Ticker Number: 5904

Poya International Co., Ltd.

2017 Annual Report

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

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

Date of printing: May 2, 2018

I. The spokesman and the acting spokesman

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

Name of acting spokesman: Lin Ching-Hung
Title: Vice Manager, Finance and Accounting Division
Telephone: (06)241-1000
E-mail: fin888@poya.com.tw

II. Address and telephone numbers of the corporate headquarters and the branches: Please refer to page 148~151

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

IV. External auditors of the financial statement covering the previous fiscal period
Name of firm: PriceWaterhouse Coopers Taiwan
Names of CPAs: Liu Tzu-Meng, Lin Tzu-Shu
Address: 12F, No. 395, Lin Sen Road Section I, Tainan
Telephone: (06)234-3111
Website: http://www.pwc.tw

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

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

Table of Contents

LETTER TO THE SHAREHOLDERS **1**

COMPANY OVERVIEW **6**

CORPORATE GOVERNANCE **9**

CAPITAL PROJECTION AND IMPLEMENTATION **51**

OPERATING HIGHLIGHTS **60**

FINANCIAL INFORMATION **88**

FINANCIAL POSITION, FINANCIAL OPERATION IN REVIEW, AND RISK ASSESSMENT **95**

SPECIAL NOTES **104**

ADDRESS AND TELEPHONE OF CORPORATE HEADQUARTERS AND BRANCHES **148**

Letter to the Shareholders

Letter to the Shareholders

Dear shareholders,

A. 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$1.4 billion 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.

B. 2017 Business results

1. The implementation of the business plan

Unit：NT$ 1,000

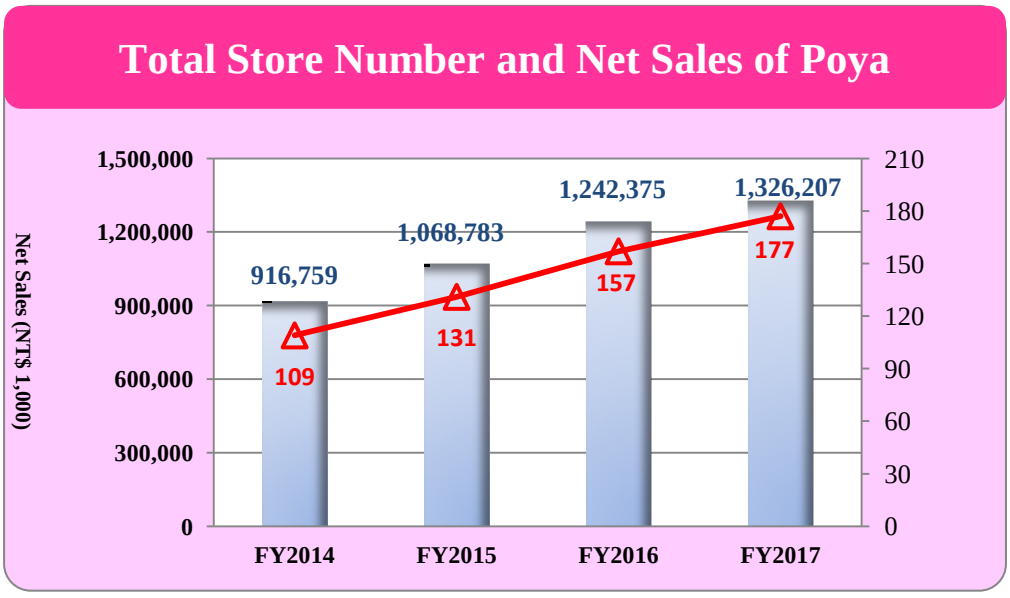
Title/amount	FY2017	FY2016	Change in amount	Change in proportion (%)
Operating revenue	13,262,071	12,423,746	838,325	6.75%
Operating Cost	(7,583,371)	(7,316,193)	267,178	3.65%
Net operating margin	5,678,700	5,107,553	571,147	11.18%
Operating expenses	(3,956,878)	(3,746,697)	210,181	5.61%
Operating profit	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/NT$ 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

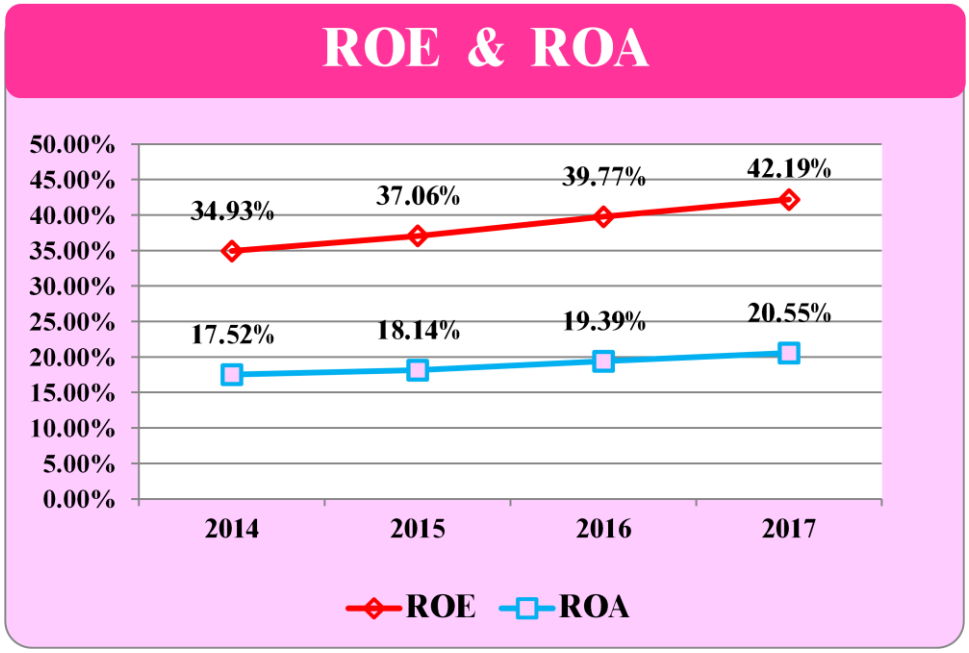
Note：The store number in 2016, which was 157, was used as the basis for the calculation of the growth rate of new stores.



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 fixed assets (%)	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) (Note)	14.63	12.01

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



C. 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 areas, 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 Hong-Yu, Financial and Accounting Manager

Company Overview

Company Overview

I. Date of incorporation: March 12 1997

II. Company history:

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

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

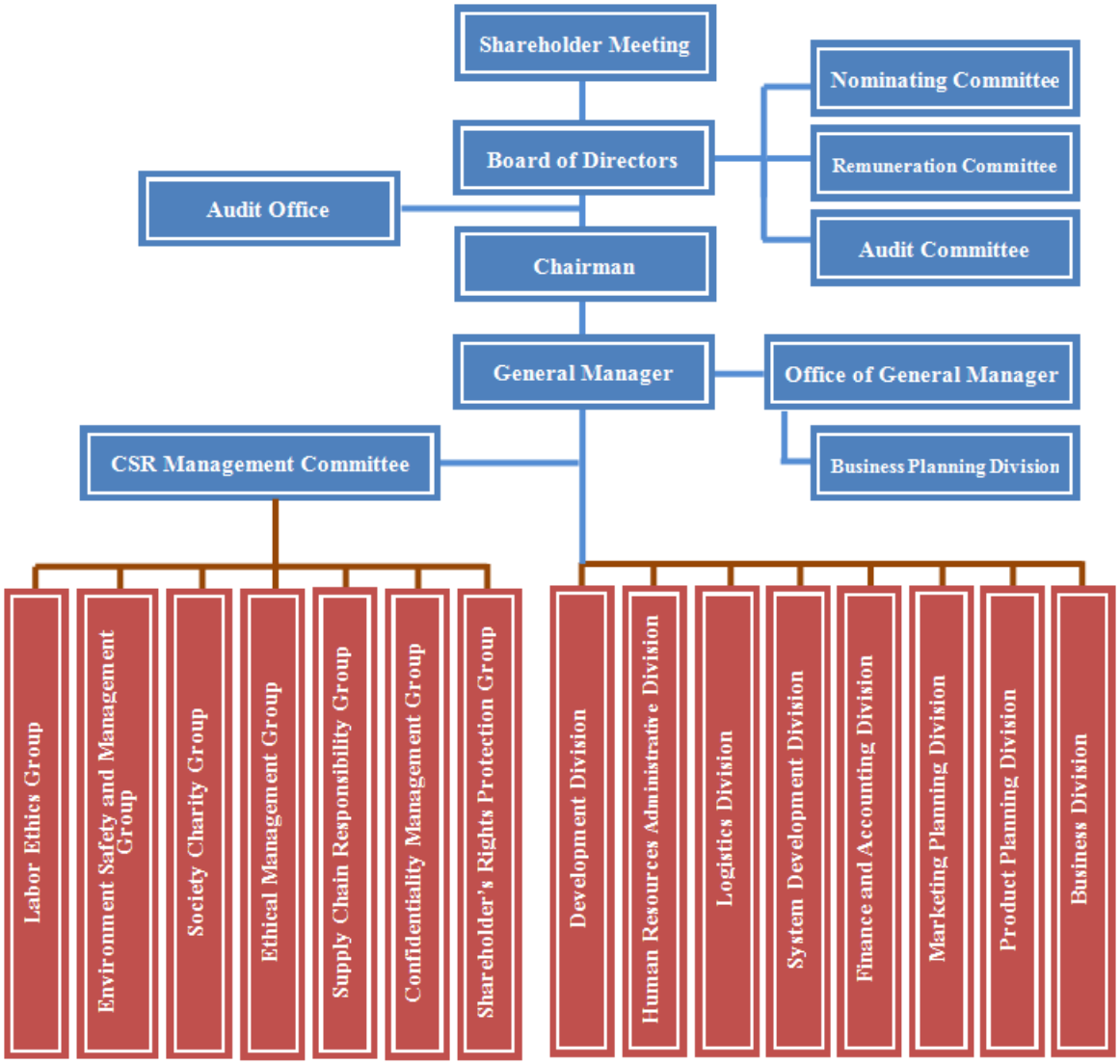
	the 110th Branch of Poya International Co., Ltd.
September 2015	Set up the Siangyang Branch at Siangyang Road in Taichung City, which was the 120th Branch of Poya International Co., Ltd.
December 2015	Set up the Farglory Branch at Sec. 1, Sintai 5th Rd. Section I, in New Taipei City, which was the 130th Branch of Poya International Co., Ltd.
June 2016	Set up the Homei Branch at Luho Rd in Changhua County, which was the 140th Branch of Poya International Co., Ltd.
September 2016	Set up the Kunshan Branch at Dawan Road in Tainan City, which was the 150th Branch of Poya International Co., Ltd.
February 2017	Set up the Renwu Bade Branch at Bade Central Road in Kaohsiung City, which was the 160th Branch of Poya International Co., Ltd.
September 2017	Set up the Zhonghe Juguang Branch at Juguang Road in New Taipei City, which was the 170th Branch of Poya International Co., Ltd.
February 2018	Set up the Keelung E-square Branch at Ren 2nd Road in Keelung City, which was the 180th Branch of Poya International Co., Ltd.

Corporate Governance

Corporate Governance

I. Organizational Structure

1. Organizational Chart of the Company



2. Main Duties of Each Division

Division	Main Duties
CSR Management Committee	(1) In charge of draw out and coordinate plans and directions of CSR and sustainable development. (2) Compile the CSR report and submit to BOD to review and publish. (3) Execute, implement and follow up the annual goals of each functional group.
Audit Office	(1) Review and evaluate the effectiveness of the internal control system of the Company and provide relevant information for the management in time for the more efficient execution of assigned duties. (2) Formulate and implement the annual audit plan and prepare the audit reports. (3) Keep track of the status of corrective action addressing non-conformities on the basis of the audit findings.
Office of General Manager	(1) Formulate, analyze and implement the business policy of the Company. (2) Give managerial advices to each division of the Company. (3) Overall manage the branch expansion and collect the market information. (4) Overall manage the formulation, evaluation and implementation of each business plan of the Company. (5) Formulate the mid-term and long-term development strategy. (6) Coordinate the execution of each division and arrange all managerial systems.
Business Planning Division	(1) Direct and coordinate the operation of each branch, and achieve the annual goals of sales and profits. (2) Formulate the business plan and product display plan for each branch, and supervise the branches to achieve the business goal. (3) Implement the promotional activities and keep tract of the results.
Development Division	(1) Expand new branches. (2) Investigate into the selection of branch location and the operation of new branches. (3) Investigate into the market size
Human Resources and Administrative Division	(1) Perform the duties relating to the personnel and administration affairs, such as the recruitment, employment and dismissal, education and training, evaluation and attendance management, payroll management of human resources. (2) Conduct the affairs of employee welfare according to the policies of Employee Welfare Committee. (3) Decorate and design the branch. (4) Contract out the branch decoration and renovation. (5) Perform the duties relating to the office supplies procurement. (6) Manage the insurance slips of each construction contract and rental agreement. (7) Take charge of relative business of legal and the management of both internal and external contracts enacting and verifying. Also, provide the legal consultation, deal with the litigation and ensure that company abides by the domestic and foreign regulations.
Logistics Division	(1) Allocate and distribute products properly among the branches in the same region. (2) Process the imported merchandises of each branch nationwide (3) Provide logistics support to E-commerce activities (B to C). (4) Provide logistics support and product distribution management to the branches by the centralized logistic center (B to B).
System Development Division	(1) Activate system automation and transfer of store operation information. (2) Take charge of information system planning, development and management; allocate and install the computer hardware and software; eliminate the failure.
Finance and Accounting Division	(1) Overall manage the financial affairs and shares registration services of the Company. (2) Mange fund properly and handle the transactions between the Company and banks. (3) Make the short-term, middle-term and long-term plan of fund management. (4) Take charge of all the accounting and tax affairs and plan the budgets.
Marketing Planning Division	(1) Perform the duties relating to service process, sale promotion, customer management and analysis, and other business service matters.
Product Planning Division	(1) Introduce and eliminate products, raise the proposals periodically for promoted products, and explore new product suppliers. (2) Differentiate the products from those of the competitors. (3) Maintain the database of the suppliers.
Business Division	(1) Direct and coordinate the operation of each branch to achieve the annual goals of sales and profits.

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

1. Profiles of Directors

A. Basic Profiles of Directors

April 7 2018

Title	Nationality or place of incorporation	Name	Gender	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2nd tier		
							Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
Chairman	Republic of China	Duo Chin Investment Co., Ltd.	Male	2017.06.13	3 yrs	1999.05.10	8,085,981	8.38%	8,166,840	8.36%	0	0%	0	0%	No	No	No	No	No
	Republic of China	Representative: Chen Jian-Zao		-	-	-	0	0	0	0%	174,754	0.18%	0	0%	Pei Men High School; Owner of Chien Chang Herbal Medicine Company	Chairman of Duo Chin Investment Co., Ltd. Director of Poya Investment Co., Ltd. Chairman of Chen Ching Investment Co., Ltd.	Vice Chairman General Manager	Chen Fan Mei-Jin Chen Zong-Cheng	Spouse Son-in-law
Vice Chairman	Republic of China	Poya Investment Co., Ltd	Female	2017.06.13	3 yrs	1999.05.10	7,924,168	8.21%	8,003,409	8.19%	0	0%	0	0%	No	No	No	No	No
	Republic of China	Representative: Chen Fan Mei-Jin		-	-	-	174,014	0.18%	175,754	0.18%	0	0%	0	0%	Kuang Hua Girls High School; Chin Ting Art Gallery, Plant Manager	Chairman of Poya Investment Co., Ltd Director of Duo Chin Investment Co., Ltd. Supervisor of Chen Ching Investment Co., Ltd.;	Chairman General Manager	Chen Jian-Zao Chen Zong-Cheng	Spouse Son-in-law
Director and General Manager	Republic of China	Chen Zong-Cheng	Male	2017.06.13	3 yrs	2003.04.21	6,031,393	6.25%	6,098,023	6.24%	2,438,625	2.50%	0	0%	Information Dept, Feng Chia University; Information Department of Sheng Yu Steel Co., Ltd	General Manager of Poya International Co., Ltd; Director of Chen Ching Investment Co., Ltd.	Chairman Vice Chairman	Chen Jian-Zao Chen Fan Mei-Jin	Father-in–law Mother-in-law
Director	Republic of China	Chen Ming-Shian	Male	2017.06.13	3 yrs	2003.06.12	0	0	0	0%	0	0%	0	0%	Honorary Doctorate Degrees of Science, National Kaohsiung University of Applied Science; Executives Program, Graduate School of Business Administration, National Cheng Chi University; Electronic Engineering, National Kaohsiung University of Applied Science; Director, Optical Connection Inc. USA;	Chairman and VP of Greater China Business Dept, ST. Shine Optical Co., Ltd.; Director, Shine Optical Holding Groups Inc.; Director, Shine Optical (Samoa) Holding Groups, Inc.; Director, Shine Optical HK Limited	No	No	No

Title	Nationality or place of incorporation	Name	Gender	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2nd tier		
							Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
Independent Director	Republic of China	Lin Tsai-Yuan	Male	2017.06.13	3yrs	2005.05.17	0	0%	0	0%	0	0%	0	0%	PhD, Honoris Causa, Human Resources, American M & N University: PhD, Business Administration, National Cheng Chi University; Master, Accounting, National Cheng Chi University; Chair Professor, Graduate School of Management, Chang Jung Christian University; Associate Professor of Accounting, National Cheng Kung University; Professor of Business Administration, National Sun Yat-Sen University; Vice President for general affairs, National Sun Yat-Sen University; Director and Vice President, Evening College, National Sun Yat-Sen University; Vice President, Chang Jung Christian University; Visiting Professor, College of Management, Sun Yat-Sen University at Guangzhou; Professor of management and accounting, Tamkang University; Executive VP, Sunonwealth Electric Machine Industry; Independent Director, Chien Shing Stainless Steel Co., Ltd. President, Guangdong Liang Light Fixtures Co., Ltd. Independent Director, Taiwan Business Bank; Practicing CPA, Chung Hsin CPA Office(1972-1988) Passed the securities investment analyst examination; Members of Taiwan CPA Association.	Committee member, Remuneration Committee of TYC Brother Industrial Co., Ltd.	No	No	No

Title	Nationality or place of incorporation	Name	Gender	Date of office	Term	Initial date of office	Quantity of shareholding at the time of assuming office		Quantity of shareholding at present		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of third parties		Education and important experience	Other positions in the Company and other companies	Managers, directors, or supervisors who is kindred within the 2nd tier		
							Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
Independent Director	Republic of China	Zhong Jun-Rong	Male	2017.06.13	3yrs	2008.05.25	0	0%	0	0%	0	0%	0	0%	Wenzao Ursuline College General Manager, Minfa Construction Co., Ltd.	Chairman and General Manager, San Far Property Limited; Representative of Institutional Director, Pleasant Hotels International Inc; Chairman and General Manager, Jingo International Records Co., Ltd.; Chairman, Cheng Hsin Investment Co., Ltd.; Chairman, Chang Yi Investment Limited Company Director, Chi Yi Investment Co., Ltd.	No	No	No
Independent Director	Republic of China	Liu Zhi-Hong	Male	2017.06.13	3yrs	2003.05.13	0	0%	0	0%	0	0%	0	0%	School of International Liberal Studies, Waseda University Masters in Finance, Boston University, U.S. Masters in Accounting, National Taiwan University; Bachelor's Degree in Accounting, National Chengchi University; Passed the advanced CPA examination;	Director, Chien Hsing CPA Office Executive Director, Thinflex Corporation Chairman, Song Yang Electronic Materials (Kunshan) Limited Company Supervisor, Chinese Television System Co., Ltd. Chairman, Chien Hsing Information Co., Ltd. Chairman, Chien Lian Investment Co., Ltd. Director, Shun Lai Business Consultancy Co., Ltd. Director, Chang Chun Biomedical Co., Ltd. Director, Huang Hui Biotech Co., Ltd. Independent Director, Fitness Factory Co., Ltd. Remuneration Committee Member, Fitness Factory Co., Ltd.	No	No	No

B. Profiles of dominant shareholders of institutional shareholders

April 7 2018

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

C. Professional intelligence and independence of Directors

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

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

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

A. Not an employee of the Company or its group companies.

B. Not a director or supervisor of the Company or the group companies (except as an Independent Director of a subsidiary where the Company or the parent to the Company directly or indirectly holds more than 50% of its voting shares).

C. Shareholder who is a natural person, and not the person, the spouse, underage child or under the name of a third party holding more than 1% of the total shares or one of the top 10 natural person shareholders.

D. Not a spouse, kindred within the 2nd tier or the next of kin of kindred within the 3rd tier of the aforementioned personnel.

E. Not a director, supervisor, or employee of an institutional shareholder directly holds more than 5% of the outstanding shares of the Company or a director, supervisor or employee of one of the top 5 institutional shareholders.

F. Not a director, supervisor, manager of a specific company or institution that the Company has financial or business transactions or a shareholder holding more than 5% of the shares of such company or institution.

G. Not an owner, partner, director, supervisor, manager and the spouse of the an owner, partner, director, supervisor, manager of a professional wholly-owned firm, partnership, corporation or institution, or a professional personnel providing business, legal, financial and accounting services or consultation to the Company or its group companies. However, the Remuneration Committee members shall be excluded according to Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

H. Not a spouse or kindred within the 2nd tier to another director of the Company.

I. Any of the provisions contained in Article 30 of the Company Act shall be applied.

J. Not being elected to the seat as a representative of the government, institution, or other parties pursuant to Article 27 of the Company Act.

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

April 7, 2018

Title	Nationality	Name	Date of office	Quantity of shareholding		Quantity of shareholding by spouse and underage children		Quantity of shareholding under the name of a third party		Education and important experience	Positions in other companies	Manager who is the spouse or kindred within the 2nd tier		
				Quantity	Percentage	Quantity	Percentage	Quantity	Percentage			Title	Name	Relation
General Manager	Republic of China	Chen Zong-Cheng	2000.12.28	6,098,023	6.24%	2,438,625	2.50%	0	0%	Information Dept, Feng Chia University Information Department of Sheng Yu Steel Co., Ltd	Director of Chen Ching Investment Co., Ltd.	No	No	No
Senior Manager, Development Division	Republic of China	Ren Shi-Liang	2010.03.10	0	0%	0	0%	0	0%	National Chin Yi University of Science and Technology	No	No	No	No
Senior Manager, Product Planning Division	Republic of China	Su Wun-Ci	2017.04.24	0	0%	0	0%	0	0%	National Tainan Chia-chi Girls' Senior High School	No	No	No	No
Manager, Business Planning Division	Republic of China	Lin Chun-Wen	2013.12.01	38,796	0.04%	0	0%	0	0%	Provincial Hsin Feng High School	No	No	No	No
Manager, HR Administrative Division and Deputy Manager, Marketing Planning Division	Republic of China	Tsai Ming-Lun	2002.09.02	49,000	0.05%	0	0%	0	0%	Graduate Institute of Industrial Management, National Cheng Kung University	No	No	No	No
Manager, Finance and Accounting Division	Republic of China	Shen Hong-Yu	2008.11.01	61,212	0.06%	2,121	0%	0	0%	Graduate School of Finance and Banking, National Chung Cheng University	No	No	No	No
Senior Manager, System Development Division	Republic of China	Wu Rai-Chin	2006.02.06	9,259	0.01%	0	0%	0	0%	Dept of Computer Science, Soochow University	No	No	No	No
Manager, Logistics Division	Republic of China	Fan Di-Wei	2014.07.01	1,200	0.00%	0	0%	0	0%	Graduate School of Logistics Management, National Kaohsiung First University of Science and Technology	No	No	No	No
Senior Manager, Audit Office	Republic of China	Hsiao Li-Yuan	2016.05.01	109,015	0.11%	0	0%	0	0%	Dept of Tourism, Aletheia University	No	No	No	No

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

A. Remunerations to the directors

December 31 2017; currency unit: NT$1, 000

Title	Name	Remunerations to directors								A+B+C+D in proportion to corporate earnings (Note 11)		Remunerations to employees performing routine duties								A+B+C+D+E+F+G in proportion to corporate earnings		Any remuneration from investees beyond subsidiaries
		Remuneration (A)		Pension (B)		Directors Remuneration (C)		Business subsidy (D)				Salaries, bonus, and special subsidy (E)		Pension (F)		Employee Remuneration (G)						
																The Company		All companies in the consolidated financial statement				
		Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement	Cash dividend	Stock dividend	Cash dividend	Stock dividend	Poya International	All companies in the consolidated financial statement	
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	3,263	3,263	0	0	960	960	0	0	0.30%	0.30%	0	0	0	0	0	0	0	0	0.30%	0.30%	0
Vice Chairman	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	2,613	2,613	0	0	960	960	0	0	0.25%	0.25%	0	0	0	0	0	0	0	0	0.25%	0.25%	0
Director	Chen Zong-Cheng	0	0	0	0	960	960	0	0	0.07%	0.07%	3,783	3,783	0	0	0	2,328	0	2,328	0.49%	0.49%	0
Director	Chen Ming-Shian	0	0	0	0	480	480	49	49	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Independent Director	Lin Tsai-Yuan	0	0	0	0	480	480	50	50	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Independent Director	Zhong Jun-Rong	0	0	0	0	480	480	24	24	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Independent Director	Liu Zhi-Hong	0	0	0	0	480	480	45	45	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Except as provided in the disclosure of information section above, the directors' remunerations from providing services for the companies which disclosed in the financial statements (such as being consultants etc.).: N/A																						

Note 1: The distribution of 2017 employees' and directors' remuneration was passed by the Board of Directors on 2018.02.26.

