

POYA International Co., Ltd.

2018 Annual General Shareholders' Meeting

Meeting Agenda

(Translation)

June 05, 2018

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

West Central Dist. Tainan City

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POYA International Co., Ltd.

Procedure for the 2018 Annual Meeting of Shareholders

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

POYA International Co., Ltd.
Agenda of 2018 Annual Meeting of Shareholders

Time: 9 a.m., Jun 05, 2018 (Tuesday)

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

1、Call the Meeting to Order

2、Chairman's Remarks

3、Reports

(1) 2017 Business Report

(2) 2017 Audit Committee's Review Report

(3) The Distribution of 2017 Employees' and Directors' Remuneration.

4、Acknowledgements

(1) Adoption of the 2017 Business Report and Financial Statements

(2) Adoption of the proposal for distribution of 2017 profits

5、Matters for Discussion:

Amendments to part of Articles of Incorporation

6、Motions

7、Adjournment

Reports

Report 1: 2017 Business Report

Explanation : The 2017 Business Report is attached as pp. [06-09], Appendix I.

Report 2: 2017 Audit Committee's Review Report

Explanation : The 2017 Audit Committee's Review Report is attached as pp. [10-10], Appendix II.

Report 3: The Distribution of 2017 Employees' and Directors' Remuneration

1. In accordance with the Article 21-1 of Articles of Incorporation, the monetary amount of employees' remuneration is NT\$ 92,000,000 accounting for 5.1% and the monetary amount of directors' remuneration is NT\$ 4,800,000 accounting for 0.3%.
2. The employees' and directors' remuneration mentioned above shall be treated as expenses in 2017. There is no difference between the amount of recognized expenses and the amount of employees' and directors' remuneration passed by the Board of Directors.
3. The distribution of employees' remuneration has been passed by the 7th-term Board of Directors in the 7th Board meeting and the distribution of directors' remuneration has been passed by the 3rd-term Remuneration Committee in the 4th Remuneration Committee meeting.

Acknowledgements

Proposal 1: Adoption of the 2017 Business Report and Financial Statements (Proposed by the Board)

Explanation:

1. The Company's 2017 Financial Statements were audited by PricewaterhouseCoopers Taiwan. Also Business Report and Financial Statements have been approved by the Audit Committee, with the review report included in the meeting minute.
2. Business report is attached as pp. [06-09], Appendix I. The auditing report of the certified accountants and the financial statements mentioned above are attached as pp. [11-19], Appendix III.
3. Please acknowledge the 2017 Business Report and Financial Statements.

Resolution:

Proposal 2: Adoption of the proposal for distribution of 2017 profits (Proposed by the Board)

Explanation:

1. The Distribution Table of 2017 Profits (Attached as pp. [20-21], Appendix IV) has been submitted to the Company's Audit Committee for approval and been passed by the 7th-term Board of Directors in the 7th Board meeting.
2. The Board of Directors shall be fully authorized by the Regular Shareholders' Meeting to handle the matters related to that the shares or profits to be distributed to each share based on the number of actual shares outstanding on the record date for distribution change because of the change of capital.
3. Upon the proposal of cash dividends being approved by the Regular Shareholders' Meeting, the Board of Directors shall be authorized to resolve the ex-dividend date, and other relevant issues.
4. Please acknowledge the proposal for distribution of 2017 profits.

Resolution:

Matters for Discussion

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

Explanation:

1. Complied with the actual need of operating procedure, the Company hereby revises part of the provision of Articles of Incorporation. The comparison table for the amendments to Articles of Incorporation before and after revision and the Articles before revision are attached as pp. [22-25], Appendix V.
2. Please proceed to discuss.

Resolution:

Motions

Adjournment

Poya International Co., Ltd.
2017 Business Report

1. 2017 Business Results

(1) The implementation of the business plan

Unit : NTD 1,000

Title/amount	FY2017	FY2016	Change in amount	Change in proportion (%)
Operating revenue	13,262,071	12,423,746	838,325	6.75%
Operating Cost	(7,583,371)	(7,316,193)	267,178	3.65%
Net operating margin	5,678,700	5,107,553	571,147	11.18%
Operating expenses	(3,956,878)	(3,746,697)	210,181	5.61%
Operating profit	1,721,822	1,360,856	360,966	26.52%
Non-operating income and expenses	1,023	49,312	(48,289)	(97.93%)
Profit before income tax	1,722,845	1,410,168	312,677	22.17%
Profit for the year	1,429,057	1,169,484	259,573	22.20%
Basic earnings per share (in dollars)	14.63	12.01	2.62	21.82%

The growth of operating revenue and national store number remain stable. The growth rate of store number in 2017 is 12.74%.

