

**POYA International Co., Ltd.**  
**Minutes of 2021 Annual General Shareholders' Meeting**  
**(Translation)**

Time: 9 a.m., August 24, 2021 (Tuesday)

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

Attendance: All shareholders and their proxy holders, representing 88,974,104 shares (including 70,961,230 shares the voting rights of which are exercised by the electronic means), or 91.08% of the total 97,685,031 outstanding shares. Chen Jian-Zao(Chairman), Chen Fan Mei-Jin(Vice Chairman), Chen Zong-Cheng(Director), Li Ming-Hsien(Independent Director) were present and the present directors were more than one-third of total directors(7 members).

Chairperson: Chen Jian-Zao

Minute Recorder: Shen Hong-Yu

Guests: Mr. Liu Tzu-Meng, CPA, PricewaterhouseCoopers Taiwan

A. Call the Meeting to Order (shareholdings of the attendance has formed a quorum)

B. Chairman's Remarks (omitted)

C. Reports

I. 2020 Business Report (See Appendix I)

II. 2020 Audit Committee's Review Report (See Appendix II)

III. 2020 Distribution of Employees' and Directors' Remuneration

Explanation :

1. In compliance with Act No. 10402413890 from Ministry of Economics 2015.6.11, Act No. 10402427800 from Ministry of Economics 2015.10.15 and Act No. 1050001900 from Financial Supervisory Commission 2016.1.30.
2. In accordance with the Article 21-1 of Articles of Incorporation, the employees' compensation totaled NT\$ 139,500,000, taking up 5% of the profit of the year. The directors' compensation totaled NT\$ 5,280,000, taking up 0.2% of the profit of the year.
3. Except directors' remuneration is paid in cash, the employees' compensation is distributed in new issued shares of NT\$139,500,000. The number of new issued shares are 243,881 shares, which are calculated based on the closing price NT\$ 572 per share of 2021.2.19, prior to the board resolution date. The employees' compensation of NT\$ 68, which is less than one share, shall be distributed in cash.
4. The employees' and directors' remuneration mentioned above shall be treated as expenses in 2020. There is no difference between the amount of recognized expenses and the amount of

employees' and directors' remuneration passed by the Board of Directors.

5. The new issued shares from employees' compensation, which are issued in non-physical form, have the same rights and obligations as the original shares.
6. The distribution of employees' remuneration has been passed by the 8<sup>th</sup>-term Board of Directors in the 9<sup>th</sup> Board meeting and the distribution of directors' remuneration has been passed by the 4<sup>th</sup>-term Remuneration Committee in the 4<sup>th</sup> Remuneration Committee meeting.

#### IV. Annual Earnings Cash Dividend Distribution in 2020

Explanation :

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, the Board of Directors is authorized to make a resolution and report to Shareholders' Meeting.
2. The 8<sup>th</sup> term Board of Directors resolved that the 2020 cash distribution from retained earnings is NT\$1,826,710,080 in the 9<sup>th</sup> Board meeting. According to the shares held by each shareholder in the shareholders' register on cash dividend record date, the cash dividends to common shareholders is NT\$ 18,700 per 1,000 shares. The cash distribution to each shareholder is rounded down to one dollar (under one dollar is rounded down). The Board of Directors is authorized to determine the cash dividend record date and payment date.
3. Due to the changes of outstanding shares caused by the company's subsequent events, the cash distribution rate might be affected. The chairman is authorized by the Board of Directors to adjust the distribution.

#### V. Amendments to Part of Articles of Corporate Social Responsibility Best Practice Principles and Articles of Ethical Corporate Management Best Practice Principles. (See Appendix III,IV)

#### D. Acknowledgements

Proposal 1: Adoption of the 2020 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

1. The Company's 2020 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 Appendix I. The auditing report of the certified accountants and the financial statements mentioned above are attached as Appendix V.

3. Please acknowledge the 2020 Business Report and Financial Statements.

Resolution: the voting results are as followed:

88,974,104 shares were represented at the time of voting (including 70,961,230 shares the voting rights of which are exercised by the electronic means)

| <b>Voting results</b>  | <b>Propotion to the total represented shares present</b> |
|--|--|
| Affirmative votes 87,644,858 shares<br>(including 69,632,614 shares the voting rights of which are exercised by the electronic means)            | 98.51%   |
| Dissenting votes 4,683 shares<br>(including 4,683 shares the voting rights of which are exercised by the electronic means)                       | 0.01%  |
| Invalid votes and vote abstention 1,324,563 shares (including 1,323,933 shares the voting rights of which are exercised by the electronic means) | 1.49%  |

The proposal has been adopted by voting without any modification.

Proposal 2: Adoption of the proposal for distribution of 2020 profits (Proposed by the Board of Directors)

Explanation:

1. The Distribution Table of 2020 Profit is attached as Appendix VI which has been submitted to the Company's Audit Committee for approval and been passed by the 8<sup>th</sup>-term Board of Directors in the 9<sup>th</sup> Board meeting.
2. Please acknowledge the proposal for distribution of 2020 profits.

