

POYA International Co., Ltd.

2020 Annual General Shareholders' Meeting

Meeting Agenda

(Translation)

June 23, 2020

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

West Central Dist. Tainan City

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POYA International Co., Ltd.

Procedure for the 2020 Annual Meeting of Shareholders

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

POYA International Co., Ltd.
Agenda of 2020 Annual Meeting of Shareholders

Time: 9 a.m., June 23, 2020 (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) 2019 Business Report

(2) 2019 Audit Committee's Review Report

(3) The Distribution of 2019 Employees' and Directors' Remuneration.

(4) Annual Earnings Cash Dividend Distribution in 2019

(5) Amendments to part of Articles of Ethical Corporate Management Best Practice Principles

4、Acknowledgements

(1) Adoption of the 2019 Business Report and Financial Statements

(2) Adoption of the proposal for distribution of 2019 profits

5、Matters for Discussion and Election:

(1) Amendments to part of Articles of Incorporation

(2) Amendments to part of Articles of Rules of Procedure for Shareholders' Meetings

(3) The Re-election of the Company's Directors including Independent Directors

(4) Proposals to Release the New Board of Directors and Representatives from the

Non-competition Restrictions

6、Motions

7、Adjournment

Reports

Report 1: 2019 Business Report

Explanation : The 2019 Business Report is attached as pp. [10-13], Appendix I.

Report 2: 2019 Audit Committee's Review Report

Explanation : The 2019 Audit Committee's Review Report is attached as pp. [14-14], Appendix II.

Report 3: The Distribution of 2019 Employees' and Directors' Remuneration

1. In accordance with the Article 21-1 of Articles of Incorporation, the monetary amount of employees' remuneration is NT\$ 124,421,677 accounting for 5% and the monetary amount of directors' remuneration is NT\$ 5,280,000 accounting for 0.2%.
2. The employees' and directors' remuneration mentioned above shall be treated as expenses in 2019. 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 29th Board meeting and the distribution of directors' remuneration has been passed by the 3rd-term Remuneration Committee in the 12th Remuneration Committee meeting.

Report 4: Annual Earnings Cash Dividend Distribution in 2019

1. In accordance with the Article 21 of Articles of Incorporation, if the distribution of shareholders' dividends and bonuses is fully or partially made by cash, it shall be appointed to Board of Directors to make a resolution and report to Shareholders' Meeting.
2. The Ex-dividend record date and payment date of cash dividend distribution have been passed by the 7th-term Board of Directors in the 29th Board meeting. The cash dividends of NT\$ 1,670,414,030 shall be paid on June 12th 2020. The cash dividends distributed by earnings would be calculated by each person's name and the number of shares owned based on the register of shareholders as of the record date. Every 1,000 shares shall be paid NT\$ 17,100, and rounded down to NT\$1 dollar.

Report 5: Amendments to Part of Articles of Ethical Corporate Management Best Practice Principles

Explanation : In order to foster a corporate culture of ethical management and sound development, the Company complied with the revised Principles according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies." to revise part of articles of ethical corporate which has been passed by the Board of Directors meeting on March 23th, 2020. The articles after revision are as attached pp. [15-20], Appendix III.

Acknowledgements

Proposal 1: Adoption of the 2019 Business Report and Financial Statements (Proposed by the Board)

Explanation:

1. The Company's 2019 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. [10-13], Appendix I. The auditing report of the certified accountants and the financial statements mentioned above are attached as pp. [21-30], Appendix IV.
3. Please acknowledge the 2019 Business Report and Financial Statements.

Resolution:

Proposal 2: Adoption of the proposal for distribution of 2019 profits

Explanation:

1. The Distribution Table of 2019 Profits (Attached as pp. [31-32], Appendix V) has been submitted to the Company's Audit Committee for approval and been passed by the 7th-term Board of Directors in the 29th Board meeting.
2. Please acknowledge the proposal for distribution of 2019 profits.

Resolution:

Matters for Discussion and Election

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. [33-43], Appendix VI.
2. Please proceed to discuss.

Resolution:

Proposal 2: Amendment to part of “Articles of Rules of Procedure for Shareholders’ Meetings”.

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 Articles of Rules of Procedure for Shareholders’ Meetings. The comparison table for the amendments to Articles of Rules of Procedure for Shareholders’ Meetings before and after revision and the articles before revision are attached as pp. [44-58], Appendix VII.
2. Please proceed to discuss.

Resolution:

Proposal 3: The Re-election of the Company’s Directors including Independent Directors. Please cast your vote. (Proposed by the Board of Directors)

Explanation:

1. The tenure of the 7th-term Board of Directors will be expiring on June 12th 2020. According to the Company Act. 195, in case no election of new directors is effected after expiration of the term of office of existing directors, the tenure of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
2. The Company shall have 7 Board of Directors members (including 3 independent directors) in

accordance with Incorporation Act.14. The tenure of new directors will be 3 years from June 23rd 2020 to June 22nd 2023. And the tenure of the original directors (including independent directors) shall be terminated when finishing this general shareholders' meeting.