Unit : Stores/NTD 10,000

Title/year	FY2014	FY2015	FY2016	FY2017
Operating revenue	916,759	1,068,783	1,242,375	1,326,207
Total store number (Note)	109	131	157	177

Note : The store number in 2016, which was 157, was used as the basis for the calculation of the growth rate of new stores.

(2) Financial structure and profitability analysis

Title		FY2017	FY2016
Financial Structure	Ratio of liabilities to assets (%)	51.79	51.35
	Ratio of long-term capital to property, plant, and equipment (%)	168.74	173.91

Profitability	Return on assets (ROA) (%)	20.55	19.39
	Return on equity (ROE) (%)	42.19	39.77
	Profit ratio (%)	10.78	9.41
	Basic EPS (NTD) (in retrospect) (Note)	14.63	12.01

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

2. 2018 Business plan

In 2017, global economy entered in the upswing stage of business cycle and got rid of stagnant growth. Since the first half of 2017, economic recovery of developed countries inspired energy of global investment, international trading, industrial production, etc, made enterprises and consumers regain confidence and activated financial market. Almost 75% of economy in the world accelerated to grow simultaneously. Economic performance was higher than expectation. As for domestic consumption, the revised Labor Standards Act, one fixed day off and one flexible rest day in early 2017, impacted on price level and job market. Also, pension reform inhibited partial private consumption. In the second half of 2017, the market had already reflected negative news from government policy. In addition, stock market hit record highs repeatedly and government planned to raise the pay for public sectors. The confidence of private consumption started to go stable. However, because low-waged environment has lasted for a long time, income of general people grows slowly and the distribution of income level becomes bipolarity. Overall domestic consumption market still tends to be pessimistic and conservative. According to Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C., the forecast of growth rates of real consumption in 2017 and 2018 are 2.14% and 2.07% respectively.

Owing to the competitive and changeable economic environment and the impacts from population and climate change, Poya shall keep making differentiation by market positioning and upgrading its services to pursue better operating performance. With the support of all personnel and the management, there are 177 stores national wide by the end of 2017. The operating revenue and profit for the year after tax in 2017 are NT\$13.2 billion and NT\$1.4billion respectively, both of which reached the record highs.

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

3 、Business policy

(1) Introduce the 5th generation stores to make differentiated market position

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

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

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

(3) Enhance the competitive ability of product management

Poya devotes itself to greater product competitiveness, more effective inventory control, deeper product categories and higher completeness of product mix in order to

satisfy the customers' needs at different levels, to increase the selling opportunity of products in different area, and to remain the leading position in the industry.

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

Poya International Co., Ltd.

Chen Jian-Zao, Chairman

Chen Zong-Cheng, General Manager

Shen Hung-Yu, Financial and Accounting Manager

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

The Board of Directors have passed the business report, financial statements and profit distribution proposal for the year 2017, 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 2017 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 2017 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.

2018 Regular Shareholders' Meeting

POYA International Co., Ltd.

Convener of Audit Committee: Tsai-Yuan Lin

February 26, 2018

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(2018) Tsai Shen Pao Tsu No. 18000003

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

Opinion

We have audited the accompanying balance sheets of Poya International Co., Ltd. as of December 31, 2017 and 2016, 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, 2017 and 2016, 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 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 contract 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.

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 then upload to ERP system for

generating 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 rely on POS and ERP system to generate reliable and accurate data. This will be effect company' s completeness and accuracy of recognized sales revenue. Thus, franchising retail sales revenue a key audit matter.

How our audit addressed the matter

Our procedures 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 cost to retail ratio of retail inventory method

Description

Please refer to accounting policies on inventory in Note 4(6) 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 was launched automatically by 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 a key audit matter.