Resolution: the voting results are as followed:

88,974,104 shares were represented at the time of voting (including 70,961,230 shares the voting rights of which are exercised by the electronic means)

| <b>Voting results</b>   | <b>Propotion to the total represented shares present</b> |
|---|--|
| Affirmative votes 87,403,608 shares<br>(including 69,391,364 shares the voting rights of which are exercised by the electronic means) | 98.23%   |
| Dissenting votes 297,933 shares<br>(including 297,933 shares the voting rights of which are exercised by the electronic means)        | 0.33%  |
| Invalid votes and vote abstention 1,272,563 shares (including 1,271,933 shares the voting   | 1.43%  |

|  |  |
|--|--|
| rights of which are exercised by the electronic means) |  |
|--|--|

The proposal has been adopted by voting without any modification.

E. Matters for Discussion

Proposal 1: Proposal to distribute new shares through transferring capital surplus. Please proceed to discuss. (Proposed by the Board of Directors)

Explanation:

1. To support future business development plan, the Company proposes to allocate NT\$29,305,500 from the Company's 2020 surplus available for appropriation, and to issue 2,930,550 as capital increase. Each share will have a par value of NT\$10, and will be ordinary shares.
2. 30 shares will be distributed for every 1,000 shares in proportion to the number of shares owned by shareholders recorded on the list of stockholders on the ex-dividend date. Petty stock of less than 1 share will be distributed in cash and rounded to the nearest NTD pursuant to Article 240 of the Company Act. Shareholders can also piece together shares owned to the nearest one whole share to the share transfer agency within 5 days from the ex-dividend date. The Chairman will be authorized to negotiate with specific persons to purchase the petty cash at par value.
3. New shares to be issued by non-physical form in the current capital increase have the same rights and obligations as the ordinary shares already issued.
4. Subsequently, if changes occur to the Company's share capital, affecting the number of shares outstanding, leading to adjustments to the rate of shareholders' dividend distribution, the Company proposes to ask Shareholders' Meeting to delegate the Board of Directors with all competent authority to handle related matters.
5. Upon approval from the General Shareholders' Meeting and applying to the competent authority for approval pursuant to the law, the Company proposes to ask the Board of Directors to establish the ex-dividend date and related matters. In case changes are needed based on competent authority's request for amendment or based on actual needs, the Company proposes to ask the Shareholders' Meeting to delegate the Board of Directors with all rights to handle related matters.
6. Please proceed to discuss.

Resolution: the voting results are as followed:

88,974,104 shares were represented at the time of voting (including 70,961,230 shares the

voting rights of which are exercised by the electronic means)

| <b>Voting results</b>  | <b>Proportion to the total represented shares present</b> |
|--|---|
| Affirmative votes 86,951,877 shares<br>(including 68,939,633 shares the voting rights of which are exercised by the electronic means)            | 97.73%  |
| Dissenting votes 305,195 shares<br>(including 305,195 shares the voting rights of which are exercised by the electronic means)                   | 0.34%   |
| Invalid votes and vote abstention 1,717,032 shares (including 1,716,402 shares the voting rights of which are exercised by the electronic means) | 1.93%   |

The proposal has been adopted by voting without any modification.

Proposal 2: Amendments to the Company's Rules of Procedure for Shareholders' Meetings".

(Proposed by the Board of Directors)

Explanation:

1. Pursuant to the revised laws and regulations, the Company hereby proposes to amend parts of Articles of its Rules of Procedure for Shareholders' Meetings. Please find the Comparison Table Before and After Amendments of Rules of Procedure for Shareholders' Meetings in Appendix VII.
2. Please proceed to discuss.

Resolution: the voting results are as followed:

88,974,104 shares were represented at the time of voting (including 70,961,230 shares the voting rights of which are exercised by the electronic means)

| <b>Voting results</b>  | <b>Proportion to the total represented shares present</b> |
|--|---|
| Affirmative votes 87,252,679 shares<br>(including 69,240,435 shares the voting rights of which are exercised by the electronic means)            | 98.07%  |
| Dissenting votes 4,732 shares<br>(including 4,732 shares the voting rights of which are exercised by the electronic means)                       | 0.01%   |
| Invalid votes and vote abstention 1,716,693 shares (including 1,716,063 shares the voting rights of which are exercised by the electronic means) | 1.93%   |

The proposal has been adopted by voting without any modification.

Proposal 3: Amendments to the Articles of Company's Procedures for Elections of Director.

(Proposed by the Board of Directors)

Explanation:

1. Pursuant to the revised laws and regulations, the Company hereby proposes to amend parts of articles of its Procedures for Elections of Directors. Please find a Table of Comparisons Before and After Amendments in Appendix VIII.
2. Please proceed to discuss.

Resolution: the voting results are as followed:

88,974,104 shares were represented at the time of voting (including 70,961,230 shares the voting rights of which are exercised by the electronic means)

| <b>Voting results</b>  | <b>Propotion to the total represented shares present</b> |
|--|--|
| Affirmative votes 87,251,494 shares<br>(including 69,239,250 shares the voting rights of which are exercised by the electronic means)            | 98.06%   |
| Dissenting votes 5,782shares<br>(including 5,782 shares the voting rights of which are exercised by the electronic means)                        | 0.01%  |
| Invalid votes and vote abstention 1,716,828 shares (including 1,716,198 shares the voting rights of which are exercised by the electronic means) | 1.93%  |

The proposal has been adopted by voting without any modification.

