches 20% of the Company's paid-in capital or NT\$300 million, besides trading with the government organization, opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the date of the event of the subject acquisition or disposal of assets. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 by Accounting Research And Development Foundation.</p> <p>... (omitted)</p>	
Article 11	<p>Related party transactions</p> <p>1. ... (omitted)</p> <p>4. When the company intends to</p>	<p>Related party transactions</p> <p>2. ... (omitted)</p> <p>4. When the company intends to</p>	<p>1. Complied with the revision of Art.15, the</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>acquire or dispose of real property or <u>right-to-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property or <u>right-to-use assets</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and submitted by the board of directors for a resolution:</p> <p>(1)...(omitted)</p> <p>(3) With respect to the acquisition of real estate or <u>right-to-use assets</u> from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with this Article, subparagraph 8 to subparagraph 11.</p>	<p>acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and submitted by the board of directors for a resolution:</p> <p>(1)...(omitted)</p> <p>(3) With respect to the acquisition of real estate from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with this Article, subparagraph 8 to subparagraph 11.</p>	<p>company hereby revises paragraph 4, third item in paragraph 4, paragraph 6, first and second item in paragraph 6.</p> <p>2. Complied with the revision of Art.16, the company hereby revises paragraph 8, third and fourth item in paragraph 8, paragraph 9, first, second and fourth item in paragraph 9.</p> <p>3. Complied with the revision of Art.17, the company hereby revises (a)(b) in first item of paragraph 10, second item in paragraph 10, paragraph 9 and paragraph 11</p> <p>4. Complied with the revision of Art.18, the company hereby revises first item in paragraph 12, paragraph 13 and paragraph 14.</p>

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

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

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

Articles	Article after amendment	Article before amendment	Explanation
	<p>similar to the terms of <u>transactions</u> for the acquisition of neighboring or closely valued parcels of land of a similar by unrelated parties within the preceding year.</p> <p>11. "<u>Transactions</u> for neighboring or closely valued parcels of land" in the preceding paragraph in principle refers to parcels on the same, or an adjacent block, and within a distance of no more than 500 meters, or parcels close in publicly announced current value; "transaction for similarly sized parcels" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real estate or <u>right-to-use assets</u>.</p> <p>12. Where the Company acquired real estate and the results of appraisals conducted in accordance with this Article, subparagraph 8 to subparagraph 11 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set</p>	<p>completed for the acquisition of neighboring or closely valued parcels of land of a similar by unrelated parties within the preceding year.</p> <p>11. "Completed transactions for neighboring or closely valued parcels of land" in the preceding paragraph in principle refers to parcels on the same, or an adjacent block, and within a distance of no more than 500 meters, or parcels close in publicly announced current value; "transaction for similarly sized parcels" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real estate.</p> <p>12. Where the Company acquired real estate and the results of appraisals conducted in accordance with this Article, subparagraph 8 to subparagraph 11 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate <u>or right-to-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.</p> <p>...(omitted)</p> <p>13. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of , <u>or their leases have been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the</p>	<p>aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.</p> <p>...(omitted)</p> <p>13. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>Financial Supervisory Commission has given its consent.</p> <p>14. When the Company obtains real property <u>or right-to-use assets</u> from a related party, it shall also comply with the preceding two subparagraphs if there is other evidence indicating that the acquisition was not an arms' length transaction.</p> <p>...(omitted)</p>	<p>14. When the Company obtains real property from a related party, it shall also comply with the preceding two subparagraphs if there is other evidence indicating that the acquisition was not an arms' length transaction.</p> <p>...(omitted)</p>	
Article 14	<p>Publicly Announcement and Reporting standards</p> <p>1. ...(omitted)</p> <p>(1) Acquisition or disposal of real property <u>or right-to-use assets</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-to-use assets</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds <u>issued by</u> securities investment trust enterprises.</p> <p>(2) ...(omitted)</p> <p>(3) Losses from derivatives</p>	<p>Publicly Announcement and Reporting standards</p> <p>1. ...(omitted)</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.</p> <p>(2) ...(omitted)</p> <p>(3) Losses from derivatives</p>	<p>Complied with the revision of Art. 31, the company hereby revised first item, three to sixth items, seventh item A and B in paragraph 1 and third item in paragraph 2.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) Where the type of asset acquired or disposed is <u>equipment or right-to use assets</u> for business use, the trading counterparty is not a related party, and the transaction amount refers to any of the following:(omitted)</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property <u>or right-to-use assets</u> for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <u>The transaction amount of disposal of self-constructed real estate with capital amount actually received reaches NT\$ 10 billion or above and the trading counterparty is not related party is more than NT\$ 1 billion.</u></p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and</p>	<p>trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount refers to any of the following:(omitted)</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>allocation of ownership percentages, or joint construction and separate sale; <u>the trading counterparty is not related party</u>; and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding <u>six</u> items, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of <u>domestic</u> government bonds.</p> <p>B. Securities trading by investment professionals on securities exchanges or Over-the-Counter markets, or subscription of securities, either corporate bonds or general bank debentures that do not involve shareholding right (<u>not including secondary bond</u>) in the <u>primary market or purchase or buyback of securities investment trust or future trust fund</u> or securities recommended by security firms due to underwriting business and served as the recommending securities firms for emerging stocks in accordance with the</p>	<p>allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding <u>six</u> items, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Securities trading by investment professionals on <u>foreign or domestic</u> securities exchanges or Over-the-Counter markets, or subscription of securities, either corporate bonds or general bank debentures that do not involve shareholding right in the <u>domestic</u> primary market or securities recommended by security firms due to underwriting business and served as the recommending securities firms for emerging stocks in accordance with the regulations by Taipei Exchange.</p>	