How our audit addressed the matter

Our procedures 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 and retail price 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 Preparations 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 also maintain the internal control for the preparation of financial statements to avoid 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 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 other 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 audit report and disclose in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the 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 auditing.

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 26, 2018

POYA INTERNATIONAL CO.,LTD
BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

			December 31, 2017		December 31, 2016	
Assets		Notes	AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 972,751	13	\$ 833,134	13
1150	Notes receivable, net		8,307	-	10,419	-
1170	Accounts receivable, net	6(2)	678,875	9	655,900	10
1200	Other receivables		7,595	-	3,482	-
130X	Inventories	5(2) and 6(3)	2,638,948	35	2,314,815	36
1410	Prepayments	6(4)	101,032	2	93,790	1
1476	Other current financial assets	8	23,151	-	30,612	1
11XX	Total Current Assets		4,430,659	59	3,942,152	61
Non-current assets						
1600	Property, plant and equipment	6(5)	2,621,317	35	2,127,895	33
1840	Deferred income tax assets	6(18)	32,698	-	28,330	-
1920	Refundable deposits	6(20) and 8	283,840	4	252,195	4
1980	Other non-current financial assets	8	4,200	-	4,200	-
1985	Long-term prepaid rents		144,352	2	98,293	2
1990	Other non-current assets		12,063	-	10,765	-
15XX	Total Non-current Assets		3,098,470	41	2,521,678	39
1XXX	Total Assets		\$ 7,529,129	100	\$ 6,463,830	100

(Continued)

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

		December 31, 2017		December 31, 2016		
Liabilities and Equity		Notes	AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 58,027	1	\$ 614,262	10
2170	Accounts payable		1,644,272	22	969,035	15
2200	Other payables	6(6)(17)	644,116	9	569,960	9
2230	Current income tax liabilities	6(18)	173,229	2	150,265	2
2310	Receipts in advance		9,487	-	16,527	-
2320	Long-term liabilities, current portion	6(7)	536,665	7	405,679	6
2399	Other current liabilities		22,765	-	20,140	-
21XX	Total Current Liabilities		3,088,561	41	2,745,868	42
Non-current liabilities						
2540	Long-term borrowings	6(7)	793,335	11	556,275	9
2570	Deferred income tax liabilities	6(18)	3,431	-	3,160	-
2640	Net defined benefit liabilities-non-current	6(8)	7,640	-	7,676	-
2645	Guarantee deposits received		6,337	-	6,498	-
25XX	Total Non-current Liabilities		810,743	11	573,609	9
2XXX	Total Liabilities		3,899,304	52	3,319,477	51
Equity						
Share capital						
3110	Common stock	6(9)(11)(17)	976,850	13	964,760	15
3200	Capital surplus	6(9)(10)	640,419	8	552,861	9
	Retained earnings	6(9)(11)(17)(18)				
3310	Legal reserve		569,643	8	452,695	7
3350	Unappropriated retained earnings		1,442,913	19	1,174,037	18
3XXX	Total equity		3,629,825	48	3,144,353	49
Significant Contingent Liabilities and Unrecognized Contract Commitments		6(20) and 9				
3X2X	Total liabilities and equity		\$ 7,529,129	100	\$ 6,463,830	100