F. Extemporary motions: None.

G. Adjournment: 9:25 a.m., August 24, 2021

**Poya International Co., Ltd.**  
**2020 Business Report**

## 1. 2020 Business Results

## (1) The implementation of the business plan

Unit : NTD 1,000

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

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

Unit : Stores/NTD 10,000

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

Note : The store number in 2019, which was 235, was used as the basis for the calculation of the growth rate of new stores.

## (2) Financial structure and profitability analysis

| Title               |  | FY2020 | FY2019 |
|---------------------|--|--------|--------|
| Financial Structure | Ratio of liabilities to assets (%)                               | 79.17  | 77.64  |
|                     | Ratio of long-term capital to property, plant, and equipment (%) | 178.85 | 183.24 |

|               |                            |       |       |
|---------------|----------------------------|-------|-------|
| Profitability | Return on assets (ROA) (%) | 10.35 | 14.03 |
|               | Return on equity (ROE) (%) | 45.78 | 44.60 |
|               | Profit ratio (%)           | 12.03 | 11.95 |
|               | Basic EPS (NTD)<br>(Note)  | 21.60 | 19.31 |

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

## 2. 2021 Business plan

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

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

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

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



### 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 store network and increase our market share. In 2019, we created a new hardware channel named “Poya Home”, to allow our customers to enjoy the fun of life by simple remodeling of their living space. The current traditional hardware stores in Taiwan offer limited product choices, where we see market potential to fulfill the customers’ demand. As such, POYA devoted to offer a variety of product selections in our professional, spacious shopping environment. We uphold “fair price, simple and convenience” as our core value with service-oriented culture to continuously enhance our market share in Taiwan’s hardware market.

#### (2) 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 2020, among which the financial statements (balance sheets, statements of comprehensive income, of changes in equity and of cash flows) have been audited and reviewed by Liu Tzu-Meng and Lin Tzu-Shu, who are both certified accountants from the accounting firm of PwC Taiwan, and they have issued an audit report. The Audit Committee is responsible for supervision of the process of the Company's financial reports.

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

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

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

2021 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Ming-Hsien Lee  
February 22, 2021

## POYA International Co., Ltd.

### Corporate Social Responsibility Best Practice Principles

#### Table of Comparisons Before and After Amendments

| Articles   | After Amendment   | Before Amendment  | Explanation  |
|------------|---|---|--|
| Article 3  | In fulfilling corporate social responsibility initiatives, POYA shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.<br><u>POYA shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.</u> | In fulfilling corporate social responsibility initiatives, POYA shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. | Complied with the regulation revision on 13 <sup>th</sup> Feb. 2020. |
| Article 17 | <u>POYA is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.</u><br>POYA is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:<br>1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.  | POYA is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:<br>1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.                   | Complied with the regulation revision.                               |

| Articles   | After Amendment  | Before Amendment  | Explanation                            |
|------------|--|---|--|
|            | <p>2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.</p> <p><u>POYA is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes.</u></p> <p>The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.</p> | <p>2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.</p> <p>The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.</p> |  |
| Article 21 | <p>POYA is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.</p> <p><u>POYA shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.</u></p>  | <p>POYA is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.</p>   | Complied with the regulation revision. |
| Article 24 | <p>POYA shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.</p> <p>TWSE/GTSM listed companies shall follow relevant laws, regulations and international guidelines <u>in regard to customer health, safety, customer privacy,</u></p>  | <p>POYA shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.</p> <p>TWSE/GTSM listed companies shall follow relevant laws, regulations and international guidelines, and marketing and labeling of, their products and</p>                     | Complied with the regulation revision. |

| Articles   | After Amendment   | Before Amendment  | Explanation                            |
|------------|---|---|--|
|            | marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.   | services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests. ° |  |
| Article 26 | POYA is advised to assess the impact their procurement has on society ...(omitted)<br><u>POYA is advised to establish supplier management policies and request suppliers to comply with rules governing issues...(omitted)</u><br><u>When POYA enters into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy.... (omitted)</u> | POYA is advised to assess the impact their procurement has on society ...(omitted)  | Complied with the regulation revision. |
| Article 32 | This Principle was enacted on October 27, 2014. The first amendment was made on February 24, 2015; <u>the second amendment was made on October 26, 2020.</u>  | This Principle was enacted on October 27, 2014. The first amendment was made on February 24, 2015.  | Add the latest amendment date.         |

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

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

### **Chapter I General Principles**

#### **Article 1**

In order to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, we set this Principle followed by “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”.

#### **Article 2**

The Principles apply to the entire operations of POYA and its business group. The Principles encourage POYA to actively fulfill the corporate social responsibility in the course of the business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

#### **Article 3**

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

POYA shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

#### **Article 4**

To implement corporate social responsibility initiatives, POYA is advised to follow the principles below:

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

## Article 5

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

## Chapter 2 Exercising Corporate Governance

### Article 6

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

### Article 7

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

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

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

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

### Article 8

POYA is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph



2 of the preceding article.

#### Article 9

For the purpose of managing corporate social responsibility initiatives, POYA is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans, and to disclose such information in the annual report.

#### Article 10

POYA shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

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

#### Article 11

POYA shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

#### Article 12

POYA are advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### Article 13

POYA are advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

#### Article 14

POYA is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should

hold environment education courses for their managerial officers and other employees on a periodic basis.