Note 2: Stock dividend was calculated based on the closing price on Feb 20 2017 (a day before the resolution at the Board Meeting) which was NT$368.5. The employees' remuneration of NT$140 is less than one share, and it shall be distributed in cash.

Note 2: Corporate earnings in FY2017 amounted to NT$1,429.057 million.

Note 3: Poya International strongly upholds the spirit of corporate governance thereby disclosing the respective remunerations of the directors.

Remuneration Brackets

Brackets of remunerations to the directors of Poya International	Name of directors			
	A+B+C+D		(A+B+C+D+E+F+G)	
	Poya International	All companies in the consolidated financial statement	Poya International	All companies in the consolidated financial statement
Less than NT$2,000,000	Lin Tsai-Yuan, Chen Zong-Cheng, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong,	Lin Tsai-Yuan, Chen Zong-Cheng, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong,	Lin Tsai-Yuan, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong,	Lin Tsai-Yuan, Chen Ming-Shian, Zhong Jun-Rong, Liu Zhi-Hong,
NT$ 2,000,000～NT$ 5,000,000 (exclusive)	Chen Jian-Zao, Chen Fan Mei-Jin	Chen Jian-Zao, Chen Fan Mei-Jin	Chen Jian-Zao, Chen Fan Mei-Jin	Chen Jian-Zao, Chen Fan Mei-Jin
NT$5,000,000～NT$10,000,000 (exclusive)	0	0	Chen Zong-Cheng	Chen Zong-Cheng
NT$10,000,000～NT$15,000,000 (exclusive)	0	0	0	0
NT$15,000,000～NT$30,000,000 (exclusive)	0	0	0	0
NT$30,000,000～NT$50,000,000 (exclusive)	0	0	0	0
NT$50,000,000～NT$100,000,000 (exclusive)	0	0	0	0
More than NT$100,000,000	0	0	0	0
Total	7	7	7	7

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

C. Remunerations to the general manager

December 31 2017; currency unit: NT$1, 000

Title	Name	Salary (A)		Pension (B)		Bonus and subsidy (C)		Employee remunerations (D)				A+B+ C+ D in proportion to corporate earnings (%)		Any remuneration from investees beyond subsidiaries
		Poya International	All companies in the consolidated statement	Poya International	All companies in the consolidated statement	Poya International	All companies in the consolidated statement (Note 6)	The Company		All companies in the consolidated financial statement		Poya International	All companies in the consolidated statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
General Manager	Chen Zong-Cheng	3,783	3,783	0	0	0	0	0	2,328	0	2,328	0.43%	0.43%	0

Note 1: The distribution of 2017 employees' and directors' remuneration was passed by the Board of Director on 2018.02.26.
Note 2: Stock dividend was calculated based on the closing price on Feb 20 2017 (a day before the resolution at the Board Meeting) which was NT$368.5. The employees' remuneration of NT$140 is less than one share, and it shall be distributed in cash.
Note 3: There is no vice general manager in Poya International and only the remuneration to general manager is disclosed.
Note 4: Corporate earnings in FY2017 amounted to NT$1,429.057 million.

Remuneration Brackets

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

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

December 31 2017; currency unit: NT$1,000

	Title	Name	Amount of stock	Amount of cash (Note 2)	Total	Proportion to corporate earnings (%)
Managers	General Manager	Chen Zong-Cheng	0	5,177	5,177	0.36%
	Manager, Finance and Accounting Division	Shen Hong-Yu				
	Manager, Business Planning Division	Lin Chun-Wen				

Note 1: The distribution of 2017 employees' and directors' remuneration was passed by the Board of Director on 2018.02.26.
Note 2: The employee remuneration was calculated based on the actual amount which distributed last year.
Note 3: Corporate earnings in FY2017 amounted to NT$1,429.057 million.

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

December 31 2017; currency unit: NT$1, 000

Title	FY 2016				FY 2017			
	Total remunerations		Proportion to corporate earnings (%)		Total remunerations		Proportion to corporate earnings (%)	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement
Directors (including Independent Directors)	9,856	9,856	0.84%	0.84%	9,884	9,884	0.69%	0.69%
Supervisors (Note)	0	0	0%	0%	0	0	0%	0%
General manager (also director)	7,944	7,944	0.68%	0.68%	7,071	7,071	0.49%	0.49%
Total	17,800	17,800	1.52%	1.52%	16,955	16,955	1.19%	1.19%

Note: Since Poya International has established Audit Committee on June 10 2014, there is no remuneration to supervisors paid by Poya International in FY2016 and FY2017.

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

4. Corporate governance in action

A. The Board of Directors in session:

Information on the Board of Directors in session

In the most recent fiscal period, The Board of Directors held 11 sessions (A). At least one Independent Director attended in person at each Board of Directors. The attendances by the directors are shown in the table below:

Title	Name	Frequency of attendance (sitting in as observers) (B)	Attended by proxy	Attendance rate (%) 【B/A】(Note)	Remarks
Chairman	Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	11	0	100%	Re-election (Date: June 13 2017)
Director	Poya Investment Co., Ltd Representative: Chen Fan Mei-Jin	11	0	100%	
Director	Chen Zong-Cheng	10	0	90.9%	
Director	Chen Ming-Shian	11	0	100%	
Independent Director	Lin Tsai-Yuan	10	1	90.9%	
Independent Director	Zhong Jun-Rong	8	0	72.7%	
Independent Director	Liu Zhi-Hong	11	0	100%	

Other important notice:

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

A. The matters mentioned in Provisions of Article 14-III of the Securities and Exchange Act.

B. Except any of the above matters, other proposals on record which are made either opposite or reserve objections by independent directors: Not applicable.

(2) The enforcement of avoiding the interested-director from making a decision of the interest-relative-proposal: directors acted to avoid possible influence on the result of decisions taken on motions with conflicts of interest to Poya International. The chart as provided below is the implementation for reference.

(3) Assessment of the objective to fortify the functions of the Board of Directors in the current period and the most recent fiscal year (such as establishment of the Audit Committee, improvement of information transparency…) and the accomplishments:

A. Poya International has formulated the Procedures for Election of Directors in 2016 to complete corporate management and implement the company autonomy pragmatically.

B. Poya International has formulated the measures of performance assessment of the Board of Directors in 2015 to implement the execution of corporate governance and promote the function of the Board of Directors.

C. Poya International established the Audit Committee and the Nominatiing Committee in 2014 to fortify the execution of corporate governance and the mechanism of management

D. The minutes of Board session on record and the relative corporate governance regulations were uploaded to the special web pages designed for investors for the purpose to fortify the information disclosure of the Board of Directors.

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

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

Date	The Content of Proposal	Interested-Directors, the Reasons for Interest Avoidance and the Participation in Voting
2017.04.24	The motion of examining to the director candidates for the nomination of shareholders with shareholdings above 1%	1. The related Directors did not participated in discussion according to the " Act on Recusal of Related Person due to Conflicts of Interest". One Director should be appointed as acting moderator when the President did not participated in discussion. 2. The motion was approved by all attending Directors without objection and will be submitted to Shareholders' Meeting for its approval.
2017.06.13	The election of the 7th Chairman and vice-Chairman of Board.	1. Chen Zong-Cheng, Director and General Manager, was appointed as acting moderator because Chen Jian- Zao, Chairman, and Chen Fan Mei Jin, vice-Chairmant, did not participated in discussion according to the"Act on Recusal of Related Person due to Conflicts of Interest". 2. Five directors who participated the meeting did not make the objections to the motion. The motion was approved as proposed.
2017.08.07	The proposal of individual remunerations of directors in FY2016	1. The motion was passed without objection by all the members of Remuneration Committee. 2. Except the directors who did not participated in discussion according to the"Act on Recusal of Related Person due to Conflicts of Interest", others did not make any objection to the proposal. The proposal was approved as proposed.
	The motion of distributing remunerations to managers in FY2016	1. The motion was the resolution of remunerations to Chen Zong-Cheng, Director and General Manager, and Shen Hong-Yu, Manager of Finance and Accounting Division, so they did not participate in discussion according to the "Act on Recusal of Related Person due to Conflicts of Interest". 2. The motion was passed without objection by all the members of Remuneration Committee. 3. Five directors who participated the meeting did not make the objections to the motion. The motion was approved as proposed.

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

The operations of the Audit Committee

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

In the most recent fiscal year, the Audit Committee held 6 sessions (A) and the attendances in meeting as observers by the Independent Directors are shown in the table below:

Title	Name	Frequency of attendance in meeting as observers (B)	Attended by proxy	Rate of attendance in meeting as observers (%)(B/A) (Note)	Remarks
Independent Director	Lin Tsai-Yuan	5	1	83.3%	Re-election (Date: June 13 2017)
Independent Director	Zhong Jun-Rong	5	0	83.3%	
Independent Director	Liu Zhi-Hong	6	0	100%	

Other important notice:

A. The operations of audit committee in any following circumstances shall be covered the date of meeting, period, the content of proposal, the resolutions and the handling of company: Not applicable.

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

Date of meeting	Resolutions	The results of the resolutions of the Audit Committee and the reactions of the Company
2017.02.20 (The 28th Board Session in 6th term)	1. Passed the 2016 Business Report and Financial Statements. 2. Passed the motion of CPA replacement due to accounting firm internal reorganization. 3. Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant.	Passed by all attended members
2017.03.27 (The 30th Board Session in 6th term)	1. Passed the proposal of" Declaration of Internal Control in FY 2016". 2. Passed the motion of the amendments to part of articles of "Operational Procedures for Acquisition or Disposal of Assets".	
2017.04.24 (The 31th Board Session in 6th term)	1. Passed the Q1 2017 Business Report and Financial Statements.	
2017.07.03 (The 1st Board Session in 7th term)	1. Passed the motion of the election of convener of 2nd audit committee	
2017.08.07 (The 3rd Board Session in 7th term)	1. Passed the Q2 2017 Business Report and Financial Statements.	
2017.10.30 (The 4th Board Session in 7th term)	1. Passed the Q3 2017 Business Report and Financial Statements.	

(B) Except any of the above matters, other proposals on record which is made either opposite or reserve objections by independent directors：None.

B. The enforcement of avoiding the interested-independent director from making a decision of the interest-relative-proposal, in which the Company shall state the name of such Independent Director, the content of the proposal, the reasons for interest avoidance and the participation in voting: Not applicable.

C. The communication between the Independent Directors and the internal audit manager, or the Independent Directors and the accountants (such as communication on the matters, methods and results with respect to the corporate finance or business operations):

(A) The internal audit manager reports the audit results to the Independent Directors in the Audit Committee meeting periodically. The communication between the Independent Directors and the internal audit manager is fine.

(B) The CPAs report the review results of the current financial statements to the Committee members in the Audit Committee meeting quarterly. The communication between the Independent Directors and the CPAs is fine.

(C) The Independent Directors and audit manager shall be attended to the Board of Directors, and the audit manager report the internal audit results at each meeting.

Note: Rate of attendance in meeting as observers (%) is calculated based on the number of meetings called and the attendance in meeting as observers of the Independent Directors during their term of office.

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

Item		State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
A.	Poya International enacts and discloses the Corporate Governance Best Practice Principles according to "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".	● The enactment of Corporate Governance Best Practice Principles has been approved by the Board of Directors on October 27, 2014 with the amendment being approved by Board of Director on April 27, 2015. The Principles have been disclosed on the special web pages designed for investors (www.poya.com.tw) and on MOPS.	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".
B.	Equity structure and shareholders' equity		
(A)	Poya International enacts the internal operating procedure for responding to the recommendations, doubts, disputes and lawsuits of the shareholders and executes thoroughly according to such procedure.	● Poya International appointed a share registration agent to handle related business and also arranged a company spokesman for responding to the recommendations and disputes of the shareholders. Additionally, Poya International enacted the Corporate Governance Best Practice Principles to protect the shareholders' equity and executed thoroughly according to relative rules and regulations.	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".
(B)	Poya International keeps proper control over the list of dominant shareholders and the ultimate shareholders of these dominant shareholders who hold real control of Poya International.	● With the support of the share registration agent, Poya International can properly control and understand the composition of dominant shareholders and can declare the status of shareholdings of the directors, and managers at regular intervals. ● As Poya International is closely affiliated with its dominant shareholders except for the natural persons, Poya International shall properly keep the list of ultimate shareholders of the dominant shareholders under control. Poya International can obtain such the list of ultimate shareholders at any time from the dominant shareholders, when necessary.	
(C)	Poya International establishes and executes the risk control mechanism and firewall between the Company and its subsidiaries and affiliates.	● Currently, Poya International has no affiliated enterprises regulated by the Company Act.	
(D)	Poya International establishes the internal rules and regulations to prohibit any personnel of the Company from trading the securities by utilizing private corporate information.	● Poya International has enacted the Operational Procedures for Preventing Insider Trading and Handling Material Inside Information, Corporate Governance Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct to prohibit any personnel of the Company from trading the securities by utilizing private corporate information.	

<table>
<tr><th colspan="2">Item</th><th>State of operation</th><th>Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons</th></tr>
<tr><td colspan="2"></td><td></td><td></td></tr>
<tr><td>C.</td><td>The organization and functions of the Board of Directors</td><td></td><td></td></tr>
<tr><td>(A)</td><td>The Board of Directors enacts the policies of maintaining the variety of the member composition and executes thoroughly.</td><td>● Poya International has enacted the Corporate Governance Best Practice Principles to fortify the Board structure and has executed thoroughly the policies of maintaining the variety of the Board composition. The nomination and election process of BOD members are governed by the “Act of Incorporation” with the candidate nomination system. Except evaluating each candidates’ education and important experiences, the process shall be conducted in accordance with the “Procedures for Election of Director”.
● The diversified personal expertise of BOD members were declared to the special web pages designed for investors.
The diversified personal expertise of BOD members:
<table>
<tr><th>Name</th><th>Gentle</th><th>Operation & Management</th><th>Leadership & Decision making</th><th>Crisis Management</th><th>Industry knowledge</th><th>Finance & Accounting</th><th>Global vision</th></tr>
<tr><td>Chen Jian-Zao</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Chen Fan Mei-Jin</td><td>Female</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Chen Zong-Cheng</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Chen Ming-Shian</td><td>Male</td><td></td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr>
<tr><td>Lin Tsai-Yuan</td><td>Male</td><td></td><td></td><td></td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Liu Zhi-Hong</td><td>Male</td><td></td><td></td><td></td><td>V</td><td>V</td><td></td></tr>
<tr><td>Zhong Jun-Rong</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td></tr>
</table></td><td>● Compliant with the requirements of “Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies”.</td></tr>
<tr><td>(B)</td><td>Except the Remuneration Committee and Audit Committee, Poya International establishes other functional committee voluntarily.</td><td>● Poya International has established the Remuneration Committee according to relative rules in 2011 to fortify the corporate governance. In 2014, Poya International set up the Audit Committee and Nominating Committee voluntarily. In the most recent fiscal period, the Committees operate well and the operation state of each Committee is as followed: the Remuneration Committee has held 3 sessions; the Audit Committee has held 2 sessions.</td><td></td></tr>
</table>

Item		State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
(C)	Poya International stipulates the measures and means of performance assessment of the Board of Directors and makes the performance assessment annually and at regular intervals.	● Poya International has stipulated the measures of performance assessment of the Board of Directors and has made the performance assessment according to relative rules and regulations. Employees conduct the assessment by themselves and colleagues at the end of annual. The questionnaire and its result are disclosed on special web page designed for investors. The orientations covering the overall Board of Directors assessment are as followed: (1) The degree of participation in corporate operation. (2) The promotion of decision quality at the Board of Directors. (3) The composition and structure of the Board of Directors. (4) The election of Directors and further studies. (5) Internal control. The orientations covering performance assessment for Board members are as followed: (1) Corporate target and mission control. (2) Acknowledge of the Directors' duties. (3) The degree of participation in corporate operation. (4) Internal relationship building. (5) The Directors' specialty and further studies. (6) Internal control. The nearest performance assessment for BOD and its members (FY2017) was completed on January 15 2018. The questionnaire and its results were disclosed on special web page designed for investors. The result was that the operation of BOD was effective.	
(D)	Poya International makes routine assessment of the independence of the Certified Public Accountant.	● Poya International makes routine assessment (once annually) of the independence of the certified public accountants according to Article 29-V of the Corporate Governance Best Practice Principles. The Auditors' audit checklist enacted pursuant to Article 47 of the "Certified Public Accountants Act" and No.10 of the "Statement of Ethic Code of Conduct" on "Integrity, impartiality and independence" and the "declaration of independence and impartiality" issued by the certified public accountants shall be reviewed by the Audit Committee and then be submitted to the Board of Directors for approval in order to assess the independence of the certified public accountants. The results in the lately two years were reported at Board of Directors on Feb 20 2017 and Feb 26 2018 respectively. ● After being confirmed, except the certification and financial fees, there is no circumstance as followed between the accountants and Directors: (1) Direct and indirect financial relationship. (2) Close business relationship (3) Potential employment relationship.	

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	(4) Financing and guarantee behavior. The accountant recruitment and the expense deliberation can be made once the families are confirmed that they don't violate the independence.	
D. Listed company establishes the exclusive dedicated unit for corporate governance(The business includes but not limited to offering the information needed for directors and supervisors when they do operations, dealing with the related business of board meeting and shareholders meeting, handling company's registration or amendment, editing agenda for board meeting and shareholders meeting.	● Poya International has set up the Corporate Governance Group, and the convener of it is General Manager. Finance and Accounting Division is appointed as an exclusive dedicated unit to be in charge of related business to protect the rights of shareholders and strengthen BOD functions. The major duties are providing the related information and newest rules for corporate operation to assist Directors follow the laws and decrees. ● the execution of the Company is as follows: 1. Develop and enact the proper devices and rules for company to promote the independence of BOD and implement the compliance with laws and decrees. 2. Seek the advices of each Director before Board of Directors and design the meeting agenda, provide the meeting paper and notice all Directors at least seven days prior to Board of Directors to let Directors understand the related proposals and remind any interested parties not to participant in discussion in advance. 3. Register the date of shareholders meeting in compliance with the legal time limit every year. Make the meeting notice, meeting agenda and meeting minutes and declare before deadline. Apply for registration change after regulation amending and Directors re-election. 4. Besides Each Directors conduct the assessment by themselves and colleagues every year, the overall operation is submitted to the nominating committee for internal assessment. The result is disclosed on the official website. 5. Poya International has installed official websites in Chinese and English for the disclosure of its financial and operational information, CSR reports to protect the rights of shareholders and implement the fair treatment for every shareholder. 6. Update and maintain the information disclosed on official websites in Chinese and English periodically. 7. Deal with the correlation matters of Board of Directors and shareholders meeting in compliance with the laws and decrees 8. Deal with the correlation matters of company registration and registration changes. 9. Take meeting minutes for Board of Directors and shareholders' meetings within 20 days. 10. Arrange the courses at home for BOD members to obtain at least six credits, and purchase of liability insurances for the Company's directors and key personnel. 11. Hold the communication meeting among accountants, independent directors and audit	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	manager irregularly to implement the internal auditing.	
E. Poya International establishes the channels of communication with the stakeholders included but not limited to shareholders, employees, customers and suppliers etc., and the special web page designed for the stakeholders. Poya International properly responds to the main issues of corporate social responsibility concerned by the stakeholders.	● Poya International disclosed corporate social responsibility report and designed the special web page for stakeholders on the Chinese official website. Since 2013, Poya International prepared the corporate social responsibility report to illustrate further about the issues interested parties concern and the channels of communication voluntarily to help the stakeholders to understand the operating status. ● Hot line, email, facebook and investor's contact window are offered for maintaining positive communication with each stakeholder. ● Special web page was designed for corporate governance and the minutes of Board session on record were disclosed on the Chinese official website for investors to download the relative information.	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".
F. Poya International appoints the professional share registration agent to handle the related affairs of Shareholders Meeting.	● Poya International appoints Hua Nan Securities Co., Ltd. as the professional share registration agent to assist the Company to handle the related affairs of Shareholders Meeting.	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".
G. Disclosure		
(A) Poya International installs an official website for the disclosure of its financial and operational information and the enforcement of corporate governance.	●Poya International has installed official websites in Chinese and English for the disclosure of its financial and operational information and the enforcement of corporate governance. The addresses of websites are as followed: Chinese Website: www.poya.com.tw English Website: www.poya.com.tw/en	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".
(B) Poya International adopts other means of disclosures (such as the installation of English website, the appointment of a designated personnel to gather and disclose the Company's information, realization of the spokesman system, and uploading the process of the conferences for institutional investors on the official websites).	● Poya International has adopted other means of disclosures: (1) Install the official websites in Chinese and English to disclose relative information. (2) Announce material information in Chinese and English. (3) Appoint the designated personnel to update Chinese and English websites periodically. (4) Participate in the conferences for institutional investors held by the securities corporation and the authorities, make a presentation about the operation status of the Company and disclose the relative information on the Chinese and English websites according to the relative rules and regulations. (5) The spokesman of Poya International announces the Company's information according to the Regulations for the Management of Spokesman. There is only one spokesman and one acting spokesman.	
H. Poya International provides other major information which helps to understand the operation of corporate governance	● Other major information: (1) Courses for further studies taken by the directors: In order to enhance the professional functions of the Company's directors and broaden their knowledge, Poya International	● Compliant with the requirements of "Corporate Governance Best Practice Principles by

Item	State of operation	Discrepancy from Corporate Governance Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
(including but not be limited to rights and interests of the employees, employee care, investor relation, supplier relation, the rights of the stakeholders, courses for further studies taken by the directors and supervisors, risk management policies, execution of risk measure standards, execution of customer policies, purchase of liability insurances for the Company's directors and supervisors)	has applied the 6-hour courses at home from Taiwan Corporate Governance Association in 2017. Besides, the directors also participated in other related courses. In 2017, all of the directors have taken the courses for further studies. The courses taken by the directors are mentioned in Table 1 below. (2) Courses for further studies taken by the managers: The courses taken by the manager are mentioned in Table 1 below. (3) Execution of avoiding the director from participating in the proposal having the interest relation with such the director: the directors of Poya International shall practice high self-discipline and shall not participate in the voting when the interest relation between the director and the proposal raised up at the Board meeting harms the interests of the Company. (4) Purchase of liability insurances for the Company's directors: the directors of Poya International shall practice ethical corporate management, thus there isn't any lawsuit or illegal behavior. Poya International has purchased liability insurances for the directors and supervisors from Fubon Insurance since 2017 with the sum insured to be USD$5 million. The period of insurances is from October 1, 2017 to October 1, 2018.	TWSE/GTSM- listed Companies".
I. Please specify the improvements based on the corporate governance results issued by TWSE corporate governance and make the priority of enhancement and measures for unimproved issues. (The company which is not in list doesn't have to fill the form.)	● Poya International intensifies the execution of corporate governance based on the comments of the Board of Directors and makes a self-evaluation report in the Appraisal of Corporate Governance. Poya International also discusses with the authorities for improvement of corporate governance, which includes the following items: A. Stipulate and revise the relative rules of corporate governance according to the laws and regulations and the policies. B. Enhance English official website to fortify the information transparency. C. Announce material information in Chinese and English to fortify the integrity and fairness of information disclosure. D. E-voting is adopted at the Shareholders Meeting. Announce relative information of Shareholders Meeting previously. Poya International will keep fortifying the execution of corporate governance according to the relative laws and regulations in the future.	● Compliant with the requirements of "Corporate Governance Best Practice Principles by TWSE/GTSM- listed Companies".