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hung-Yu

POYA INTERNATIONAL CO.,LTD
STATEMENTS OF COMPREHENSIVE INCOME

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

Items	Notes	2017		2016	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(12)	\$ 13,262,071	100	\$ 12,423,746	100
5000 Operating costs	6(3)(8)(16)(17) and(20)	(7,583,371)	(57)	(7,316,193)	(59)
5900 Net operating margin		<u>5,678,700</u>	<u>43</u>	<u>5,107,553</u>	<u>41</u>
Operating expenses	6(8)(16)(17)(20) and 7				
6100 Selling expenses		(3,350,051)	(25)	(3,107,195)	(25)
6200 General & administrative expenses		(606,827)	(5)	(639,502)	(5)
6000 Total operating expenses		(3,956,878)	(30)	(3,746,697)	(30)
6900 Operating profit		<u>1,721,822</u>	<u>13</u>	<u>1,360,856</u>	<u>11</u>
Non-operating income and expenses					
7010 Other income	6(13)	50,953	-	49,570	-
7020 Other gains and losses	6(14)	(39,671)	-	8,013	-
7050 Finance costs	6(5)(15)	(10,259)	-	(8,271)	-
7000 Total non-operating income and expenses		<u>1,023</u>	<u>-</u>	<u>49,312</u>	<u>-</u>
7900 Profit before income tax		<u>1,722,845</u>	<u>13</u>	<u>1,410,168</u>	<u>11</u>
7950 Income tax expense	6(18)	(293,788)	(2)	(240,684)	(2)
8200 Net income for the year		<u>\$ 1,429,057</u>	<u>11</u>	<u>\$ 1,169,484</u>	<u>9</u>
Other comprehensive income (loss) (Net) income (loss) that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit obligations	6(8)	(\$ 1,557)	-	(\$ 6,542)	-
8349 Income tax relating to the components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(18)	<u>265</u>	<u>-</u>	<u>1,112</u>	<u>-</u>
8300 Total other comprehensive (loss) income for the year		(\$ <u>1,292</u>)	<u>-</u>	(\$ <u>5,430</u>)	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 1,427,765</u>	<u>11</u>	<u>\$ 1,164,054</u>	<u>9</u>
Earnings per share (in dollars)	6(19)				
9750 Basic		<u>\$ 14.63</u>		<u>\$ 12.01</u>	
9850 Diluted		<u>\$ 14.58</u>		<u>\$ 11.97</u>	

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hung-Yu

POYA INTERNATIONAL CO.,LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016.
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Capital surplus	Retained Earnings		
	Notes	Common stock	Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Total equity
<u>For the year ended December 31, 2016</u>						
Balance at January 1, 2016		\$ 952,774	\$ 473,319	\$ 357,480	\$ 953,167	\$ 2,736,740
Distribution of 2015 net income:						
Legal reserve		-	-	95,215	(95,215)	-
Cash dividends	6(11)	-	-	-	(838,441)	(838,441)
Stock dividends	6(9)(11)	9,528	-	-	(9,528)	-
Employees' stock bonuses	6(9)(21)	2,458	79,542	-	-	82,000
Net income for the year ended December 31,2016		-	-	-	1,169,484	1,169,484
Other comprehensive income for the year ended December 31,2016		-	-	-	(5,430)	(5,430)
Balance at December 31, 2016		<u>\$ 964,760</u>	<u>\$ 552,861</u>	<u>\$ 452,695</u>	<u>\$ 1,174,037</u>	<u>\$ 3,144,353</u>
<u>For the year ended December 31, 2017</u>						
Balance at January 1, 2017		\$ 964,760	\$ 552,861	\$ 452,695	\$ 1,174,037	\$ 3,144,353
Distribution of 2016 net income:						
Legal reserve		-	-	116,948	(116,948)	-
Cash dividends	6(11)	-	-	-	(1,032,293)	(1,032,293)
Stock dividends	6(9)(11)	9,648	-	-	(9,648)	-
Employees' stock bonuses	6(9)(21)	2,442	87,558	-	-	90,000
Net income for the year ended December 31,2017		-	-	-	1,429,057	1,429,057
Other comprehensive income for the year ended December 31,2017		-	-	-	(1,292)	(1,292)
Balance at December 31, 2017		<u>\$ 976,850</u>	<u>\$ 640,419</u>	<u>\$ 569,643</u>	<u>\$ 1,442,913</u>	<u>\$ 3,629,825</u>