#### Article 15

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

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

#### Article 16

To improve water use efficiency, POYA shall properly and sustainably use water resources and establish relevant management measures.

POYA shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

#### Article 17

POYA is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

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

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

POYA is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

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

#### Article 18

POYA shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination. POYA, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes.

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

POYA shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

#### Article 19

POYA shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

#### Article 20

POYA is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

POYA is advised to organize training on safety and health for their employees on a regular basis.

#### Article 21

POYA is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

POYA shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

#### Article 22

POYA shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

POYA shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

POYA shall, by reasonable means, inform employees of operation changes that might have material impacts.

#### Article 23

POYA shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers. .

#### Article 24

POYA shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

TWSE/GTSM listed companies shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

#### Article 25

POYA is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

POYA is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

#### Article 26

POYA is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

POYA is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, POYA is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When POYA enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

#### Article 27

POYA shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance. POYA is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

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

#### Article 28

POYA shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for POYA and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which POYA shall disclose includes:

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

#### Article 29

POYA shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.

2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## Chapter 6 Supplementary Provisions

### Article 30

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

### Article 31

These Regulations and amendment hereof, shall be put into enforcement after being resolved in the shareholders' meeting.

### Article 32

This Principle was enacted on October 27, 2014. The first amendment was made on February 24, 2015; the second amendment was made on October 26, 2020.

## POYA International Co., Ltd.

### Ethical Corporate Management Best Practice Principles

#### Table of Comparisons Before and After Amendments

| Article   | After Amendment  | Before Amendment  | Explanation  |
|-----------|--|---|--|
| Article 6 | <p>This Corporation shall designate the Financial Department as the solely responsible unit (hereinafter, "responsible unit") <u>under the board of directors and provide it with sufficient resources and competent personnel</u> to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters <u>and also submit regular reports (at least once a year)</u> to the board of directors:</p> <p>1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p><u>2. Analysing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct</u> and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</p> | <p>This Corporation shall designate the Financial Department as the solely responsible unit (hereinafter, "responsible unit") to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters:</p> <p>1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. Setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating</p> | <p>Complied with the revision of "Procedures for Ethical Management and Guidelines for Conduct" made on 13<sup>th</sup> Feb. 2020.</p> |

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|            | <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p><u>7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.</u></p> | <p>awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>               |  |
| Article 12 | <p>When a director , supervisor, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that</p>   | <p>When a director , supervisor, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that</p> | Complied with the regulation revision. |



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| <p>proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial</p> | <p>proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial</p> |
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|            | activities other than those of this Corporation.   | activities other than those of this Corporation.  |  |
| Article 15 | <p>This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</p> <p><u>This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</u></p> <p>Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall recall those products or suspend the services, verify the facts and present a review and improvement plan.</p> <p>The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.</p> | <p>This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall recall those products or suspend the services, verify the facts and present a review and improvement plan.</p> <p>The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.</p> | Complied with the regulation revision. |

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| Article 17 | <p><u>This Corporation shall request its 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.</u></p> <p>This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p> | <p>This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>  | Complied with the regulation revision. |
| Article 21 | <p><u>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</u></p> <p><u>This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of this Corporation to submit reports. A</u></p>  | <p>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.</p> <p>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</p> | Complied with the regulation revision. |

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| <p><u>whistleblower shall at least furnish the following information:</u></p> <ol style="list-style-type: none"> <li><u>1.the whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.</u></li> <li><u>2.the informed party's name or other information sufficient to distinguish its identifying features.</u></li> <li><u>3.specific facts available for investigation.</u></li> </ol> <p><u>Personnel of this Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.</u></p> <p><u>The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:</u></p> <ol style="list-style-type: none"> <li><u>1. The information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.</u></li> <li><u>2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</u></li> <li><u>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical</u></li> </ol> | <p>internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p>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.</p> |  |
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|            | <p><u>management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</u></p> <p><u>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</u></p> <p><u>5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</u></p> <p><u>6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</u></p> |  |  |
| Article 23 | <p><u>The responsible unit of this Corporation shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.</u></p> <p><u>This Corporation shall link ethical management to employee performance evaluations and</u></p>   |  | Complied with the regulation revision. |

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|            | <p><u>human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.</u></p> <p>If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.</p> <p>This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p> | <p>If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.</p> <p>This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p> |                                       |
| Article 25 | <p>This Principle was enacted on October 27, 2014. The first amendment was made on March 23, 2015; the second amendment was made on July 25, 2016; <u>the third amendment was made on October 26, 2020.</u></p>  | <p>This Principle was enacted on October 27, 2014. The first amendment was made on March 23, 2015; the second amendment was made on July 25, 2016.</p>   | <p>Add the latest amendment date.</p> |

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

## **Ethical Corporate Management Best Practice Principles**

### **Article 1**

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

### **Article 2**

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

### **Article 3**

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

### **Article 4**

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

### **Article 5**

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity,

gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

## Article 6

This Corporation shall designate the Financial Department as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:

1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analysing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.

## Article 7

(Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 5, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold



in line with accepted social custom, commercial purposes, or developing relationships.

3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.

4. Attendance at folk festivals that are open to and invite the attendance of the general public.

5. Rewards, emergency assistance, condolence payments, or honorariums from the management.

6. Money, property, or other benefits accepted from a person other than relatives or friends; or gifts of property given by another party to the majority of the personnel of this Corporation, shall hold in line with local courtesy or accepted social custom.