Articles	Article after amendment	Article before amendment	Explanation
	<p>regulations by Taipei Exchange.</p> <p>C. ...(omitted)</p> <p>2. The amount of transactions in the preceding subparagraph shall be calculated as follows:</p> <p>(1) ...(omitted)</p> <p>(3) The cumulative transaction amount of real property <u>or right-to-use</u> assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) ...(omitted)</p> <p>.....(omitted)</p>	<p>C. ...(omitted)</p> <p>2. The amount of transactions in the preceding subparagraph shall be calculated as follows:</p> <p>(1) ...(omitted)</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) ...(omitted)</p> <p>.....(omitted)</p>	
Article 15	<p>Deadline for Publicly Announcement and Reporting :</p> <p>1....(omitted)</p> <p>2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission, R.O.C by the 10th day of each month.</p> <p>....(omitted)</p>	<p>Deadline for Publicly Announcement and Reporting :</p> <p>1....(omitted)</p> <p>2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission, R.O.C by the 10th day of each month.</p> <p>....(omitted)</p>	Revision of word statements in Chinese version.
Article 19	<p>The amendment record of the procedure:</p> <p>These Procedures were originally adopted on June 28, 1999.</p>	<p>The amendment record of the procedure:</p> <p>These Procedures were originally adopted on June 28, 1999.</p>	Add the number and date of the amendment

Articles	Article after amendment	Article before amendment	Explanation
	<p>The 1st amendment was made on June 26, 2000.</p> <p>The 2nd amendment was made on April 21, 2003.</p> <p>The 3rd amendment was made on May 22, 2007.</p> <p>The 4th amendment was made on June 3, 2009.</p> <p>The 5th amendment was made on June 6, 2012.</p> <p>The 6th amendment was made on June 10, 2014.</p> <p>The 7th amendment was made on June 13, 2017.</p> <p><u>The 8th amendment was made on May 28, 2019.</u></p>	<p>The 1st amendment was made on June 26, 2000.</p> <p>The 2nd amendment was made on April 21, 2003.</p> <p>The 3rd amendment was made on May 22, 2007.</p> <p>The 4th amendment was made on June 3, 2009.</p> <p>The 5th amendment was made on June 6, 2012.</p> <p>The 6th amendment was made on June 10, 2014.</p> <p>The 7th amendment was made on June 13, 2017</p>	

POYA International Co., Ltd.

