



## Dyaco International Inc.

### 2021 Operations of the Audit Committee

- Committee Member Term: May 28, 2020 to May 27, 2023.
- Nine Audit Committee meetings were convened in 2021 (A). The members' qualification and attendance status were as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【 B / A 】	Note
Independent Director	Hsieh, Chang- Hung	9	-	100%	Appointed on May 28, 2020
Independent Director	Wang, Kai-Li	9	-	100%	Appointed on May 28, 2020
Independent Director	Wang, Chih- Cheng	9	-	100%	Appointed on May 28, 2020

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

Board Meeting Dates	Resolutions	Matters with the approval of two-thirds or more of all directors but without the approval of the Audit Committee
The 5 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on March 4, 2021	(1). Amendment to handling procedures for acquisition or disposal of assets.	None
	(2). Amendment to the rules governing the proceedings of shareholders meetings.	None
	(3). Adoption of endorsements/guarantees procedures for President Plastic Products MFG. Co., Ltd.	None
	(4). Appointment of dedicated chop and custodian for endorsements/guarantees of President Plastic Products MFG. Co., Ltd.	None
	(5). President Plastic Products MFG. Co., Ltd. made endorsements/guarantees for the Company.	None



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	(6). The Company made endorsements/guarantees for subsidiary Shelton Corporation (Jiaxing), Ltd.	None
	(7). The establishment of the eco-friendly paper containers company.	None
	Independent directors' opinions: None.	
	The Company's responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	
The 6 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on March 30, 2021	(1). Loaning of funds for the subsidiaries of the Company.	None
	(2). Approval of 2020 annual financial statements and business report.	None
	(3). Approval of 2020 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.	
The 7 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on May 4, 2021	(1). The Company issued the third domestic unsecured convertible corporate bonds.	None
	Independent directors' opinions: None.	
	The Company's responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	
The 8 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on May 14, 2021	(1). Loaning of funds for the subsidiaries of the Company.	None
	(2). Adjustment of the ceilings on the amounts President Plastic Products MFG. Co., Ltd. was permitted to make endorsements/guarantees for the Company.	None
	(3). Change of dedicated chop and custodian for endorsements/guarantees of President Plastic Products MFG. Co., Ltd.	None
	(4). Spirit Manufacturing Inc. underwrote a capital increase of subsidiary Spirit Direct, LLC.	None
	(5). Adoption of handling procedures for acquisition or disposal of assets for President Plastic Products MFG. Co., Ltd.	None
	(6). The Company acquired right-of-use asset from President Plastic Products MFG. Co., Ltd.	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 9 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on June 28, 2021	(1). The Company made endorsements/guarantees for sub-subsidiary Fuel Spirit International Inc. (Mauritius).	None
	(2). The Company made loans to sub-subsidiary CARDIO Fitness.	None
	(3). Construction of the plant in Taichung Dajia.	None
	(4). Spirit Manufacturing Inc. expanded warehouses and office premises.	None
	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	
The 10 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on August 11, 2021	(1). Loaning of funds for the subsidiaries of the Company.	None
	(2). Approval of 2021 the second quarter consolidated financial statements.	None
	(3). The Company made endorsements/guarantees for subsidiary President Plastic Products MFG. Co., Ltd.	None
	(4). Investment in City Sport Co., Ltd (Thailand).	None
	(5). Investment in Morsel, Inc.	None
	(6). Adjustment of group investment structure.	None
	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
Resolution: All directors present at the meeting approved.		
The 11 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on November 12, 2021	(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). The Company underwrote a capital increase of subsidiary Wing Long Co., Ltd.	None
	(4). The Company cancelled endorsements/guarantees for subsidiary Shelton Corporation (Jiaying), Ltd.	None
	(5). Amendment to endorsements/guarantees procedures for President Plastic Products MFG. Co., Ltd.	None
	(6). The Company made endorsements/guarantees for subsidiary Cikayda Inc.	None
	(7). Adjustment of the ceilings on the amounts of collateral President Plastic Products MFG. Co., Ltd. provided to the Company.	None
	(8). President Plastic Products MFG. Co., Ltd. made endorsements/guarantees for subsidiary Cikayda Inc.	None

