



Dyaco International Inc.

The operations of the Audit Committee and its participation in Board meetings

- Committee member term: May 28, 2020 to May 27, 2023
- The purpose of the Audit Committee is to assist the Board in fulfilling its role of overseeing the quality and integrity of the Company's performance in relation to accounting, auditing, financial reporting processes and financial controls.
 1. Audit Committee's annual work plan for 2022 is as follows.
 - (1) Financial statements.
 - (2) The policies and procedures for auditing and accounting.
 - (3) The policies and procedures for internal controls.
 - (4) The material asset or derivatives transactions.
 - (5) The material loaning of funds and endorsements/guarantees.
 - (6) The offering, issuance, or private placement of equity-type securities.
 - (7) The status of derivatives transactions and investments.
 - (8) Regulation compliance.
 - (9) Risk management.
 - (10) The evaluation of the independence and suitability of its CPA.
 - (11) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
 - (12) Regular communications between the Chief Internal Auditor and the CPA.
 - (13) The performance assessment of the Audit Committee.
- Audit Committee's highlight of 2022:
 - (1) Review financial statements: The Board of Directors prepared the annual business report, the financial statements, and the earnings distribution proposal for the year 2021. The financial statements were audited and the audit report was issued by Deloitte. The above-mentioned business report, financial statements and earnings distribution proposal were forwarded to the Audit Committee for auditing, and the Audit Committee found that the same were prepared in accordance with the rules.
 - (2) The hiring of the CPA: The Audit Committee prepared CPA independence evaluation form with reference to Certified Public Accountant Act § 47 and the Code of Professional Ethics Statement No. 10 on Integrity, Impartiality, Objectivity and Independence. The form evaluated the independence, competence and suitability of the CPA from the aspects of being a related party, having a business relationship, or having a financial interest with the Company.

The 18th meeting of the 2nd Audit Committee on November 11, 2022, the 19th meeting of the 2nd Audit Committee on December 23, 2022, the 18th meeting of the 11th Board on November 11, 2022, and the 19th meeting of the 11th Board on December 23, 2022 approved that CPA Hsieh, Chien-Hsin and CPA Liao, Wan-I with Deloitte met the criteria for independence evaluation and were qualified to act as the Company's certified public accountants.
 - (3) M&A deals review: The Audit Committee reviewed the M&A proposal of IUVO, approved separately on the 17th meeting of the 11th Audit Committee on August 12, 2022 and submitted to the Board for a resolution.



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- Six Audit Committee meetings were convened in 2022 (A). The members' qualification and attendance status are as follows

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【 B / A 】	Note
Independent Director	Hsieh, Chang-Hung	6	-	100%	Appointed on May 28, 2020
Independent Director	Wang, Kai-Li	6	-	100%	Appointed on May 28, 2020
Independent Director	Wang, Chih-Cheng	6	-	100%	Appointed on May 28, 2020

- Other required notes for the meetings:
 1. In the event of either of the following situations, dates, sessions, motions, resolutions of the meetings, and the Company' s responses to the Audit Committee' s opinions should be noted:
 2. Matters listed in the Securities and Exchange Act §14-5.

Board Meeting Date	Resolution	Matters with the approval of two-thirds or more of all directors but without the approval of the Audit Committee	
The 14 th meeting of the 11 th Board on March 9, 2022	(1). Amendment to handling procedures for acquisition or disposal of assets.	None	
	(2). Amendment to the Company' s internal control policies and internal audit procedures.	None	
	(3). The Company made endorsements/guarantees for subsidiary Shelton Corporation (Jiaying), Ltd.	None	
	(4). Apply for bank loans.	None	
	(5). Entering into Contract of Construction of Plant on Leased Land.	None	
	(6). Employee stock options are offered by Sweatband.com to their employees.	None	
	Independent directors' opinions: None.		
	The Company' s responses to independent directors' opinions: None.		
	Resolution: All directors present at the meeting approved.		
The 15 th meeting of the 11 th Board on March 31, 2022	(1). Loaning of funds for the subsidiaries of the Company.	None	
	(2). Approval of 2021 annual financial statements and business report.	None	
	(3). Approval of 2021 statement of internal control system.	None	
	Independent directors' opinions: None.		
	The Company' s responses to independent directors' opinions: None.		
	Resolution: All directors present at the meeting approved.		