3. In order to implement corporate governance, Audit Committee consists of all the Board of Directors, and the 3rd-term of Audit Committee will take effect after the re-election of new directors was completed in accordance with Incorporation Act.14-2 and Securities and Exchange Act.14-4.
4. According to Incorporation Act.14, the election of directors shall be conducted using the candidate nomination system. The shareholders shall elect directors from among those listed in the slate of director candidates, and the independent directors and non-independent directors shall be elected at the same time, but in separately calculated numbers. The list and the relative information of candidates nominated to be directors are followed:

April 25, 2020

Title/Name	Education, Current Positions & Major Past Positions	Shareholdings (shares)
Dou Chin Investment Co., Ltd Representative : Chen, Jian-Zao	Current Positions : <ul style="list-style-type: none"> ● Chairman, Poya International Co., Ltd. ● Chairman, Dou Chin Investment Co., Ltd. ● Supervisor, Poya Investment Co., Ltd. ● Chairman, Chen Ching Investment Co., Ltd. ● Chairman, Kao Heng Investment Co., Ltd. Education : <ul style="list-style-type: none"> ● Pei Men High School Major Past Positions : <ul style="list-style-type: none"> ● Owner, Chien Chang Herbal Medicine Company 	8,169,840
Poya Investment Co., Ltd. Representative : Chen Fan Mei-Jin	Current Positions : <ul style="list-style-type: none"> ● Vice Chairman , Poya International Co., Ltd. ● Chairman, Poya Investment Co., Ltd. Education : <ul style="list-style-type: none"> ● Kuang Hua Girls High School Major Past Positions : <ul style="list-style-type: none"> ● Plant Manager, Chin Ting Art Gallery 	8,010,409
Chen, Zong-Cheng	Current Positions : <ul style="list-style-type: none"> ● General Manager, Poya International Co., Ltd. ● Chairman, Maersk Investment Co., Ltd. ● Chairman, Wu Yang Investment Co., Ltd. Education : <ul style="list-style-type: none"> ● Information Dept., Feng Chia University 	6,128,023

	Major Past Positions : <ul style="list-style-type: none"> ● Information Department of Sheng Yu Steel Co., Ltd 	
Chen, Ming-Shian	Current Positions : <ul style="list-style-type: none"> ● Chairman and VP of Greater China Business Dept, ST. Shine Optical Co., Ltd. ● Director, Shine Optical Holding Groups Inc. ● Director, Shine Optical (Samoa) Holding Groups, Inc. ● Director, Shine Optical HK Limited Education : <ul style="list-style-type: none"> ● Honorary Doctorate Degrees of Science, National Kaohsiung University of Applied Science ● Graduate School of Business Administration, National Cheng Chi University ● Electronic Engineering, National Kaohsiung University of Applied Science Major Past Positions : <ul style="list-style-type: none"> ● Director, Optical Connection Inc. USA 	0

The list and the relative information of candidates nominated to be independent directors are followed:

Title/Name	Education, Current Positions & Major Past Positions	Shareholdings (shares)
Liu Zhi-Hong	Current Positions : <ul style="list-style-type: none"> ● Chairman, Song Yang Electronic Materials (Kunshan) Limited Company ● Director, Thinflex Corporation ● Independent Director, Fitness Factory Co., Ltd. ● Independent Director, Symtek Automation Asia Co., Ltd. ● Chairman, Chien Hsing Information Co., Ltd. ● Director, Chien Lian Investment Co., Ltd. ● Director, Shun Lai Business Consultancy Co., Ltd. Education : <ul style="list-style-type: none"> ● Masters in Finance, Boston University, USA ● Masters in Accounting, National Taiwan University ● Bachelor's Degree in Accounting, National Cheng Chi University Major Past Positions : <ul style="list-style-type: none"> ● Passed the advanced CPA examination ● Member of Taiwan CPA Association ● Member of Taipei CPA Association 	0
Wu Lin-I	Current Positions : <ul style="list-style-type: none"> ● Chairman and General Manager, Li Xin Emporium Co., Ltd. ● Chairman, Fullon Hotels Co., Ltd. ● Director and General Manager, Ya May International 	0

	Development Co., Ltd. ● Chairman and General Manager, Peng Cheng Construction Co., Ltd. ● General Manager, Hi Mall Department Co., Ltd. Education : ● Master. Business Administration, Tiffin University USA ● Dept. of Electrical Engineering, Tungnan University Major Past Positions : ● Vice General Manager, Ya May International Development Co., Ltd. ● Vice General Manager, Peng Cheng Construction Co., Ltd.	
Lee Ming Hsien	Current Positions : ● Vice Leader, Zhi Cheng Accounting Firm ● Independent Director, Soft-World International Co., Ltd. Education : ● Graduate School of Business Administration, National Cheng Chi University Major Past Positions : ● President, Pricewaterhouse Coopers, Taiwan ● Vice Leader, Pricewaterhouse Coopers, Taiwan	0

5. Please cast your vote.

The result of election:

Proposal 4: Proposals to Release the New Board of Directors and Representatives from the Non-competition Restrictions. Please proceed to discuss. (Proposed by the Board of Directors)

Explanation:

1. According to Article 209 of the Company Act – “A director who does anything for himself or on behalf or another person that is within the scope of the company's business, shall explain to the shareholders’ meeting the essential contents of such an act and secure its approval.”
2. Proposal to approve the lifting of non-competition restrictions on directors and their representatives elected by the 2020 Annual General Shareholders’ Meeting in accordance with the law in order to leverage on the expertise and relevant experience of the directors.
3. Please proceed to discuss.