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	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	
The 12 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on November 29, 2021	(1). Acquisition of UK online sports and fitness equipment seller Sweatband.com Ltd.	None
	(2). The Company made endorsements/guarantees for sub-subsidiary CARDIO Fitness.	None
	Independent directors' opinions: None.	
	The Company' s responses to independent directors' opinions: None.	
	Resolution: All directors present at the meeting approved.	
The 13 <sup>th</sup> meeting of the 11 <sup>th</sup> Board on December 28, 2021	(1). The Company made loans to subsidiary City Sport Co., Ltd (Thailand).	None
	(2). The Company made loans to subsidiary Sweatband.com Ltd.	None
	(3). Amendment to the Company' s internal control policies and internal audit procedures.	None
	(4). The Company cancelled endorsements/guarantees for subsidiary Dyaco UK Ltd.	None
	(5). 2021 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.	

ii. 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.

2. 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.

3. Communications between the independent directors, the chief internal auditor and the CPAs (e.g., the material items, methods and results of financial position or operations, etc.)

(1) Communications between the independent directors and the CPAs



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Date	Attendee	Summary
March 24, 2021	<u>Independent Director</u> Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng <u>CPA</u> Deloitte & Touche Hsieh Chien-Hsin	<b><u>Communications between the Independent Directors and the CPAs</u></b> 1. According to the Statements of Auditing Standards No. 62, a CPA shall communicate with the governance unit. 2. The CPAs communicated with the governance unit the audit results in relation to Dyaco International Group's 2020 annual financial statements. <b><u>Independent Directors' Response</u></b> 1. If the CPAs have any difficulties or significant communication issues during the audit, the accounting department should do its best to assist them. 2. There are many subsidiaries in the Dyaco International Group, and the parent company should fulfill the responsibility of supervising the subsidiaries. <b><u>The Company Follow-up</u></b> 1. Full cooperation with CPAs in the audit. 2. The Company assigned additional manpower to carry out the responsibility of supervising the subsidiaries.
December 28, 2021	<u>Independent Director</u> Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng <u>CPA</u> Deloitte & Touche Hsieh Chien-Hsin	<b><u>Communications between the Independent Directors and the CPAs</u></b> 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 CPAs communicated the planned scope and method in relation to Dyaco International Group's 2020 annual financial statements, 2021 Group structure (including acquired and invested companies), the timing of the audit, and audit approaches for foreign subsidiaries (CPAs adopted remote work mode and obtained audit documentation by e-mail or videoconferencing, etc.) 3. The CPAs introduced the audit team members of Dyaco International Group.

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		<p>4. The CPAs declared that they 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.</p> <p>5. The CPAs explained the precautions against fraud.</p> <p>6. The CPAs identified and communicated the key audits matters of Dyaco International Group for 2021.</p> <p>7. Key audit matters.</p> <p><b><u>Independent Directors' Response</u></b></p> <p>1. If the CPAs have any difficulties or significant communication issues during the audit, the accounting department should do its best to assist them.</p> <p>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 CPAs audit.</p> <p>3. The Company should supervise and follow up on key audit matters and other communication matters.</p> <p>4. The audit approaches for key audit matters. The CPAs are expected to provide suggestions in the next Audit Committee meeting on audit results of, for example, the appropriateness of management' s policy on inventory obsolescence reserve policy and the appropriateness of use of expertise in determining the management' s judgement.</p> <p><b><u>The Company Follow-up</u></b></p> <p>1. Full cooperation with CPAs in the audit.</p> <p>2. The exit meeting will be held to present 2021 annual financial statements in the first quarter of 2022.</p>
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(2) Communications between the independent directors and the chief internal auditor

● **Communications between the Independent Directors and the Chief Internal Auditor**

Date	Attendee	Summary
March 24, 2021	<u>Independent Director</u>	<p><b><u>Communications between the Independent Directors and the CIA</u></b></p> <p>1. 2020 material weakness discussion.</p> <p>2. Introduction of proposed ISO.</p>