Table 1 Courses for further studies taken by the directors and managers:

Title	Name	Date of office	Date of training	Organizer	Name of course	Hours of study	Compliant or not
Chairman	Chen Jian-Zao	2017.06.13	2017.03.27	Taiwan Corporate Governance Association	How to use financial information to upgrade corporate management decision making Strengthen the efficiency of corporate governance and practical strategy	6	Yes
Vice Chairman	Chen Fan Mei-Jin	2017.06.13	2017.03.27	Taiwan Corporate Governance Association	How to use financial information to upgrade corporate management decision making Strengthen the efficiency of corporate governance and practical strategy	6	Yes
Director and General Manager	Chen Zong-Cheng	2017.06.13	2017.03.27	Taiwan Corporate Governance Association	How to use financial information to upgrade corporate management decision making Strengthen the efficiency of corporate governance and practical strategy	6	Yes
Director	Chen Ming-Shian	2017.06.13	2017.03.27	Taiwan Corporate Governance Association	How to use financial information to upgrade corporate management decision making Strengthen the efficiency of corporate governance and practical strategy	6	Yes
Independent Director	Lin Tsai-Yuan	2017.06.13	2017.03.27	Taiwan Corporate Governance Association	How to use financial information to upgrade corporate management decision making Strengthen the efficiency of corporate governance and practical strategy	6	Yes
Independent Director	Zhong Jun-Rong	2017.06.13	2017.03.27	Taiwan Corporate Governance Association	How to use financial information to upgrade corporate management decision making Strengthen the efficiency of corporate governance and practical strategy	6	Yes
Independent Director	Liu Zhi-Hong	2017.06.13	2017.03.27	Taiwan Corporate Governance Association	How to use financial information to upgrade corporate management decision making Strengthen the efficiency of corporate governance and practical strategy	6	Yes
Manager of Finance and Accounting Division	Shen Hong-Yu	2008.11.01	2017.11.23~24.	National Cheng Kung University	21st Session of the Chief Accounting Officers Continuing Education Program Seminar on the latest IFRS Business model innovation Seminar on the latest GAAS Analysis of Money Laundering Prevention Act. for latest revision	12	Yes

D. Disclosure of the organization, functions and operations of the Remuneration Committee, if applicable:

1. Profiles of the Remuneration Committee members

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

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

a. Not an employee of the Company or its group companies.

b. Not a director or supervisor of the Company or the group companies (except as an Independent Director of a subsidiary where the Company or the parent to the Company directly or indirectly holds more than 50% of its voting shares).

c. Shareholder who is a natural person, and not the person, the spouse, underage child or under the name of a third party holding more than 1% of the total shares or one of the top 10 natural person shareholders.

d. Not a spouse, kindred within the 2nd tier or the next of kin of kindred within the 5th tier of the aforementioned personnel.

e. Not a director, supervisor, or employee of an institutional shareholder directly holds more than 5% of the outstanding shares of the Company or a director, supervisor or employee of one of the top 5 institutional shareholders.

f. Not a director, supervisor, manager of a specific company or institution that the Company has financial or business transactions or a shareholder holding more than 5% of the shares of such company or institution.

g. Not an owner, partner, director, supervisor, manager and the spouse of the an owner, partner, director, supervisor, manager of a professional wholly-owned firm, partnership, corporation or institution, or a professional personnel providing business, legal, financial and accounting services or consultation to the Company or its group companies.

h. Any of the provisions contained in Article 30 of the Company Act shall be applied.

2. The Operations of the Remunerations Committee

(1) The Remunerations Committee of Poya International consists of 3 members.

(2) In the last fiscal period, the Remunerations Committee convened 3 sessions (A). The eligibility of the members and their attendance in committee meetings are shown below:

Title	Name	Frequency of attendance (B)	Attend by proxy	Attendance rate (%) (B/A)	Remarks
Convener	Lin Tsai-Yuan	3	0	100%	Re-election (Date: June 13 2017)
Member	Zhong Jun-Rong	3	0	100%	
Member	Liu Zhi-Hong	3	0	100%	

Other important notes:

(A) Where the Board of Directors does not accept or revise the recommendations of the Remunerations Committee, the date and instance of the Board session, the contents of the motions, the resolution of the Board and the response to the opinions of the Remunerations Committee shall be specified (if the resolutions on remuneration issues passed by the Board of Directors are superior to the recommendations of the Remunerations Committee, the detailed explanation shall be given): None.

(B) If there is any adverse opinion or qualified opinion of the members in the decision over specific motions at the Remunerations Committee meeting on record or with a written declaration, the date and instance of the committee meeting, the contents of the motion, the opinions of all members and the response to the opinions of members shall be specified: None.

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

E. The practice of corporate social responsibility:

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
1. Enforcement of corporate governance A. Poya International establishes the policy or system of corporate social responsibility to review the results of enforcement. B. Poya International holds the education and training of corporate social responsibility periodically. C. Poya International appoints exclusive (or concurrently) dedicated unit in charge of the execution of corporate social responsibility. Relative matters are handled by the management authorized by the Board of Directors and a report of handling is given to the Board of Directors afterward. D. Poya International establishes the reasonable policies of remuneration, connects the performance review system with the policy of corporate social responsibility and set up a clear and effective system of rewards and penalties.	A. Poya International has enacted Corporate Social Responsibility Best Practice Principle and established Corporate Social Responsibility Management Committee in October ,2014. The minister is served by General Manager, managing the formulation of relative strategies and systems, and reviewing of the implementation. Besides, the implementation shall be made by the following teams: Labor & Ethics Regulation Team Environment Safety and Management Team Social Charity Team Integrity Operation Team Supply Chain Management Team Business Confidentiality Management Team Shareholders' Equity Protection Team B. Poya International issues internal monthly news and holds the monthly meeting to advocate the relative policies of corporate social responsibility. C. Poya International has appointed Finance and Accounting Division as the exclusive (or concurrently) division being in charge of the formulation and implementation of CSR policies, systems and action plans. The execution of CSR shall be illustrated in the annual report and official website, also reported to Board of Directors by the minister. The implementations of CSR: 1. CSR work group collect and organize the opinions from interested parties feedback to review the corresponding measures and carry out after convener agree based on PDCA. 2. CSR work group starts make CSR report for last year in Q3 every year. 2016 CSR report has been disclosed on November 30 2017 to help stakeholders understand the operating status. 3. The results in 2017:	Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
	(1) In order to enhance interaction of neighborhood and improve indifference between people, Poya offered coupons to Lantern Festival evening party held by Xiancao village in Tainan City. (2) Sponsored "Asian Cultural Council Fondation" (3) Sponsored "National slow-pitch soft ball championships for hearing impaired labor" (4) Sponsored "Yu-Cheng Social Welfare Foundation" etc. charity activities. (5) Sponsored" Golf development foundation" (6) Sponsored the portable digital wireless disaster rescue equipment for Tainan City Government Fire Bureau.	
2. Environment for sustainability (A) Poya International makes effort to upgrade the efficiency on the use of resources and in using recycled bio-degradable materials to decrease the impact on the environment.	(A) Poya International makes effort to upgrade the efficiency on the use of resources in a reasonable range. For example, Poya International applies electronic system for file review and approval to reduce paper waste. Poya International also adopts various energy-saving products like LED lighting, inverter air conditioner, water-saving toilets to decrease the impact on the environment.	
(B) Poya International establishes an appropriate environmental management system in line with the specific features of the industry.	(B) As in the retail industry, Poya International makes effort to upgrade the efficiency on the use of resources. since there is no sewage, chemicals, gas, noise and waste generated from operations, ISO 14001 or other relative specifications is not applicable for Poya International.	

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
(C) Poya International pays attention to the influence of climatic change on the Company's operation, executes the examination program of greenhouse gas emission, and stipulates the strategies of energy savings, carbon reduction and greenhouse gas decrease.	(C) Poya International closely pays attention to the impact of climatic change on the Company's operation, continues to push forward the energy management, and executes the examination program of greenhouse gas emission to comply with the advocacy of energy saving and carbon reduction promoted by government. The energy saving goals: 1. 2% Carbon Reduction each year from 2016 2. 10% Carbon Reduction in 2021 compared to 2016 The effects of energy saving and carbon reduction in 2017 are as follows(checked in 2016) : 1. The average electricity usage of each store decreased by 11.22%. 2. The greenhouse gas emission of each store decreased by 10.52%. 3. The average water usage of each store decreased by 8.33%. 4. 2,308 trees are saved per year by paper saving strategy. According to the details of means and effects for energy saving and carbon reduction, please see 2016 corporate social report p.32-p.38.	Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
3. Maintenance of social charity (A) Poya International enacts the managerial policies and procedures according to the relative rules and international recognized human rights of labor. (B) Poya International establishes the mechanism and channel for receiving employee complaints and gives responses properly.	(A) Poya International complies with local laws and decrees in every branches in Taiwan, also treats full-time, part-time employees and interns with respect in compliance with "The Universal Declaration of Human Rights", "International Labor Standards", "The UN Global Compact" and "Business & Human Rights Resource Centre" voluntarily to enforce the conscious of human rights of employees and interested parties. Implemented guidelines: 1. Provide a work environment with safety and dignity. 2. Prohibit illegal discrimination in employment to ensure equal opportunities. 3. Prohibit the use of child labors. 4. Prohibit forced labour 5. Help employees maintain work-life balance. 6. Review related devices and human behaviors periodically. 7. Keep the independent device for appeals clear to grow concern or identify the negative impact of human rights. 8. Put an effort into avoiding the human rights violation. 9. Set up a well management system for personal data protection to maintain the privacies and rights of customers. (B) Poya International complies with the applicable rules governing labor force and makes efforts to enhance the employee's welfare. Employees can report to the immediate officer, audit officer or human resources officer directly or raise comments or make complaints through internal platform such as EIP, Notes and Connections. Auditors will start the investigation once they received notice. All the comments received from employees will be taken into consideration fully for improvement.	Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
(C) Poya International provides the employees a safe and healthy work environment and gives them safe and healthy training periodically.	(C) Poya International has arranged routine inspection on public safety once annually and non-scheduled physical examination to ensure all employees have a safe and health work environment.	Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".
(D) Poya International establishes the mechanism for routine communication with the employees and makes notification to the employees via reasonable means on operation changes that may cause significant influences on the employees.	(D) Poya International provides the employees with a complete communication. For example, an internal meeting for all employees and an ABC sales meeting will be held every month Besides, Poya International also offers E-platforms and internal websites, such as EIP, Notes and Connection Platform to make an effective, two-way communication with employees to help them understand the policy and activity of operation management.	
(E) Poya International provides the employees an effective training program cultivating career abilities.	(E) Poya International has designed a training program and disclosed relative information of such program on the human recruiting website: http://www.104.com.tw/cfdocs/project/1305/poya_130507/plan.html	
(F) Poya International establishes the policy of customer right protection and the procedure of customer complaints in the process of research and development, procurement, production, operations, and services.	(F) 1. Poya International executed "Profile Protection Plan" in 2013. The Audit Office is delegated to maintain such plan. According to this plan, those profiles filled out by the store personnel or customers shall be protected in the safe and shall not be taken out arbitrarily. At a regular base, some of the personal profiles shall be destroyed to protect customer's privacy. 2. Poya International has appointed designated personnel to handle the complaints of customers. The customer complaint hotline is: 0800-033168.	
(G) Poya International complies with the relative rules and regulations and international guidelines when marketing or labeling their products and services.	(G) Poya International sells products in compliance with the relative rules and regulations and international guidelines.	

Item	State of operation	Discrepancy from Corporate Social Responsibility Best Practice Principles by TWSE/GTSM-listed Companies and the reasons
(H) Poya International takes into consideration whether the suppliers involved in any record of causing damages to the environment or society before making transactions with the suppliers. (I) Poya International may at any time terminate or rescind the contracts with major suppliers when any of them violates the corporate social responsibility policy and causes impacts on the environment and society.	(H) Poya International takes some steps before making a contract with the supplier. Poya International reviews the background and other related information of the supplier. The employees of the purchasing division visit the suppliers' factory irregularly to understand the environment and the process of goods production, as well as overall corporate operation. (I) Poya International includes in the contract terms requiring compliance with relative product rules and regulations. If there is any violation, Poya International will remove the concerned product from the shelves at once, and the supplier shall take responsibility to pay compensation.	Compliant with the requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies".
4. Intensification of information disclosure A. Poya International discloses relevant and reliable information of corporate social responsibility on the official website and MOPS.	(A) Poya International has made the 2016 Corporate Social Responsibility Report in 2017 and disclosed the Report on MOPS and official websites in Chinese and English.	

5. If the Company enacts its Corporate Social Responsibility Best Practice Principle in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE-GTSM-listed Companies", specify the discrepancies between the execution and the content of the Principle:
The Company has complied with requirements of "Corporate Social Responsibility Best Practice Principles by TWSE/GTSM- listed Companies" according to applicable rules and regulations.

6. Other major information that helps to understand the operation of corporate social responsibility:
a. The Company has disclosed the Corporate Social Responsibility Report on MOPS and official websites in Chinese and English in 2016 to help to understand the Company's operation of corporate social responsibility.
b. The implementations in 2017:
1. Offered coupons for Lantern Festival Evening Party in Xiancao vil., West Central Dist., Tainan City.
2. Sponsored "Asian Cultural Council"
3. Sponsored "National slow-pitch soft ball championships for hearing impaired labor"
4. Sponsored "Yu-Cheng Social Welfare Foundation" etc. charity activities.
5. Sponsored" Golf development foundation"
6. Sponsored the portable digital wireless disaster rescue equipment for Tainan City Government Fire Bureau.

7. If the Corporate Social Responsibility Report of the Company is accredited by the external accreditation agency, elaborate on the standards applicable to the accreditation:
The Company has issued 2016 corporate social responsibility report in 2017, also has disclosed it on the website. Currently, the corporate social responsibility report has not yet been verified by any certification institution.

F. The practice of ethical corporate management and measures:

Item	State of operation	Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
1. Policy of ethical corporate management and action plan in place		Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
A. Poya International elaborates the policy and action plan of ethical corporate management in the internal code and external documents, and the Board of Director and the management actively meet the commitments of executing operating policies.	(A) Poya International has enacted Procedures for Ethical Management and Guidelines for Conduct, and executed in compliance with relative policies.	
B. Poya International enacts the prevented program against unethical behaviors, stipulates the operation procedure, code of conduct, discipline of violation and complaint system in each program and executes thoroughly.	(B) Poya International has enacted Procedures for Ethical Management and Guidelines for Conduct, and executed in compliance with relative policies. Relative matters are also regulated in the "Rules of Work and Personnel Management Regulations"	
C. Poya International adopts prevented measures toward those operating activities with higher risks of unethical behaviors regulated by Article 7.2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies" or within the business scope of the Company.	(C) Poya International appoints the Finance and Accounting Division as the exclusive dedicated unit, in charge of the execution of prevented measures against unethical behaviors and the regular reports submitted to the Board of Directors.	

Item	State of operation	Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
2. Realization of ethical corporate management (A) Poya International takes the record of ethical management of the transaction counterparties into consideration and includes in contract term requiring compliance with the rules of ethical corporate management. (B) Poya International establishes a exclusive (or concurrently) dedicated unit, which is subordinate to the Board of Directors, in charge of executing ethical corporate management and reporting the execution to the Board of Directors at a regular interval. (C) Poya International stipulates the policy of avoiding conflicts of interests, provides proper channels for reporting and receiving complaints, and executes thoroughly. (D) Poya International establishes the effective accounting system and internal control system, and receives the audits periodically carried out by the internal auditors or certified public accountants in order to thoroughly execute ethical corporate management. (E) Poya International holds the external and internal education and training of ethical corporate management at regular intervals.	(A) Poya International has explicitly stated in all business agreement the relative rules and regulations of ethical corporate management which emphasizes on the prohibition of giving or taking bribes. (B) Poya International has appointed Finance and Accounting Division as an exclusive dedicated unit, which shall report to the Board of Directors at regular intervals. Poya International shall reports the ethical operational status to Board of Directors in compliance with the " Procedures for Ethical Management and Guidelines for Conduct". There was no violation in 2017. (C) Poya International has stipulated the rules and regulations in its Procedures for Ethical Management and Guidelines for Conduct that the directors, managers and the stakeholders presenting or participating at the Board meeting as a non-voting observer shall express opinions about the relationship of interests in the Board meeting when a proposal at a Board meeting concerns a director, manager or stakeholder's personal interest or the interest of the juristic person represented by the director, manager or stakeholder. If such a relationship is likely to prejudice the interest of the Company, such director, manager or stakeholder may not participate in the discussion nor vote on that proposal. In addition, the director, manager or stakeholder shall refuse involvement in discussion and voting, and may not exercise voting rights as proxy on behalf of another director. (D) The accounting system and internal audit control system were established. Internal auditors make the audit plan based on risk ranking and execute, also report to Board of Directors. There is no violation of ethical corporate management. (E) Poya International holds a monthly meeting for making announcements of the relative policies to all the employees, and includes the relative rules and regulations of "Procedures for Ethical Management and Guidelines for Conduct" which shall be reviewed by the new employee.	Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.

Item	State of operation	Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
3. Operation of the system for the personnel to report on the unethical practices of others (A) Poya International establishes the concrete system and convenient channel for the personnel to report on the unethical practices of others and the relative reward policy; also, appoints proper personnel to handle the matters based on the object being reported to the unethical practices. (B) Poya International establishes the standard operational procedures for investigating into the unethical practices being reported on and the relative confidential system. (C) Poya International takes the measure of protecting the reporter from being improperly punished for reporting on the unethical practices of others.	(A) Poya International has enacted "the Reporting and Mechanism of Procedures for Ethical Management and Guidelines for Conduct" and "Reporting Regulations of Irregular, Immoral and Dishonest Conduct ". Reporters can report to the following units: (1) Spokesman, acting spokesman: Accepting the reports from shareholders, investors and external staffs. (2) Management team, manager of Finance and Accounting Division and Audit committee: Accepting the reports from directors, managers, employees and suppliers. The accepting units shall report to General Manager, and General Manager would appoint the dedicated unit to manage related investigation. (B) Poya International has establishes the mechanism for the personnel to report on the unethical practices of others in Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct. The coherent department will start to collect the evidences and investigate with secrecy once it receives the notice. (C) Poya International allows anonymous report on the unethical practices of others in its Rules of Personnel Management to protect the reporter and stipulates relative regulations in Codes of Ethical Conduct.	Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
4. Intensification of information disclosure (A) Poya International discloses the Ethical Corporate Management Best Practice Principles and its execution on the official websites and MOPS.	(A) The special web page was designed for corporate governance on official websites in Chinese and English to disclose the relative information of ethical corporate management. Besides, Poya International has uploaded the Principles on the MOPS.	Compliant with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies.
5. If the Company enacts its Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies", specify the discrepancies between the execution and the content of the Principle: The Company has complied with requirements of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- listed companies" according to applicable rules and regulations.		

Item	State of operation	Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
6. Other major information that helps to understand the operation of ethical corporate management (for example, any amendment to the provision of the Ethical Corporate Management Best Practice Principles): (1) In order to implement the ethical behavior and integrity management to make sure sustainable development, Poya International encourages to report any illegal and unethical behavior. "Reporting Regulations of Irregular, Immoral and Dishonest Conduct" was passed by the Board of Directors on July 25 2016. (2) Poya International has uploaded its Ethical Corporate Management Best Practice Principles on the Chinese official websites and the MOPS in order to help to understand the operation of ethical corporate management.		

G. Mean of inquiry for corporate governance principles and related regulations: the special web page was designed for the investors on the official website (http://www.poya.com.tw).

H. Other major information that helps to understand the operation of corporate governance shall also be disclosed on the following platform:
   1. The special web page designed for the investors on the official website (http://www.poya.com.tw).
   2. MOPS: http://mops.twse.com.tw/mops/web/index
      The abbreviation is "Poya" and the Stock Code is "5904".

I. The implementation of the internal control system:
   1. Declaration of internal control: please refer to page 146-147.
   2. Certified Public Accountant Review Report which is issued by the certified public accountants based on the audit result of the internal control system: None.

J. In the last fiscal period as of the date this report was printed, the main faults and the improvement of any case that the Company or its personnel was punished based on the regulations, or that the personnel was punished by the Company for violating the provision of internal control system shall be specified: None.

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

1. Major resolutions of the Shareholders Meeting

Nature of meeting	Date of meeting	Resolutions	Implementation
Shareholders Meeting	2017.06.13	Business Report and Financial Statement of FY 2016	Proceed as resolved.
		Proposal for distribution of 2016 profits	The proposal had been passed. The date of distribution was set up on Aug. 1st , 2017. Cash dividends of NT$ 1,032,293,607, had been distributed on Aug. 30, 2017.
		Proposal for a new share issuance through capitalization of earnings and employee bonus	The proposal had been passed. Poya International proposed to issue 964,760 new shares through capitalization of earnings of NT$ 9,647,600. Employee Remunerations of NT$90,000,000 had been distributed on Aug. 30, 2017.
		Amendments to part of provisions of "Operational Procedures for Acquisition or Disposal of Assets"	Executed as resolved and disclosed on the official website on Jun. 20, 2017.
		Motion of re-election of directors including independent directors	The list of elected directors: 1. Dou Chin Investment Co., Ltd. Representative: Chen Jian Zao 2. Poya Investment Co., Ltd. Representative: Chen Fan Mei-Jin 3.Chen Zong-Cheng 4. Chen Ming-Shian The list of elected independent directors:

Nature of meeting	Date of meeting	Resolutions	Implementation
			1. Lin Tsai-Yuan 2. Liu Zhi-Hong 3. Zhong Jun-Rong The elected list of 7th directors including independent directors was announced on MOPS after shareholders meeting. The lis was permitted to register by Ministry of Economic Affairs, R.O.C on Jun. 20, 2017.
		Motion to release the new Board of Directors and representatives from the non-competition restrictions.	Executed as resolved.

2. In the last fiscal period as of the date this report was printed, the Board of Directors held 15 sessions and the major resolutions are summarized as followed:

Nature of meeting	Date of meeting	Resolutions
Board Session	2017.01.23	1. Passed the motion of directors' further study plan 2. Passed the motion of setting up the POYA International Co., Ltd. Renwu Bade Branch in Kaohsiung
Board Session	2017.02.20	1. Passed the 2016 Business Report and Financial Statements. 2. Passed the proposal for distribution of 2016 profits 3. Passed the proposal of the " Remunerations of employees and directors in FY 2016. 4. Passed the proposal of a new share issuance through capitalization of earnings. 5. Passed the motion of re-election of directors including independent directors. 6. Passed the motion to release the new Board of Directors and representatives from the non-competition restrictions. 7. Passed the motion of calling for a regular session of the Shareholders Meeting in FY 2017. 8. Passed the motion of CPA replacement due to accounting firm internal reorganization. 9. Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant. 10. Passed the motion of setting up the POYA International Co., Ltd. Feng Jia Branch in Taichung. 11. Passed the motion of setting up the POYA International Co., Ltd. Kaohsiung Qixian Branch in Kaohsiung.
Board Session	2017.03.13	1. Passed the motion of setting up the POYA International Co., Ltd. Zhongxiao Yongchun Branch in Taipei.
Board Session	2017.03.27	1. Passed the proposal of" Declaration of Internal Control in FY 2016". 2. Passed the motion of the amendments to part of articles of "Operational Procedures for Acquisition or Disposal of Assets".
Board	2017.04.24	1. Passed the motion of directors' candidate nomination from more than 1%

Nature of meeting	Date of meeting	Resolutions
Session		of the shareholders. 2. Passed the motion of financing from financial institution. 3. Passed the motion of setting up the POYA International Co., Ltd. Hualian Jian Branch in Hualian, THSR Zuoying Branch in Kaohsiung and Keelung E-square Branch in Keelung. 4. Passed the motion of changing address of Changhua Hemei Branch.
Board Session	2017.05.15	1. Passed the motion of setting up the POYA International Co., Ltd. Dali Branch in Taichung. 2. Passed the motion of revoking the POYA International Co., Ltd. Ziyou Branch in Kaohsiung.
Board Session	2017.06.13	1. Passed the motion of election of 7th Chairman and vice-Chairman
Board Session	2017.07.03	1. Passed the appointment of 3rd Remunerations Committee members. 2. Passed the appointment of 2nd Nominating Committee members. 3. Passed the motion of drawing up the matters of ex-dividends and ex-rights for FY2017. 4. Passed the motion of distributing cash dividends from 2017 profits 5. Passed the motion of financing from financial institution.
Board Session	2017.08.07	1. Passed the proposal of "Individual Remunerations of Directors in FY2016" 2. Passed the proposal of "Remunerations of Managers in FY2016" 3. Passed the motion of insurance renewal for the directors and the important executives. (The expiration date of liability insurances is October 1, 2017) 4. Passed the motion of setting up the POYA International Co., Ltd Boyu Branch in Kinmen, Xinzhuang Renai Branch in New Taipei City, Lingtung Branch in Taichung, Huatan Branch in Changhua, Shetou Branch in Changhua, Shalu Zhennan Branch in Taichung, Houlong Zhonghua Branch in Miaoli, Fuxing Branch in Taoyuan, Mingjian Branch in Nantou, Fengjia Fusing Branch in Taichung, Zhonghe Juguang Branch in New Taipei City. 5. Passed the motion of revoking the POYA International Co., Ltd.Dali Zhongxing Branch in Taichung. 6. Passed the application of business address change registration of Zhongxiao Yongchun Branch in Taipei.
Board Session	2017.10.30	1. Passed the motion of setting up the POYA International Co., Ltd Xinzhuang Jianguo Branch in New Taipei City, Xinhua Branch in Tainan,Guishan Wanshou Branch in Taoyuan.
Board Session	2017.12.25	1. Passed the motion of the enactment of "2018 Annual Audit Plan". 2. Passed the "2018 Annual Operating Plan". 3. Passed the motion of revoking the POYA International Co., Ltd. Fengjia Branch in Taichung. 4. Passed the motion of setting up the POYA International Co., Ltd Xinshi Branch in Tainan.
Board Session	2018.01.15	1. Passed the proposal of the year-end bonus for the managers in FY2017. 2. Passed the proposal of the year-end bonus for the chairman and the vice chairman in FY2017. 3. Passed the motion of setting up the POYA International Co., Ltd Zhongli Xinsheng Branch in Taoyuan.
Board Session	2018.02.26	1. Passed the motion of the amendment to part of the provisions of the " Article of the Corporation". 2. Passed the proposal of the " Remunerations of employees and directors in FY 2017. 3. Passed the 2017 Business Report and Financial Statements.