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

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

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		\$ 1,722,845	\$ 1,410,168
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(16)	445,546	387,934
(Gain) loss on disposal of property, plant and equipment	6(14)	38,309	(9,089)
Interest income	6(13)	(2,277)	(2,337)
Interest expense	6(15)	10,259	8,271
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,112	(3,180)
Accounts receivable		(22,975)	(89,174)
Other receivables		(4,113)	(1,126)
Inventories		(324,133)	(247,177)
Prepayments		(7,242)	13,651
Changes in operating liabilities			
Notes payable		(556,235)	51,971
Accounts payable		675,237	(41,783)
Other payables		127,050	152,949
Receipts in advance		(7,040)	3,737
Other current liabilities		2,625	3,961
Net defined benefit liabilities-non-current		(1,593)	(1,735)
Cash inflow generated from operations		2,098,375	1,637,041
Interest received		2,277	2,337
Interest paid		(10,259)	(8,271)
Income tax paid		(274,656)	(212,998)
Net cash provided by operating activities		1,815,737	1,418,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other current financial assets		7,461	(24,562)
Cash paid for acquisition of property, plant and equipment	6(21)	(937,682)	(972,666)
Interest paid for acquisition of property, plant and equipment	6(5)(15)(21)	(3,252)	(1,544)
Cash received from disposal of property, plant and equipment		763	258,102
Increase in refundable deposits		(31,645)	(45,903)
Increase in other non-current financial assets		-	(1,650)
(Increase) decrease in long-term prepaid rent		(46,059)	(17,487)
(Increase) decrease in other non-current assets		(1,298)	(359)
Net cash flows used in investing activities		(1,011,712)	(806,069)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		1,460,000	911,841
Repayment of long-term borrowings		(1,091,954)	(617,386)
Increase in guarantee deposits received		(161)	1,472
Cash dividends paid	6(11)	(1,032,293)	(838,441)
Net cash flows used in financing activities		(664,408)	(542,514)
Net increase (decrease) in cash and cash equivalents		139,617	69,526
Cash and cash equivalents at beginning of year	6(1)	833,134	763,608
Cash and cash equivalents at end of year	6(1)	\$ 972,751	\$ 833,134

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

Chairman : Chen Jian-Zao

General Manager : Chen Zong-Cheng

Financial and Accounting Manager : Shen Hong-Yu

POYA International Co., Ltd.2017 Profits Distribution Table

Unit: New Taiwan Dollars

Items	Amount	Note
Beginning unappropriated retained earnings	\$15,148,832	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: 2017 adjustment to retained earnings	<u>(1,292,406)</u>	
Adjusted unappropriated retained earnings	13,856,426	
Add: Net earnings after tax for the current year	<u>1,429,056,635</u>	
Distributable earnings for the current period	1,442,913,061	
Less: Legal reserve	<u>(142,905,664)</u>	The Company's dividend policy shall be determined based on the industry the Company stay and after the Board of Directors takes account of the future business development, the reinvestment environment, and the shareholders' interests. The distribution of shareholders' dividends and bonuses shall be made after the distribution of the Company's earnings raised by the Board of Directors has been submitted to the Shareholders Meeting for approval Every year, 50%-100% of the accumulated distributable earnings
Accumulated distributable earnings	1,300,007,397	
Distribution items:		
Shareholders dividend	<u>(1,269,905,403)</u>	
—Cash \$ 13/share		
Unappropriated retained earnings	<u>\$30,101,994</u>	

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

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

POYA International Co., Ltd.

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

Articles	Article after amendment	Article before amendment	Explanation
Article 2	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p> <p><u>24 F106010 Wholesale of Ironware</u></p> <p><u>25 F206010 Retail Sale of Ironware</u></p> <p><u>26 F118010 Wholesale of Computer Software</u></p> <p><u>27 F218010 Retail Sale of Computer Software</u></p> <p><u>28 F108021 Wholesale of Drugs and Medicines</u></p> <p><u>29 F208021 Retail Sale of Drugs and Medicines</u></p> <p><u>30 F113070 Wholesale of Telecom Instruments</u></p> <p><u>31 F213060 Retail Sale of Telecom Instruments</u></p> <p><u>32 F301020 Supermarkets</u></p> <p><u>33 JZ99110 Body Shaping Services</u></p> <p><u>34 F102020 Wholesale of Edible Oil</u></p> <p><u>35 F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</u></p> <p><u>36 F204110 Retail sale of Cloths, Clothes, Shoes, Hat,</u></p>	<p>Business of the Company shall be listed as follows: :</p> <p>...(Omitted)</p> <p><u>24 F206010 Retail Sale of Ironware</u></p> <p><u>25 F218010 Retail Sale of Computer Software</u></p> <p><u>26 F208021 Retail Sale of Drugs and Medicines</u></p> <p><u>27 F213060 Retail Sale of Telecom Instruments</u></p> <p><u>28 F301020 Supermarkets</u></p> <p><u>29 JZ99110 Body Shaping Services</u></p> <p><u>30 F102020 Wholesale of Edible Oil</u></p> <p><u>31 F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</u></p> <p><u>32 F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products</u></p> <p><u>33 F205040 Retail sale of</u></p>	<p>1. Complied with the actual operating needs, the Company hereby adds and adjusts business item.</p>