Operational Procedures for Acquisition or Disposal of Assets

(Before the Amendments)

Article 1 Basis of the laws

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

Article 2 Purpose

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

Article 3 Applicable scope

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

- (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.;
- (2) Real estate (including land, house, building, investment real estate, tenure, inventories of construction enterprises) and the apparatus;
- (3) Memberships;
- (4) Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;
- (5) Claims of the financial institution (including receivables, bills purchased and discounted, loans, and overdue receivables);
- (6) Derivatives;
- (7) Assets acquired or disposed through mergers, splits, acquisitions or shares transference in accordance with law;
- (8) Other major assets.

The definition of terms for procedures as follows:

- (1) The term “the date of the occurrence of events” as used in the preceding paragraph, in principle means the date of contract signing, the date of payment, the date of consignment trading, the date of transfer, the date of resolution of board of directors or other date which can confirm the trading counterparty and trading amount (whichever is earlier); if a public company is engaged in foreign investments, it shall mean the above dates or the date of receiving the approval letter from the competent authority, whichever is earlier.

- (2) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- (3) The most recent financial statements: the financial statements are audited by accountants, and the company declared the financial statements in prior to acquire or dispose the assets in accordance with related regulations.
- (4) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4 Evaluation procedures for trade

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

- (1) Acquisition or disposition of the stocks or convertible bonds traded on the Stock Exchange Market or over-the-counter shall be determined in accordance with the prevailing price of stock or bond.
- (2) Acquisition or disposition of the stocks not traded on the Stock Exchange Market or over-the-counter shall consider its book value per share, profitability, and development potential in the future, also refer to the prevailing trading price or the opinions issued by securities analysts on the reasonableness of the transaction amount and so on.
- (3) Acquisition or disposition of the bonds not traded on the Stock Exchange Market or over-the-counter shall refer to the prevailing market rate, the bond coupon rate and debtor credit and so on.
- (4) Acquisition or disposition of real estate shall refer to the current assessed land value, evaluation of value, actual transaction price of local real estate, if necessary shall obtain an appraisal report prior from a professional appraiser.
- (5) Acquisition or disposition of other fixed assets shall based on the price comparison, bargaining or tender alternative to.
- (6) Acquisition or disposition of assets of the Company shall award by the authority within the scope of authorization.

For the counterparties who have no relationship with company, the scope of authorization as follows:

- (1) The acquisitions or dispositions of property plant or equipment under NT\$500 million (inclusive) are authorized by chairman, and then reported to the most recent audit committee meeting and board meeting; others above NT\$500 million shall be passed by audit committees and proposed to board meeting. It shall be conducted after the board of directors approved.

(2) If assets acquired or disposed are for operation purpose, the counterparties do not have relationship with company, and the transaction price is raised to NT\$700 million, the transactions shall be approved by chairman and set up the contract, then proposed to the most recent audit committee meeting and board meeting as subsequent ratifications.

(3) Assets acquired or disposed shall be proposed, admitted and reported to board meeting in accordance with Company Act or other regulations.

Article 5 Operating procedures

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

Article 6 The execution unit

Long term and short term investment of securities shall be engaged in accordance with the rule of investment cycle which enacted by the Company.

Property and other fixed assets shall be made in accordance with the rule of property, plant and equipment cycle which enacted by the Company.

Article 7 The investment scope and amount

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

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

Article 8 The penalty of related personnel for not handling in accordance with the procedures

Acquisition or disposal of assets shall follow the relevant regulations of the internal control system of the Company. If any violations are discovered, the penalty of related personnel shall be done in accordance with Article 2, Chapter 6 of Company's Personnel Management Regulations, and the dismissal may be made without notice.