Nature of meeting	Date of meeting	Resolutions
		4. Passed the proposal for distribution of 2017 profits 5. Passed the motion of calling for a regular session of the Shareholders Meeting in FY 2018. 6. Passed the assessment of the independence and appropriateness, and the appointment of the certified public accountant. 7. Passed the amendment to part of Rules of Procedure for Board of Directors Meetings and Audit Committee Charter of the Company. 8. Passed the motion of the re-enactment of the "Operational Procedures for Preventing Insider Trading". (The original one has been abolished.) 9. Passed the motion of planning and constructing the warehouse building of the logistic center which mandated others to build on the rented land. 10. Passed the motion of setting up the POYA International Co., Ltd Wurih Branch in Taichung. 11. Passed the motion of personnel changes of acting spokesman.
Board Session	2018.03.26	1. Passed the proposal of" Declaration of Internal Control in FY 2017" 2. Passed the motion of relocation of Taipei headquarter and related matters.
Board Session	2018.04.30	1. Passed the motion of financing from financial institution. 2. Passed the motion of setting up the POYA International Co., Ltd Yuli Branch in Hualien and Bade Xingfeng Branch in Taoyuan.

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

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

V、Information on the fees for certified public accountants

Name of CPA firm	Name of CPAs		Audit period	Remark
PriceWaterhouse Coopers Taiwan	Liu Tzu-Meng	Lin Tzu-Shu	2017.01.01-2017.12.31	-

Currency unit: NT$ 1,000

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

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

Fees for certified public accountants

Currency unit: NT$ 1,000

Name of CPA firm	Name of CPAs	Auditing fees	Miscellaneous fees					Audit period	Remark
			System design	Business registration	HR	Others	subtotal		
PriceWaterhouse Coopers Taiwan	Liu Tzu-Meng Lin Tzu-Shu	2,800				196	196	2017.01.01-2017.12.31	Other miscellaneous fees- includes the fees for the secretarial work, printing of the report on new share issued through capitalization of earnings. Total amount is NT$196 thousand .

(2) If the auditing fees decrease with the comparison of the fees in a year previous to the year of replacement of the CPA firm, the amount of the auditing fees before and after the replacement and the reasons shall be disclosed: None.

(3) If the auditing fees decrease by more than 15% with the comparison of the fees in the previous year, the decrease amount of the auditing fees, the percentage and the reasons shall be disclosed: None.

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

Poya International replaced the certified public accountants to react to the changes of internal organization in PriceWaterhouse Coopers Taiwan in 2017.

(1) Former certified public accountants

<table>
<tr><td>Date of replacement</td><td colspan="4">2017.02.20</td></tr>
<tr><td>Reasons and explanation</td><td colspan="4">React to the changes of internal organization in PriceWaterhouse Coopers Taiwan</td></tr>
<tr><td rowspan="3">Explanation that the Company or the CPA terminates or rejects the appointment</td><td colspan="2">Party / Situation</td><td>CPA</td><td>The Company (Consigner)</td></tr>
<tr><td colspan="2">Terminate the appointment voluntarily</td><td colspan="2" rowspan="2">None</td></tr>
<tr><td colspan="2">Reject the (continued) appointment</td></tr>
<tr><td>Opinions on and reasons of an audit report issued by the former CPA during the most recent 2 years containing an opinion other than an unqualified opinion.</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Any disagreements between the former CPA and the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting policies or practices</td></tr>
<tr><td></td><td colspan="2">Financial report disclosure</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedure</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Others (shall be disclosed according to Article 10, Subparagraph 5, Item 1-4 of the Principle)</td><td colspan="4">None</td></tr>
</table>

(2) Successor certified public accountants

Name of the accounting firm	PriceWaterhouse Coopers Taiwan
Name of the CPAs	Liu Tzu-Meng, Lin Tzu-Shu
Date of the appointment	2017.02.20
Consultations and the consultation results of the issues made by the new CPA regarding the accounting treatment of or application of accounting policies to a specific transaction, or the type of audit opinion that might be rendered on the securities firm's financial report prior to the formal engagement of the successor CPA.	None
Any disagreements in written form between the successor CPA and the former CPA	None

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

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

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

Title	Name	FY2017		In 2018as of the date this report was printed	
		Change in quantity of shares	Change in quantity of shares pledged	Change in quantity of shares	Change in quantity of shares pledged
Chairman	Duo Chin Investment Co.,Ltd.	222,859	0	0	0
	Representative: Chen Jian-Zao	0	0	20,000	0
Vice Chairman	Poya Investment Co., Ltd.	79,241	0	0	0
	Representative: Chen Fan Mei-Jin	1,740	0	0	0
Director and General Manager	Chen Zong-Cheng	66,630	300,000	0	0
Director	Chen Ming-Shian	0	0	0	0
Independent Director	Lin Tsai-Yuan	0	0	0	0
Independent Director	Zhong Jun-Rong	0	0	0	0
Independent Director	Liu Zhi-Hong	0	0	0	0
Finance and Accounting Manager	Shen Hong-Yu	4,232	0	0	0
Business Planning Manager	Lin Chun-Wen	3,413	0	0	0

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

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

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

Information on the relationship among the top 10 shareholders

April 7 2018

Name	Shares held by the person		Shares held by the spouse and underage children		Shares held by the name of a third party		The name and relationship of top 10 shareholders having the relationship with one another as the related parties, spouse or kindred within the 2nd tier specified in SFAS No. 6.		Remarks
	Qty of shareholdings	Proportion of shareholdings	Qty of shareholdings	Proportion of shareholdings	Qty of shareholdings	Proportion of shareholdings	Name	Relationship	
Duo Chin Investment Co., Ltd. Representative: Chen Jian-Zao	8,166,840 0	8.36% 0%	175,754	0.18%	0	0%	Chen Fan Mei-Jin Chen Zong-Cheng Chen Lee-Lee	Spouse Son-in-law Father and daughter	
Poya Investment Co., Ltd. Representative: Chen Fan Mei-Jin	8,003,409 175,754	8.19% 0.18%	0	0%	0	0%	Chen Jian-Zao Chen Zong-Cheng Chen Lee-Lee	Spouse Son-in-law Mother and daughter	
Chen Ching Investment Co., Ltd. Representative: Chen Jian-Zao	7,532,755 0	7.71% 0%	175,754	0.18%	0	0%	Chen Fan Mei-Jin Chen Zong-Cheng Chen Lee-Lee	Spouse Son-in-law Father and daughter	
Investment Account of Small Denomination World Funds Co. Ltd. in custody of Deutsche Bank	6,803,267	6.96%	0	0%	0	0%	-	-	
Kuai Wei Investment Co., Ltd. Representative: Chen Zong-Cheng	6,442,153 6,098,023	6.59% 6.24%	2,438,625	2.50%	0	0%	Chen Jian-Zao Chen Fan Mei-Jin Chen Lee-Lee	Father-in-law Mother-in-law Spouse	
Chen Zong-Cheng	6,098,023	6.24%	2,438,625	2.50%	0	0%	Chen Jian-Zao Chen Fan Mei-Jin Chen Lee-Lee	Father-in-law Mother-in-law Spouse	
Chang Yi Investment Co., Ltd. Representative: Chen Lee-Lee	2,987,565 2,438,625	3.06% 2.50%	6,098,023	6.24%	0	0%	Chen Zong-Cheng Chen Jian-Zao Chen Fan Mei-Jin	Spouse Father and daughter Mother and daughter	
Gao Heng Investment Co., Ltd. Representative: Chen Jian-Zao	2,692,248 0	2.76% 0%	175,754	0.18%	0	0%	Chen Fan Mei-Jin Chen Zong-Cheng Chen Lee-Lee	Spouse Son-in-law Father and daughter	
. Standard Chartered Pyramis Emerging Market Portfolio Investment	2,574,706	2.64%	0	0%	0	0%	-	-	
Chen Lee-Lee	2,438,625	2.50%	6,098,023	6.24%	0	0%	Chen Zong-Cheng Chen Jian-Zao Chen Fan Mei-Jin	Spouse Father and daughter Mother and daughter	

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

Capital Projection and Implementation

Capital Projection and Implementation

I. Capital stock and shares

1. Sources of capital stock

April 7 2018; unit: NT$1; share

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

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

Note 1: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 1999.7.19(88) Tai-Tsai-Cheng (I) No.63994.
Note 2: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2000.9.18(89) Tai-Tsai-Cheng(I) No.78517.
Note 3: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2001.10.9(90) Tai-Tsai-Cheng (I) No. 162012.
Note 4: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2002.6.19(91) Tai-Tsai-Cheng (I) No. 0910133129.
Note 5: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2003.5.26 Tai-Tsai-Cheng(I) No.0920123022.
Note 6: At the approval of Securities and Futures Commission of the Ministry of Finance under Letter 2004.6.04 Tai-Tsai-Cheng(I) No.0930124844.
Note 7: At the approval of Financial Supervisory Commission of the Executive Yuan under Letter 2005.6.07 Chin-Kuan-Cheng (I) No.0940122740.
Note 8: At the approval of Ministry of Economic Affairs under Letter 2005.11.25 Ching-Shou-Chung-Tzi No. 09433215370.
Note 9: At the approval of Ministry of Economic Affairs under Letter 2006.02.17 Ching-Shou-Chung-Tzi No.09531714710.

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

April 7, 2018; unit: share

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

2. Structure of shareholders

Structure of shareholders

April 7, 2018; unit: people; share

Shareholder / Quantity	Government	Financial institutions	Other institutions	Natural persons	Foreign institutions and foreigners	Total
Number	1	14	27	4,606	201	4,849
Quantity of shareholdings	55,000	257,939	44,391,648	17,218,530	35,761,914	97,685,031
Proportion of shareholdings	0.06%	0.26%	45.44%	17.63%	36.61%	100%

3. Diversification of shareholdings

April 7, 2018 ; Common shares: NT$10/share

Rank of shareholdings	No. of shareholders (people)	Quantity of shareholdings (shares)	Proportion of shareholdings
1 to 999	3,603	441,665	0.45%
1,000 to 5,000	892	1,530,451	1.57%
5,001 to 10,000	100	703,993	0.72%
10,001 to 15,000	47	579,913	0.59%
15,001 to 20,000	20	347,526	0.36%
20,001 to 30,000	36	896,687	0.92%
30,001 to 40,000	20	697,897	0.72%
40,001 to 50,000	11	512,669	0.53%
50,001 to 100,000	36	2,507,379	2.57%
100,001 to 200,000	27	3,618,447	3.70%
200,001 to 400,000	21	5,785,051	5.92%
400,001 to 600,000	5	2,544,614	2.60%
600,001 to 800,000	8	5,692,937	5.83%
800,001 to 1,000,000	3	2,573,563	2.63%
More than 1,000,001	20	69,252,239	70.89%
Total	4,849	97,685,031	100.00%

Note: Diversification of preferred stocks: None

4. List of dominant shareholders

April 7, 2018

Shareholdings / Names of dominant shareholders	Quantity of shareholdings(shares)	Proportion of shareholdings
Duo Chin Investment Co., Ltd.	8,166,840	8.36%
Poya Investment Co.,Ltd.	8,003,409	8.19%
Chen Ching Investment Co., Ltd.	7,532,755	7.71%
Investment Account of Small Denomination World Funds Co. Ltd. in custody of Deutsche Bank	6,803,267	6.96%
Kuai Wei Investment Co., Ltd.	6,442,153	6.59%
Chen Zong-Cheng	6,098,023	6.24%
Chang Yi Investment Co., Ltd.	2,987,565	3.06%
Gao Heng Investment Co., Ltd.	2,692,248	2.76%
Standard Chartered Pyramis Emerging Market Portfolio Investment	2,574,706	2.64%
Chen Lee-Lee	2,438,625	2.50%

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

Unit: New Taiwan Dollar

Title \ Year			FY 2016	FY2017	2018 to March 31, 2018 (Note 8)
Market price per share (Note 1)	Highest		488	428	382.5
	Lowest		295	351.5	355
	Average		392.12	377.91	309.39
Net value per share (Note 2)	Cum-dividend		32.59	37.16	41.70
	Ex-dividend		21.89	-(Note 9)	-(Note 10)
Earnings per share	Weighted average quantity of shares(1,000 shares)		97,405	97,652	97,685
	Earnings per share	Before adjustment	12.01	14.63	4.54
		After adjustment	11.97	-(Note 9)	-(Note 10)
Dividend per share	Cash dividend		10.7/share	-(Note 9)	-(Note 10)
	Stock dividend	From earnings	0.1/share	-(Note 9)	-(Note 10)
		From capital surplus	-	-	-(Note 10)
	Cumulative unpaid dividends (Note 4)		-	-	-(Note 10)
ROI analysis	P/E ratio (Note 5)		32.65	25.83	-(Note 10)
	P/P ratio (Note 6)		36.65	-(Note 9)	-(Note 10)
	Cash dividend yield rate (Note 7)		2.73%	-(Note 9)	-(Note 10)

Note 1: The highest, lowest and average price in each year is shown and the average market price of each year is calculated with reference to the trading value and trading volume.
Note 2: It's based on the quantity of outstanding shares at the end of the year and the decision on distribution of earnings at the Shareholders Meeting in the next year.
Note 3: If retrospective adjustment is necessary due to the release of stock dividends, the EPS before and after the adjustment shall be stated.
Note 4: If there is an issue requirement of equity securities that unpaid dividend could be accumulated to the year with earnings for distribution, the cumulated amount of unpaid dividends over the year up to current period shall be disclosed.
Note 5: P/E ratio = average price per share at closing in the current year/earnings per share.
Note 6: P/P ratio = average price per share at closing in the current year/cash dividends per share
Note 7: Cash dividend yield rate = cash dividend per share/average price per share at closing in the current year.
Note 8: Information on March 31, 2018 is reviewed by certified public accountants.
Note 9: The proposal of dividends for FY 2017 has been approved by the Board of Directors on Feb 26, 2018 pending the ratification at the 2018 Shareholders Meeting. The proposal shall be resolved by the Shareholders Meeting.
Note 10: Information covers the period of less than one year.

6. Dividend policy and implementation

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

The industry that the Company is in continues to evolve with many changes; the corporate lifecycle is currently in a phase of steady growth. After the confirmation of the financial statements each year, the Company shall pay the income tax and also offset losses for previous years. If after this, retained earning remains, the Company shall set aside 10% as legal reserve and may set aside or reverse more amount as special reserve based on the law. The remaining profits are distributable earnings for the current period, being added to the accumulated retrained earnings from the previous year to be equal to accumulated distributable earnings.

The earning distribution of the Company shall be determined by the Board of Directors based on the industrial environment where the Company is in, the future business development and the shareholder profits. The proposal of Shareholder dividend and bonus distribution shall be executed after it is approved by the Shareholders Meeting. Shareholder dividend and bonus shall be 50% to 100% of the accumulated distributable earnings. The dividend and bonus shall be paid by cash or stocks, among which the cash dividend shall not be less than 1% of total dividends. Cash dividend may not be distributed in the event that it is less than NT$ 0.5 per share, in which case a share dividend shall be distributed instead.

New shares or cash dividends may be paid from retained earnings on condition that the pool of reserve exceeds 25% of the paid-in capital.

B. Information on dividends distribution resolved by the Shareholders Meeting

On February 26 2018, the Boards of Directors adopted the proposal for distribution of 2017 earnings would be resolved by 2018 Regular Shareholders Meeting as followed:

The accumulated earnings NT$1,269,905,403 shall be appropriated as cash dividends (NT$13 dollars per share). Upon the distribution of cash dividends being passed by the Shareholders Meeting, the Board of Directors shall be authorized to set up the date of dividend distribution.

The Board of Directors shall be fully authorized by the Regular Shareholders Meeting to handle the matters related to that the profits to be distributed to each share based on the number of actual outstanding shares change because of the change of capital.

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

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

7. The impact of stock dividend issuance resolved by the Shareholders Meeting on the business performance and EPS: N/A

8. Remunerations to employees and the directors

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

The employees' remuneration shall not less than 5% and the directors' remuneration shall not exceed 6% of the profits in the current year after offsetting the accumulated losses. (The profits in the current year are the profits before income tax excluding the calculation of the employees' and directors' remuneration.)

The employees' remuneration shall be distributed in stock or cash, and shall also be distributed to those employees of affiliated companies who meet specific conditions.

B. The estimated principles of remunerations to employees, the directors and supervisors, the calculation principles of share quantity of stock dividends and the accounting treatment of the discrepancy between the real and estimated amount of remunerations to employees, the directors and supervisors:

Poya International passed the resolution of remuneration to employees and directors in Cash in FY 2017. The remuneration of employees accounts for 5.1% of the total amount of the corporate earnings, which is NT$92 million; The remuneration of the directors accounts for 0.3%, which is NT$4.8 million. The resolutions are in accordance with the provisions of Act.21-1 of the" Article of the Corporate". The employees' and directors' remuneration mentioned above shall be treated as expenses complied with the revised laws and regulations 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.

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

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

The remunerations to employees and the directors in FY2017 were passed by Board of Directors on Feb 26, 2018

The amount of remunerations to employees in FY2017 is NT$92 million in cash.

The amount of remunerations to the directors in FY2017 is NT$4.8 million in cash.

The actual amount of payment is congruent with the recognized amount for FY 2017.

(B) The amount of remunerations to employees of the total amount of the corporate earnings in the current period and the total remunerations to employees: N/A

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

1. The distribution of remunerations to employees, the directors and the supervisors in FY 2016:

The amount of remunerations to employees in FY 2016 is NT$90 million in stock. The number of issued shares of stock remunerations to employees is 244,233 which is calculated based on the closing price NT$ 368.5 at the date of one day previous to the Board of Directors' Meeting on 20th Feb 2017. The total amount of remunerations to employees is NT$89,999,860. The remunerations to employees NT$140 which are less than one share shall be distributed in cash.

The amount of remunerations to the directors is NT$4.8 million

2. The actual amount of remunerations to employees and the directors for FY 2016 is NT$94.8 million. The actual amount of payment is congruent with the recognized amount for FY 2016.

9. Repurchase of Company's shares: None.

II. Corporate bonds: None.

III. Preferred shares: None.

IV. The issuance of overseas depository receipts: None.

V. The issuance of employee stock options: None.
VI. New shares restricted to employees: None.
VII. Acquisition of new shares from other companies through mergers and acquisitions or assignment: None.
VIII. Capital planning and implementation: None.

Operating Highlights

Operating Highlights

I. The content of business

A. Business scope:

1. Major business items:
   (A) Trendy skin care and cosmetic products
   There are domestically well-known brands of skin care and cosmetic items displayed over-the-counter, dermatology and cosmetology counter, and economical and practical products displayed on the open-shelf.
   (B) Daily merchandise
   There are daily necessaries such as household items, daily utensils, shampoo, and shower gel and so on.
   (C) Trendy underwear and socks
   There are branded underwear displayed over-the-counter and the trendy socks for customers with different characters and preferences.
   (D) Delicate and personal supplies
   There are snacks, stationery, leather goods and ornaments and so on.
2. Business proportion

Currency unit: NT$ 1,000

Major products or services	Sales in FY2017	
	Amount	Proportion (%)
Trendy skin care and cosmetic products	5,146,337	38.80%
Trendy underwear and socks	1,547,465	11.67%
Daily merchandise	4,248,995	32.04%
Delicate and personal supplies	2,319,274	17.49%
Total	13,262,071	100%

3. Current products and services offered by the Company:
   (A) Trendy skin care and cosmetic items, accessories and perfume.
   (B) Branded cosmetics counter.
   (C) Branded underwear counter.
   (D) Imported trendy leather goods and ornaments.
   (E) Trendy socks, male and female underwear, headwear, scarves, handkerchiefs and other seasonal items.
   (F) Household cleaning products, personal toiletries, hairdressing items, grocery goods, shampoo, shower gel, and so on.
   (G) Trendy stationery and gifts.
   (H) Various kinds of snacks.
   (I) Daily items, grocery and home fixtures.
   (J) Parking space and special parking space are available in some of branches.
   (K) Free cloakroom services.
4. New services in the future:
   (A) Rest rooms, fitting rooms and dressing table are going to be available in some of branches.
   (B) Product introduction videos, promotional events and new products recommended are going to be offered on the special web page of Poya Facebook.
   (C) Offer some products for customers to test in some of branches.
   (D) Poya mobile applications are going to be developed for real-time and multi-lateral communications with the consumers and updating the newest news and special offer for customers.

B. Industry Outlook:

1. Industry outlook and prospect

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

2003~2017 Annual Sales of the Comprehensive Merchandise Retailing Industry

Currency unit: NT$ million

Year	Sales	Annual growth rate
2003	689,761	4.51
2004	738,433	7.06
2005	760,511	2.99
2006	783,045	2.96
2007	816,727	4.30
2008	835,016	2.24
2009	853,228	2.18
2010	913,042	7.01
2011	973,502	6.62
2012	1,022,724	5.06
2013	1,052,399	2.90
2014	1,106,506	5.14
2015	1,150,970	4.02
2016	1,204,677	4.67
2017	1,229,509	2.06

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

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

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

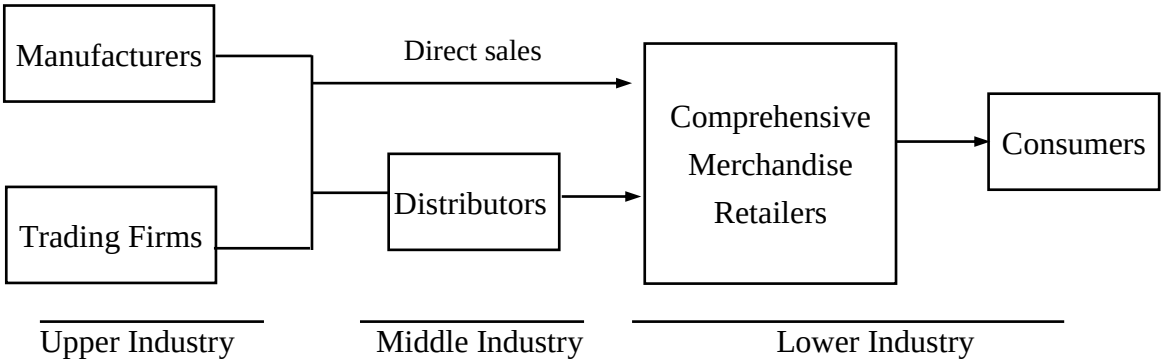
In respond to the changes in shopping types and consumption needs of the customers, the retailers currently put much emphasis not only on the basic functions of food, clothing, living, and transport, but also on the amused functions of education and entertainments. Thus, the business strategy in comprehensive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

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

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

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

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



3. Trend of product developments

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

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

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

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

(C) Product optimization

In order to provide the various products and one stop shopping service for customers, Poya International holds meetings on focused interview periodically. Simultaneously, Poya International enlarged the development of product classification with the thoughts close to female customers and processed the product optimization. For example, since the road running trend and travel trends are getting popular in Taiwan in recent years, Poya International introduced related products to save customers' time and cost. Simultaneously, Poya International also set up the specific area for such products in every branch.