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The 16 th meeting of the 11 th Board on May 11, 2022	(1). Loaning of funds for the subsidiaries of the Company.	None
	(2). Determining whether there were loaning funds to unrelated parties in this quarter.	None
	(3). Approval of 2022 the first quarter consolidated financial statements.	None
	(4). The Company cancelled endorsements/guarantees for subsidiary Cardio Fitness GmbH & Co. KG.	None
	(5). The Company made loans to sub-subsidiary Cardio Fitness GmbH & Co. KG.	None
	(6). The Company cancelled endorsements/guarantees for subsidiary Shelton Corporation (Jiaying), Ltd.	None
	(7). The fifth buyback of treasury stock.	None
	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	
The 17 th meeting of the 11 th Board on August 12, 2022	(1). Loaning of funds for the subsidiaries of the Company.	None
	(2). Determining whether there were loaning funds to unrelated parties in this quarter.	None
	(3). Approval of 2022 the second quarter consolidated financial statements.	None
	(4). Increase investment in sub-subsidiary Dyaco Japan.	None
	(5). Increase investment in sub-subsidiary Dyaco UK.	None
	(6). Increase investment in sub-subsidiary Dyaco Europe.	None
	(7). Apply for bank loans.	None
	(8). Acquired for 70% equities of IUVO.	None
	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
Resolution: All directors present at the meeting approved.		
The 18 th meeting of the 11 th Board on November 10, 2022	(1). Loaning of funds for the subsidiaries of the Company.	None
	(2). Determining whether there were loaning funds to unrelated parties in this quarter.	None
	(3). Increase investment in sub-subsidiary Sole Inc. and Fitness Equipment Service, LLC.	None
	(4). Approval of 2022 the third quarter consolidated financial statements.	None
	(5). Apply for bank loans.	None
	(6). Transaction charges structure for IUVO' s equity segment.	None
	(7). Increase investment in sub-subsidiary IUVO.	None



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	(8). Increase investment in sub-subsidiary President Plastic Products MFG. Co., Ltd.	None
	(9). The Company made loans to sub-subsidiary City Sport.	None
	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	
The 19 th meeting of the 11 th Board on December 23, 2022	(1). President Plastic Products MFG. Co., Ltd. made endorsements/guarantees for the Company.	None
	(2). The Company made loans to sub-subsidiary Sweatband.com.	None
	(3). Apply for bank loans.	None
	(4). 2022 Assessment of independence of CPAs.	None
	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	

3. Besides the above-mentioned matters, any matter that was not passed by the Audit Committee but was adopted with the approval of two-thirds or more of all Board directors: None.
- In the event of recusals of independent directors due to conflicts of interests, the name of the independent directors, the motion, the grounds for recusal and the participation in voting should be noted: None.
 - Communications between the independent directors, the Comapany' s chief internal auditor and CPAs (e.g. the material items, methods and results of audits of financial position or operations, etc.)
 1. Communications between the independent directors and the CPA

Date	Attendee	Summary
November 10, 2022	<u>Independent Director</u>	<u>Communications between the Independent Directors and the CPA</u>
	Hsieh, Chang-Hung	Preparation of financial statement timely and improvement process.
	Wang, Kai-Li	<u>Independent Directors' Response</u>
	Wang, Chih-Cheng	1. If the CPA has any difficulties or significant communication issues during the audit, the finance department should do its best to assist.
	<u>Deloitte & Touche CPA</u>	2. There are many subsidiaries in the Dyaco International Group, and the parent company should fulfill the responsibility of supervising them.
	Liao, Wan-I	<u>The Company Follow-up</u>
		1. Full cooperation with CPA in the audit. 2. The Company assigned additional manpower to carry out the responsibility of supervising the subsidiaries.

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Decem ber 23, 2022	<u>Independent Director</u> Hsieh, Chang- Hung Wang, Kai-Li Wang, Chih- Cheng <u>Deloitte & Touche CPA</u> Hsieh, Chien- Hsin Liao, Wan- I	<p><u>Communications between the Independent Directors and the CPA</u></p> <ol style="list-style-type: none"> 1. According to the Statements of Auditing Standards No. 62, a CPA shall communicate with the governance unit; according to the Statements of Auditing Standards No. 58, a CPA shall communicate with the governance unit the key audit matters in the audit report. 2. The CPA communicated the planned scope and method in relation to Dyaco International Group's 2022 annual financial statements, including audit approaches for foreign subsidiaries (CPA adopted remote work mode and obtained audit documentation by e-mail or videoconferencing, etc.) 3. The CPA introduced the audit team members of Dyaco International Group. 4. The CPA declared that he had complied with the relevant regulations of the National Federation of CPA Associations of the R.O.C. "Code of Professional Ethics Statement No. 10 on Integrity, Impartiality, Objectivity and Independence" and had not violated independence. 5. The CPA explained the precautions against fraud. 6. The CPA identified and communicated the key audits matters of Dyaco International Group for 2022. 7. AQI. <p><u>Independent Directors' Response</u></p> <ol style="list-style-type: none"> 1. If the CPA has any difficulties or significant communication issues during the audit, the finance department should do its best to assist. 2. For the companies acquired and invested in this year, the Company should supervise the accounting quality and the timing for provision of reports to the Group for consolidated financial statements preparation and for CPA audit. 3. The Company should supervise to set supervision and management of subsidiaries and notification regulations. 4. The Company should supervise and follow up on key audit matters and other communication matters. 5. The audit approaches for key audit matters. The CPA is expected to provide suggestions in the next Audit Committee meeting on audit results. <p><u>The Company Follow-up</u></p> <ol style="list-style-type: none"> 1. Full cooperation with CPA in the audit. 2. The financial department will attend operating meeting. 3. The exit meeting will be held after the audit of 2022 annual financial statements in the first quarter of 2023.
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2. Communications between the independent directors and the chief internal auditor