Article 9 Acquisition or disposal of assets

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

the Date of the Event and the following provisions shall be complied with:

- (1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.
 - (2) If the transaction price is over NT\$ 1 billion, the Company shall retain at least two professional appraisers to perform the appraisal.
 - (3) Professional appraiser's valuation results of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 by Accounting Research And Development Foundation (hereafter referred to as the Accounting Research And Development Foundation) and comment on the reason for the discrepancy and the fairness of the transaction price:
 - A. If the discrepancy between the results of the appraisal report of professional appraiser and the transaction price exceeds 20% of the transaction price.
 - B. In case the discrepancy between the two appraisal reports is over 10% of the transaction price.
 - (4) The appraisal report should be issued within 3 months before the contract date.
Provided that if the object's publicly announced value is still the same and the appraisal report was issued no longer than 6 months, the original professional appraiser may present supplemental opinions.
2. Before the date of the event of the acquisition or disposal of securities, the latest financial statements of the object company audited or reviewed by certified public accountant should be acquired for the assessment and reference of transaction price. Should the transaction price reaches 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price have to be sought from certified public accountant before the date of the event of the subject acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20 by Accounting Research And Development Foundation; provided however, these requirements are not applicable if such securities have a public price from an active market or if the Financial Supervisory Commission, R.O.C supervise otherwise.
3. If the Company's acquisition or disposal of membership or intangible assets reaches 20% of the Company's paid-in capital or NT\$300 million, besides trading with the government organization, opinions in respect of a rational transaction price shall be

sought from certified public accountant prior to the date of the event of the subject acquisition or disposal of assets. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 by Accounting Research And Development Foundation.

4. The calculation of the transaction price referred to in the preceding 3 subparagraphs shall be done in accordance with Article 14, paragraph 2 herein, and “within one year” refers to one year preceding the date of event of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion by the certified public accountant has been obtained need not be counted toward the transaction price.

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

- (1) Acquisition or disposal of assets by the Company’s Subsidiary should follow the provisions issued from “Guidelines for Handling Acquisition or Disposal of Assets by Public Companies” with Financial Supervisory Commission, R.O.C and the “procedures for acquisition or disposal of assets” issued from the procedures. And in accordance with the relevant provisions sent to the Board and supervisors, then submitted to the shareholders’ meeting agreed to implement, while revised also the same as. If there is Audit Committee shall need to get it agreed.
- (2) If the acquisition or disposal of assets by the Company’s Subsidiary reaches the reporting standard specified in Article 14 of the procedures and such Subsidiary is not a public company, it shall be noticed to the Company while occurred. Then the Company should publish and report for such Subsidiary.
- (3) The subsidiary should report the conditions of engaging in derivatives transactions and the acquisition or disposal of assets to the Company by each end of last month on schedule.
- (4) The announcement of the Company’s Subsidiary declaration applicable the provision that about 20% of the Company’s paid-in capital or 10% of the total assets of Article 14 of the procedures, based on the Company’s paid-in capital or total assets.

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

Article 11 Related party transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision and the evaluation of trading conditions rationality, if the transaction amount reaches 10% of the Company’s total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion by the certified public accountant in accordance with the provision.
2. The calculation of the transaction price referred to in the preceding paragraph shall be done in accordance with Article 9, subparagraph 4 herein.

3. To judge whether the transaction object is related party, in addition to paying attention to the legal form, shall also consider the essential relation.
4. If the Company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million, except the trading of government bonds, bonds under repurchase and resale agreements, purchase or call domestic money market fund, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the Board for a resolution:
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) With respect to the acquisition of real estate from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with this Article, subparagraph 8 to subparagraph 11.
 - (4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and the evaluation of the necessity of the transaction, and reasonable utilization of the funds.
 - (6) An appraisal report from a professional appraiser or opinions by the certified public accountant obtained in compliance with this Article, subparagraph 1.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.
5. The calculation of the transaction amounts referred to in this Article, subparagraph 4 shall be made in accordance with Article 14, subparagraph 2 herein, and "within one year" refers to one year preceding the date of event of the current transaction. Items that have been previously approved by the audit committee and submitted to the Board need not be counted toward the transaction amount.
6. With respect to the acquisition or disposal of operation-purpose equipment between the Company, its Parent Company and its Subsidiaries, the Board may delegate the Chairman to decide such matters when the transaction is within the amount of NT\$700 million in accordance with Article 5 to Article 7 herein and have the decisions subsequently submitted to and ratified at the next Board of Directors' meeting.