7. Property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative, shall hold in line with local courtesy or accepted social custom.

8. Other conduct that complies with the rules of this Corporation.

#### Article 8

(Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 5 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.

2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.

2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

3. Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to

charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

#### Article 9

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

#### Article 10

Political contributions by this Corporation shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and shall be made only after being reported to and approved by the board of directors:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

#### Article 11

Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. The donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.

5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

#### Article 12

When a director , supervisor, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

#### Article 13

The legal department is in charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

#### Article 14

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations

when engaging in business activities, 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 15

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

#### Article 16

All personnel of this Corporation shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

#### Article 17

This Corporation shall request its 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.

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions

and personnel fully aware of its principles and rules with respect to ethical management.

#### Article 18

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

#### Article 19

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

#### Article 20

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

#### Article 21

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of this Corporation to submit reports. A whistleblower shall at least furnish the following information:

1. The whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

Personnel of this Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:

1. The information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

## Article 22

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

## Article 23

The responsible unit of this Corporation shall organize awareness sessions each year and arrange for

the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

#### Article 24

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

#### Article 25

This Principle was enacted on October 27, 2014. The first amendment was made on March 23, 2015; the second amendment was made on July 25, 2016; the third amendment was made on October 26, 2020.

Independent Auditors' Report and Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(2021) Tsai Shen Pao Tsu No. 20003158

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, 2020 and 2019, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

**Basis for opinion**

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

**Key audit matters**

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

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

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

Description



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

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

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

#### How our audit addressed the matter

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

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

### **Calculation of cost to retail ratio of retail inventory method**

#### Description

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

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

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

#### How our audit addressed the matter

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

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

attached with relevant evidence whenever merchandise information is created or changed;

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

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

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

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

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

### **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 22, 2021

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

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

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

| Liabilities and Equity               |   |            | December 31, 2020 |    | December31, 2019 |    |
|--------------------------------------|---|------------|-------------------|----|------------------|----|
|                                      |   |            | Amount            | %  | Amount           | %  |
| Current liabilities                  |   |            |                   |    |                  |    |
| 2130                                 | Current contract liabilities                | 6(13)      | \$ 33,079         | -  | \$ 31,231        | -  |
| 2150                                 | Notes payable                               |            | 54,218            | -  | 53,959           | -  |
| 2170                                 | Accounts payable                            |            | 2,372,431         | 10 | 2,026,329        | 11 |
| 2200                                 | Other payables                              | 6(7)       | 690,696           | 3  | 621,273          | 3  |
| 2230                                 | Current income tax liabilities              | 6(20)      | 298,696           | 2  | 278,553          | 2  |
| 2280                                 | Current lease liabilities                   | 6(6) and 7 | 1,413,632         | 6  | 1,194,653        | 6  |
| 2310                                 | Receipts in advance                         |            | 6                 | -  | 191              | -  |
| 2320                                 | Long-term liabilities, current portion      | 6(8)       | 1,171,728         | 5  | 647,284          | 3  |
| 21XX                                 | Total current liabilities                   |            | 6,034,486         | 26 | 4,853,473        | 25 |
| Non-current liabilities              |   |            |                   |    |                  |    |
| 2540                                 | Long-term borrowings                        | 6(8)       | 1,214,908         | 5  | 1,011,635        | 5  |
| 2570                                 | Deferred income tax liabilities             | 6(20)      | 5,051             | -  | 4,696            | -  |
| 2580                                 | Non-current lease liabilities               | 6(6) and 7 | 11,074,245        | 48 | 9,361,042        | 48 |
| 2640                                 | Net defined benefit liabilities-non-current | 6(9)       | 7,218             | -  | 5,501            | -  |
| 2645                                 | Guarantee deposits received                 |            | 13,232            | -  | 9,268            | -  |
| 25XX                                 | Total non-current liabilities               |            | 12,314,654        | 53 | 10,392,142       | 53 |
| 2XXX                                 | Total liabilities                           |            | 18,349,140        | 79 | 15,245,615       | 78 |
| Equity                               |   |            |                   |    |                  |    |
| Share capital                        |   |            |                   |    |                  |    |
| 3110                                 | Common stock                                | 6(10)      | 976,850           | 4  | 976,850          | 5  |
| 3200                                 | Capital surplus                             | 6(11)      | 640,419           | 3  | 640,419          | 3  |
|                                      | Retained earnings                           | 6(12)      |                   |    |                  |    |
| 3310                                 | Legal reserve                               |            | 1,069,392         | 5  | 883,463          | 4  |
| 3350                                 | Unappropriated retained earnings            |            | 2,141,291         | 9  | 1,890,302        | 10 |
| 3XXX                                 | Total equity                                |            | 4,827,952         | 21 | 4,391,034        | 22 |
| Significant Contingent Liabilities 9 |   |            |                   |    |                  |    |