Articles	Article after amendment	Article before amendment	Explanation
	Umbrella and Apparel, Clothing Accessories and Other Textile Products	Furniture, Bedclothes, Kitchen Equipment and Fixtures	
<u>37</u>	F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures	<u>34</u> F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures	
<u>38</u>	F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures	<u>35</u> F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	
<u>39</u>	F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	<u>36</u> F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	
<u>40</u>	F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	<u>37</u> F113050 Wholesale of Computing and Business Machinery Equipment	
<u>41</u>	F113050 Wholesale of Computing and Business Machinery Equipment	<u>38</u> F213030 Retail sale of Computing and Business Machinery Equipment	
<u>42</u>	F213030 Retail sale of Computing and Business Machinery Equipment	<u>39</u> F208040 Retail Sale of Cosmetics	
<u>43</u>	F108040 Wholesale of <u>Cosmetics</u>	<u>40</u> F399040 Retail Business Without Shops	
<u>44</u>	F208040 Retail Sale of Cosmetics	<u>41</u> F399990 Retail sale of Others	
<u>45</u>	F399040 Retail Business Without Shops	<u>42</u> G202010 Parking Garage Business	
<u>46</u>	F399990 Retail sale of Others	<u>43</u> G801010 Warehousing and Storage	
		<u>44</u> IZ06010 Cargoes Packaging	

Articles	Article after amendment	Article before amendment	Explanation
	June 5, 2018” based on the original Article.		

POYA International Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

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

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

1. F106020 Wholesale of Articles for Daily Use
2. F206020 Retail Sale of Articles for Daily Use
3. F210010 Retail Sale of Watches and Clocks
4. F115010 Wholesale of Jewelry and Precious Metals
5. F215010 Retail Sale of Jewelry and Precious Metals
6. F401010 International Trade
7. F210020 Retail Sale of Spectacles
8. JZ99080 Beauty Shops
9. F208050 Retail Sale of the Second Type Patent Medicine
10. F102170 Wholesale of Food and Grocery
11. F203010 Retail Sale of Food and Grocery
12. F102040 Wholesale of Nonalcoholic Beverages
13. F107030 Wholesale of Cleaning Preparations
14. F207030 Retail Sale of Cleaning Preparations
15. F106050 Wholesale of Pottery, Porcelain and Glassware
16. F113020 Wholesale of Household Appliance
17. F213010 Retail Sale of Household Appliance
18. F107080 Wholesale of Environment Medicine
19. F207080 Retail Sale of Environment Medicine
20. F108031 Wholesale of Drugs, Medical Goods
21. F208031 Retail Sale of Medical Equipments
22. F102030 Wholesale of Tobacco Products and Alcoholic Beverages
23. F203020 Retail Sale of Tobacco and Alcoholic Drinks
24. F206010 Retail Sale of Ironware
25. F218010 Retail Sale of Computer Software
26. F208021 Retail Sale of Drugs and Medicines
27. F213060 Retail Sale of Telecom Instruments
28. F301020 Supermarkets

- 29. JZ99110 Body Shaping Services
- 30. F102020 Wholesale of Edible Oil
- 31. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,
Clothing Accessories and Other Textile Products
- 32. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,
Clothing Accessories and Other Textile Products
- 33. F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
- 34. F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
- 35. F109070 Wholesale of Stationery Articles, Musical Instruments and
Educational Entertainment Articles
- 36. F209060 Retail sale of Stationery Articles, Musical Instruments and
Educational Entertainment Articles
- 37. F113050 Wholesale of Computing and Business Machinery Equipment
- 38. F213030 Retail sale of Computing and Business Machinery Equipment
- 39. F208040 Retail Sale of Cosmetics
- 40. F399040 Retail Business Without Shop
- 41. F399990 Retail sale of Others
- 42. G202010 Parking Garage Business
- 43. G801010 Warehousing and Storage
- 44. IZ06010 Cargoes Packaging
- 45. ZZ99999 All business items that are not prohibited or restricted by law, except
those that are subject to special approval.