7. When a matter is submitted for discussion by the Board pursuant to this Article, paragraph 4, each Independent Director's opinions shall be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.
8. The Company that acquired real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
 - (3) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in this Article, item 1 to item 2.
 - (4) The Company that acquired real estate from a related party and appraised the cost of the real estate in accordance with this subparagraph, item 1 to item 3 shall also engage a certified public accountant to double check the appraisal and render a specific opinion.
9. Where the Company acquired real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with this Article, subparagraph 4 to subparagraph 7, and subparagraph 8 do not apply:
 - (1) The related party acquired the real estate through inheritance or as a gift.
 - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.
 - (3) The real estate is acquired through signing a joint development contract with the related party, or contracting related party to construct on land owned or rented by the company.
10. When the results of the appraisal conducted in accordance with this Article,

subparagraph 8, item 1 to item 3 are uniformly lower than the transaction price, the matter shall be handled in compliance with this Article, subparagraph 12 to subparagraph 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and certified public accountant, this restriction shall not apply:

- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the subparagraph 8 to subparagraph 9, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division of the recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard estate market practices.
 - C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard estate leasing market practices.
- (2) Where the Company acquired real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

11. "Completed transactions for neighboring or closely valued parcels of land" in the preceding paragraph in principle refers to parcels on the same, or an adjacent block, and within a distance of no more than 500 meters, or parcels close in publicly announced current value; "transaction for similarly sized parcels" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real estate.

12. Where the Company acquired real estate and the results of appraisals conducted in accordance with this Article, subparagraph 8 to subparagraph 11 are uniformly lower than the transaction price, the following steps shall be taken:
- (1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.
 - (2) The audit committee shall comply with the Article 218 of the ROC Company Act.
 - (3) Actions taken pursuant to item 1 and item 2 of this subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
13. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.
14. When the Company obtains real property from a related party, it shall also comply with the preceding two subparagraphs if there is other evidence indicating that the acquisition was not an arms' length transaction.

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

Article 12 Derivatives Trading

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

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

(2) Operations and risk aversion

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

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

A. Total amount of the contracts

a. The hedging-purpose derivatives

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

b. The trading-purpose derivatives

5 percent of the paid-in capital is limited.

B. The maximum loss limits

a. The hedging-purpose derivatives: The loss assessment for two consecutive months of individual contract shall be no more than 20 percent of the contract amount; or the loss assessment of total contracts shall be not more than 10 percent of total contract amount.

b. The trading-purpose derivatives: The tolerable loss of individual contract shall not exceed 3 percent of the contract amount; or the tolerable loss of total contracts shall not exceed 2 percent of the paid-in capital.

c. If the loss exceeds the maximum limit, the general manager and chairman shall be reported, and shall report to the Board to discuss the responses.

3. Division of responsibilities:

(1) Finance Department:

A. Being responsible for drafting the company's strategy of the foreign exchange operations.

B. Due to the changes of the foreign exchange market, keeping abreast with market information regularly; determining the trends and assessing risk; and getting familiar with financial instruments, rules and regulations. And according to the company's foreign exchange position, drafting the operation strategy as the basis for the company avoiding the risk, after approving by the general manager.

C. According to the company's turnover and the quantity of imports and exports,

stipulating each limit (monthly or quarterly) that must be hedged after confirming the foreign position, for reducing the degree of exposure of foreign exchange position to risk.

(2) Accounting Department:

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

(3) Audit Department:

A. Periodically checking the appropriateness of the risk management measures currently used and handled in accordance with the transaction of derivative products that the Company provided.

B. Supervising trading and profit and loss situation. Taking the necessary measures while material violation is discovered, and report to the Board of Directors immediately, and ask the independent directors to attend and express the opinions.

4. Assessment of performance

(1) Hedging-purpose transaction

A. The finance Department shall make performance report regularly on the 5th and the 20th every month in accordance with the type of the derivatives, and the content should include:

- a. The analysis of the commodity trend.
- b. The appropriateness of the position control.
- c. The amount of hedging gains and losses that already held or deferred explicitly.

B. The hedging transactions should be set target prices or exchange rate that trade personnel to target as the basis for performance evaluation.