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

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

**and Unrecognized Contract**

**Commitments**

|      |                                     |    |            |     |    |            |     |
|------|-------------------------------------|----|------------|-----|----|------------|-----|
| 3X2X | <b>Total liabilities and equity</b> | \$ | 23,177,092 | 100 | \$ | 19,636,649 | 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)

| Items  | Notes                 | December 31, 2020   |           | December 31, 2019   |           |
|--|-----------------------|---------------------|-----------|---------------------|-----------|
|  |                       | Amount              | %         | Amount              | %         |
| 4000 <b>Operating revenue</b>  | 6(13)                 | \$ 17,538,838       | 100       | \$ 15,787,694       | 100       |
| 5000 <b>Operating costs</b>  | 6(3)(6)(9)(18)(19)    | ( 9,966,051)        | ( 57)     | ( 8,963,459)        | ( 57)     |
| 5900 <b>Net operating margin</b>   |                       | <u>7,572,787</u>    | <u>43</u> | <u>6,824,235</u>    | <u>43</u> |
| <b>Operating expenses</b>  | 6(6)(9)(18)(19) and 7 |                     |           |                     |           |
| 6100 Selling expenses  |                       | ( 4,372,012)        | ( 25)     | ( 3,895,378)        | ( 25)     |
| 6200 General and administrative expenses   |                       | ( 550,556)          | ( 3)      | ( 499,683)          | ( 3)      |
| 6000 <b>Total operating expenses</b>   |                       | ( 4,922,568)        | ( 28)     | ( 4,395,061)        | ( 28)     |
| 6900 <b>Operating profit</b>   |                       | <u>2,650,219</u>    | <u>15</u> | <u>2,429,174</u>    | <u>15</u> |
| <b>Non-operating income and expense</b>  |                       |                     |           |                     |           |
| 7100 Interest income   | 6(14)                 | 2,817               | -         | 2,821               | -         |
| 7010 Other income  | 6(15)                 | 63,791              | 1         | 52,659              | 1         |
| 7020 Other gains and losses  | 6(6) (16)             | 21,327              | -         | ( 12,758)           | -         |
| 7050 Finance costs   | 6(5)(6)(16) and 7     | ( 131,921)          | ( 1)      | ( 113,165)          | ( 1)      |
| 7000 <b>Total non-operating income and expenses</b>  |                       | ( 43,986)           | -         | ( 70,443)           | -         |
| 7900 <b>Profit before income tax</b>   |                       | 2,606,233           | 15        | 2,358,731           | 15        |
| 7950 Income tax expense  | 6(20)                 | ( 496,110)          | ( 3)      | ( 472,004)          | ( 3)      |
| 8200 <b>Net income for the year</b>  |                       | <u>\$ 2,110,123</u> | <u>12</u> | <u>\$ 1,886,727</u> | <u>12</u> |
| <b>Other comprehensive income</b>  |                       |                     |           |                     |           |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                          |                       |                     |           |                     |           |
| 8311 Remeasurement of defined benefit obligation   | 6(9)                  | (\$ 3,489)          | -         | (\$ 2,414)          | -         |
| 8349 Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss | 6(20)                 | <u>698</u>          | <u>-</u>  | <u>483</u>          | <u>-</u>  |
| 8300 <b>Total other comprehensive (loss) income for the year</b>   |                       | ( \$ 2,791)         | -         | ( \$ 1,931)         | -         |
| 8500 <b>Total comprehensive income for the year</b>  |                       | <u>\$ 2,107,332</u> | <u>12</u> | <u>\$ 1,884,796</u> | <u>12</u> |
| <b>Earnings per share (in dollars)</b>   | 6(21)                 |                     |           |                     |           |
| 9750 <b>Basic</b>  |                       | <u>\$ 21.60</u>     |           | <u>\$ 19.31</u>     |           |
| 9850 <b>Diluted</b>  |                       | <u>\$ 21.54</u>     |           | <u>\$ 19.24</u>     |           |