Date	Attendee	Summary
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December 23, 2022	Independent Director Hsieh, Chang- Hung Wang, Kai-Li Wang, Chih- Cheng	<p><u>Communications between the Independent Directors and the CIA</u></p> <ol style="list-style-type: none"> 1. Last meeting follow-up. 2. 2021 audit matters. 3. 2022 annual engagements. 4. Human resource allocation by audit department
	Chief Internal Auditor Liu, Yu-Li	<p><u>Independent Directors' Response</u></p> <ol style="list-style-type: none"> 1. Remind internal auditors to conduct the audit of major subsidiaries on major operation cycles. 2. Engagements are submitted to the Audit Committee and the Board of Directors for resolution. 3. Increase internal auditor depend on operation status. <p><u>The Company Follow-up</u></p> <ol style="list-style-type: none"> 1. Engagements were discussed and passed in the Audit Committee meeting and the Board meeting on December 23, 2022. 2. The 2023 audit of major subsidiaries on major operation cycles will be conducted in accordance with internal control standards.

3. Audit Committee

The chief internal auditor submits the audit report to independent directors on a monthly basis, and reports to the Audit Committee and the Board of Directors on major findings of the internal control system. The chief internal auditor communicates with the Audit Committee the audit on a regular basis and responds to the Audit Committee members' questions after the release of monthly audit report. Relevant supervisors are invited to attend the meetings if necessary, and the chief internal auditor summarizes conclusions as well as suggestions and reports to the Audit Committee and the Board of Directors. The instructions of the Audit Committee and the Board of Directors are the guideline for implementation.

Audit Committee Meeting Date	Attended Independent Director	Attended Chief Internal Auditor	Summary	Resolution
March 9, 2022	Hsieh, Chang-Hung Wang, Kai-Li Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of December 2021, January 2022 and February 2022.	Reported to the Board of Directors after the Audit Committee' s approval.
March 31, 2022	Hsieh, Chang-Hung Wang, Kai-Li Wang, Chih-Cheng	Liu, Yu-Li	Approved 2021 internal control statement.	The Audit Committee and the Board of Directors approved.
May 11, 2022	Hsieh, Chang-Hung Wang, Kai-Li Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of March 2022 and April 2022.	Reported to the Board of Directors after the Audit Committee' s approval.
August 12, 2022	Hsieh, Chang-Hung Wang, Kai-Li	Liu, Yu-Li	Reported the audit report of May 2022, June 2022 and July 2022.	Reported to the Board of Directors after the Audit

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	Wang, Chih-Cheng			Committee' s approval.
November 10, 2022	Hsieh, Chang-Hung Wang, Kai-Li Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of August 2022, September 2022 and October 2022.	Reported to the Board of Directors after the Audit Committee' s approval.
December 23, 2022	Hsieh, Chang-Hung Wang, Kai-Li Wang, Chih-Cheng	Liu, Yu-Li	<ul style="list-style-type: none"> ● Reported the audit report of November 2022. ● Approved 2023 annual audit plan. 	<ul style="list-style-type: none"> ● Reported to the Board of Directors after the Audit Committee' s approval. ● The Audit Committee and the Board of Directors approved.

4. Evaluation of the Audit Committee

The Company conducted an evaluation of the Company's functional committee at the end of the year and the Audit Committee members were assessed on the following five aspects:

- (1). Involvement in the Company' s operations
- (2). Awareness of the Audit Committee' s duties
- (3). Enhancement of the quality of the Audit Committee' s decision-making
- (4). Makeup of the Audit Committee and election of members
- (5). Internal controls

The weighted average score for the 2022 overall performance of the Board of Directors was 5 out of 5 and is expected to report the result to the Board at its first quarter meeting in 2023.