Resolution:

Motions

Adjournment

Poya International Co., Ltd.
2019 Business Report

1. 2019 Business Results

(1) The implementation of the business plan

Unit : NTD 1,000

Title/amount	FY2019	FY2018	Change in amount	Change in proportion (%)
Operating revenue	15,787,694	14,084,032	1,703,662	12.10%
Operating Cost	(8,963,459)	(7,915,849)	1,047,610	13.23%
Net operating margin	6,824,235	6,168,183	656,052	10.64%
Operating expenses	(4,395,061)	(4,071,565)	323,496	7.95%
Operating profit	2,429,174	2,096,618	332,556	15.86%
Non-operating income and expenses	(70,443)	35,890	(106,333)	-296.27%
Profit before income tax	2,358,731	2,132,508	226,223	10.61%
Profit for the year	1,886,727	1,709,140	177,587	10.39%
Basic earnings per share (in dollars)	19.31	17.50	1.81	10.34%

The growth of operating revenue and national store number remain stable. The growth rate of store number in 2019 is 16.92%.

Unit : Stores/NTD 10,000

Title/year	FY2016	FY2017	FY2018	FY2019
Operating revenue	1,242,375	1,326,207	1,408,403	1,578,769
Total store number (Note)	157	177	201	235

Note : The store number in 2018, which was 201, was used as the basis for the calculation of the growth rate of new stores.

(2) Financial structure and profitability analysis

Title		FY2019	FY2018
Financial Structure	Ratio of liabilities to assets (%)	77.64	52.45
	Ratio of long-term capital to property, plant, and equipment (%)	183.24	178.77

Profitability	Return on assets (ROA) (%)	14.03	21.41
	Return on equity (ROE) (%)	44.60	44.39
	Profit ratio (%)	11.95	12.14
	Basic EPS (NTD) (Note)	19.31	17.50

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

2. 2020 Business plan

Due to the impact of trade war in 2019, global economy performed not well. US-China trade war affected confidence of enterprises in the first half of the year; their operating strategies tended to be conservative; and their willingness toward purchasing and investing became lower. The influence also impacted emerging market and developing countries. From the beginning of the third quarter in 2019, in order to maintain stable economy for the second half of the year, each of main economies released easing policies on fiscal and monetary in succession as the influence of trade war went severe. Private consumption in Taiwan bodes well given the minimum wage increase, increasing investments back from China to Taiwan for Taiwanese enterprises because of the government policies and the trade war. These should help for the stabilization of domestic job market and continuously drive private consumption. According to Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C., Taiwan's economic growth rate in 2019 was 2.71%. Since the epidemic of COVID-19 disrupted global supply chain and ultimate demand, growth momentum for domestic consumption and export was restrained in Taiwan with about one percentage point of GDP impact. It is estimated room for further GDP revision, according to Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. Owing to the impact of changeable external environment, Poya shall keep making differentiation by market positioning, upgrading its services, and developing high-quality products to pursue better operating performance. With the dedication of all personnel and the management, there were 235 stores nationwide by the end of 2019 including 230 Poya and 5 Poya Home. The operating revenue and profit after tax in 2019 were NT\$15.8 billion and NT\$1.9 billion respectively, both of which reached the record high.

In terms of the business operation, Poya International keeps optimizing stores, enriching merchandise display, and creating selling space with the spirits of “Beauty, Trendy, and Color. In addition to cultivating Poya’s culture and brand value, we also pursue value of product quality. With the core value of offering high CP ratio products (Cost-Performance Ratio), Poya can raise the satisfaction level of the customers. Riding on the trend of consuming fashion products with fair price, Poya will irregularly offer promotion and hold activities to reward our customers. We hope to intensify positive feeling in fair price and provide great fun and pleasant shopping experience for our customers. Moreover, Poya will keep optimizing services, tracing consumer behaviors of our members periodically, and maintaining the permanent value of customers.

3 、Business policy

(1) Aggressively planning and continuously store expansion

Poya is currently ranked as No. 1 in cosmetic and grocery channel and will continue to expand stores and increase penetration rate in the future. In 2019, we created a new brand of hardware channel named “Poya Home.” With consistent service-oriented culture and the core value of “fair price, easy and convenience,” Poya Home is positioned as a hardware store which helps customers to make DIY easily for their home improvement. By simple renovation, each of our customers can feel warm at home and experience a good-quality and pleasant life. According to the statistics of Ministry of Finance, R.O.C, nationwide revenue of home repair products in 2018 and 2019 was NT\$ 85.832 billion and NT\$ 80.934 billion respectively. Poya Home clearly understands that people have infinite demands with limited choices in Taiwan’s hardware market so as to offer such a professional and homey hardware store where customers are able to enjoy their shopping.