4. Competition of the products

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

(A) Price: Offer the prices obviously lower than other retailers'. As the high homogeneousness and substitutability of the comprehensive products, customers have lower loyalty to the specific brand and tend to purchase the products from the retailer offering lower prices.

(B) Convenience: according to a survey conducted by the "Retail Market" magazine, insufficient time for shopping is a common problem among the consumers in advanced nations like Europe and America. Thus, the Company offers a well-designed shopping space and convenient purchase services to lower the effect of insufficient time on the customers' purchase.

(C) Variety of products: as having insufficient time for shopping, the customers tend to make a purchase in a store with various products. Thus, one-stop shopping and other value-added services become the important factors to attract customers.

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

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

C. Technologies and R&D:

1. Expenses of introduction of the electronic application system

Currency unit: NT$ 1,000

Item \ Year	FY2017
Expenses of the electronic application system	2,307
Net sales	13,262,071
Proportion to net sales	0.02%

2. Future plan and estimated expenses of R&D

(A) The mechanism of Internal Network Connection Device Control will be established. The mechanism prohibits non-official devices from entering inner network of the Company and controls connections from guests so as to protect data security of the Company and prevent network bandwidth from being occupied. The mechanism will be completed by December, 2018.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits from the success of R&D
Internal Network Connection Device Control	Assessment phase	NT$200 thousands	December 2018	The mechanism prohibits non-official devices from entering inner network of the Company and controls connections form guests so as to protect data security of the Company and prevent network bandwidth form being occupied.

(B) The system of site to site VPN will be established. The system avoids failure of connection to real-time data access in IDC machine room of headquarter when physical ADSL line is out of order. The system is the same as network back-up mechanism in stores and logistic centers.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits the success of R&D
Site to site VPN	Assessment phase	NT$3.0 million	December 2018	The system avoids failure of connection to real-time data access in IDC machine room of headquarter when physical ADSL line is out of order.

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

1. Short-term plan

(A) Marketing strategy

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

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

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

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

(c) Strengthen the product knowledge of the store personnel in order to develop a professional and amiable brand image of Poya International:

Fortify the product knowledge of the store personnel through SOP and the complete education program and make sure that the store personnel can make a detailed introduction and product recommendation whenever the customers have any question about the merchandises in order to develop a professional and amiable brand image of Poya International.

(d) Optimize the music in the stores in order to provide the relaxed and leisurely shopping environment to the customers:

Avoid noisy broadcasting and peddling merchandises in the stores. Poya International provides the customers with the shopping environment with lively and relaxed music.

(e) Put emphasis on the customers' demands and increase customer satisfaction:

Collect customers' opinions through various channel such as Facebook, questionnaires, 0800, customer surveys conducted by the branches, internal corporate connection and customer reviews. After understanding the customers' demands, the related program will be stipulated and be executed thoroughly in order to increase customer satisfaction.

(f) Focus on the membership management in order to maintain member loyalty:

A. Offer exclusive promotional activities for the members based on the features of the member consuming behaviors. By enabling the store

personnel to be familiar with the member activities and to execute the skill of speech, the member participation in the activities will be effectively enhanced and the bonds between the members and Poya International will be strengthened.

B. Conduct an analysis based on the membership databases at regular intervals in order to stipulate membership management plan and maintain the loyalty of the members.

(g) Promote the activities of co-branded card in order to maintain the card holders:

Actively cooperate with the banks the issuer of the co-branded card and held various promotional activities which are advertised in DM/promotional materials in the stores to attract the card holders to make continued purchases in the stores. By sharing the resources with each other, the value to card holders will be maximized and the relationship with the card holders will be maintained effectively.

(h) Investigate into the competition of the industry instantaneously in order to react properly and create opportunity successfully:

Stipulate proper strategy in time based on the latest strategy of the competitors which are monitored by the investigation system of competitors, also with the consideration of the market trend and Poya's niche to effectively take the opportunity.

(B) Policy of product development

(a) Take advantage of the investigation system in national competitive market by region to maintain the competitive edge in pricing at any time and keep the niche of being the first prize in the same industry by region.

(b) Stipulate distinct development strategies and promotional programs based on the product characteristics, customers' demands and appeals to product differentiation in order to fortify Poya's ability of attracting customers and the differentiating from the competitors.

(c) Expand the variety of products based on the existing product categories in order to provide customers more choices and satisfy customers' various demands.

(d) Stabilize the sources of merchandises purchased from foreign suppliers, maintain the bargaining power of purchase, track the market trend instantaneously and pay attention to the new products by appointing the purchasing team to go abroad for product development periodically in order to satisfy customers' various demands.

(C) Scale of business operation

(a) Raise the market shares by store expansion.

(b) Supervise business operation and improve the extraordinary situation at once through the collection and analysis of computer operating system; simplify and automate the operation for higher working efficiency through IT management.

(c) Reinforce the product portfolio and the flexibility of the marketing strategy in order to achieve better operating performance.

(d) Focus on the human resources and stipulate the education and training program in which the centralized training model is adopted to cultivate proper managerial personnel for business expansion in the future.

(e) Make much effort in new type of operation and various developments in order to maintain the high growth rate of profits.

(D) Financial strategy

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

2. Long-term plan

(A) Marketing strategy

(a) Alter the market position for projecting a brand image of high quality:

A. Alter the market position from providing young and trendy products/services to offering high quality products/services

Cultivate a brand image of high quality and fashion through the development of products, the optimization of service quality, the adjustment of DM design and arrangement of atmospheric materials in the stores.

B. Enhance the brand awareness through mass media

Cooperate with the advertising firms to promote the brand image of Poya International which actively expands its stores to national wide. By taking the advantage of the mass media, Poya International can attract the existing customers to visit the stores more frequently and also catch more attention of the potential customers.

(b) Develop a communication platform of micro-community for real-time and various interactions with the customers:

A. The APP platform:

The APP platform has been launched in 2015. Through the portable APP platform, Poya International can pass the messages like latest marketing activities, e-flyers, best-selling products to the customers instantaneously and interactively. Besides, adding the practical functions to the APP platform effectively increases the use frequency of the customers. By the end of 2017, accumulated people who downloaded the APP reach 950,000.

B. The Fan Group of Facebook:

i. Take advantage of the dissemination effect of FB connection and make demonstration articles or videos of the featured products by popular bloggers and models in order to create topicality and promotional effects.

ii. Offer the messages like promotional activities, best-selling products, market trend on the Fan Group managed by the professional FB marketing personnel, make effective communication with fans, held activities by connecting the resources of the suppliers in order to stimulate visits, raise popularity of Poya Fan Group and increase the fans number.

C. Instagram:

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

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

A. Investigate into and distinguish the customers based on the consuming behaviors and features to improve the analysis system.

B. Offer exclusive promotional activities designed according to the consuming type of the customer to utilize the marketing resources accurately and create the greatest value.

C. Concentrate the resources on the core group of customers to maximize the marketing effectiveness.

(B) Policy of product development

(a) Enhance the depth of product category management:

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

(b) Reinforce the brand image of high quality:

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

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

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

(C) Scale of operations

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

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

(D) Financial strategy

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

II. Market and sale overview

A. Market analysis:

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

(A) Sales of the major products by region:

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

Currency unit: NT$ 1,000

Region \ Year		FY2015		FY2016		FY2017	
		Amount	%	Amount	%	Amount	%
Domestic market	North	3,089,749	28.9	3,864,872	31.1	4,320,371	32.6
	Central	3,072,658	28.8	3,499,898	28.2	3,654,514	27.6
	South	2,056,332	19.2	2,228,580	17.9	2,298,808	17.3
	Kaohsiung and Pingtung	2,469,086	23.1	2,830,396	22.8	2,988,378	22.5
Total		10,687,825	100.0	12,423,746	100.0	13,262,071	100.0

(B) Market shares

The sales in FY2015, FY 2016 and FY 2017 are NT$10.688 billion, NT$12.424 billion and NT$13.262 billion, respectively. (See the table below) The market shares are 6.15%, 7.13% and 7.76% in the last 3 years, among the other comprehensive stores of the national comprehensive merchandise retailing industry.

Annual Sales and Growth Rate of the Comprehensive Merchandise Retailing Industry

Currency unit: NT$ million; %

Industry \ Year	FY2013	FY2014	FY2015	FY2016	FY2017
Department store	288,636	306,136	318,902	333,148	334,626
Growth rate	3.09	6.06	4.17	4.47	0.44
Supermarket	158,748	167,218	180,404	197,266	209,571
Growth rate	4.52	5.34	7.89	9.35	6.24
Convenience store	276,056	289,170	294,991	308,807	317,312
Growth rate	3.12	4.75	2.01	4.68	2.75
Hypermarket	171,557	175,824	182,993	191,323	197,149
Growth rate	0.48	2.49	4.08	4.55	3.05
Other Comprehensive Store	157,403	168,158	173,679	174,132	170,850
Growth rate	3.28	6.83	3.28	0.26	-1.88
Comprehensive Store	1,052,399	1,106,506	1,150,970	1,204,677	1,229,509
Growth rate	2.90	5.14	4.02	4.67	2.06

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

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

Poya International adopts the chain store system on selling delicate daily merchandises. The niche products are trendy skin care and cosmetic products, and delicate personal supplies. It is focus on these two categories of products and comfortable shopping space that Poya International can be differentiated from the hypermarkets, supermarkets, convenience stores, pharmacies and drug stores and can be one of the independent categories in the retailing industry. Because of offering delicate, trendy, various and personalized products, creating and leading the market trend, and enhancing the marketing strategy and the product mix, Poya International targets its main customers to be the young and the female aged between 15-49, whose

consuming abilities are raising as there are more and more female employees in recent years. As such, the consuming market will grow stably in the future.

The products sold by Poya International can be separated into four categories, including trendy skin care and cosmetic products, daily merchandises, trendy underwear and socks, and delicate and personal supplies. By the end of April 2018, there are 182 stores national wide and Poya International still expands its new stores gradually. Compared to the direct competitors, Poya International has the leading position in the industry.

3. Competitive edge:

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

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

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

(A) Favorable factors:

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

(b) Instantaneous information system

Both business intelligence (BI) system and the complete POS system are the key factors that Poya International can collect the sale data from stores in time.

(c) Effective marketing strategy and better product development

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

(d) Effective inventory management

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

(e) Excellent operation performance

Poya International was ranked at the 126th place among the top 2000 national enterprises in the service sector according to the survey conducted by the Common Wealth Magazine which was published in 2017. This award signifies the better operation performance, the stable and long-term relationship with the suppliers, operation under the economics of scales and strong bargaining power to lower the cost and increase the competitive abilities.

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

Unfavorable factors	Responses
Severe competition in the comprehensive merchandise retailing industry	1. Establish complete managerial system and control the product trend effectively to respond to the market change. The division involved includes the purchases of merchandises, marketing and planning, store management and analysis of operating information. 2. Enhance the education and training of employees to improve the service quality. 3. Adjust product mix and enhance the product sell-points based on the natures of customers in different community to satisfy their needs exactly.
The change of population structure-aging population with fewer children	Through new products innovation, Poya International introduces a lot of well known branded health food and nutrition to develop the potential market.

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

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

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

C. The supply of key materials:

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

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

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

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

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

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

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

Currency unit: NT$ 1,000

Year / Sales / Major products	FY2016				FY2017			
	Domestic sales		Exports		Domestic sales		Exports	
	Amount	%	Amount	%	Amount	%	Amount	%
Trendy skin care and cosmetic products	4,595,732	36.99	-	-	5,146,337	38.80	-	-
Trendy underwear and socks	1,528,934	12.31	-	-	1,547,465	11.67	-	-
Daily merchandise	4,034,135	32.47	-	-	4,248,995	32.04	-	-
Delicate and personal supplies	2,264,945	18.23	-	-	2,319,274	17.49	-	-
Total	12,423,746	100.00	-	-	13,262,071	100.00	-	-

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

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

Year		FY 2016	FY2017	FY 2018 to March 31, 2018
Number of employees	Sales personnel	4,000	4,153	3,411
	Managerial personnel	237	309	325
	Total (Note)	4,237	4,462	3,736
Average age		27.65	28.31	29.68
Average working period		2.92 years	3.33 years	3.68 years
Education	PhD	0%	0%	0%
	Masters	0.88%	0.86%	0.91%
	Bachelors	73.36%	73.44%	72.97%
	Senior high school	24.76%	24.79%	25.21%
	Below senior high school	1.00%	0.91%	0.91%

Note: The numbers of employees are included the full time employees and the part-time employees for the years end December 31, 2016 and 2017, respectively.

IV. Information on the expenditures for environmental protection

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

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

V. Labor-Management Relationship

(1) The systems of employee welfare, further education, training, retirement and the implementation of the systems, the agreement between the labors and the management, and the protection of the rights of the employees:

A. The implementation for the consensus between the labors and the management, and the rights of the employees:

a. Focus on the industrial relations: Poya International holds employment meeting according to “Measures for Employment Meeting” regularly to communicate and solve problems, so that Poya International can make a further coordination between employer and employee, and upgrade the work performance.

b. Complaint mechanism: Poya International devotes to upgrading employees’ salary, welfare and work environment. The company also offers platforms to make an effective, two-way communication with employees. The opinions from employees could be heard sufficiently.

c. Establish the Employee Welfare Committee: Employees can use all the welfares which are designed by Employee Welfare Committee.

B. Employee welfares:

a. Labor insurance, national health insurance and group insurance.
b. Employee bonus
c. Bonus of operating performance
d. Year-end bonus
e. Matrimonial gifts
f. Subsidy for hospitalization
g. Sponsorship for Spring Festival Banquet
h. Subsidy for funerals

i. Subsidy for parties
j. Birthday gift coupon
k. Festival gift coupon, such as Mid-Autumn Festival, Dragon Boat Festival and Spring Festival
l. Health examination
m. Free dormitory for dispatched personnel

C. Further education and training for the employees:

I. Further education and training

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

Poya International has an increasing demand on human resources as there are more and more new stores opened in the middle and long-term development plan. As such, Poya International establishes complete and standardized training system which focuses on the master-apprentice model, and the internal lecturer system to provide better learning environment and platforms. We hope to assist the personnel to finish the training in the short period and to well-perform on their work for getting job promotion. It creates win-win situation.

II. The training program for internal personnel is described below:

a. OJT training for new employees – the general manager will give a lecture on the Company's history, organization and corporate culture in the first stage which helps the employees to get accustomed to the environment quickly. In the second stage, a review of practical works will be made in the stores to ensure that the employees can get familiar with the basic operation of their work.
b. Instructor training – the training of proper ways of job instruction and guidance will be given and the operating skills, knowledge and managerial experience will be shared to the new employees in order to helps them get accustomed to the environment quickly and cultivate the managerial personnel at basic level.
c. Evaluation of promotion to section manager: the evaluation system of practical work. The personnel will be assessed in a group in batches and will get promotion as passing the evaluation.
d. Business management training – There are two stages: the general manager will give a lecture on business management; the senior store manger will also be invited to act as internal lecturer to share the experience of store management. It helps to improve the managerial abilities of the trainees for being a deputy store manager
e. Evaluation of promotion to deputy store manager: the evaluation system of practical work. The personnel will be assessed in a group in batches and will get promotion as passing the evaluation.
f. Practical training for store manager candidates: The Class-A store will be arranged for the training and the senior improved manager will be appointed to act as the coach. Through practical operation in the store, the trainees can engage in benchmark learning of proper management skills. This training helps to improve the trainees' abilities of utilizing financial reports and problem-solving and also helps to cultivate qualified store managers.

Training in 2017 and the results:

Subject	Hours of Study	Lessons	Attendance	Total Hours
OJT evaluation	7	25	597	4,179
Assistant store manager assessment	7	26	666	4,662
Section manager assessment	7	24	327	2,289
Total		75	1,590	11,130

Subject	Lesson	Attendance	Attendance*hours	Total expense
Basic training	25	597	4,179	NT$1,301,300
Supervisor evaluation	50	993	6,951	

D. Retirement system and the implementation:

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

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

Ethical Corporate Management Best Practice Principles

Article 1 In order to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices, the Company hereby enacts these Principles according to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.”

These Principles are applicable to its business groups and organizations of such the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such Company ("business group").

Article 2 When engaging in commercial activities, directors, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3 "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of

any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

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

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

Article 7 When establishing the prevention programs, the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention programs adopted by the Company shall at least include preventive measures against the following:

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

Article 8 The Board of Drectors and the management of the Company shall actively achieve the commitment on implementation of the ethical corporate management policies, and shall thoroughly carry out the policies in internal management and in commercial activities.

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

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring

compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

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

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

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

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

Article 14 The Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to

prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

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

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

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

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

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

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

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

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

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

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

Article 23 If there is any violation of these Procedures, the personnel of the Company shall actively report to the Board of Directors, Audit Committee, internal audit manager or other managers. The Company shall keep secret about the identity of whistle-blowers and the content of reported cases.

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

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

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

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

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

For the Company that has appointed any Independent Director, when the ethical corporate management best practice principles are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. An Independent Director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

Article 28 This Principle was enacted on October 27, 2014. The first amendment was made on February 24, 2015; the second amendment was made on July 25, 2016, which was approved by the Board of Directors.

Codes of Ethical Conduct

Article 1 Purpose of and Basis for Adoption

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

Article 2 Objects of Application

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

Article 3 Content of the Code

1. Prevention of Conflicts of Interest

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

2. Minimizing Incentives to Pursue Personal Gain

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

   (1) Seeking an opportunity to pursue personal gain by using Company's property or information, or taking advantage of their positions.

   (2) Obtaining personal gain by using Company's property or information, or taking advantage of their positions.

   (3) Competing with the Company.

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

3. Confidentiality

   The directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the

Company itself or its suppliers and customers, except when authorized or required by laws to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damages to the Company or its suppliers and customers.

4. Fair Trades

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

5. Safeguarding and Proper Use of Company Assets

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

6. Legal Compliance

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

7. Encouraging Reporting on Any Illegal or Unethical Activity

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

8. Disciplinary Measures

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

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

Article 4 Procedures for exemption

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

Article 5 Method of disclosure

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

Article 6 Enforcement

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

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

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

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

Article 2 The Principles applies to the Company, including the entire operations of the Company and its business group.

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

Article3 In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

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

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

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

Chapter 2 Exercising Corporate Governance

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

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

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

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

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

Article 8 The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9 For the purpose of managing corporate social responsibility initiatives, the Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

Article 10 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment

Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12 The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13 The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

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

Article 14 General Administration Office of the Company is established for drafting, promoting,

and maintaining relevant environment management systems and concretes action plans, and should hold environment education courses for its managerial officers and other employees on a periodic basis.

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

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

Article 16 To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

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

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

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

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

Chapter 4 Preserving Public Welfare

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

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

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

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A

company shall respond to any employee's grievance in an appropriate manner.

Article 19 The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20 The Company is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

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

Article 21 The Company is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.

Article 22 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

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

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

Article 23 The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of their products and services. The Company further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24 The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25 The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

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

Article 26 The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Article 27 The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information

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

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

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

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

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

Chapter 6 Supplementary Provisions

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

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

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

F. Protection of work environment and labor safety

(A) Labor insurance and national health insurance

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

(B) Safety and health

Poya International complies with the rules and regulations governing labor safety and health by providing a healthy and safe environment, preventing occupational hazards and injuries, and protecting the health and safety of the employees.

(C) Health concern and management

Physical examination is arranged for all employees once a year for maintaining their physical health.

(D) Safety and hygiene at employee accommodations

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

(E) Maintenance and inspection of all facilities

All branches and the corporate headquarters shall hold fire safety inspection regularly to maintain reliability and safety of all equipment.

(2) In the recent years as of the date this report was printed, disclose the estimate amount of the losses and the responses result from labor dispute in the current period and in the future, if applicable: None.

VI. Material Contracts

Nature of agreement	Contracting Party	Perpetuity of the agreement	The content	Restriction clause
Lease Agreement on Housing	A001~A0196	2004.01.01~2035.03.31	Average monthly rent of NT$ 485,000 payable	No
Loan Agreement	China Trust Commercial Bank	2016.08.05-2019.08.05	Draw down of NT$ 180 million	No
Loan Agreement	Hua Nan Bank	2017.07.07-2020.07.07	Draw down of NT$640 million	No
Loan Agreement	KGI Bank	2017.08.16-2020.08.16	Draw down of NT$ 400 million	No
Loan Agreement	Cathay United Bank	2017.08.16-2020.08.16	Draw down of NT$100 million	No
Loan Agreement	E-Sun Bank	2017.08.16-2020.08.16	Draw down of NT$320 million	No

Financial Information

Financial Information

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

A. Condensed balance sheet and consolidated income statement

1. Condensed balance sheet - IFRS

Currency unit: NT$ 1,000

Title \ Year		Financial information from January 1st 2013 to March 31st 2018					
		2013	2014	2015	2016	2017	Financial information in 2018 to March 31st(Note 2)
Current assets		2,460,171	3,195,555	3,521,058	3,942,152	4,430,659	4,751,687
Real estate, plants, and equipments		1,299,689	1,407,485	1,830,435	2,127,895	2,621,317	2,665,569
Intangible assets		-	-	-	-	-	-
Other assets		238,516	287,947	318,234	393,783	477,153	479,072
Total assets		3,998,376	4,890,987	5,669,727	6,463,830	7,529,129	7,896,328
Current liabilities	Cum-dividend	1,716,819	2,283,457	2,584,221	2,745,868	3,088,561	3,133,513
	Ex-dividend	2,162,773	2,979,894	3,422,662	3,778,162	(note 3)	(note 4)
Non-current liabilities		260,261	205,432	348,766	573,609	810,743	689,542
Total liabilities	Cum-dividend	1,977,080	2,488,889	2,932,987	3,319,477	3,899,304	3,823,055
	Ex-dividend (Note2)	2,423,034	3,185,326	3,771,428	4,351,771	(note 3)	(note 4)
Shareholders' equity attributable to parent		-	-	-	-	-	-
Capital stock		929,073	941,131	952,774	964,760	976,850	976,850
Capital surplus		346,318	394,551	473,319	552,861	640,419	640,419
Retained earnings	Cum-dividend	745,905	1,066,416	1,310,647	1,626,732	2,012,556	2,456,004
	Ex-dividend (Note2)	299,951	369,979	472,206	594,438	(note 3)	(note 4)
Other equities		-	-	-	-	-	-
Treasury stocks		-	-	-	-	-	-
Uncontrolled equities		-	-	-	-	-	-
Total equity	Cum-dividend	2,021,296	2,402,098	2,736,740	3,144,353	3,629,825	4,073,273
	Ex-dividend (Note2)	1,575,342	1,705,661	1,898,299	2,112,059	(note 3)	(note 4)

Note 1: The financial information as of March 31th 2018 was reviewed by CPA.
Note 2: The figures of ex-dividend were based on the resolution of the Shareholders Meeting in subsequent fiscal period.
Note 3: The distribution proposal has not been passed by the Shareholders Meeting in 2018.
Note 4: This period is not a complete fiscal period and the data on distribution were skipped.

2. Consolidated income statement -IFRS

Currency unit: NT$ 1,000

Title \ Year	Financial information from January 1st 2013 to March 31st 2018					
	2013	2014	2015	2016	2017	Financial information in 2018 to March 31st(Note 1)
Revenue	7,249,459	9,167,590	10,687,825	12,423,746	13,262,071	3,399,691
Gross profits	2,875,194	3,710,770	4,377,570	5,107,553	5,678,700	1,516,953
Operating income	596,645	894,893	1,128,615	1,360,856	1,721,822	538,394
Non-operating incomes and expenses	77,686	42,139	20,300	49,312	1,023	9,654
EBT	674,331	937,032	1,148,915	1,410,168	1,722,845	548,048
Net profit in segments of continued operation	558,852	772,462	952,145	1,169,484	1,429,057	443,224
Loss incurred from discontinued operation	-	-	-	-	-	-
Corporate earnings (loss) in current period	558,852	772,462	952,145	1,169,484	1,429,057	443,224
Other consolidated income in current period (after taxation)	4,436	3,294	(2,067)	(5,430)	(1,292)	224
Total consolidated income in current period	563,288	775,756	950,078	1,164,054	1,427,765	443,448
Earnings attributable to owners of parent	-	-	-	-	-	-
Earnings attributable to uncontrolled equity	-	-	-	-	-	-
Total consolidated income attributable to owners of parent	-	-	-	-	-	-
Total consolidated income attributable to uncontrolled equity	-	-	-	-	-	-
EPS	5.97	8.14	9.90	12.01	14.63	4.54

Note 1: The financial information as of March 31 2018 was reviewed by CPA.