(2) Trading-purpose transaction

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

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

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

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

5. Operational procedures

(1) Authorized limit

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

(2) Execution units:

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

(3) Explanation of the transaction procedures

- A. The trade personnel filled in” the application for the transaction of derivative products” and approved by authority supervisor and general manager.
- B. The trade personnel shall trade in accordance with the application approved.
- C. The trade personnel trade by phone or fax letter with the bank or the futures company.
- D. The trade personnel filled in” the application for the transaction of derivative products” in accordance with the transaction content after the bank or the futures company noticed the deal and obtaining the relevant foreign evidences. And it shall be confirmed by the authority supervisor to sign.
- E. The contract notes and the relevant foreign evidences shall be sent to the general manager to sign and seal.
- F. The contract notes delivered to the personnel of accounting department to be accounted, and the foreign evidences shall be returned to the bank or the futures company.
- G. If the trade needs to pay security deposit, the trade personnel shall fill in the” payment request form” and send the form together with the contract notes and the relevant foreign evidences to the authority supervisor to approve, and then refer to the general manager for approval.
- H. “The application for the transaction of derivative products” is done in duplicate. The original shall be retained by the finance department, and the second receipt shall be retained by the accounting department.

6. Deleted

7. Internal control

(1) Risk management measures

A. Credit risk management

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

B. Market risk and liquidity management

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

C. Operating risk management

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

D. Legal risk management

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

(2) Regular evaluation

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

B. Finance department shall assess the derivative position held by the company once per week; but if the business need for hedging transaction is at least twice per month. The assessment reports shall be submitted to the general manager. If any abnormalities are discovered (such as the loss has reached the maximum limit), report to the Board immediately and adopt necessary response measures.

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

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

8. Internal auditing system

Internal auditors of the Company shall periodically check the fairness of internal

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

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

1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage an accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. The mergers between the company and the subsidiaries which, directly or indirectly, holds 100 percent of issued shares or total capital and between the subsidiaries which holds 100 percent of issued shares or total capital directly or indirectly by the company shall not be included.
2. The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
3. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
4. The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (2) An action, such as a disposal of major assets that affects the company's

financial operations.

- (3) An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
5. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- (1) Handling of breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The manner of handling changes in the number of participating entities or companies.
 - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

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

1. The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the Financial Supervisory Commission, R.O.C is notified in advance of extraordinary circumstances and grants consent.
2. The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the

Financial Supervisory Commission, R.O.C is notified in advance of extraordinary circumstances and grants consent.

3. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an Over-the-Counter market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
4. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an Over-the-Counter market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the Financial Supervisory Commission, R.O.C for recordation.
5. where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an Over-the-Counter market, the Company that is listed on an exchange or has its shares traded on an Over-the-Counter market shall sign an agreement with such company whereby the latter is required to abide by the provisions of subparagraph 3 and 4.

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

1. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share

transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

2. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraph 3, Article 13-1 and subparagraph 1.

Article 14 Publicly Announcement and Reporting standards

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the Financial Supervisory Commission, R.O.C in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
 - (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (4) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount refers to any of the following:
 - A. Public companies which paid-in capital is less than NT\$10 billion, and the transaction is NT\$ 500 million or more.
 - B. Public companies which paid-in capital reaches NT\$ 10 billion or more, and the transaction is NT\$ 1 billion or more.
 - (5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 - (6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint

construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.

(7) Where an asset transaction other than any of those referred to in the preceding six items, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

A. Trading of government bonds.

B. Securities trading by investment professionals on foreign or domestic securities exchanges or Over-the-Counter markets, or subscription of securities, either corporate bonds or general bank debentures that do not involve shareholding right in the domestic primary market or securities recommended by security firms due to underwriting business and served as the recommending securities firms for emerging stocks in accordance with the regulations by Taipei Exchange.

C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.

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

(1) The amount of any individual transaction.

(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

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

Article 14-1 The total assets and paid-in capital of the foreign company for the calculation of transactions amountsFor the calculation of 10% of total assets under these

Procedures, the total assets stated in the most recent the Company individual financial report shall be used.