(2) Cultivating brand value and optimizing stores

With core spirits of "Beauty, Trendy, and Color", Poya continues to strengthen our brand image, optimize store structure, have exposure on multimedia platforms, and roll out digital activities which make customers experience a brand new Poya. We also continue to innovate upon business philosophy, build up a more convenient and

comfortable shopping space, and offer diverse products in order to provide customers a pleasant shopping experience and lead Poya into a new century of digitization.

(3) Diverse activities and enhanced competitiveness

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

(4) Merchandise management and space efficiency

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

Poya has aimed at and strives to becoming “A more preferred Poya by the customers” , and hopes to be the top choice for customers when making a purchase by offering better products and services. In addition, Poya will implement the sustainable spirit on environment, society and corporate governance for perpetual growth and corporate sustainability. On behalf of the management, we are appreciated to the supports of all shareholders, customers and suppliers, and the dedication of all personnel. We will spare no efforts in raising corporate value for our shareholders. Wish everyone health and luck!

Poya International Co., Ltd.

Chen Jian-Zao, Chairman

Chen Zong-Cheng, General Manager

Shen Hong-Yu, Financial and Accounting Manager

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 2019, 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 2019 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 2019 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.

2020 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 17, 2020

Ethical Corporate Management Best Practice Principles

- Article 1 In order to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices, the Company hereby enacts these Principles according to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.”
- These Principles are applicable to its business groups and organizations of such the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such Company ("business group").
- Article 2 When engaging in commercial activities, directors, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.
- Article 3 "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5 The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the Board of Directors, and establish good corporate governance and risk

control and management mechanism so as to create an operational environment for sustainable development.

Article 6 In order to implement ethical management policy, the Company shall enact “Procedures for Ethical Management and Guidelines for Conduct” and shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs").

The enactment of “Procedures for Ethical Management and Guidelines for Conduct” in the preceding paragraph shall comply with relevant laws and regulations of the territory where the Company and their business group are operating.

Article 7 the Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess business activities on a regular basis within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

- Offering and acceptance of bribes.
- Illegal political donations.
- Improper charitable donations or sponsorship.
- Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- Engaging in unfair competitive practices.
- Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify in their rules and external documents and on website the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of

such policies, and shall carry out the policies in internal management and in commercial activities.

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

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 When conducting business, the Company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

- Article 14 The Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.
- Article 15 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.
- Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.
- Article 17 The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.
- To achieve sound ethical corporate management, the Company assigns Audit Division for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The Audit Division shall report to the Board of Directors on a regular basis (at least once a year).
- Article 18 The Company and its directors, managers, employees, mandataries, and substantial

controllers shall comply with laws and regulations and the prevention programs when conducting business.

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

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

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

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

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

Article 21 The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof. The procedures and guidelines should at least contain the following matters:

- ◆ Standards for determining whether improper benefits have been offered or accepted.

- ◆ Procedures for offering legitimate political donations.
- ◆ Procedures and the standard rates for offering charitable donations or sponsorship.
- ◆ Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- ◆ Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- ◆ Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
- ◆ Handling procedures for violations of these Principles.
- ◆ Disciplinary measures on offenders.

Article 22 The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers, so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Article 23 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

- ◆ An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
- ◆ Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
- ◆ Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
- ◆ Documentation of case acceptance, investigation processes, investigation results, and relevant documents.

- ◆ Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
- ◆ Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
- ◆ Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

Article 24 If any person of the Company violates the ethical corporate management rules, the Company shall give punishments according to relative rules and regulation based on its violation and shall immediately disclose on the Company's internal website the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their Company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 These Principles shall be implemented after the discussion of the Audit Committee and the approval of the Board of Directors, and shall be submitted to the Shareholders Meeting. The same procedure shall be followed when the principles have been amended.

For the Company that has appointed any independent director, when the ethical corporate management best practice principles are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall

take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

Article 28 This Principle was enacted on October 27, 2014. The first amendment was made on February 24, 2015; the second amendment was made on July 25, 2016; the third amendment was made on March 23, 2020.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(2020) Tsai Shen Pao Tsu No. 19002854

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 at December 31, 2019 and 2018, 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, 2019 and 2018, 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(19) “Revenue recognition” for accounting policies on retail franchising.

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

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

How our audit addressed the matter

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

1. Checking randomly whether the merchandise information has been properly approved and attached with relevant evidence whenever merchandise information is created or changed;
2. Checking randomly whether the merchandise information has been transferred to POS system;
3. Checking randomly whether all the sales that were recorded in the POS are periodically transferred to ERP system and recorded in operating revenue journal entry automatically;
4. Reviewing the reasons and the relevant evidences for manual adjusting journal entries that are related to retail franchising sales revenue; and
5. Reviewing whether stores' cash deposits amounts recorded on the daily cash report are in accordance with bank remittance amounts.

Calculation of cost to retail ratio of retail inventory method

Description

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

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

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

How our audit addressed the matter

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

1. Conducting interviews with management to obtain an understanding of the calculation of cost to retail ratio in the calculation system of retail inventory method and determining whether it has been consistently applied in the comparative periods of financial statements;
2. Checking randomly whether the merchandise information has been properly approved and attached with relevant evidence whenever merchandise information is created or changed;

3. Confirming whether the records of cost of inventory purchased in POS are transferred to ERP periodically and completely and the records could not be changed manually; and
4. Checking the computation for the correctness of cost to retail ratio.