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

Year	CPA Firm	Names of CPAs	Audit Opinion
2013	PriceWaterhouse Coopers	Lee Ming-Hsien, Lin Tzu-Shu	Unqualified
2014	PriceWaterhouse Coopers	Lee Ming-Hsien, Liu Tzu-Meng	Unqualified
2015	PriceWaterhouse Coopers	Lee Ming-Hsien, Liu Tzu-Meng	Unqualified
2016	PriceWaterhouse Coopers	Lee Ming-Hsien, Liu Tzu-Meng	Unqualified
2017	PriceWaterhouse Coopers	Liu Tzu-Meng Lin Tzu-Shu	Unqualified

II. Financial analyses in the last five years

A. Financial analysis - IFRS

Title	Year	Financial analyses in the last 5 years					Financial information in 2018 to March 31st (Note 1)
		2013	2014	2015	2016	2017	
Financial structure	Liabilities to assets ratio（%）	49.45	50.89	51.73	51.35	51.79	48.42
	Long-term capital to real estate, plants, and equipment ratio（%）	174.71	184.71	167.98	173.91	168.74	178.01
Ability to repay debt	Current ratio（%）	143.30	139.94	136.25	143.57	143.45	151.64
	Quick ratio （%）	58.44	59.90	52.08	55.85	54.74	58.04
	Debt services coverage ratio	148.52	127.71	165.93	171.50	168.93	151.89
Utility	A/R turnover (time) (Note 2)	-	-	-	-	-	-
	Average days of cash receipt (Note 2)	-	-	-	-	-	-
	Inventory turnover (time)	3.19	3.43	3.29	3.34	3.06	2.76
	A/P turnover (time)	4.83	4.66	4.29	4.64	4.62	4.39
	Average days of sales	114.42	106.41	110.94	109.28	119.28	132.25
	Real estate, plants, and equipment turnover (time)	6.64	6.77	6.60	6.28	5.58	5.14
	Total asset turnover (time)	2.00	2.06	2.02	2.05	1.90	1.76
Profitability	ROA（%）	15.53	17.52	18.14	19.39	20.55	23.14
	ROE（%）	29.30	34.93	37.06	39.77	42.19	46.03
	Ratio of EBT to paid-in capital (%)	72.58	99.56	120.59	146.17	176.37	224.41
	Net profit rate（%）	7.71	8.43	8.91	9.41	10.78	13.04
	EPS (NT$) (Note 4)	5.97	8.14	9.90	12.01	14.63	4.54
Cash flow	Cash flow ratio（%）	52.50	50.11	44.58	51.65	58.79	26.21
	Net cash flow adequacy ratio （%）	101.04	94.82	77.93	77.02	74.93	80.03
	Cash reinvestment ratio（%）	16.32	18.90	10.91	11.77	13.69	14.74
Leverage	Operation leverage	4.50	3.90	3.65	3.54	3.12	2.66
	Financial leverage	1.01	1.01	1.01	1.01	1.01	1.01

The reasons for the changes in financial ratios in the last 2 years (changes less than ±20% are not required for further analysis):
Ratio of EBT to paid-in capital (%): Because of an increase in revenue and the effective control of operating expenses in FY2017.
EPS (NT$): The increase of the earnings which results from an increase in revenue and the effective control of operating expenses in FY2017.

Note 1: The financial information as of March 31th 2018 was reviewed by CPA.

Note 2: Poya International is in the retailing industry, and this is not applicable here.

Note 3: The equations for the calculation of the above financial ratios (under IFRS) are shown below:

(1) Financial structure

(A) Liabilities to assets ratio = total liabilities/total assets

(B) Long-term capital to real estate, plants, and equipment ratio = (total equity + non-current liabilities)/net value of real estate, plants, and equipment

(2) Ability to repay debts

(A) Current ratio = current assets/ current liabilities

(B) Quick ratio = (current assets – inventory – prepayments) / current liabilities

(C) Debt services coverage ratio = EBIT/interest expenses in current period

(3) Utility

(A) Receivables (including account receivables and note receivables deriving from business operation) turnover = net sales/the average receivable balance in each period (including account receivables and note receivables deriving from business operation)

(B) Average days for cash receipt = 365 days/receivable turnover rate

(C) Inventory turnover = cost of goods sold / average inventory

(D) Payables (including account payables and note payables deriving from business operations) turnover = cost of goods sold/ average payable balance in each period (including account payables and note payables deriving from business operation).

(E) Average days of sales = 365 days/ inventory turnover rate.

(F) Real estate, plants, and equipment turnover = net sales/net value of real estate, plants, and equipment.

(G) Total assets turnover = net sales/ average total assets.

(4) Profitability

(A) ROA = [Corporate earnings + interest expense x (1- tax rate)] / average total assets

(B) ROE = Corporate earnings /average total equity

(C) Net profit rate = Corporate earnings / net sales

(D) EPS = (Earnings attributable to the owners of parent – preferred stock dividend)/ weighted average quantity of outstanding shares

(5) Cash flow

(A) Cash flow ratio = net cash flow from operation / current liabilities

(B) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/ (capital expenditure + increase in inventory + cash dividend) in the last 5 years

(C) Cash reinvestment ratio = (net cash flow from operation – cash dividend) /gross real estate, plants, and equipment + long-term investment + other non-current assets + working capital)

(6) Leverage:

(A) Operation leverage = (net sales – cost of goods sold and expenses) /operating income

(B) Financial leverage = operating income / (operation income – interest expenses)

Note 4: Attention to the following items is advised in assessing the equation for the calculation of earnings per share:

(1) Based on the weighted average quantity of outstanding common shares in current year.

(2) For new share issue through capitalization of retained earnings and capital surplus, adjustment in proportion of the amount of capital raised shall be made in the calculation of the annual or semi-annual earnings per share of the previous year.

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

POYA International Co., Ltd.

Audit Committee's Review Report

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

IV. Financial information in last fiscal year:

Please refer to Page 105~145. Poya International does not have any subsidiary and no consolidated financial statement is necessary. Only the financial statement on the Company itself is required.

V. The audited financial statement of the Company itself in the last fiscal year:

None

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

Financial Position, Financial Operation in Review, and Risk Assessment

Financial Position, Financial Operation in Review, and Risk Assessment

I. Financial Position

Comparison of financial positions

Currency unit: NT$ 1,000

Title \ Year	FY2017	FY2016	Change	
			Amount	%
Current assets	4,430,659	3,942,152	488,507	12.39%
Property, plants and equipment	2,621,317	2,127,895	493,422	23.19%
Other assets	477,153	393,783	83,370	21.17%
Total assets	**7,529,129**	**6,463,830**	**1,065,299**	**16.48%**
Current liabilities	3,088,561	2,745,868	342,693	12.48%
Non-current liabilities	810,743	573,609	237,134	41.34%
Total liabilities	**3,899,304**	**3,319,477**	**579,827**	**17.47%**
Capital stock	976,850	964,760	12,090	1.25%
Capital surplus	640,419	552,861	87,558	15.84%
Retained earnings	2,012,556	1,626,732	385,824	23.72%
Total shareholders' equity	**3,629,825**	**3,144,353**	**485,472**	**15.44%**

1. Analysis of changes in proportion (changes less than ±20% are not required for further analysis):
   (A) Property, plants and equipment: Because of the increase of store expansion and the constructing logistic center
   (B) Other assets: Because of the increase of store expansion.
   (C) Non-current liabilities: The increase of long-term debt payable deriving from the expansion of the operating scale and constructing logistic center.
   (D) Retained earnings: Because of the increase of profits.
2. Responses in the future:
   The working capital deriving from business operation in the future and part of the funds offered by the financing of financial institutions shall be sufficient for supporting the operation of the Company in the future.

II. Financial performance

Comparison of financial performance

Currency unit: NT$ 1,000

Year / Title	FY2017	FY2016	Change in amount	Change in proportion (%)
Revenue	13,262,071	12,423,746	838,325	6.75%
Cost of goods sold	(7,583,371)	(7,316,193)	267,178	3.65%
Gross profit	5,678,700	5,107,553	571,147	11.18%
Operating expense	(3,956,878)	(3,746,697)	210,181	5.61%
Operating income	1,721,822	1,360,856	360,966	26.52%
Non-operating income and expense	1,023	49,312	(48,289)	(97.93%)
EBT	1,722,845	1,410,168	312,677	22.17%
Income tax expense	(293,788)	(240,684)	53,104	22.06%
Earnings in current period	1,429,057	1,169,484	259,573	22.20%

1. Analysis of changes in proportion in the last 2 fiscal years (changes less than ±20% are not required for further analysis):
   (A) Operating income: Because of the increase of revenue and the well-controlled expense in FY2017.
   (B) Non-operating income and expense: Because of the increase of disposal in FY2017. (The replacement of light facility.)
   (C) EBT: Because of the increase of revenue and the economy of scale and well-controlled expense in FY2017
   (D) Income tax expense: Because of the increase of EBT in FY2017
   (E) Earnings in current period: Because of the increase of revenue and the economy of scale and well-controlled expense in FY2017.
2. The forecast of sales in the year ahead and the basis of the forecast:
   Poya International will continue to expand new stores, enlarge its operating scale and increase the sales in the next year. With our viewpoints of the economic changes and store expansion in the next year, we forecast that the sales will still be on growth.

III. Cash flow

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

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

Currency unit: NT$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net cash flow from operation in the period (2)	Cash outflow (inflow) in the period (3)	Cash surplus (short) (1)+(2)-(3)	Improvement plan for cash gap	
				Investment plan	Financial plan
$ 833,134	1,815,737	1,676,120	972,751	-	Bank loans

The analysis:

A. Operation activities: net cash inflow from operation activities is approximately NT$ 1.816 billion which results from the increase of the earnings in current period.

B. Investment activities: net cash outflow from investment activities is approximately NT$ 1.012 billion which results from the purchases of property, plant and equipment for store remodeling, store expansion and distribution center construction in current period.

C. Financing activities: net cash outflow from financing activities is approximately NT$ 0.664 billion which results from the distribution of cash dividends in current period and the repayment of the long-term loans.

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

3. Analysis of cash flow in the year ahead

Currency unit: NT$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net cash flow from operation in the period (2)	Cash outflow (inflow) in the period (3)	Cash surplus (short) (1)+(2)-(3)	Improvement plan for cash gap	
				Investment plan	Financial plan
$ 972,751	2,296,940	2,131,788	1,137,903	-	Bank loans

(1)The analysis:

A. Operation activities: revenue in FY2018 is expected to grow stably and will generate net cash inflow.

B. Investment activities: net cash outflow from investment activities mainly results from the continued store expansion, store remodeling, the estimated purchases of equipment for logistic center, and the payment of refundable deposits.

C. Financing activities: mainly for the projected distribution of cash dividends

and the repayment of long-term loans.

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

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

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

Currency unit: NT$ 1,000

Project	Actual or expected sources of funding	Actual or expected date of completion	Total amount required	Actual or estimated spending			
				FY2013	FY2014	FY2015	FY2016
New store expansion, remodeling of existing stores and investment in logistic center	Working capital and financial institutions	2017.12.31	937,682	-	-	-	937,682

Based on capital expenditures mentioned above, 20 new stores were established in 2017.

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

VI. Risk analysis and assessment

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

The effect on the income status of the Company:

Title	FY2017 (NT$ 1,000; %)
Net interest income (expense)	-7,982
Net exchange gains/loss	0
Net interest income (expense) to net sales ratio	-0.06%
Net interest income (expense) to EBT ratio	-0.46%
Net exchange gains/loss to net sales ratio	0%
Net exchange gains/loss to EBT ratio	0%

A. Fluctuation of interest rate:

As of the end of 2017, Poya International had long-term debt amounting to NT$1,330 million (including current portion of long-term debts or with maturity in one operation period). It takes little effect on the income status of Poya International. The Company takes responses to keep tracking on the trend of interest rate, and bargain with the service financial institutions actively with an attempt to control the cost of financing at a relative low point in market.

B. Fluctuation of exchange rate:

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

C. Inflation:

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

2. The policy of engagements in high risk and high leverage investment, financing a third party, endorsement and guarantee in favor of a third party, and derivative trade, the main reason for profits or losses, and the responses in the future:

Poya International focuses on retailing business and is not engaged in high risk and high leverage investment, financing a third party, endorsement and guarantee in favor of a third party, and derivative trade. For the effective control of related risk, and enhancement of financial operation security, Poya International has established the “Operational Procedures for Loaning of Company Funds”, “Operational Procedures for

Endorsements and Guarantees", and "Operational Procedures for Acquisition or Disposal of Assets" as required by applicable legal rules of the Securities and Futures Bureau. In addition, the auditing function of Poya International has also established related risk management and assessment of related systems in accordance with the "Regulations Governing the Establishment of Internal Control System by Public Companies" of the Securities and Futures Bureau.

3. R&D plan in the future and estimated expenses of R&D:

A. The mechanism of Internal Network Connection Device Control will be established. The mechanism prohibits non-official devices from entering inner network of the Company and controls connections from guests so as to protect data security of the Company and prevent network bandwidth from being occupied.

The establishment of the mechanism will be completed by December, 2018. The estimated expenses will be confirmed after evaluation and quotation of the vendor.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits from the success of R&D
Internal Network Connection Device Control	Assessment phase	NT$ 200 thousands	December 2018	The mechanism prohibits non-official devices from entering inner network of the Company and controls connections from guests so as to protect data security of the Company and prevent network bandwidth from being occupied.

B. The system of site to site VPN will be established. The system avoids failure of connection to real-time data access in IDC machine room of headquarter when physical ADSL line is out of order. The system is the same as network back-up mechanism in stores and logistic centers.

Name of R&D plan	Current progress	Further investment	Scheduled connection date	Benefits the success of R&D
Site to site VPN	Assessment phase	NT$3.0 million	December 2018	The system avoids failure of connection to real-time data access in IDC machine room of headquarter when physical ADSL line is out of order.

4. The effect of national and international changes in vital policies and legal environment on the financial and business operation of the Company, and the responses to such changes:

A. The effect of national and international changes in vital policies and legal environment on the financial and business operation of the Company:

(1) For the enhanced advocacy of corporate governance, Financial Supervisory Commission has mapped out the blue print for intensifying corporate governance in 2013. Through relevant institutionalization of rules and regulations, self-discipline of the enterprises, and market supervision, FSC makes the enterprises to make positive effort in carving the culture of corporate governance, prompt the actions of the shareholders, upgrade the function of the Board of Directors, disclose the vital information on corporate governance, and fortify the legal framework as the guidelines for the corporate governance policy of the enterprises. Poya Intentional will support the cause of intensifying corporate governance advocated by FSC.

(2) Financial Supervisory Commission indicates that the enterprises operating the business related to people's livelihood, being face to face directly with the customers, or reaching a certain size which may cause significant impacts on the environment and society because of its operation activities shall spare no effort in execution of corporate social responsibility. In 2015, FSC fortifies the responsibilities of internal control of the TWSE/GTSM-Listed Companies and also requires that the listed enterprises in food, financial and chemical industry, and with the paid in capital amounted to NT$ 5 billion or more shall issue the corporate social responsibility report (hereinafter referred to as CSR). In order to thoroughly execute the policy of corporate social responsibility and fortify the communication among the stakeholders, Poya International voluntarily uploaded the 2016 CSR report to MOPS and official website in November 2017.

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

(4) Financial Supervisory Commission announced the executive order to require TWSE/GTSM-Listed Companies to set the Independent Director and establish the audit commission step by step. The functions of establishment of Independent Director and audit commission are fortifying the shareholder's equity, perfecting the company management and upgrading the company governance. In order to thoroughly execute the policy of corporate

governance and fortify the transparency of information and supervision device, Poya International has voluntarily established audit commission in 2014.

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

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

Poya International pays close attention to the development of consumer related technologies like e-commerce, telecommunications, and consumer banking. With its ever expanding scale of operation, product management becomes essential. The use of information system for quick access to sales information can effectively help to control the purchase of merchandises to the minimum level of inventory without losing any sale opportunity. As such, the use of information technology can fortify real-time supply of products and services which are vital for development under competition and breakthrough. Overall, technological change causes no significant influence on the financial position of the Company.

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

In addition to emphasis on its core business operation, Poya International spares no effort in performing its corporate social responsibility and social charity in the long run. In 2017, in order to encourage residents to interact with each other and short the distance to improve the remote relationship, Poya International offered coupons for Lantern Festival Evening Party in Xiancao Vil., West Central Dist., Tainan City; Sponsored “ Asian Cultural Council”; Sponsored “ National slow-pitch soft ball championships for hearing impaired labor”; Sponsored “ Yu-Cheng Social Welfare Foundation” etc. charity activities; Sponsored” Golf development foundation”; Sponsored the portable digital wireless disaster rescue equipment for Tainan City Government Fire Bureau. Furthermore, Poya International establishes relevant rules and regulations for the prevention of disasters like typhoon and fire with proper education and training. These efforts help to minimize the damage caused by disasters quickly. As of the date this report was printed, there is no event that caused damage to the corporate image of the Company.

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

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

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

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

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

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

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

13. Other important risks and responses: None.

VII. Other important notice: None.

Special Notes

Special Notes

I. Information on the affiliates

1. Consolidated business report: None.
2. Consolidated financial statement: None.
3. Report on affiliates: None.

II. From the last fiscal year to the date this report was printed, any issuance of securities through private placement: None.

III. From the last fiscal year to the date this report was printed, the holding or disposition of equity shares by the Company: None.

IV. Other supplementary note: None.

V. From the last fiscal year to the date this report was printed, any event that significantly affects the shareholders' equity or stock price of the Company as stated in Article 36- III-(II) of the Securities and Exchange Act: None.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders 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 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.'s 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 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 rely on POS and ERP system to generate reliable and accurate data. Thus, we identified the completeness and accuracy of retail franchising sales revenue 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 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 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 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 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 discloses in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liu, Tzu-Meng

Independent Accountants

Lin, Tzu-Yu

PricewaterhouseCoopers,Taiwan

Republic of China

February26, 2018

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

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

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

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

(Continued)

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

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

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		Year ended December 31			
		2017		2016	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating revenue	6(12)	$ 13,262,071	100	$ 12,423,746	100
Operating costs	6(3)(8)(16)(17)(20)	(7,583,371)	(57)	(7,316,193)	(59)
Net operating margin		5,678,700	43	5,107,553	41
Operating expenses	6(8)(16)(17)(20) and 7				
Selling expenses		(3,350,051)	(25)	(3,107,195)	(25)
General and administrative expenses		(606,827)	(5)	(639,502)	(5)
Total operating expenses		(3,956,878)	(30)	(3,746,697)	(30)
Operating profit		1,721,822	13	1,360,856	11
Non-operating income and expenses					
Other income	6(13)	50,953	-	49,570	-
Other gains and losses	6(14)	(39,671)	-	8,013	-
Finance costs	6(5)(15)	(10,259)	-	(8,271)	-
Total non-operating income and expenses		1,023	-	49,312	-
Profit before income tax		1,722,845	13	1,410,168	11
Income tax expense	6(18)	(293,788)	(2)	(240,684)	(2)
Net income for the year		$ 1,429,057	11	$ 1,169,484	9
Other comprehensive loss					
Components of other comprehensive loss that will not be reclassified to profit or loss					
Remeasurement of defined benefit obligation	6(8)	($ 1,557)	-	($ 6,542)	-
Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(18)	265	-	1,112	-
Total other comprehensive loss for the year		($ 1,292)	-	($ 5,430)	-
Total comprehensive income for the year		$ 1,427,765	11	$ 1,164,054	9
Earnings per share (in dollars)	6(19)				
Basic		$ 14.63		$ 12.01	
Diluted		$ 14.58		$ 11.97	

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 stock	Capital Surplus: Additional paid-in capital	Retained Earnings: Legal reserve	Retained Earnings: Unappropriated retained earnings	Total equity
Year ended December 31, 2016						
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 loss for the year ended December 31, 2016		-	-	-	(5,430)	(5,430)
Balance at December 31, 2016		$ 964,760	$ 552,861	$ 452,695	$ 1,174,037	$ 3,144,353
Year ended December 31, 2017						
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 loss for the year ended December 31, 2017		-	-	-	(1,292)	(1,292)
Balance at December 31, 2017		$ 976,850	$ 640,419	$ 569,643	$ 1,442,913	$ 3,629,825

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

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

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,722,845	$ 1,410,168
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(16)	445,546	387,934
Loss (gain) 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 flows from operating activities		1,815,737	1,418,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other current financial assets		7,461	(24,562)
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)
Proceeds 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 in long-term prepaid rent		(46,059)	(17,487)
Increase 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)
(Decrease) 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 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.

1. HISTORY AND ORGANISATION

(1) POYA International Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery and a variety of products.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

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

These financial statements were authorised for issuance by the Board of Directors on February 26, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception'	January 1, 2016
Amendments to IFRS 11, 'Accounting for acquisition of interests in joint operations'	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Amendments to IAS 1, 'Disclosure initiative'	January 1, 2016
Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'	January 1, 2016
Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants'	January 1, 2016
Amendments to IAS 19, 'Defined benefit plans: employee contributions'	July 1, 2014
Amendments to IAS 27, 'Equity method in separate financial statements'	January 1, 2016
Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

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

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

New standards, interpretations and amendments as endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(3) IFRSs issued by International Accounting Standards Board but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

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

B. The preparation of financial statements requires in conformity with IFRSs the use of certain critical accounting estimates. It also requires management to exercise its judgement in the

process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

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

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

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

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realised within twelve months from the balance sheet date;

d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a. Liabilities that are expected to be settled within the normal operating cycle;

b. Liabilities arising mainly from trading activities;

c. Liabilities that are to be settled within twelve months from the balance sheet date;

d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Receivables

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business, including vendor sponsorship receivable from purchase cost adjustments generated from main operating activities. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(6) Inventories

A. Self-owned inventories: Inventories are initially recognised at cost and at the end of the year, all inventories are stated at the lower of cost and net realisable value.

B. Concessionaire: The concessionaire recognises the full amount collected from customers as revenue when the following criteria are met: a. Concessionaire acts as a principal and provides goods or services to customers; b. The Company earns a fixed amount or percentage of profit in the transaction; and c. Concessionaire assumes credit risks. The difference between the full amount collected from customers and the amount paid to concessionaire is recognised as license income by the Company. Unsold goods at the balance sheet date belong to the Concessionaire, and are not included in the ending balance of the Company's inventories. If the above are not met, the full amount collected from customers is recognised as revenue.

(7) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

a. Significant financial difficulty of the issuer or debtor;

b. The disappearance of an active market for that financial asset because of financial

difficulties;

c. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

d. Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

For financial assets measured at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(8) Derecognition of financial assets

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

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and

useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful lives
Buildings and structures	30~40 years
Transportation equipment	5 years
Office equipment	3~15 years
Leasehold improvements	2~30 years
Other equipment	5~20 years

(10) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lesser) are recognized in profit or loss on a straight-line basis over the lease term.

(11) Impairment of non-financial assets

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

(12) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is immaterial, they are measured subsequently at initial invoice amount.

(13) Borrowings

A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it

relates.

(14) Derecognition of financial liabilities

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

(15) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a. Defined contribution plan

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

b. Defined benefit plan

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

II. Remeasurements arising on defined benefit plan is recognized in other comprehensive income in the period in which they arise and are recorded as in retained earnings.

C. Employees' compensation and directors' remuneration

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

(16) Income tax

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

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(17) Dividends

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

(18) Revenue recognition

A. Sales revenue

I. Revenue is measured at the fair value of the consideration received or receivable taking into account the value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the

future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

II. The Company has customer loyalty programs where the Company grants loyalty awards credits (such as 'points'; the award credits can be used to exchange for free or discounted goods) to customers as part of a sales transaction. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of proceeds allocated to the award credits is measured by reference to the fair value of goods that can be redeemed by using the award credits and the proportion of award credits that are expected to be redeemed by customers. The Company recognises the deferred portion of the proceeds allocated to the award credits as revenue only when it has fulfilled its obligations in respect of the award credits.

B. Commission revenue

In accordance with IAS 18, 'Revenue', revenue is recognised when the counters sell its goods. The Company's transactions are not subject to significant risks and rewards associated with the sale of goods or the rendering of service and conform to the definition of an agent. Accordingly, the counter's net revenue is recognised as commissions earned.