- Article 3 The Company may provide endorsement and guarantee, acting as a guarantor for the corporation with the same business.
- Article 4 The head office of the Company is in Tainan City. Subject to the approval of the Board of Directors, the Company may, if necessary, set up branch offices in and out of the country.
- Article 5 The methods for public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Chapter 2 Shares

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

for issuing employee stock options.

- Article 7 The total amount of the Company's reinvestment shall not be restricted by Article 13 of the Company Act, which limits the reinvestment amount to less than 40% of the company's paid-up capital.
- Article 8 The Company's stocks shall be registered, being issued after signed or sealed by at least three directors and authenticated by laws. The certificates of the Company's shares do not be required printing out; however, the shares shall be registered to Central Security Depository Institution.
- Article 9 Registration for transferring the shares shall be suspended in sixty days before the date of regular shareholders' meeting, in thirty days before the date of any special shareholders' meeting, or within five days before the basic date which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Annual Shareholders' Meeting

- Article 10 There are two types of the shareholders' meetings: one is the general shareholders' meetings, which shall be convened once annually and at the time within six months after the end of each accounting fiscal year; the other is extraordinary shareholders' meetings, which shall be convened based on the relative laws whenever necessary.
- Article 11 If a shareholder is unable to attend the shareholders' meeting for any reason, he/she may appoint an attorney with the proxy statement issued by the Company, specifying the scope of authorization. Except those regulated by Article 177 of the Company Act, the proxies shall be handled by "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".
- When the Company holds a shareholders' meeting, the shareholders are allowed to exercise voting rights by correspondence or electronic means, both of which shall be handled according to the Company Act and the regulations of the competent authorities.
- Article 12 Except those shareholders who is restricted or do not have voting right pursuant to the second section of Article 179 of the Company Act, a shareholder of the Company shall be entitled to one voting right for each share.
- Article 13 Resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes, which shall bear the signature or seal of the chairman of the shareholders' meeting. A copy of the meeting minutes shall be distributed to each shareholder of the Company within 20 days after the shareholders' meeting. The distribution of the minutes mentioned in the preceding paragraph may also be made by the public announcement.
- Article 13-1 If the Company would like to stop the Public Offering, it shall be resolved not only by the Board of Directors but also by the shareholders' meeting. The resolution shall

be adopted by the half or more of the votes of the present shareholders, who hold two-third or more of the total shares to participate in the shareholders' meeting which is mentioned in the preceding paragraph. The resolution shall be adopted by two-third or more of the votes of the present shareholders, if their holdings are below the standard prescribed above but still account for half or more of the total shares.

Chapter 4 Directors and Audit Committee

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

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

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

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

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

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

Article 15 The Board of Directors shall be composed of the directors. The Chairman and Vice Chairman of the Board of Directors shall be elected from the director members by

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

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

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

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

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

Chapter 5 Managers

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

Chapter 6 Accounting

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

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

Article 20 Deleted.

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

The Company's dividend policy shall be determined based on the industry the Company stay and after the Board of Directors takes account of the future business development, the reinvestment environment, and the shareholders' interests. The distribution of shareholders' dividends and bonuses shall be made after the distribution of the Company's earnings raised by the Board of Directors has been submitted to the Shareholders Meeting for approval every year, 50%-100% of the accumulated distributable earnings shall be allocated as shareholders' dividends and bonuses. The shareholders' dividends and bonuses shall be distributed in cash or stock, cash dividends of which shall not be less than 1% of total dividends. If cash dividend is lower than NT\$ 0.5 per share, stock dividend shall be substituted for cash dividend.

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

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

Chapter 7 Supplementary Provisions

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

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

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

The 2nd amendment was made on October 23 1998.

The 3rd amendment was made on May 10, 1999.
The 4th amendment was made on June 28, 1999.
The 5th amendment was made on October 25, 1999.
The 6th amendment was made on February 10, 2000.
The 7th amendment was made on June 26, 2000.
The 8th amendment was made on June 21, 2001.
The 9th amendment was made on April 22, 2002
The 10th amendment was made on April 21, 2003.
The 11th amendment was made on May 18, 2004.
The 12th amendment was made on May 17, 2005.
The 13th amendment was made on May 24, 2006.
The 14th amendment was made on May 22, 2007.
The 15th amendment was made on May 20, 2008.
The 16th amendment was made on June 3, 2009.
The 17th amendment was made on June 15, 2010.
The 18th amendment was made on June 6, 2012.
The 19th amendment was made on June 11, 2013.
The 20th amendment was made on June 10, 2014.
The 21th amendment was made on June 10, 2015
The 22th amendment was made on May 31, 2016

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

POYA International Co., Ltd.