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

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

PricewaterhouseCoopers, Taiwan

Independent Accountants

Liu Tzu-Meng

Lin Tzu-Shu

February 17, 2020

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

Assets		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,280,186	7	\$ 1,247,097	15
1150	Notes receivable, net	6(2)	4,499	-	5,733	-
1170	Accounts receivable, net	6(2)	844,383	4	813,543	10
1200	Other receivables		1,953	-	2,847	-
130X	Inventories	5(2) and 6(3)	3,473,481	18	3,036,311	35
1410	Prepayments	3(1) and 6(4)	25,940	-	98,844	1
1476	Other current financial assets	8	6,287	-	17,977	-
11XX	Total current assets		5,636,729	29	5,222,352	61
Non-current assets						
1600	Property, plant and equipment, net	6(5)	2,948,424	15	2,804,885	33
1755	Right-of-use assets	3(1), 6(6) and 7	10,630,411	54	-	-
1840	Deferred income tax assets	3(1) and 6(19)	41,787	-	43,753	-
1920	Refundable deposits	6(21)	357,190	2	305,429	4
1980	Other non-current financial assets	8	8,000	-	5,000	-
1985	Long-term prepaid rents	3(1)	-	-	164,432	2
1990	Other non-current assets		14,108	-	13,448	-
15XX	Total non-current assets		13,999,920	71	3,336,947	39
1XXX	Total assets		\$ 19,636,649	100	\$ 8,559,299	100
Liabilities and Equity						
Current liabilities						
2130	Current contract liabilities	6(13)	\$ 31,231	-	\$ 28,626	-
2150	Notes payable		53,959	-	61,673	1
2170	Accounts payable		2,026,329	11	1,828,541	22
2200	Other payables	3(1) and 6(7)	621,273	3	709,638	8
2230	Current income tax liabilities		278,553	2	284,831	3
2280	Current lease liabilities	3(1) and 7	1,194,653	6	-	-
2310	Receipts in advance		191	-	128	-
2320	Long-term liabilities, current portion	6(8)	647,284	3	615,548	7
21XX	Total current liabilities		4,853,473	25	3,528,985	41
Non-current liabilities						
2540	Long-term borrowings	6(8)	1,011,635	5	944,085	11
2570	Deferred income tax liabilities	6(19)	4,696	-	4,351	-
2580	Non-current lease liabilities	3(1) and 7	9,361,042	48	-	-
2640	Net defined benefit liabilities-non-current	6(9)	5,501	-	4,814	-
2645	Guarantee deposits received		9,268	-	6,778	-
25XX	Total non-current liabilities		10,392,142	53	960,028	11
2XXX	Total liabilities		15,245,615	78	4,489,013	52
Equity						
Share capital						
3110	Common stock	6(10)	976,850	5	976,850	12
3200	Capital surplus	6(11)	640,419	3	640,419	8
Retained earnings		3(1) and 6(12)				
3310	Legal reserve		883,463	4	712,549	8
3350	Unappropriated retained earnings		1,890,302	10	1,740,468	20
3XXX	Total equity		4,391,034	22	4,070,286	48
Significant Contingent Liabilities and Unrecognized Contract Commitments		6(21) and 9				
3X2X	Total liabilities and equity		\$ 19,636,649	100	\$ 8,559,299	100

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME

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

		Year ended December 31			
		2019		2018	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(13)	\$ 15,787,694	100	\$ 14,084,032	100
5000 Operating costs	6(3)(9)(17)(18)(21)	(8,963,459)	(57)	(7,915,849)	(56)
5900 Net operating margin		<u>6,824,235</u>	<u>43</u>	<u>6,168,183</u>	<u>44</u>
Operating expenses	6(9)(17)(18)(21) and 7				
6100 Selling expenses		(3,895,378)	(25)	(3,504,926)	(25)
6200 General and administrative expenses		(499,683)	(3)	(566,639)	(4)
6000 Total operating expenses		<u>(4,395,061)</u>	<u>(28)</u>	<u>(4,071,565)</u>	<u>(29)</u>
6900 Operating profit		<u>2,429,174</u>	<u>15</u>	<u>2,096,618</u>	<u>15</u>
Non-operating income and expenses					
7010 Other income	6(14)	55,480	1	51,295	-
7020 Other gains and losses	6(15)	(12,758)	-	614	-
7050 Finance costs	6(5)(6)(16) and 7	(113,165)	(1)	(16,019)	-
7000 Total non-operating income and expenses		<u>(70,443)</u>	<u>-</u>	<u>35,890</u>	<u>-</u>
7900 Profit before income tax		2,358,731	15	2,132,508	15
7950 Income tax expense	6(19)	(472,004)	(3)	(423,368)	(3)
8200 Net income for the year		<u>\$ 1,886,727</u>	<u>12</u>	<u>\$ 1,709,140</u>	<u>12</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit obligation	6(9)	(\$ 2,414)	-	\$ 1,252	-
8349 Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(19)	<u>483</u>	<u>-</u>	<u>(26)</u>	<u>-</u>
8300 Total other comprehensive (loss) income for the year		<u>(\$ 1,931)</u>	<u>-</u>	<u>\$ 1,226</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 1,884,796</u>	<u>12</u>	<u>\$ 1,710,366</u>	<u>12</u>
Earnings per share (in dollars)	6(20)				
9750 Basic		<u>\$ 19.31</u>		<u>\$ 17.50</u>	
9850 Diluted		<u>\$ 19.24</u>		<u>\$ 17.42</u>	