(19) Operating segments

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

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

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

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

Revenue recognition on a net/gross basis

The determination of whether the Company is acting as principal or agent in a transaction is based

on an evaluation of the Company's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Company acts as a principal, the amount received or receivable from customer is recognized as revenue on a gross basis. Where the Company acts as an agent, net revenue is recognized representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether the Company shall recognize revenue on a gross basis:

A. The Company has primary responsibilities for the goods or services it provides.

B. The Company bears inventory risk.

C. The Company has a latitude in establishing prices for the goods or services, either directly or indirectly.

D. The Company bears credit risks of customers.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Because of the change in market demand and the sales strategy, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2017, the carrying amount of inventories was $2,638,948.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash:		
Cash on hand	$ 40,237	$ 36,401
Checking deposits and demand deposits	932,514	796,733
	$ 972,751	$ 833,134

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

B. As of December 31, 2017 and 2016, details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8, "Pledged assets".

(2) Accounts receivable, net

	December 31, 2017	December 31, 2016
Accounts receivable - sponsorship	$ 625,430	$ 623,767
Accounts receivable - customer	53,445	32,133
	$ 678,875	$ 655,900

A. The Company has no significant past due but not impaired accounts receivable as of December 31, 2017 and 2016.

B. The Company's accounts receivable that were neither overdue nor impaired have met the credit standards in line with the credit standards prescribed based on counterparties industrial characteristics, scales of business and profitability as of December 31, 2017 and 2016.

C. The Company did not hold any collateral as security as of December 31, 2017 and 2016.

(3) Inventories

	December 31, 2017		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 2,638,948	$ –	$ 2,638,948

	December 31, 2016		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 2,314,815	$ –	$ 2,314,815

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2017	2016
Cost of inventories sold	$ 7,553,289	$ 7,275,661
Loss on physical inventory	30,082	40,532
Cost of goods sold	$ 7,583,371	$ 7,316,193

(4) Prepayments

	December 31, 2017	December 31, 2016
Prepaid rent	$ 76,700	$ 64,811
Overpaid value-added tax	12,454	21,727
Other prepaid expenses	11,878	7,252
	$ 101,032	$ 93,790

(5) Property, plant and equipment

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2017						
Cost	$ 15,514	$ 836,644	$ 1,903,429	$ 346,515	$ 233,068	$ 3,335,170
Accumulated depreciation	(6,366)	(418,314)	(634,105)	(148,490)	–	(1,207,275)
	$ 9,148	$ 418,330	$ 1,269,324	$ 198,025	$ 233,068	$ 2,127,895
For the year ended December 31, 2017						
At January 1	$ 9,148	$ 418,330	$ 1,269,324	$ 198,025	$ 233,068	$ 2,127,895
Additions	–	–	–	–	978,040	978,040
Transferred after acceptance inspection	3,839	231,436	829,662	80,843	(1,145,780)	–
Depreciation	(3,399)	(175,579)	(221,150)	(45,418)	–	(445,546)
Disposal-Cost	(1,197)	(143,289)	(170,963)	(62,512)	–	(377,961)
Accumulated depreciation	905	142,551	133,948	61,485	–	338,889
At December 31	$ 9,296	$ 473,449	$ 1,840,821	$ 232,423	$ 65,328	$ 2,621,317
At December 31, 2017						
Cost	$ 18,156	$ 924,791	$ 2,562,128	$ 364,846	$ 65,328	3,935,249
Accumulated depreciation	(8,860)	(451,342)	(721,307)	(132,423)	–	(1,313,932)
	$ 9,296	$ 473,449	$ 1,840,821	$ 232,423	$ 65,328	$ 2,621,317

	Land	Buildings and structures	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2016								
Cost	$ 240,242	$ 8,017	$ 24,411	$ 756,072	$ 1,497,913	$ 311,681	$ 83,777	$ 2,922,113
Accumulated depreciation	–	(117)	(12,321)	(362,879)	(556,510)	(159,851)	–	(1,091,678)
	$ 240,242	$ 7,900	$ 12,090	$ 393,193	$ 941,403	$ 151,830	$ 83,777	$ 1,830,435
For the year ended December 31, 2016								
At January 1	$ 240,242	$ 7,900	$ 12,090	$ 393,193	$ 941,403	$ 151,830	$ 83,777	$ 1,830,435
Additions	–	–	–	–	–	–	934,407	934,407
Transferred after acceptance inspection	–	–	1,674	182,777	506,624	94,041	(785,116)	–
Depreciation	–	(84)	(3,661)	(157,640)	(178,703)	(47,846)	–	(387,934)
Disposal-Cost	(240,242)	(8,017)	(10,571)	(102,205)	(101,108)	(59,207)	–	(521,350)
Accumulated depreciation	–	201	9,616	102,205	101,108	59,207	–	272,337
At December 31	$ –	$ –	$ 9,148	$ 418,330	$ 1,269,324	$ 198,025	$ 233,068	$ 2,127,895
At December 31, 2016								
Cost	$ –	$ –	$ 15,514	$ 836,644	$ 1,903,429	$ 346,515	$ 233,068	3,335,170
Accumulated depreciation	–	–	(6,366)	(418,314)	(634,105)	(148,490)	–	(1,207,275)
	$ –	$ –	$ 9,148	$ 418,330	$ 1,269,324	$ 198,025	$ 233,068	$ 2,127,895

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2017	2016
Amount capitalised	$ 3,252	$ 1,544
Interest rate range	0.92% ～1.43%	0.91% ～1.46%

B. As of December 31, 2017 and 2016, no property, plant and equipment were pledged to others.

(6) Other payables

	December 31, 2017	December 31, 2016
Salaries and bonuses payable	$ 216,751	$ 197,518
Rent payable	106,811	99,586
Accrued employees' remuneration and directors' remuneration	96,800	94,800
Equipment payable	81,688	44,582
Labor and health insurance payable	24,209	31,144
Others	117,857	102,330
	$ 644,116	$ 569,960

(7) Long-term borrowings

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2017
Long-term bank borrowings				
Unsecured bank borrowings	8.5.2016～8.16.2020	1.19%～1.25%	None	$ 1,330,000
Less: Current portion of long-term borrowings				(536,665)
				$ 793,335

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2016
Long-term bank borrowings				
Unsecured bank borrowings	7.1.2014～8.5.2019	1.23%～1.32%	None	$ 961,954
Less: Current portion of long-term borrowings				(405,679)
				$ 556,275

(8) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years

thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Information on the Company's aforementioned pension plan is as follows:

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

	December 31, 2017	December 31, 2016
Present value of defined benefit obligation	($ 60,538)	($ 58,779)
Fair value of plan assets	52,898	51,103
Net defined benefit liability	($ 7,640)	($ 7,676)

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 58,779)	$ 51,103	($ 7,676)
Current service cost	(297)	-	(297)
Interest (expense) revenue	(1,000)	869	(131)
	(60,076)	51,972	(8,104)
Remeasurements:			
Return on plan assets	-	(345)	(345)
Change in financial assumptions	(3,583)	-	(3,583)
Experience adjustments	2,371	-	2,371
	(1,212)	(345)	(1,557)
Pension fund contribution	-	2,021	2,021
Paid pension	750	(750)	-
Balance at December 31	($ 60,538)	$ 52,898	($ 7,640)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 51,425)	$ 48,556	($ 2,869)
Current service cost	(310)	-	(310)
Interest (expense) revenue	(874)	825	(49)
	(52,609)	49,381	(3,228)
Remeasurements:			
Return on plan assets	-	(372)	(372)
Experience adjustments	(6,170)	-	(6,170)
	(6,170)	(372)	(6,542)
Pension fund contribution	-	2,094	2,094
Balance at December 31	($ 58,779)	$ 51,103	($ 7,676)

c. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

d. The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2017	2016
Discount rate	1.30%	1.70%
Future salary increases	2.50%	2.50%

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

Because the main actuarial assumption changed, the present value of defined

benefit obligation is affected as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2017				
Effect on present value of defined benefit obligation	($ 2,271)	$ 2,381	$ 2,193	($ 2,108)
December 31, 2016				
Effect on present value of defined benefit obligation	($ 2,258)	$ 2,370	$ 2,197	($ 2,108)

The sensitivity analysis above is based on one assumption which changed while the other

conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

e. Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2018 amount to $1,925.

f. As of December 31, 2017, the weighted average duration of the retirement plan is 16 years. The analysis for the due dates of pensions payment is as follows:

Within 1 year	$ 339
2-5 years	4,014
Over 6 years	11,337
	$ 15,690

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2017 and 2016 were $71,364 and $67,071, respectively.

(9) Common stock

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

	Years ended December 31,	
	2017	2016
At January 1	96, 476	95, 277
Stock dividends	965	953
Exercised employee stock bonuses	244	246
At December 31	97, 685	96, 476

B. On May 31, 2016, the Company's shareholders adopted a resolution to issue new shares of common stock through capitalization of unappropriated retained earnings of $9,528 and employees' bonus payable of $82,000. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on July 13, 2016. Of the amount of $82,000 employees' stock bonuses, 246 thousand shares were calculated based on the fair value per share at the preceding day of the shareholders' meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.

C. After the abovementioned capitalization, the Company's total authorized capital was $1,200,000 (including $20,000 reserved for employee stock options) and the paid-in capital was $964,760 (96,476 thousand shares) with par value of $10 (in dollars) per share.

D. On June 13, 2017, the Company's shareholders adopted a resolution to issue new shares of common stock through capitalization of unappropriated retained earnings of $9,648 and employees' bonus payable of $90,000. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on August 1, 2017. Of the amount of $90,000 employees' stock bonuses, 244 thousand shares were calculated based on the fair value per share at the preceding day of the Board of Directors' meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.

E. After the abovementioned capitalization, the Company's total authorized capital was $1,200,000 (including $20,000 reserved for employee stock options) and the paid-in capital was $976,850 (97,685 thousand shares) with par value of $10 (in dollars) per share.

(10) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to

be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is used.

(11) Retained earnings

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

B. Under the Company's Articles of Incorporation, the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income is the distributable net profit of this period, which is added to the unappropriated retained earnings from prior years to arrive at the accumulated distributable net profit. After considering business environment, future operations, the need for reinvestment, and so on, the Board of Directors will propose a resolution for the distribution of earnings which will be approved at the shareholders' meeting. The distributable net profit shall be appropriated as: 50%~100% of accumulated distributable net profit will be appropriated as dividends and bonuses to shareholders, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the price per share of cash dividend is less than $0.5 (in dollars).

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

D. The Company recognized dividends distributed to owners in 2017 and 2016 amounting to $1,032,293 ($10.70 dollars per share) and $838,441 ($8.80 dollars per share) for cash dividends, respectively; and $9,648 ($0.10 dollars per share) and $9,528 ($0.10 dollars per share) for stock dividends, respectively. During its meeting on February 26, 2018, the Board of Directors' proposed for the distribution of dividends from 2017 earnings of $1,269,905 ($13 dollars per share) for cash dividends.

(12) Operating revenue

	Years ended December 31,	
	2017	2016
Merchandise sales	$ 13,130,069	$ 12,127,278
License income	132,002	296,468
	$ 13,262,071	$ 12,423,746

(13) Other income

	Years ended December 31,	
	2017	2016
Rental income	$ 24,939	$ 23,902
Interest income:		
Interest income from bank deposits	973	1,087
Other interest income	1,304	1,250
Other income	23,737	23,331
	$ 50,953	$ 49,570

(14) Other gains and losses

	Years ended December 31,	
	2017	2016
(Loss) gain on disposal of property, plant and equipment	($ 38,309)	$ 9,089
Other losses	(1,362)	(1,076)
	($ 39,671)	$ 8,013

(15) Finance costs

	Years ended December 31,	
	2017	2016
Interest expense:		
Bank borrowings	$ 13,511	$ 9,815
Less: capitalization of qualifying assets	(3,252)	(1,544)
	$ 10,259	$ 8,271

(16) Expenses by nature

	Years ended December 31,			
	2017			2016
	Operating expenses	Operating costs	Total	Operating expenses
Employee benefit expense	$ 1,736,191	$ 71,434	$ 1,807,625	$ 1,671,002
Depreciation	$ 433,701	$ 11,845	$ 445,546	$ 387,934

(17) Employee benefit expenses

	Years ended December 31,			
	2017			2016
Full time employees	Operating expenses	Operating costs	Total	Operating expenses
Wages and salaries	$ 1,119,544	$ 15,450	$1,134,994	$ 1,159,012
Labor and health insurance expense	108,579	1,719	110,298	118,948
Pension costs	53,469	869	54,338	59,901
Other personnel expenses	63,129	729	63,858	58,918
	$ 1,344,721	$ 18,767	$1,363,488	$ 1,396,779

	Years ended December 31,			
	2017			2016
Part time employees	Operating expenses	Operating costs	Total	Operating expenses
Wages and salaries	$ 333,923	$ –	$ 333,923	247,662
Labor and health insurance expense	40,093	–	40,093	19,032
Pension costs	17,454	–	17,454	7,529
Other personnel expenses	–	52,667	52,667	–
	$ 391,470	$ 52,667	$ 444,137	$ 274,223

A. The number of full time employees were 2,668 and 3,295, while part time employees were 1,794 and 942 on average for the years ended December 31, 2017 and 2016, respectively.

B. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 6% for directors' remuneration.

C. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at $92,000 and $90,000, respectively; while directors' remuneration was both accrued at $4,800 for both periods. The aforementioned amounts were recognised in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage

prescribed under the Company's Articles of Incorporation. The actual amount approved at the board of directors' meeting for employees' compensation and directors' remuneration for 2016 was $94,800, which was the same as the estimated amount recognised in the 2016 financial statements. The number of shares distributed as employees' compensation for the year ended December 31, 2016 was 244 thousand shares.

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

(18) Income tax

A. Income tax expense:

a. Components of income tax expense:

	Years ended December 31,	
	2017	2016
Current income tax:		
Current tax on profits for the year	$ 297,144	$ 248,737
Tax on undistributed surplus earnings	516	690
Prior year income tax over estimation	(40)	-
Total current tax	297,620	249,427
Deferred income tax:		
Origination and reversal of temporary differences	(3,832)	(8,743)
Total deferred income tax	(3,832)	(8,743)
Income tax expense	$ 293,788	$ 240,684

b. The income tax relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2017	2016
Remeasurements of defined benefit plan	($ 265)	($ 1,112)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2017	2016
Tax calculated based on profit before tax and statutory tax rate	$ 292,884	$ 239,728
Expenses disallowed by tax regulation	428	266
Tax on undistributed surplus earnings	516	690
Prior year income tax over estimation	(40)	-
Tax expense	$ 293,788	$ 240,684

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

	Year ended December 31, 2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealised expense	$ 19,847	$ 3,657	$ -	$ 23,504
Pension	5,059	-	265	5,324
Unearned revenue	3,424	446	-	3,870
	$ 28,330	$ 4,103	$ 265	$ 32,698
- Deferred tax liabilities:				
Pension	($ 3,160)	($ 271)	$ -	($ 3,431)
	$ 25,170	$ 3,832	$ 265	$ 29,267

	Year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealised expense	$ 11,482	$ 8,365	$ -	$ 19,847
Pension	3,947	-	1,112	5,059
Unearned revenue	2,751	673	-	3,424
	$ 18,180	$ 9,038	$ 1,112	$ 28,330
- Deferred tax liabilities:				
Pension	($ 2,865)	($ 295)	$ -	($ 3,160)
	$ 15,315	$ 8,743	$ 1,112	$ 25,170

D. As of February 26, 2018, the Company's income tax returns through 2015 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

E. Unappropriated retained earnings:

	December 31, 2017	December 31, 2016
Earnings generated in and after 1998	$ 1,442,913	$ 1,174,037

F. As of December 31, 2017 and 2016, the balances of the imputation tax credit account were $161,979 and $126,052, respectively. As dividends for 2016 were approved at the shareholders' meeting on June 13, 2017 with the dividend distribution date set on August 1, 2017 by the Board of Directors, the creditable tax rate was 20.59% for the year ended December 31, 2016. With the abolishment of the imputation tax system under the amendments to the Income Tax Act promulgated by the President of the Republic of China in February,

2018, the information on unappropriated retained earnings and the balance of the imputation credit account as of December 31, 2017, as well as the estimated creditable tax rate for the year ended December 31, 2017 is no longer disclosed.

(19) Earnings per share

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 1,429,057	97,652	$ 14.63
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 1,429,057	97,652	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	352	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,429,057	98,004	$ 14.58

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 1,169,484	97,405	$ 12.01
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 1,169,484	97,405	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	288	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,169,484	97,693	$ 11.97

A. As the Company may choose to distribute employees' compensation in the form of shares, the calculation of diluted earnings per share is based on the assumption that the bonus would be issued in shares. When calculating the diluted EPS, those potential common shares that result in dilutive effect would be included in the calculation of the weighted-average outstanding common shares during the reporting period. When calculating the basic EPS, the weighted-average outstanding common shares during the reporting period is calculated based on the actual amount of shares distributed as employees' compensation under the resolution by the board of directors. In addition, since the employees' stock compensation is no longer regarded as a distribution of stock dividends, the Company did not adjust the effects on the basic and diluted earnings per share retroactively.

B. The abovementioned weighted average number of ordinary shares outstanding has

been adjusted to unappropriated retained earnings as proportional increase in capital for the year ended December 31, 2016.

(20) Operating leases

The Company has lease contracts with the key management and non-related parties. The lease terms are between 3 to 20 years. As of December 31, 2017 and 2016, the amount of deposits paid in accordance with the lease contracts was $281,756 and $249,790, respectively and was classified as refundable deposits. The Company recognized rental expenses of $1,025,062 and $874,706 for these leases in profit or loss for 2017 and 2016, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2017	December 31, 2016
Within 1 year	$ 1,085,487	$ 916,755
Between 1 and 5 years	4,016,148	3,448,383
Over 5 years	4,066,371	3,834,420
	$ 9,168,006	$ 8,199,558

(21) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2017	2016
Purchase of property, plant and equipment	$ 978,040	$ 934,407
Add: Beginning balance of payable on equipment (Other payables)	44,582	84,385
Less: Ending balance of payable on equipment (Other payables)	(81,688)	(44,582)
Capitalization of interest	(3,252)	(1,544)
Cash paid for acquisition of property, plant and equipment	$ 937,682	$ 972,666

B. Financing activities without cash payments:

	Years ended December 31,	
	2017	2016
Accrued employees' compensation transferred to stock dividends to be distributed	$ 90,000	$ 82,000

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related party transactions

Rental expense

	Leased subject	Determination of rental	Payment method	Years ended December 31, 2017	Years ended December 31, 2016
Key management	Tainan office	Negotiation	Monthly payment	$ 3,000	$ 3,000

For details on operating lease agreements, please refer to Note 6 (20) Operating leases.

(3) Key management compensation

	Years ended December 31, 2017	Years ended December 31, 2016
Salaries and other short-term employee benefits	$ 16,763	$ 17,660

8. PLEDGED ASSETS

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

Assets		December 31, 2017	December 31, 2016	Purpose of collateral
Demand deposits	(Note)	$ 22,101	$ 29,562	Performance guarantee
Certificate of deposit	(Note)	5,250	5,250	Refundable deposits
		$ 27,351	$ 34,812	

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Capital expenditures contracted for but not yet incurred

	December 31, 2017	December 31, 2016
Property, plant and equipment	$ 62,970	$ 224,377

(2) For details on operating lease agreements, please refer to Note 6 (20) Operating leases.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

assets to reduce debt.

(2) Financial instruments

A. Fair value information of financial instruments

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

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

a. Market risk

I. Foreign exchange risk

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

II. Price risk

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

III. Interest rate risk

For the years ended December 31, 2017 and 2016, if interest rates on borrowings had been 10% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have decreased/increased by $71 and $63, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

b. Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising

from default by the customers or counterparties of financial instruments on the contractual obligations. Credit risk arises mainly from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables. For banks and financial institutions, only independently rated parties with distinguished rating are accepted.

II. For information of credit quality of the Company's financial assets, please refer to Note 6, Financial assets.

c. Liquidity risk

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

II. The Company has the following undrawn borrowing facilities:

	December 31, 2017	December 31, 2016
Floating rate:		
Expiring within one year	$ 330,000	$ 130,000
Expiring beyond one year	670,000	738,046
	$ 1,000,000	$ 868,046

The facilities expiring within one year are annual facilities subject to review at various dates during 2018.

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

December 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Notes payable	$ 58,027	$ –	$ –	$ –
Accounts payable	1,644,272	–	–	–
Other payables	644,116	–	–	–
Long-term borrowings (including current portion)	543,348	492,725	310,489	–
Guarantee deposits received	–	6,337	–	–

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Notes payable	$ 614,262	$ –	$ –	$ –
Accounts payable	969,035	–	–	–
Other payables	569,960	–	–	–
Long-term borrowings (including current portion)	411,013	366,098	197,491	–
Guarantee deposits received	–	6,498	–	–

(3) Fair value information

The Company had no fair value financial instruments as of December 31, 2017 and 2016.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transaction information

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2017.)

A. Loans to others: None.

B. Provision of endorsements and guarantee to others provided: None.

C. Holding of marketable securities at the end of the period: None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of the paid-in

capital or more: None.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2017.)

None.

(3) Information on investments in Mainland China

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2017.)

As of December 31, 2017, the Company had no investments in Mainland China.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

(3) Information about segment profit or loss, assets and liabilities

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

	Years ended December 31,	
	2017	2016
	Retailing	Retailing
Segment revenue	$ 13,262,071	$ 12,423,746
Revenue from external customers (net)	13,262,071	12,423,746
Depreciation	445,546	387,934
Finance cost	10,259	8,271
Segment pre-tax profit	1,722,845	1,410,168
Segment assets	7,529,129	6,463,830
Segment liabilities	3,899,304	3,319,477

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

	Years ended December 31,	
	2017	2016
Reportable segment income before tax	$ 1,722,845	$ 1,410,168
Other adjustments	–	–
Profit from continuing operations	$ 1,722,845	$ 1,410,168

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

	Years ended December 31,	
	2017	2016
Asset of reportable segment	$ 7,529,129	$ 6,463,830
Unamortised items	–	–
Total assets	$ 7,529,129	$ 6,463,830

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

	Years ended December 31,	
	2017	2016
Liabilities of reportable segment	$ 3,899,304	$ 3,319,477
Unamortised items	–	–
Total liabilities	$ 3,899,304	$ 3,319,477

(4) Information on products and services

Please refer to Note 6 (12) Operating revenue for related information.

(5) Geographical information

The Company's geographical information for the years ended December 31, 2017 and 2016 is as follows:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 13,262,071	$ 2,777,732	$ 12,423,746	$ 2,236,953

(6) Major customer information

The Company's annual revenue from each customer for the years ended December 31, 2017 and 2016 did not reach more than 10% of the revenue on the statement of comprehensive income.

Poya International Co., Ltd.

Statement of Declaration of Internal Control

Date: March 26 2018

Poya International Co., Ltd. has conducted internal audit in accordance with its Internal Control Regulation covering the period from January 1st to December 31st 2017, and hereby declares as follows:

(1) The Company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers, and that the Company has already established such system. The purpose it to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules.

(2) There is limitation inherent to internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features the self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.

(3) The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria"). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely, 1.control environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for detail.

(4) The Company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.

(5) Basing on the aforementioned audit findings, the Company holds that has reasonably preserved the achievement of the aforementioned goals within the aforementioned period of internal control (including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.

(6) This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.

(7) This statement of declaration has been approved by the Board in a session held on March 26, 2018with the presence of 7 directors under unanimous consent.

Chairman: Chen Jian-Zao (signature)
General Manager: Chen Zong-Cheng (signature)
Poya International Co., Ltd.