Rules of Procedure for Shareholders' Meetings

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

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

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

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

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

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

above may be raised by an extraordinary motion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 14 The election of the directors at a Shareholders' Meeting shall be held according to "Rules for Election of Directors" adopted by the Company, and the voting results shall be announced on-site immediately, including the name list of the elected directors and the number of ballots received by each.

The ballots for the election mentioned in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 The resolution made at the Shareholders' Meeting shall be included in the meeting minutes, which shall bear the signature or seal of the Chair and be distributed to each shareholder within 20 days after the meeting. The distribution of the meeting minutes in the preceding paragraph may be made by the form of an announcement.

The minutes shall be faithfully record the items, such as meeting's year, month, day, place, Chairman's name, the methods of resolution, summary of the proceedings, and results of resolutions. The minutes of Shareholders' Meeting shall be preserved during the existence of the Company.

"There is no objection from any shareholders after solicited by the Chairman and the resolution is passed" shall be recorded in the meeting minutes if the proposal is passed after the Chair inquires the shareholders' opinion and no objection is raised. If there is any objection and the proposal is to put to a vote, however, the method for resolution, the number of approval votes cast and the percentage of the approval votes as to total votes shall be recorded in the minutes.

Article 16 The Company shall upload the resolution content of Shareholders' Meeting to the MOPS within the prescribed time period if the resolution concerning the significant matters regulated by the applicable laws or regulations, or the regulations of Taiwan Stock Exchange Corporation (or GreTai Securities Market).

Article 17 The meeting Chair may instruct security personnel to help maintain order at the meeting. When a shareholder attempts to speak by any device other than the public address equipment set by the Company, the Chair may prevent the shareholder from speaking. The Chair may also instruct security personnel to escort a shareholder from the meeting if the shareholder violates the Rules and defies the Chair's correction, or obstruct the proceedings and refuse to stop.

Article 18 When a meeting is taking place, the Chair may announce a break based on time considerations. If an event with force majeure occurs, the Chair may rule the meeting temporarily suspended and announce a time for resuming the meeting in view of the circumstances.

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

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

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

Article 20 The amendment record of these Rules:

The Rules and Procedures were enacted on March, 2002.

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

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

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

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

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

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

POYA International Co., Ltd.
Shareholdings of the Members of Board of Directors
(Base Date : April 7, 2018)

Title	Name	Shareholdings	Share ownership ratio (%)
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	8,166,840	8.36%
Vice Chairman	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	8,003,409	8.19%
Director	Chen Zong-Cheng	6,098,023	6.24%
Director	Chen Ming-Shian	0	0.00%
Independent Director	Lin Tsai-Yuan	0	0.00%
Independent Director	Liu Zhi-Hong	0	0.00%
Independent Director	Zhong Jun-Rong	0	0.00%
Total		22,268,272	22.79%

Note :

1. Total current issued shares on April 7, 2018: common stocks 97,685,031 shares. The number of legal shares shall be held by all the directors are 7,814,803 shares.
2. The shares held by the Independent Directors are excluded from the actual shares held by all the directors.
3. The rules of legal shares shall be held by the supervisors are not applicable because of the establishment of the Audit Committee of the Company.

Other Matters

Description of acceptance of shareholders' suggestions in 2018 Regular Shareholders' Meeting:

1. The shareholder, with 1% or more of total shares issued by the Company, shall raise a proposal of Regular Shareholders' Meeting by written form to the Company. Each shareholder shall raise only one proposal as limited and the words of such proposal shall not be more than 300, or such proposal will be excluded.
2. The Company will make an announcement on MOPS according to the applicable rules and regulations. The period for acceptance of the proposal of Regular Shareholders' Meeting this time is from March 30, 2018 to April 9, 2018 (Those proposals by a registered mail shall be accepted with the arriving date to be during the period).
3. The Company didn't receive any proposal from the shareholder.