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

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

			Capital Surplus	Retained Earnings		
			Additional paid-in capital		Unappropriated retained earnings	
	Notes	Common stock		Legal reserve		Total equity
<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(12)	-	-	-	(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>
<u>Year ended December 31, 2019</u>						
Balance at January 1, 2019		\$ 976,850	\$ 640,419	\$ 712,549	\$ 1,740,468	\$ 4,070,286
Effects of retrospective application	3(1)	-	-	-	(25,509)	(25,509)
Adjusted balance at January 1, 2019		<u>976,850</u>	<u>640,419</u>	<u>712,549</u>	<u>1,714,959</u>	<u>4,044,777</u>
Net income for the year ended December 31, 2019		-	-	-	1,886,727	1,886,727
Other comprehensive loss for the year ended December 31, 2019		-	-	-	(1,931)	(1,931)
Total comprehensive income for the year ended December 31, 2019		-	-	-	1,884,796	1,884,796
Distribution of 2018 net income:						
Legal reserve		-	-	170,914	(170,914)	-
Cash dividends	6(12)	-	-	-	(1,538,539)	(1,538,539)
Balance at December 31, 2019		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 883,463</u>	<u>\$ 1,890,302</u>	<u>\$ 4,391,034</u>

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

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

		Year ended December 31	
	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,358,731	\$ 2,132,508
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(17)	1,751,958	502,987
Loss (gain) on disposal of property, plant and equipment	6(15)	12,740 (1,112)
Gain from lease modification	6(15)	(13)	-
Interest income	6(14)	(2,821)	(2,833)
Interest expense	6(16)	113,165	16,019
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,234	2,574
Accounts receivable		(30,840)	(134,668)
Other receivables		894	4,748
Inventories		(437,170)	(397,363)
Prepayments		(9,499)	2,188
Changes in operating liabilities			
Current contract liabilities		2,605 (3,626)
Notes payable		(7,714)	3,646
Accounts payable		197,788	184,269
Other payables		56,220	67,147
Receipts in advance		63	128
Net defined benefit liabilities-non-current		(1,727)	(1,574)
Cash inflow generated from operations		4,005,614	2,375,038
Interest received		2,821	2,833
Interest paid		(113,165)	(16,019)
Income tax paid		(500,997)	(321,927)
Net cash flows from operating activities		<u>3,394,273</u>	<u>2,039,925</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other current financial assets		11,690	5,174
Acquisition of property, plant and equipment	6(22)	(711,311)	(687,795)
Interest paid for acquisition of property, plant and equipment	6(5)(16)(22)	(949)	(1,039)
Proceeds from disposal of property, plant and equipment		2,000	1,766
Acquisition of right-of-use assets	6(6)	(60,788)	-
Increase in refundable deposits		(51,761)	(21,589)
Increase in other non-current financial assets		(3,000)	(800)
Increase in long-term prepaid rent		-	(20,080)
Increase in other non-current assets		(660)	(1,385)
Net cash flows used in investing activities		(814,779)	(725,748)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(23)	1,875,184	1,746,666
Repayment of long-term borrowings	6(23)	(1,775,898)	(1,517,033)
Repayment of lease principal	6(23)	(1,109,642)	-
Increase in guarantee deposits received	6(23)	2,490	441
Cash dividends paid	6(12)	(1,538,539)	(1,269,905)
Net cash flows used in financing activities		(2,546,405)	(1,039,831)
Net increase in cash and cash equivalents		33,089	274,346
Cash and cash equivalents at beginning of year	6(1)	<u>1,247,097</u>	<u>972,751</u>
Cash and cash equivalents at end of year	6(1)	\$ 1,280,186	\$ 1,247,097

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

POYA International Co., Ltd.2019 Profits Distribution Table

Unit: New Taiwan Dollars

Items	Amount	Note
Beginning unappropriated retained earnings	\$31,014,724	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: 2019 adjustment to retained earnings	<u>(27,440,526)</u>	
Adjusted unappropriated retained earnings	3,574,198	
Add: Net earnings after tax for the current year	<u>1,886,727,675</u>	
Distributable earnings for the current period	1,890,301,873	
Less: Legal reserve	<u>(185,928,715)</u>	
Accumulated distributable earnings	1,704,373,158	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
Distribution items:		
Shareholders dividend		
—Cash \$ 17.10/share	<u>(1,670,414,030)</u>	
(passed by Board of Directors. The report issue in regular shareholders' meeting)	<u>\$33,959,128</u>	
Unappropriated retained earnings		