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	<p>Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng <u>Chief Internal Auditor</u> Liu, Yu-Li</p>	<p>3.Key audit matters in subsidiaries.</p> <p><b><u>Independent Directors’ Response</u></b></p> <p>1.The Company is advised to implement the proposed ISO to perfect the Company's internal control system, and at the same time, to introduce the relevant procedures to each subsidiary.</p> <p>2.The Company should establish the Sustainable Development Committee and set up a mechanism for sustainable development reports and relevant issues in response to the competent authorities' efforts to strengthen corporate governance.</p> <p>3.The Company should evaluate the adequacy of internal auditors to conduct the necessary audit, especially the subsidiary audit, in response to the gradual expansion of the scale of the Company.</p> <p>4.If there is a need to communicate with independent directors during the audit, the matters should be discussed in a timely manner.</p> <p><b><u>The Company Follow-up</u></b></p> <p>1.The Company was ISO14000 certified.</p> <p>2.The Sustainable Development Committee and its charter were established on August 11, 2021.</p>
<p>December 28, 2021</p>	<p><u>Independent Director</u> Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng <u>Chief Internal Auditor</u> Liu, Yu-Li</p>	<p><b><u>Communications between the Independent Directors and the CIA</u></b></p> <p>1.Last meeting follow-up.</p> <p>2.2021 audit matters.</p> <p>3.2022 annual engagements.</p> <p><b><u>Independent Directors’ Response</u></b></p> <p>1.Remind internal auditors to conduct the audit of major subsidiaries on major operation cycles.</p> <p>2.Engagements are submitted to the Audit Committee and the Board of Directors for resolution.</p> <p><b><u>The Company Follow-up</u></b></p> <p>1.The Company was ISO14000 certified.</p> <p>2.Engagements were discussed and passed in the Audit Committee meeting and the Board meeting on December 28, 2021.</p> <p>3.The 2022 audit of major subsidiaries on major operation cycles will be conducted in accordance with internal control standards.</p>

- **Audit Committee**

The chief internal auditor submits the audit report to independent directors on a monthly basis, and reports

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to the Audit Committee and the Board 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. The instructions of the Audit Committee and the Board are the guideline for implementation.

Audit Committee Meeting Date	Attended Independent Director	Attended Chief Internal Auditor	Summary	Resolution
March 4, 2021	Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of December 2020.	Reported to the Board of Directors after the Audit Committee' s approval.
March 30, 2021	Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng	Liu, Yu-Li	<ul style="list-style-type: none"> <li>● Reported the audit report of January 2021 and February 2021.</li> <li>● Approved 2020 internal control statement.</li> </ul>	Reported to the Board of Directors after the Audit Committee' s approval. The Audit Committee and the Board approved.
May 14, 2021	Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of March 2021 and April 2021.	Reported to the Board of Directors after the Audit Committee' s approval.
June 28, 2021	Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of May 2021.	Reported to the Board of Directors after the Audit Committee' s approval.
August 11, 2021	Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of June 2021 and July 2021.	Reported to the Board of Directors after the Audit Committee' s approval.



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November 12, 2021	Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng	Liu, Yu-Li	Reported the audit report of August 2021, September 2021 and October 2021.	Reported to the Board of Directors after the Audit Committee' s approval.
December 28, 2021	Hsieh, Chang-Hung, Wang, Kai-Li, and Wang, Chih-Cheng	Liu, Yu-Li	<ul style="list-style-type: none"> <li>● Reported the audit report of November 2021.</li> <li>● Approved 2022 annual audit plan.</li> </ul>	Reported to the Board of Directors after the Audit Committee' s approval. The Audit Committee and the Board approved.

#### (3) 2021 Key Matters

- Fair presentation of the Company's financial statements.
- Appointment and dismissal of CPAs and evaluation of their independence.
- Effective implementation of the Company' s internal control system.
- Management of the Company' s current or potential risks.
- Review of M&A deals.

#### 4. Evaluation of the Audit Committee

The Company conducts an evaluation of the Company's functional committee at the end of the year and the Audit Committee members are 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 2021 overall performance of the Audit Committee members was 5 out of 5 and the result is expected to be reported to the Board at its first quarter meeting in 2022.