Address and telephone of corporate headquarters and branches

Business unit	Address	Telephone
Headquarters in Tainan: No.74, Sec. 3, Minzu Rd. West Central Dist. Tainan		Telephone: (06)241-1000
Headquarters in Taipei: 4F., No.2, Fuxing N. Rd., Zhongshan Dist., Taipei		Telephone: (02)8772-8688
Tainan Xiao Bei Branch: No. 169, Ximen Rd., Section IV, Tainan		Telephone: (06)281-7806
Taipei Yong He Branch: No. 239, Zhongzheng Rd., Yonghe Dist, New Taipei City		Telephone: (02)8941-7717
Chaunghua Yuan Lin Branch: No. 68, Sanmin St., Yuanlin, Changhua		Telephone: (04)837-9800
Kaohsiung Feng Shan Branch: No. 138, Zhongshan Rd., Fengshan Dist., Kaohsiung		Telephone: (07)747-7000
Tainan Dong Ning Branch: No. 229, Dongning Rd., Tainan		Telephone: (06)275-5933
Taichung Feng Jia Branch: NO. 420, Fuxing Rd., Taichung		Telephone: (04)2708-2007
Taichung 1st High School Branch: No. 22-4, Taiping Rd., Taichung		Telephone: (04)2221-1023
Taichung Wen Xin Branch: No. 597, Wenxin Rd. Section IV, Beitun Dist., Taichung		Telephone: (04)2247-0011
Tainan Zhong Hua Branch: No. 273~275, Zhonghua East Rd., Tainan		Telephone: (06)260-1100
Kaohsiung Gang Shan Branch: No. 46, Minzu Rd., Gangshan Dist., Kaohsiung		Telephone: (07)625-0022
Nantou Cao Tun Branch: No. 117, Zhognshan St., Caotun, Nantou		Telephone: (049)230-2000
Tainan Yong Kang Branch: No. 106, Zhonghua Rd., Yongkang Dist., Tainan		Telephone: (06)311-2111
Tainan Jian Kang Branch: No. 175, Zhonghua West Rd., Section I, South Dist., Tainan		Telephone: (06)292-0202
Douliu Min Sheng Branch: No. 64, Zhongjian West Rd., Douliu, Yunlin		Telephone: (05)533-5050
Kaohsiung Da Chang Branch: No. 145, Dachang 2nd Rd., Sanmin Dist., Kaohsiung		Telephone: (07)394-3300
Dali Zhong Xing Branch: 1F, No.550, Zhongxing Rd. Section II, Dali Dist., Taichung		Telephone: (04)2481-8181
Hualien Zhong Zheng Branch: No. 339-1, Zhongzheng Rd., Hualien		Telephone: (03)834-3322
Luodong Cang Qian Branch: No. 66, Cangqian Rd., Luodong, Yilan		Telephone: (03)955-1010
Jiali Yan Ping Branch: 1F, No. 91, Yanping Rd., Jiali Dist., Tainan		Telephone: (06)723-7700
Chiayi Cui Yang Branch: No. 459, Cuiyang Rd., Chiayi		Telephone: (05)216-6161
Pingtung Zi You Branch: No. 21, Taiyuan 1st Rd., Pingtung, Pingtung		Telephone: (08)766-0202
Xinying Min Zhi Branch: No. 227, Minzhi Rd., Xinying Dist., Tainan		Telephone: (06)656-6611
Nantou Da Tong Branch: No. 70, Datong South St., Nantou, Nantou		Telephone: (049)222-5200
Kaohsiung You Chang Branch: 1F, No. 645, Houchang Rd., Zuoying Dist., Kaohsiung		Telephone: (07)363-6767
Taitung Zhong Hua Branch: 1F, NO. 513, Zhonghua Rd. Section I, Taitung, Taitung		Telephone: (089)337-070
Taichung Da Dun Branch: No. 466, Dadun Rd., Nantun Dist., Taichung		Telephone: (04)2328-2118
Chaozhou Xin Sheng Branch: 1F, NO. 117, Xinsheng Rd., Chaozhou, Pingtung		Telephone: (08)788-7700
Hualien Zhong Shan Branch: No. 269, Zhongshan Rd., Hualien, Hualien		Telephone: (03)831-6666
Taipei Min Sheng Branch: No. 163-1, Minsheng East Rd. Section V, Songshan Dist, Taipei		Telephone :(02)8787-9900
Fengyuan Fu Qian Branch: 1F, No. 39, Fuqian St., Yangming Li, Fengyuan, Taichung		Telephone: (04)2524-4000
Kaohsiung Wu Jia Branch: NO. 381, Wujia 2nd Rd., Fengshan Dist., Kaohsiung		Telephone: (07)727-2111
Miaoli Min Zu Branch: No. 59, Minzu Rd., Miaoli, Miaoli		Telephone: (037)380-808
Pingtung Min Sheng Branch: No. 248, Minsheng Rd., Pingtung, Pingtung		Telephone: (08)765-5500
Yunlin Hu Wei Branch: No. 105-1, Heping Rd., Huwei, Yulin		Telephone: (05)633-8811
Taichung Xue Shi Branch: No. 175, Xueshi Rd., North Dist., Taichung		Telephone: (04)2203-2000
Shulin Zhongshan Branch: 1F, NO. 111, Zhongshan Rd,. Section I, Shulin Dist, New Taipei City		Telephone: (02)2686-0022
Xizhi Zhong Xing Branch: NO. 195, Zhongxing Rd., Xizhi Dist., New Taipei City		Telephone: (02)2692-4444
Toufen Zhong Hua Branch: No. 1167, Zhonghua Rd., Toufen, Miaoli		Telephone: (037)670-033
Longtan Zhong Zheng Branch: No. 222, Zhongzheng Rd., Longtan, Taoyuan		Telephone: (03)470-0717
Xiaogang Han Min Branch: No. 206, Hanmin Rd., Xiaogang Dist., Kaohsiung		Telephone: (07)802-0033
Yonghe Zhong Shan Branch: No. 177, Zhongshan Rd. Section I, Yonghe Dist., New Taipei City		Telephone: (02)2920-2727
Changhua Lu Gang Branch: No. 322, Fuxing Rd., Lugang, Changhua		Telephone: (04)775-0777
Zhongli Zhong Yuan Branch: No. 55, Zhongbei Rd., Zhongli, Zhongli		Telephone: (03)438-0505
Nantou Pu Li Branch: No., 24, Zhognshan 2nd Rd., Puli, Nantou		Telephone: (049)298-6060
Taoyuan Nan Ping Branch: No. 399, Nanping Rd., Taoyuan, Taoyuan		Telephone: (03)326-1100
Xinzhuang Xin Tai Branch: No. 300, Xintai Rd., Xinzhuang Dist., New Taipei City		Telephone: (02)2991-4000
Yunlin Bei Gang Branch: No. 62, Huanan Rd., Guangfu Li, Lugang, Yulin		Telephone: (05)783-6363
Pingtung Dong Gang Branch: No. 316, Zhongzheng Rd. Section I , Donggang, Pingtung		Telephone: (08)831-0101
Douliu Station Branch: No. 159, Minsheng Rd., Douliu, Yunlin		Telephone: (05)537-0033
Taichung Tan Zi Branch: No. 2, Lane 99, Yatan Rd. Section I, Tanzi Dist., Taichung		Telephone: (04)253-20000
Yilan Station Branch: No. 6, Guangfu Rd., Yilan, Yilan		Telephone: (03)936-0505
Fenshan Qing Nian Branch: No. 471, Qingnian 2nd Rd., Fenshan Dist., Kaohsiung		Telephone: (07)767-6262
Keelung Dong Ming Branch: No. 177, Dongming Rd, XinYi Dist, Keelung		Telephone: (02)2468-0066
Sanxia Zhong Hua Branch: 1F, No. 20, Zhonghua Rd., Sanxia Dist., New Taipei City		Telephone: (02)8674-2121
Tainan Hai Tian Branch: 1F, No. 120, Haitian Rd. Section I, Annan Dist., Tainan		Telephone: (06)350-0011
Tainan Shan Hua Branch: No. 472, Zhongzheng Rd., Shanhua Dist., Tainan		Telephone: (06)583-0000

Business unit	Address	Telephone
Taoyuan Ba De Branch:	No. 126,Sec. 2, Jieshou Rd., Bade, Taoyuan	Telephone: (03)371-3838
Banqiao Chong Qing Branch:	1F, No. 247, Chongqing Rd., Banqiao, New Taipei City	Telephone: (02)2958-1818
Taichung Mei Cun South Branch:	No. 70, Meichun South Rd., South Dist., Taichung	Telephone: (04)226-03388
Zhubei San Min 1st Branch:	No. 202, Sanmin Rd., Zhubei, Hsinchu	Telephone: (03)555-6222
Daya Zhong Qing Branch:	No.1171, Sec. 3, Zhongqing Rd., Daya Dist., Taichung	Telephone: (04)256-60202
Tainan Ma Dou Branch:	No. 22-1, Bo'ai Rd., Madou Dist., Tainan	Telephone: (06)571-2211
Yingge Jian Guo Branch:	No., 280, Jianguo Rd., Yingge, New Taipei City	Telephone: (02)2677-4488
Neili Zhong Xiao Branch:	No. 74, Zhongxiao Rd., Zhongli, Taoyuan	Telephone: (03)435-5000
Kaohsiung Rui Long Branch:	No. 459, Ruilong Rd., Qianzhen Dist., Kaohsiung	Telephone: (07)713-0011
Taichung Wu Feng Branch:	No., 1095, Zhongzheng Rd., Wufeng Dist., Taichung	Telephone: (04)233-21333
Zhunan Bo Ai Branch:	No. 281, Bo'ai St., Zhunan, Miaoli	Telephone: (037)481-414
Hsinchu Dong Men Branch:	No. 73, Fuxing Rd., Hsinchu	Telephone: (03)523-2200
Xinzhuang Long An Branch:	No.252-1, Longan Rd., Xinzhuang Dist., New Taipei City	Telephone: (02)2202-1000
Linkou Ren Ai Branch:	No. 2, Yulin St., Linkoou, New Taipei City	Telephone :(02)8601-9191
Hsinchu Hu Kou Branch:	No. 23, Zhongxiao Rd., Hukou, Hsinchu	Telephone: (03)590-6363
Tainan Gui Ren Branch:	No. 133, Zhongshan Rd. Section III, Guiren Dist., Tainan	Telephone: (06)338-8000
Taoyuan Da You Branch:	NO. 586, Dayou Rd., Taoyuan, Taoyuan	Telephone: (03)316-0111
Nantou Zhu Shan Branch:	No.89, Dali Rd., Zhushan, Nantou	Telephone: (049)266-2200
Kaohsiung Da Shun Branch:	No. 110, Dashun 3rd Rd., Yaling Dist., Kaohsiung	Telephone: (07)713-1111
Changhua Bei Dou Branch:	No. 313, Fuxing Rd., Beidou, Changhua	Telephone: (04)888-2020
Taichung Jing Wu East Branch:	No. 97, Jingwu East Rd., East Dist., Taichung	Telephone: (04)2211-9292
Banqiao Xin Hai Branch:	No. 93, Xinhai Rd., Banqiao, New Taipei City	Telephone: (02)2250-7766
Kaohsiung Qi Shan Branch:	No. 7-17, Dongxin St., Qishan Dist., Kaohsiung	Telephone: (07)662-2626
Hsinchu Jing Guo Branch:	No. 820, Jinguo Rd., Section I, Hsinchu	Telephone: (03)542-1616
Zhudong Chang Chun Branch:	No. 100, Changchun Rd. Section III, Zhudong, Hsinchu	Telephone: (03)595-3322
Dali Cheng Gong Branch:	No.23, Chenggong 2nd Rd., Dali Dist., Taichung	Telephone: (04)2493-7373
Taichung Song Zhu Branch:	No. 168, Songzhu Rd. Section II, Beitun Dist., Taichung	Telephone: (04)2242-2211
Guishan Wen Hua Branch:	No. 26, Wenhua 2nd Rd., Guishan, Taoyuan	Telephone: (03)327-5050
Kaohsiung Minsheng Branch:	No. 1, Minsheng 1st Rd., Xinxing Dist., Kaohsiung	Telephone: (07)229-9090
Taitung Xin Sheng Branch:	No., 201, Xinsheng Rd., Taitung, Taitung	Telephone: (089)322-211
Nanmiao Zhong Zheng Branch:	No. 929, Zhongzheng Rd., Miaoli, Miaoli	Telephone: (037)361-333
Taichung Li Ming Branch:	No. 726, Datun 11th St., Nantun Dist., Taichung	Telephone: (04)2254-3377
Sanxia Wenhua Branch:	No.59, Wenhua Rd., Sanxia Dist., New Taipei City	Telephone: (02)26729911
Chiayi Minxiong Branch:	No.48, Shengping Rd., Minxiong Township, Chiayi	Telephone: (05)2066677
Taichung Dongshi Branch:	No.558, Fengshi Rd., Dongshi Dist., Taichung	Telephone: (04)25771717
Xinying Zhongshan Branch:	No.113, Zhongshan Rd., Xinying Dist., Tainan	Telephone: (06)6333322
Pingtung Fengjia Branch:	No.60, Fengjia Rd., Pingtung City, Pingtung	Telephone: (08)7346633
Zhubei Guangming Branch:	No.7, Guangming 3rd Rd., Zhubei City, Hsinchu	Telephone: (03)5510055
Changhua Minzu Branch:	No.221, Minzu Rd., Changhua City, Changhua	Telephone: (04)7277722
Taoyuan Dayuan Branch:	No.99, Zhongzheng E. Rd., Dayuan Township, Taoyuan	Telephone: (03)3862266
Yuanlin Zhongzheng Branch:	No.672, Zhongzheng Rd., Yuanlin Township, Changhua	Telephone: (04)8337788
Tainan Jinhua Branch:	No.168, Sec. 3, Jinhua Rd., West Central Dist., Tainan	Telephone: (06)2207373
Banqiao Nanya Branch:	No.55, Sec. 1, Nanya S. Rd., Banqiao Dist., New Taipei City	Telephone: (02)29688555
Kaohsiung Linyuan Branch:	No.46, Ren'ai Rd., Linyuan Dist., Kaohsiung	Telephone: (07)6433366
Tainan Zhongzheng Branch:	No.246, Zhongzheng Rd., West Central Dist., Tainan	Telephone: (06)2240666
Changhua Jinma Branch:	No.1, Sec. 2, Jinma Rd., Changhua City, Changhua	Telephone: (04)7367755
Penghu Beichen Branch:	No.8, Beichen St., Magong City, Penghu	Telephone: (06)9279911
Hsinchu Xuefu Branch:	No.130, Xuefu St., Xinfeng Township, Hsinchu	Telephone: (03)5575999
Kaohsiung Xintian Branch:	No.168, Xintian Rd., Xinxing Dist., Kaohsiung	Telephone: (07)2822277
Taichung Hankou Branch:	No.313, Sec. 4, Hankou Rd., North Dist., Taichung	Telephone: (04)22376767
Huwei Linsen Branch:	No.154, Sec. 2, Linsen Rd., Huwei Township, Yunlin	Telephone: (05)6366633
Changhua Shengang Branch:	No.55, Xinyi Rd., Shengang Township, Changhua	Telephone: (04)7982626
Yunlin Mailiao Branch:	No.377, Zhongshan Rd., Mailiao Township, Yunlin	Telephone: (05)6937733
Tianzhong Zhongzhou Branch:	No.123, Sec. 1, Zhongzhou Rd., Tianzhong Township, Changhua	Telephone: (04)8752266
Taoyuan Zhongzheng Branch:	2F., No.60, Zhongzheng Rd., Taoyuan Dist., Taoyuan	Telephone: (03)3386565
Toufen Shangshun Branch:	No.103, Zhongyang Rd., Toufen City, Miaoli	Telephone: (037)682929
Kaohsiung Dream Mall Branch:	7F., No.789, Zhonghua 5th Rd., Qianzhen Dist., Kaohsiung	Telephone: (07)8232266
Zuoying Hua Xia Branch:	No.636, Huaxia Rd., Zuoying Dist., Kaohsiung	Telephone: (07)3495522
Gangshan Liuqiao Branch:	No.2, Liuqiao W. Rd., Gangshan Dist., Kaohsiung	Telephone: (07)6253366
Shalu Guanhua Branch:	No.308-5, Guanghua Rd., Shalu Dist., Taichung	Telephone: (04)26626633
Fengyuan Xiangyang Branch:	No.227, Xiangyang Rd., Fengyuan Dist., Taichung	Telephone: (04)25151155
YongKang Zhongzheng Branch:	No.646, Zhongzheng S. Rd., Yongkang Dist., Tainan	Telephone: (06)2542255

Business unit	Address	Telephone
Kaohsiung San Duo Branch	No.225, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung	Telephone: (07)3352266
Kaohsiung Mingchen Branch	No.369, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung	Telephone: (07)5507722
Wugu Gongshang Branch	No.90, Gongshang Rd., Wugu Dist., New Taipei City	Telephone: (02)22929933
Tucheng Yumin Branch	No.165, Yumin Rd., Tucheng Dist., New Taipei City	Telephone: (02)22647272
Tamsui Zhongshan Branch	No.96, Sec. 2, Zhongshan N. Rd., Tamsui Dist., New Taipei City	Telephone: (02)26230303
Taichung Henan Branch	No.466, Sec. 2, Henan Rd., Xitun Dist., Taichung	Telephone: (04)27076688
Dajia Yude Branch	No.228, Yude Rd., Dajia Dist., Taichung	Telephone: (04)26882266
Gangshan Zhongshan N. Branch	No.79, Zhongshan N. Rd., Gangshan Dist., Kaohsiung	Telephone: (07)6246633
Xiluo Gongzheng Branch	No.137, Gongzheng Rd., Xiluo Township, Yunlin	Telephone: (05)5870077
Kaohsiung Wannei Branch	No.63, Dashun 2nd Rd., Sanmin Dist., Kaohsiung	Telephone: (07)3841616
Taoyuan Pingzhen Branch	No.71, Sec. 3, Huannan Rd., Pingzhen Dist., Taoyuan	Telephone: (03)4687676
Xizhi Farglory Branch	2F., No.97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	Telephone: (02)26973737
Taoyuan Daxing Branch	No.175, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan	Telephone: (03)3169777
Tainan Wenxian Branch	No.112, Wenxian Rd., North Dist., Tainan	Telephone: (06)2502929
Sanchong Renai Branch	Aly. 6, Ln. 255, Xiwei St., Sanchong Dist., New Taipei City	Telephone: (02)29810101
Zhubei Ziqiang Branch	No.107, Ziqiang S. Rd., Zhubei City, Hsinchu	Telephone: (03)5506262
Taipei Dongmen Branch	B1F., No.230, Sec. 2, Xinyi Rd., Da'an Dist., Taipei	Telephone: (02)23956677
Nanzi Dexian Branch	No.211, Dexian Rd., Nanzi Dist., Kaohsiung	Telephone: (07)3602266
Changhua Xihu Branch	No.312, Donghuan Rd., Xihu Township, Changhua	Telephone: (04)8610011
Songshan Raohe Branch	No.660, Sec. 4, Bade Rd., Songshan Dist., Taipei City	Telephone: (02)-25281166
Changhua Hemei Branch	No.360, Sec. 6, Luhe Rd., Hemei Township, Changhua County	Telephone: (04)-7553388
Shinbei Zhonghe Branch	No.25, Zhonghe Rd., Zhonghe Dist., New Taipei City	Telephone: (02)-22441177
Erlin Douyuan Branch	No.2, Changqing Rd., Erlin Township, Changhua County	Telephone: (04)-8951100
Renwu Renxiong Branch:	No.38-5, Renxiong Rd., Renwu Dist., Kaohsiung City	Telephone: (07)-3745252
Tainan Beimen Branch	1-3F., No.101, Sec. 1, Beimen Rd., West Central Dist., Tainan City	Telephone: (06)-2232626
Kaohsiung Dingshan Branch	1-2F., No.251, Dingshan St., Sanmin Dist., Kaohsiung City	Telephone: (07)-3985522
Donghu Kangning Branch	B1-2F., No.72, Sec. 3, Kangning Rd., Neihu Dist., Taipei City	Telephone: (02)-26319191
Taichung Beitun Branch	1-2F., No.275, Beitun Rd., Beitun Dist., Taichung City	Telephone: (04)-22375656
Wenxin Shanxi Branch	No.196, Sec. 4, Wenxin Rd., North Dist., Taichung City	Telephone: (04)-22926060
Yongkang Zhongshan S. Branch	No.692, Zhongshan S. Rd., Yongkang Dist., Tainan City	Telephone: (06)-2036060
Shilin Zhishan Branch	1-3F., No.1, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City	Telephone: (02)-28359292
Yongkang Kunshan Branch	No.785, Dawan Rd., Yongkang Dist., Tainan City	Telephone: (06)-2729955
Chiayi Xinmin Branch	No.689, Xinmin Rd., West Dist., Chiayi City	Telephone: (05)-2367722
Chiayi Puzi Branch	No.102-3, Shantong Rd., Puzi City, Chiayi County	Telephone: (05)-3701313
Kaohsiung Jiangong Branch	No.501, Jiangong Rd., Sanmin Dist., Kaohsiung City	Telephone: (07)-3806161
Changhua Xiushui Branch	No.677, Sec. 2, Zhangshui Rd., Xiushui Township, Changhua County	Telephone: (04)-7696969
Hsinchu Guangfu Branch	No.560, Sec. 1, Guangfu Rd., East Dist., Hsinchu City	Telephone: (03)-6662121
Hsinchu Qinghua Branch	1-2F., No.151, Sec. 2, Guangfu Rd., East Dist., Hsinchu City	Telephone: (03)-5720101
Dali Guoguang Branch	No.568, Sec. 2, Guoguang Rd., Dali Dist., Taichung City	Telephone: (04)-24810505
Taipei Linsen Branch	1F., No.487, Linsen N. Rd., Zhongshan Dist., Taipei City	Telephone: (02)-25620033
Kaohsiung Taroko park Branch	1F., No.100, Zhongshan 4th Rd., Qianzhen Dist., Kaohsiung City	Telephone: (07)-7915050
Renwu Bade Branch	No.72, Bade Central Rd., Renwu Dist., Kaohsiung City	Telephone: (07)-3729977
Zhongxiao Yongchun Branch	1F., No.297-1, Sec. 5, Zhongxiao E. Rd., Taipei City	Telephone: (02)-27652323
Kaohsiung Qixian Branch	No.186, Qixian 2nd Rd., Qianjin Dist., Kaohsiung City	Telephone: (07)-2886161
Banqiao Shuangshi Branch	No.157, Sec. 2, Shuangshi Rd., Banqiao Dist., New Taipei City	Telephone: (02)-22521010
Hualien Jian Branch	No.217, Sec. 2, Zhongshan Rd., Ji'an Township, Hualien County	Telephone: (03)-8526161
THSR Zuoying Branch	No.1350, Huaxia Rd., Zuoying Dist., Kaohsiung City	Telephone: (07)-3430202
Zhongli Zhonghua Branch	No.677, Sec. 1, Zhonghua Rd., Zhongli Dist., Taoyuan City	Telephone: (03)-4332233
Taichung Dali Branch	No.480, Sec. 2, Zhongxing Rd., Dali Dist., Taichung City	Telephone: (04)-24860606
Kaohsiung Meishu E. Branch	No.11, Meishu E. 2nd Rd., Gushan Dist., Kaohsiung City	Telephone: (07)-5225353
HoulongZhonghua Branch	1&2F., No.46-40, Zhonghua Rd., Houlong Township, Miaoli County	Telephone: (037)-725577
Taoyuna Fuxing Branch	No.375-379, Fuxing Rd., Taoyuan Dist., Taoyuan City	Telephone: (03)-3320101
Zhonghe Juguang Branch	No.63, Juguang Rd., Zhonghe Dist., New Taipei City	Telephone: (02)-82215252
Nantou Mingjian Branch	1F., No.46, Zhangnan Rd., Mingjian Township, Nantou County	Telephone: (049)-2738383
Keelung E-square Branch	1F., No.236, Ren 2nd Rd., Ren'ai Dist., Keelung City	Telephone: (02)-24279090
Fengjia Fuxing Branch	No.562-1, Fuxing Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	Telephone: (04)-24515577
Changhua Shetou Branch	No.139, Sec. 2, Yuanji Rd., Shetou Township, Changhua County	Telephone: (04)-8720101
Xinzhuang Jianguo Branch	No.57, Jianguo 1st Rd., Xinzhuang Dist., New Taipei City	Telephone: (02)-29037070
Yilan Shennong Branch	No.51-53, Sec. 2, Shennong Rd., Yilan City, Yilan County	Telephone: (03)-9368888
Tainan Xinhua Branch	No.35, Zhongxiao Rd., Xinhua Dist., Tainan City	Telephone: (06)-5902699
Taichung Lingdong Branch	No.356, Lingdong Rd., Nantun Dist., Taichung City	Telephone: (04)-23862255
Guishan Wanshou Branch	No.1, Ln. 769, Sec. 2, Wanshou Rd., Guishan Dist., Taoyuan City	Telephone: (03)-3592266

Business unit	Address	Telephone
Taishan Renai Branch: o.157, Ren’ai Rd., Taishan Dist., New Taipei City		Telephone: (02)-22976565
Zhongli Xinsheng Branch: 1F., No.65, Xinsheng Rd., Zhongli Dist., Taoyuan City		Telephone: (03)-4279898
Changhua Huatan Branch: No.57-2, Zhongzheng Rd., Huatan Township, Changhua County		Telephone: (04)-7860808
Tainan Hewei Branch: No.305, Sec. 4, Hewei Rd., West Central Dist., Tainan City		Telephone: (06)-3582266