		<p>accumulated distributable earnings shall be allocated as shareholders' dividends and bonuses. The shareholders' dividends and bonuses shall be distributed in cash or stock, cash dividends of which shall not be less than 1% of total dividends. If cash dividend is lower than NT\$ 0.5 per share, stock dividend shall be substituted for cash dividend</p> <p>New shares or cash shall be issued from the legal reserve with the limitation that the monetary amount of new shares or cash shall not exceed 25% of the part which legal reserve is in excess of the paid-in capital.</p>
<p>Note1: 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> <p>Note2: The rate of the extra profit-seeking enterprise income tax on unappropriated retained earnings would be reduced from 10% to 5% according to income tax optimization measures disclosed by The ministry of finance, R.O.C. since 2018.</p> <p>Note3: The dividends on FY2019 are made by Cash only.</p>		

Chairman : Chen Jian-Zao General Manager : Chen Zong-Cheng Finance and Accounting Manager : Shen Hong-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>62</u> F101100 Wholesale of Flowers</p> <p><u>63</u> F201070 Retail sale of Flowers</p> <p><u>64</u> F101061 Wholesale of Agricultural</p> <p><u>65</u> F201010 Retail sale of Agricultural Products</p> <p><u>66</u> F101081 Wholesale of Seedling</p> <p><u>67</u> F201061 Retail sale of Seedling</p> <p><u>68</u> F101070 Wholesale of Fishing Tackles</p> <p><u>69</u> F201050 Retail sale of Fishing Tackles</p> <p><u>70</u> F106030 Wholesale of Die</p> <p><u>71</u> F206030 Retail Sale of Die</p> <p><u>72</u> F106040 Wholesale of Water Containers</p> <p><u>73</u> F206040 Retail Sale of Water Containers</p> <p><u>74</u> F106060 Wholesale of pet food and appliances</p> <p><u>75</u> F206050 Retail of pet food and appliances</p> <p><u>76</u> F106070 Wholesale of Articles to offer Sacrifices to</p>	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p>	Complied with the actual operating needs, the Company hereby adds and adjusts business item.

Articles	Article after amendment	Article before amendment	Explanation
	Gods or Ancestors		
<u>77</u>	F206060 Retail Sale of Articles to offer Sacrifices to Gods or Ancestors	63 ZZ99999 All business items that are not prohibited or	
<u>78</u>	F107010 Wholesale of Paints, Varnishes and Lacquers		
<u>79</u>	F207010 Retail Sale of Paints, Varnishes and Lacquers		
<u>80</u>	F107020 Wholesale of Dyeing Mills and Dyestuff		
<u>81</u>	F207020 Retail Sale of Dyeing Mills and Dyestuff		
<u>82</u>	F107040 Wholesale of Insecticides		
<u>83</u>	F207040 Retail Sale of Insecticides		
<u>84</u>	F207180 Retail Sale of Firecrackers and Fireworks		
<u>85</u>	F103010 Wholesale of Animal Feeds		
<u>86</u>	F202010 Retail sale of Animal Feeds		
<u>87</u>	F107170 Wholesale of Industrial Catalyst		
<u>88</u>	F207170 Retail Sale of Industrial Catalyst		
<u>89</u>	F102180 Wholesale of Ethanol		
<u>90</u>	F203030 Retail Sale of Ethanol		
<u>91</u>	F102050 Wholesale of Tea		
<u>92</u>	ZZ99999 All business items that are not prohibited or	<u>63</u> ZZ99999 All business items	

Articles	Article after amendment	Article before amendment	Explanation
	restricted by law, except those that are subject to special approval.	restricted by law, except those that are subject to special approval.	
Article 23	Adds the statement of “ <u>The 25th amendment was made on June 23, 2020</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. F208021 Retail Sale of Drugs and Medicines

29. F113070	Wholesale of Telecom Instruments
30. F213060	Retail Sale of Telecom Instruments
31. F301020	Supermarkets
32. JZ99110	Body Shaping Services
33. F102020	Wholesale of Edible Oil
34. F104110	Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
35. F204110	Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
36. F205040	Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
37. F105050	Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
38. F109070	Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
39. F209060	Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
40. F113050	Wholesale of Computing and Business Machinery Equipment
41. F213030	Retail sale of Computing and Business Machinery Equipment
42. F108040	Wholesale of Cosmetics
43. F208040	Retail sale of Cosmetics
44. F399040	Retail Business without Shop
45. F399990	Retail sale of Others
46. G202010	Parking Garage Business
47. G801010	Warehousing and Storage
48. IZ06010	Cargoes Packaging
49. F107050	Wholesale of Manure
50. F207050	Retail sale of Manure
51. F116010	Wholesale of Photographic Equipment
52. F216010	Retail Sale of Photographic Equipment
53. F301010	Department Stores
54. F399010	Convenience Stores
55. A102060	Grain Commerce
56. C501010	Lumbering
57. C501030	Plywood Manufacturing
58. C501040	Reconstituted Wood Manufacturing
59. C501990	Other Wooden Products Manufacturing
60. C501060	Wooden Container Manufacturing
61. I401010	General Advertising Services

62. 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 directors on behalf of the Company and issued after certificated by banks which are approved to certificate stock issue in accordance with regulations. 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, the

proxies shall be handled by “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” except those regulated by Article 177 of the Company Act.

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 Directors 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.
- 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.

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.

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.

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.

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 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.

- 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.
- 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 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.