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

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

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

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



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

|  | Notes        | 2020          | 2019          |
|--|--------------|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |              |               |               |
| Profit before tax  |              | \$ 2,606,233  | \$ 2,358,731  |
| Adjustments  |              |               |               |
| Adjustments to reconcile profit (loss)                         |              |               |               |
| Depreciation   | 6(5)(6)(18)  | 2,001,145     | 1,751,958     |
| Loss (gain) on disposal of property, plant and equipment       | 6(16)        | 3,933         | 12,740        |
| Gain from lease modification                                   | 6(6)(16)     | ( 28,660 )    | ( 13 )        |
| Interest income  | 6(14)        | ( 2,817 )     | ( 2,821 )     |
| Interest expense   | 6(17)        | 131,921       | 113,165       |
| Changes in operating assets and liabilities                    |              |               |               |
| Changes in operating assets                                    |              |               |               |
| Notes receivable   | (            | 6,171 )       | 1,234         |
| Accounts receivable  | (            | 120,209 )     | ( 30,840 )    |
| Other receivables  | (            | 2,477 )       | 894           |
| Inventories  | (            | 603,052 )     | ( 437,170 )   |
| Prepayments  | (            | 12,626 )      | ( 9,499 )     |
| Changes in operating liabilities                               |              |               |               |
| Current contract liabilities                                   |              | 1,848         | 2,605         |
| Notes payable  |              | 259           | ( 7,714 )     |
| Accounts payable   |              | 346,102       | 197,788       |
| Other payables   |              | 42,306        | 56,220        |
| Receipts in advance  | (            | 185 )         | 63            |
| Net defined benefit liabilities-non-current                    | (            | 1,772 )       | ( 1,727 )     |
| Cash inflow generated from operations                          |              | 4,355,778     | 4,005,614     |
| Interest received  |              | 2,817         | 2,821         |
| Interest paid  | (            | 131,921 )     | ( 113,165 )   |
| Income tax paid  | (            | 455,957 )     | ( 500,997 )   |
| Net cash flows from operating activities                       |              | 3,770,717     | 3,394,273     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |              |               |               |
| Decrease in other current financial assets                     | (            | 2,000 )       | 11,690        |
| Acquisition of property, plant and equipment                   | 6(22)        | ( 994,827 )   | ( 711,311 )   |
| Interest paid for acquisition of property, plant and equipment | 6(5)(17)(22) | ( 761 )       | ( 949 )       |
| Proceeds from disposal of property, plant and equipment        |              | 3,242         | 2,000         |
| Acquisition of right-of-use assets                             | 6(6)         | ( 70,672 )    | ( 60,788 )    |
| Increase in refundable deposits                                | (            | 38,644 )      | ( 51,761 )    |
| Increase in other non-current financial assets                 |              | -             | ( 3,000 )     |
| Increase in long-term prepaid rent                             | (            | 1,266 )       | ( 660 )       |
| Increase in other non-current assets                           | (            | 1,104,928 )   | ( 814,779 )   |
| Net cash flows used in investing activities                    |              |               |               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |              |               |               |
| Proceeds from long-term borrowings                             | 6(23)        | 1,940,000     | 1,875,184     |
| Repayment of long-term borrowings                              | 6(23)        | ( 1,212,283 ) | ( 1,775,898 ) |
| Repayment of lease principal                                   | 6(23)        | ( 1,283,128 ) | ( 1,109,642 ) |
| Repayment of lease principal                                   | 6(23)        | 3,964         | 2,490         |
| Increase in guarantee deposits received                        | 6(12)        | ( 1,670,414 ) | ( 1,538,539 ) |
| Cash dividends paid  | (            | 2,221,861 )   | ( 2,546,405 ) |
| Net cash flows used in financing activities                    |              | 443,928       | 33,089        |
| Net increase in cash and cash equivalents                      | 6(1)         | 1,280,186     | 1,247,097     |
| Cash and cash equivalents at beginning of year                 | 6(1)         | \$ 1,724,114  | \$ 1,280,186  |
| Cash and cash equivalents at end of year                       |              |               |               |

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

POYA International Co., Ltd.  
2020 Profits Distribution Table

Unit: New Taiwan Dollars

| Items  | Amount                 |                        | Note   |
|--|------------------------|------------------------|--|
| Beginning unappropriated retained earnings       |                        | \$33,959,128           | 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: 2020 adjustment to retained earnings       |                        | <u>(2,791,024)</u>     |  |
| Adjusted unappropriated retained earnings        |                        | 31,168,104             |  |
|  |                        | —                      |  |
| Add: Net earnings after tax for the current year |                        | <u>2,110,122,723</u>   |  |
| Distributable earnings for the current period    |                        | 2,141,290,827          | 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<br>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, |
| Less: Legal reserve                              |                        | <u>(210,733,170)</u>   |  |
| Accumulated distributable earnings               |                        | 1,930,557,657          |  |
| Distribution items :                             |                        |                        |  |
| Shareholders dividend—Stock \$ 0.30/share        | <u>(29,305,500)</u>    |                        |  |
| Shareholders dividend—Cash \$ 18.70/ share       | <u>(1,826,710,080)</u> | <u>(1,856,015,580)</u> |  |
| Unappropriated retained earnings                 |                        | <u>\$74,542,077</u>    |  |

|   |  |  |   |
|---|--|--|---|
|   |  |  | <p>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> |  |  |   |

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

## Rules of Procedure for Shareholders Meetings

## Table of Comparisons Before and After Amendments

| Articles  | Article after amendment   | Article before amendment   | Explanation  |
|-----------|---|--|--|
| Article 3 | <p>...(omitted)</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion °</p> <p>...(omitted)</p> | <p>...(omitted)</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained 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 posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above</u></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   |
|------------|---|--|---|
|            |   | <u>notice</u><br>...(omitted)  |   |
| Article 9  | <p>...(omitted)</p> <p>The Chair shall call the meeting to order at the time scheduled for the meeting, <u>and announce the number of no voting rights and attending shareholders.</u> 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.</p> <p>...(omitted)</p> | <p>...(omitted)</p> <p>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.</p> <p>...(omitted)</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. |
| Article 14 | <p>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 <u>and unelected directors</u> , the number of ballots <u>received by each.</u></p> <p>...(omitted)</p>  | <p>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.</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. |

| Articles   | Article after amendment   | Article before amendment  | Explanation   |
|------------|---|---|---|
|            |   | ...(omitted)  |   |
| Article 20 | <p>The amendment record of these Rules:</p> <p>The Rules and Procedures were enacted on March, 2002.</p> <p>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>The seventh amendment was made on June 23, 2020.</p> <p><u>The eighth amendment was made on August 24, 2021.</u></p> | <p>The amendment record of these Rules:</p> <p>The Rules and Procedures were enacted on March, 2002.</p> <p>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>The seventh amendment was made on June 23, 2020.</p> | Add the latest amended record and revise word statement slightly. |

## **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 1<sup>st</sup> amendment was made on May 24, 2006.

The 2<sup>nd</sup> amendment was made on May 20, 2008.

