

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail

Stock Code:
1598



Dyaco International Inc.

Handbook for the 2019 Annual General Meeting of Shareholders (Translation)

Date : May 30, 2019

Location : No.1, Gong 1st Rd., Hemei Township, Changhua County

(Meeting Center at Dyaco's Headquarters, Chuansing Industrial
Park)

Dyaco International Inc.(the “Company”)
Handbook for the 2019 Annual General Meeting of Shareholders (the “Handbook”)
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Dyaco International Inc.

Annual Shareholders' Meeting Procedure for 2019

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Dyaco International Inc.
2019 Shareholders' Meeting Agenda

Date : 9:00 a.m., May 30, 2019 (Wednesday)

Location : No.1, Gong 1st Rd., Hemei Township, Changhua County (Meeting Center at Dyaco's Headquarters, Chuansing Industrial Park)

I. Chairperson to announce the commencement of meeting

II. Chairperson's address

III. Report matters

1. To report the business of 2018.
2. To report the Audit Committee's Review Report of 2018.
3. To report 2018 employees' profit sharing bonus and directors' compensation.
4. To Proposal for a cash offering by private placement of 2018.

IV. Ratifications matters

1. To accept 2018 Business Report and Financial Statements.
2. To approve the proposal for distribution of 2018 earnings.

V. Discussion matters

1. Amendment to the "Articles of Incorporation".
2. Amendment to the "Operational Procedures for Acquisition or disposal of Assets".
3. Amendment to the "Operational Procedures for Issuing of Endorsements and Guarantees".
4. Amendment to the "Operational Procedures for Loaning of Company Funds".
5. Discussion on the Company's new share issue through capitalization of 2018 retained earnings.

VI. Incidental motions

VII. Adjournment

● Report matters

Report Matter 1

- Subject : To report the business of 2018.
- Description : 1. 2018 Business Report can be found on page 7 of Chinese version.
2. Please review.

Report Matter 2

- Subject : To report the Audit Committee's Review Report of 2018.
- Description : 1. 2018 Audit Committee's Review Report can be found on page 12 of Chinese version.
2. Please review.

Report Matter 3

- Subject : To report 2018 employees' profit sharing bonus and directors' compensation.
- Description : 1. It is processed in accordance with Articles 235-1 of Company Act and Articles of Incorporations of the Company.
2. 2018 employees' profit sharing bonus is NT\$1,122,235 that are to be distributed in cash.
3. 2018 directors' compensation is NT\$0.
4. This proposal has been approved by the Board of Directors on 28TH March, 2019.
5. Please review.

Report Matter 4

- Subject : To Proposal for a cash offering by private placement of 2018.
- Description : 1. This proposal has been approved by the Meeting of Shareholders on 30TH May, 2018 and the deadline was set on 29TH May, 2019. Due to the impact of economic factors, it is difficult to find the strategic investors suitably. In consideration of the deadline of the private placement, the Company does not continue application for private placement of securities.
2. Please review.

Ratifications matters

Ratifications matter 1 (Proposed by the Board of Directors)

Subject : To accept 2018 Business Report and Financial Statements.

Description :

1. The above consolidated financial statements including balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and business report passed by resolution of the board of directions and submitted for supervisor review. The financial statements were audited by independent auditors Ms. Liao Wan-Yi and Mr. Chang Keng-Hsi of Deloitte Taiwan.
2. 2018 Business Report can be found on page 7 of Chinese version.
3. Standalone and Consolidated Independent Certified Public Accountant Report for the year of 2018 can be found on page 13 of Chinese version.
4. Standalone and Consolidated Financial Statement for the year of 2018 can be found on page 24 of Chinese version.
5. Please accept the aforementioned.

Resolution:

Ratifications matter 2 (Proposed by the Board of Directors)

Subject : To approve the proposal for distribution of 2018 earnings.