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
The 24th amendment was made on May 28, 2019

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

POYA International Co., Ltd.

Comparison table of clauses affected by the amendment to “Rules of Procedure for Shareholders’ Meetings”

Articles	Article after amendment	Article before amendment	Explanation
Article 3	<p>...(omitted)</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, <u>capital reduction, application for delisting of shares, competition approval for directors, capitalization of earnings, capitalization of reserves</u>, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act shall be set out and <u>their essential contents shall be explained</u> in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be uploaded to the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the notice.</u></p> <p><u>If a full re-election of the directors and their date of appointment has been stated in the notice of the reasons for convening the shareholders’ meeting, after the re-election has been completed in such shareholders’ meeting, the appointment date may not be changed by extemporary motions</u></p>	<p>...(omitted)</p> <p>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.</p>	<p>Complied with the amendments to “Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.”, the Company hereby revises part of word statements of origin Articles.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>or other means in the same meeting.</u></p> <p><u>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at the annual general shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Proposals put forward by shareholders urging the Company to promote public interests or fulfill its social responsibilities may still be included in the meeting agenda by the Board of Directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</u></p> <p><u>Prior to the book closure date before the annual general shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, means of acceptance (in writing or by way of electronic transmission), and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</u></p> <p><u>Shareholder-submitted</u></p>		

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general shareholders' meeting and take part in discussion of the proposal.</u></p> <p><u>Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</u></p>		
Article 10	<p>The meeting agenda of the Shareholders' Meeting convened by the Board of Directors shall be determined by the Board. <u>All the related proposals including motions and the amendments shall be voted specifically.</u> The meeting shall follow the meeting agenda which shall not be changed without the resolution of the Shareholders' Meeting.</p> <p>...(omitted)</p> <p>The Chair shall allow ample opportunity during the meeting for explanation and discussion of the</p>	<p>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.</p> <p>...(omitted)</p> <p>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</p>	<p>Complied with the amendments to "Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.", the Company hereby revises part of word statements of origin Articles.</p>

Articles	Article after amendment	Article before amendment	Explanation
	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, <u>and set enough for it.</u>	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 13	<p>...(omitted)</p> <p><u>When the Company holds a shareholders' meeting, it may allow the shareholders 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 will 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; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.</u></p> <p><u>A shareholder intending to exercise voting rights by</u></p>	...(omitted)	Complied with the amendments to “Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.”, the Company hereby revises part of word statements of origin Articles.

Articles	Article after amendment	Article before amendment	Explanation
	<p><u>correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 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.</u></p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights 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.</u></p>		

Articles	Article after amendment	Article before amendment	Explanation
	<p>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.</p> <p>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. <u>After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u></p> <p>...(omitted)</p>	<p>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.</p> <p>...(omitted)</p>	
Article 15	<p>...(omitted)</p> <p>The minutes shall 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 <u>(including the numbers of votes counted). When an election of directors takes place, the number of votes with which each candidate was elected shall be disclosed.</u> The minutes of Shareholders' Meeting shall be</p>	<p>...(omitted)</p> <p>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.</p> <p>...(omitted)</p>	<p>Complied with the amendments to "Rules of Procedure for Shareholders Meetings for Poya International Co., Ltd.", the Company hereby revises part of word statements of origin Articles.</p>

Articles	Article after amendment	Article before amendment	Explanation
	<p>preserved during the existence of the Company.</p> <p>...(omitted)</p>		
Article 20	<p>The amendment record of these Rules:</p> <p>The Rules and Procedures were enacted on March, 2002. The first amendment was made on May 24, 2006.</p> <p>The second amendment was made on May 20, 2008.</p> <p>The third amendment was made on June 22, 2011.</p> <p>The fourth amendment was made on June 6, 2012.</p> <p>The fifth amendment was made on June 10, 2014.</p> <p>The sixth amendment was made on June 10, 2015.</p> <p><u>The seventh amendment was made on June 23, 2020.</u></p>	<p>The amendment record of these Rules:</p> <p>The Rules and Procedures were enacted on March, 2002. The first amendment was made on May 24, 2006.</p> <p>The second amendment was made on May 20, 2008.</p> <p>The third amendment was made on June 22, 2011.</p> <p>The fourth amendment was made on June 6, 2012.</p> <p>The fifth amendment was made on June 10, 2014.</p> <p>The sixth amendment was made on June 10, 2015.</p>	<p>Add the latest amended record and revise word statement slightly.</p>

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 : April 25, 2020)

Title	Name	Shareholdings	Share ownership ratio (%)
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	8,169,840	8.36%
Vice Chairman	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	8,010,409	8.20%
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		22,308,272	22.83%

Note :

1. Total current issued shares on April 25, 2020: 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 2020 Regular Shareholders' Meeting:

1. The shareholder, with 1% or more of total shares issued by the Company, shall raise a proposal of Regular Shareholders' Meeting by written form to the Company. Each shareholder shall raise only one proposal as limited and the words of such proposal shall not be more than 300, or such proposal will be excluded.
2. The Company will make an announcement on MOPS according to the applicable rules and regulations. The period for acceptance of the proposal of Regular Shareholders' Meeting this time is from April 20, 2020 to April 29, 2020 (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.