The 3<sup>rd</sup> amendment was made on June 22, 2011.

The 4<sup>th</sup> amendment was made on June 6, 2012.

The 5<sup>th</sup> amendment was made on June 10, 2014.

The 6<sup>th</sup> amendment was made on June 10, 2015.

The 7<sup>th</sup> amendment was made on June 23, 2020.

The 8<sup>th</sup> amendment was made on August 24, 2021.

**Rules of Procedures of Election of Directors**  
**Table of Comparisons Before and After Amendments**

| Article after amendment   | Article before amendment   | Explanation  |
|---|--|--|
| Article 5<br>Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. | Article 5<br>Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.<br>, and with respect to <u>candidates proposed by the shareholders or directors, conducting reviews in advance of their qualifications, education, working experience, background, and the existence of any matters set forth in Article 30 of the Company Act</u> , no arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility, providing the slate of <u>director/supervisor nominees as shareholders' reference in the election of directors and supervisors.</u> | To comply with the candidate nomination system and procedures set out in Article 192-1 of the Company Act, amendments of paragraph 1 are made.<br><br>To comply with Financial-Supervisory-Securities-Corporate-1070345233 established on December 19, 2018 that listed and OTC companies appoint independent directors, amendments on Article 3 are made. |
| Section 2 omitted   | Section 2 omitted  |  |
| When the number of independent directors falls below that required under the proviso of   | When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act 、Taiwan   |  |

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| <p>Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> | <p><u>Stock Exchange Corporation Rules Governing Review of Securities Listings or Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1, Subsection 8 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX</u> , a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> |   |
|  | <p><u>Article 10</u><br/> <u>If the candidate is a shareholder, the electors have to fill in the candidate' s shareholder account name and number at the candidate column on the ballot. If the candidate is not a shareholder, the electors have to fill in the candidate' s name and self identification number. If the candidate is an institutional shareholder, the name of the institute and representative should be</u></p>  | <p>To conform to the removal of Article 4, the company hereby adjusts the article numbers.</p> <p>To comply with Financial-Supervisory-Securities-Corporate-1080311451 established on April 25, 2019, the election of directors of listed and OTC companies shall be conducted in accordance with the candidate nomination system after 2021. Shareholders shall elect independent directors from among the those listed in the slate of independent director candidates. Before the shareholder meeting, shareholders could be informed about the candidate's name, educational background, work experience and other information through the candidate list. It's not necessary that these information be gained through shareholder's account number or indentification number, therefore this article is removed.</p> |



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|  | <u>filled in the candidate account name on the ballot. If there are multiple representatives, those representatives name should be filled in respectively.</u>  |   |
| <p>Article <u>10</u><br/>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by a person with the right to convene.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot does not conform to the director candidate list.</li> <li>5. Other words or marks are entered in addition to the number of voting rights allotted.</li> <li>6. Two or more candidates are included</li> </ol> | <p>Article <u>11</u><br/>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by a person with the right to convene.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot does not conform to the director candidate list.</li> <li>5. Other words or marks are entered in addition to the number of voting rights allotted.</li> <li>6. <u>The candidate whose name matches other shareholder's name, shareholder account number isn't filled in, and identification documents aren't recognizable</u></li> <li>7. Two or more candidates are included in a single ballot.</li> </ol> | <p>To conform to the removal of Article 10, the company hereby adjusts the article numbers.</p> <p>According to the Corporate Law-Article 173, under certain situations (ex: board of directors fails to give a notice for convening a special meeting of shareholders) shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own, complying to Subsection 1 of this Article .</p> <p>To comply with Financial-Supervisory-Securities-Corporate-1080311451 established on April 25, 2019, the election of directors of listed and OTC companies shall be conducted in accordance with the candidate nomination system after 2021. Shareholders shall elect independent directors from among the those listed in the slate of independent director candidates. Subsection 4 and 5 of this Article are thereby amended, while Subsection 5 is removed.</p> |

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| in a single ballot.  |  |  |
| Article <u>11</u>  | Article <u>12</u>  | To conform to the removal of Article 10, the company hereby adjusts the article numbers.                           |
| Article <u>12</u>  | Article <u>13</u>  | To conform to the removal of Article 10, the company hereby adjusts the article numbers.                           |
| Article <u>13</u><br>omitted   | Article <u>14</u><br>omitted                                     | To conform to the removal of Article 10, the company hereby adjusts the article numbers.                           |
| Article <u>14</u>  | Article <u>15</u>  | To conform to the removal of Article 10, the company hereby adjusts the article numbers.                           |
| Article <u>15</u><br>These Procedures were made on May 31, 2016. The first amendment was made on August 24, 2021 | Article <u>16</u><br>These Procedures were made on May 31, 2016. | To conform to the removal of Article 10, the company hereby adjusts the article numbers and records the amendment. |

**POYA International Co., Ltd**  
**Procedures of Election of Directors**

Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 4 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

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

Article 5 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be

distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8 The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.
6. Two or more candidates are included in a single ballot.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

Article 12 The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 13 The unaccomplished matters of these procedures are executed according to corporation law 、 these corporate act and relevant regulations

Article 14 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 15 These Procedures were made on May 31, 2016. The first amendment was made on August 24, 2021