Description :

1. It is processed in accordance with Articles of Incorporation of the Company and Article of Company Act. Earnings Distribution Table for 2018 can be found on page 38 of Chinese version.
2. To proposed distribution is NT\$62,265,159, cash dividend is NT\$0.35 per share and stock dividend is NT\$0.35 per share. The cash dividends will be distributed to each shareholder and be rounded down to the nearest dollar. The amounts under one dollar due to the rounding off are summed and recognized as Company's other income.
3. Should the total amount of common shares outstanding change for any reason, the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Chairman of Board of Directors of be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of earnings resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.
4. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Director be authorized to resolve the ex-dividend date, ex-rights date and other relevant issues.
5. Please accept the aforementioned.

Resolution:

Discussion matters

Discussion matter 1 (Proposed by the Board of Directors)

Subject : Amendment to the “Articles of Incorporation”.

Description :

1. In order to comply with the changes to the law, it is proposed to amend certain provisions of the Procedures for Articles of Incorporation.
2. Comparison of Current and amended Procedures for Articles of Incorporation can be found on page 39 of Chinese version.
3. Please discuss.

Resolution:

Discussion matter 2 (Proposed by the Board of Directors)

Subject : Amendment to the “Operational Procedures for Acquisition or disposal of Assets”.

Description :

1. In order to comply with the changes to the law, it is proposed to amend certain provisions of the “Operational Procedures for Acquisition or disposal of Assets”.
2. Comparison of Current and amended “Operational Procedures for Acquisition or disposal of Assets” can be found on page 41 of Chinese version.
3. Please discuss.

Resolution:

Discussion matter 3 (Proposed by the Board of Directors)

Subject : Amendment to the “Operational Procedures for Issuing of Endorsements and Guarantees”.

Description :

1. In order to comply with the changes to the law, it is proposed to amend certain provisions of the “Operational Procedures for Issuing of Endorsements and Guarantees”.
2. Comparison of Current and amended “Operational Procedures for Issuing of Endorsements and Guarantees” can be found on page 55 of Chinese version.
3. Please discuss.

Resolution:

Discussion matter 4 (Proposed by the Board of Directors)

Subject : Amendment to the “Operational Procedures for Loaning of Company Funds”.

Description : 1. In order to comply with the changes to the law, it is proposed to amend certain provisions of the “Operational Procedures for Loaning of Company Funds”.

2. Comparison of Current and amended “Operational Procedures for Loaning of Company Funds” can be found on page 56 of Chinese version.

3. Please discuss.

Resolution:

Discussion matter 5 (Proposed by the Board of Directors)

Subject : Discussion on the Company’s new share issue through capitalization of 2018 retained earnings.

Description : 1. To strengthen the Company’s financial structure and more competitiveness, the company plans to withdraw from distributable earnings to issue stock dividend of NT\$31,132,580, a new share issue of 3,113,258 shares through capitalization of earnings with NT\$10.

2. Each 1,000 outstanding shares will be distributed 35 shares with no consideration paid at the plan of capitalization of earnings. Shareholders with fractions of a share may apply to the Company’s agent for stock affairs for the combination for full share with fractions of the shares held by other shareholders within 5 days from the record date to distribute new shares. Fractions of a share still remain, cash will be paid according to the par value (and rounded to the nearest full Taiwan Dollar) in accordance with Article 240 of Company Act and the Chairman of the Company would be authorized to look for specified persons to buy fraction of shares according to the par value.

3. Holders of the new shares shall hold the same rights and bear the same obligations as the holders of the original issued shares.

4. Upon recognition and adoption of this proposal at the annual meeting of shareholders and approval of the Competent Authority, it is proposed to authorize the board of directors to determine the record date to distribute new shares and other relevant affairs. If subsequently the number of outstanding shares is affected by buyback of shares of Company or transfer, conversion or cancellation of treasury shares, resulting in change in the ratio of distribution of stock dividend to shareholders from earnings, it is proposed to authorize the board of directors to adjust the ratio of distribution.

5. After the approval of the Annual Meeting of Shareholders and the competent authority, it is proposed that the Board of Director be authorized to resolve the ex-right date.
6. In the event for the new shares issuance which is affected by an amendment by the competent authorities or operation, it is proposed that the Board of Director be authorized by the Annual Meeting of Shareholders to resolve relevant issues.
7. Please discuss.

Resolution:

- **Incidental motions**

- **Adjournment**