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

Article 15 Deadline for Publicly Announcement and Reporting :

1. Where any of the following circumstances occurs with respect to a transaction has already publicly announced and reported, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission, R.O.C within 2 days commencing immediately from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.
2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission, R.O.C by the 10th day of each month.
3. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.
4. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and accountant, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 16 Disclosure of Financial Statements

When information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisition and disposals of assets, and if the trading counterparty is a related party of substance relationship, then the Company shall be disclosed in the notes to financial statements, and then to a shareholders' meeting for approval.

Article 17 Supplement the Act

Any other matters not set forth in the Procedures shall be dealt with in accordance with

the applicable laws, rules, and regulations.

Article 18 Exercise the power of Audit Committee

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

When established an Audit Committee of the Company, When established an Audit Committee of the Company, draw up or amended these Operating Procedures shall be agreed by all members of more than half, and submitted to the Board of Directors resolution. If the proposal has not been approval by one-half or more of all Audit Committee members, it shall follow restricted by the Company of "Audit Committee Charter" Article 6, paragraph 3.

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

Article 19 The amendment record of the procedure:

These Procedures were originally adopted on June 28, 1999.

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

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

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

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

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

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

The 7th amendment was made on June 13, 2017.

POYA International Co., Ltd.

Rules of Procedure for Shareholders' Meetings

- Article 1 To establish a strong governance system, and improve supervisory function and managerial mechanism of the Company's shareholders' meetings, these Rules are enacted according to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."
- Article 2 Except those prescribed by the relevant laws and ordinances or the Company's Articles of Incorporation, the procedures of the Shareholders' Meeting of the Company shall comply with these Rules.
- Article 3 Except those regulated by the relevant laws or ordinances, the Shareholders' Meeting shall be convened by the Board of Directors.

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

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

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

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

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

above may be raised by an extraordinary motion.

Article 4 A shareholder may appoint an attorney to attend a Shareholders' Meeting on his or her behalf by offering a proxy statement printed by the Company, declaring the scope of authorization with respect to the meeting agenda. A shareholder may only execute one power of attorney, appointing one proxy as limited, and shall serve such written proxy to the Company no later than 5 days prior to the date of the Shareholders' Meeting. In the case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail unless a declaration is made to cancel the previous proxy appointment.

Article 5 A Shareholders' Meeting shall be convened at the premises of the Company or a place which is convenient for all the shareholders to attend and is suitable for holding the Shareholders' Meeting. The meeting time shall not be earlier than 9am, or later than 3pm. The opinion of the independent directors shall be taken into consideration when selecting the location and time of the Shareholders' Meeting.

Article 5-1 The matters such as time and place for accepting attendance registrations of the shareholders, and other items for attention shall be specified in the meeting notice of the Shareholders' Meeting. The attendance registration of the shareholders, mentioned in the preceding paragraph, shall be accepted at least 30 minutes before the beginning of the Shareholders' Meeting. The place for accepting attendance registration shall be clearly marked and handled by the sufficient number of suitable personnel.

Article 6 The Company shall furnish the attending shareholders or their proxies (collectively, "shareholders") with an attendance book for signing-in. The attending shareholders may also hand in a sign-in card in place of signing-in on the attendance book. The Company shall provide the attending shareholders with a meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of the directors, pre-printed ballots shall also be offered.

The shareholders shall attend the shareholders' meetings based on the attendance cards, sign-in cards or other certificates of attendance. The Company may not arbitrarily ask to offer additional identification documents as the identification documents of the attending shareholder has been already provided. The solicitors who solicit proxy forms shall also bring identification documents for verification.

When the government or a legal entity is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. However when a legal entity is appointed as proxy to attend the Shareholders' Meeting, it may designate only one person to represent it in the meeting.

Article 7 If the Shareholders' Meeting is convened by the Board of Directors, the meeting shall

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

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

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

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

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

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

If the quorum is not met after two postponements as mentioned in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

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

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

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

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

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

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

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

On the same issue, each shareholder shall not take the floor more than twice and shall not speak more than five minutes for each round unless agreed by the Chair. If the

shareholder's speech violates the Rules or exceeds the scope of the meeting agenda, the Chair may terminate the speech.

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

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

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

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

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

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

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

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

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the Shareholders' Meeting. When duplicate

declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

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

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

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

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

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

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

- Article 14 The election of the directors at a Shareholders' Meeting shall be held according to "Rules for Election of Directors" adopted by the Company, and the voting results shall be announced on-site immediately, including the name list of the elected directors and the number of ballots received by each.
- The ballots for the election mentioned in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 15 The resolution made at the Shareholders' Meeting shall be included in the meeting minutes, which shall bear the signature or seal of the Chair and be distributed to each shareholder within 20 days after the meeting. The distribution of the meeting minutes in the preceding paragraph may be made by the form of an announcement.
- The minutes shall be faithfully record the items, such as meeting's year, month, day, place, Chairman's name, the methods of resolution, summary of the proceedings, and results of resolutions. The minutes of Shareholders' Meeting shall be preserved during the existence of the Company.
- "There is no objection from any shareholders after solicited by the Chairman and the resolution is passed" shall be recorded in the meeting minutes if the proposal is passed after the Chair inquires the shareholders' opinion and no objection is raised. If there is any objection and the proposal is to put to a vote, however, the method for resolution, the number of approval votes cast and the percentage of the approval votes as to total votes shall be recorded in the minutes.
- Article 16 The Company shall upload the resolution content of Shareholders' Meeting to the MOPS within the prescribed time period if the resolution concerning the significant matters regulated by the applicable laws or regulations, or the regulations of Taiwan Stock Exchange Corporation (or GreTai Securities Market).
- Article 17 The meeting Chair may instruct security personnel to help maintain order at the meeting. When a shareholder attempts to speak by any device other than the public address equipment set by the Company, the Chair may prevent the shareholder from speaking. The Chair may also instruct security personnel to escort a shareholder from the meeting if the shareholder violates the Rules and defies the Chair's correction, or obstruct the proceedings and refuse to stop.
- Article 18 When a meeting is taking place, the Chair may announce a break based on time considerations. If an event with force majeure occurs, the Chair may rule the meeting temporarily suspended and announce a time for resuming the meeting in view of the circumstances.

If the meeting place is no longer available for continued use for discussing remaining items (including extraordinary motions) on the meeting agenda, the Shareholders' Meeting may adopt a resolution to resume the meeting at another place.

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

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

Article 20 The amendment record of these Rules:

The Rules and Procedures were enacted on March, 2002.

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

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

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

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

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

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

POYA International Co., Ltd.
Shareholdings of the Members of Board of Directors
(Base Date : March 30, 2019)

Title	Name	Shareholdings	Share ownership ratio (%)
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	8,166,840	8.36%
Vice Chairman	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	8,003,409	8.19%
Director	Chen Zong-Cheng	6,128,023	6.27%
Director	Chen Ming-Shian	0	0.00%
Independent Director	Lin Tsai-Yuan	0	0.00%
Independent Director	Liu Zhi-Hong	0	0.00%
Independent Director	Zhong Jun-Rong	0	0.00%
Total		22,298,272	22.82%

Note :

1. Total current issued shares on March 30, 2019: common stocks 97,685,031 shares. The number of legal shares shall be held by all the directors are 7,814,803 shares.
2. The shares held by the Independent Directors are excluded from the actual shares held by all the directors.
3. The rules of legal shares shall be held by the supervisors are not applicable because of the establishment of the Audit Committee of the Company.

Other Matters

Description of acceptance of shareholders' suggestions in 2019 Regular Shareholders' Meeting:

1. The shareholder, with 1% or more of total shares issued by the Company, shall raise a proposal of Regular Shareholders' Meeting by written form to the Company. Each shareholder shall raise only one proposal as limited and the words of such proposal shall not be more than 300, or such proposal will be excluded.
2. The Company will make an announcement on MOPS according to the applicable rules and regulations. The period for acceptance of the proposal of Regular Shareholders' Meeting this time is from March 22, 2019 to April 1, 2019 (Those proposals by a registered mail shall be accepted with the arriving date to be during the period).
3. The Company didn't receive any proposal from the shareholder.