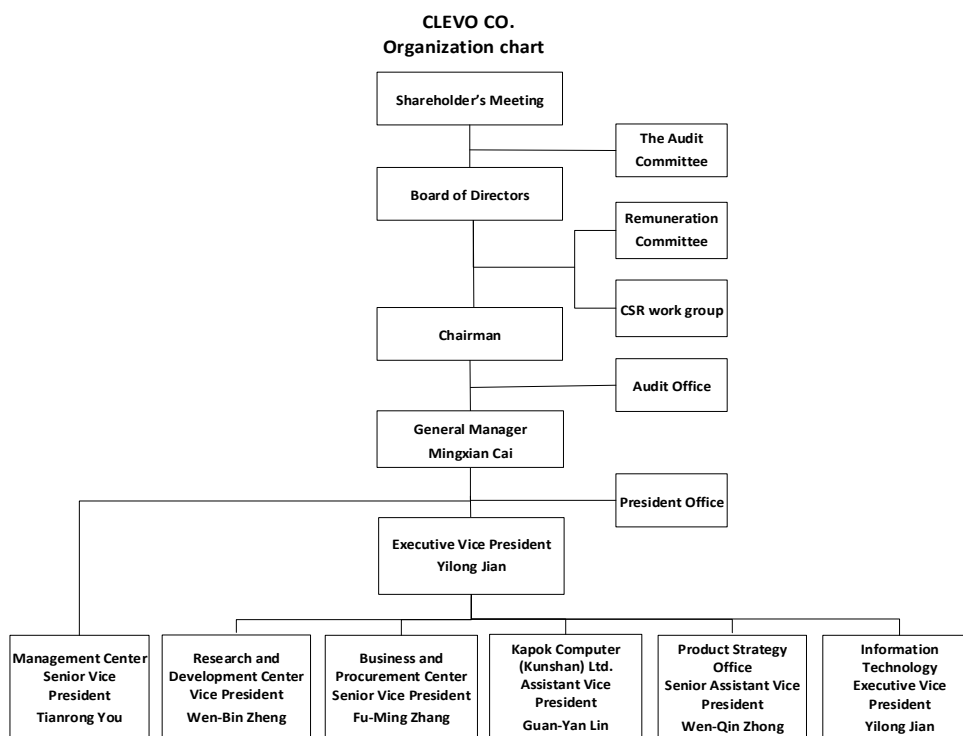


# I. Corporate Governance Report

## I. Organization System

### (I) Organization Structure

Date Prepared: April 30, 2019



### (II) Main Departments' Business

Name of Department	Responsible Business
Audit Office	Examine and review the internal control system of the Company and the subsidiaries, and audit all rules and systems.
President Office	Establish the Company's business targets and policies, operate each business and supervise / execute the affiliates' management.
Management Center	1. Handle the accounting and tax affairs, set up the budget, analyze the business, prepare the financial statement, plan the funds as well as contact with banks and stock affairs. 2. Be responsible for the human resource management and general administration management for whole enterprise. 3. Be responsible for the legal and intellectual property management for whole enterprise.
Research and Development Center	Be responsible for product's research, development, design and technological application.
Business and Procurement Center	1. Plan the global marketing, promote the business and sales; push the global deployment as well as deepen the regions and channel market. 2. Strengthen the after-sales services, meet the customers' demand, intensify the relationships with customers, reduce the risk of the bad debt and take charge of materials' support. 3. Strategic purchase, price negotiation and enquiry for the market price of the components of electrons and mechanisms. 4. Enhance the Company's image, participate in exhibition, advertise, plan and implement.
Kapok Computer (Kunshan) Ltd.	1. Be responsible for planning and coordination of orders received from Taiwan as well as production and manufacture in China. 2. Analyze the production capacity and set up the plans of production and manpower according to the plans of production and sales. 3. Prepare the material plans according to production plans, and control the

	<p>issuance of material orders to maintain the lowest inventory volume.</p> <p>4. Establish the production system with high-flexibility, high-efficiency, high-quality and low-cost to meet the customers' demand.</p> <p>5. Implement the on-site real time service to enhance the service quality for the customers.</p>
Product Strategy Office	Be responsible for new products' development and market development's planning.
Information Technology	<p>1. Plan and Implement the IT operation and e-operation, integrate the IT and communication.</p> <p>2. Application of systemic plans and design as well as information security and management.</p>

II. Information for Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, Chiefs of Each Department and Branches

(I) Information for Directors and Supervisors

1. Name of Directors and Supervisors, Their Main Experiences (Education), Current Other Positions for the Company and Other Companies Concurrently, And Other Relevant Information

April 20, 2019

Title	Nationality / Place of Registration	Name	Sex	Date Elected (Assumed)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Shareholding of Representatives, Spouses and Minor Children		Shareholding Under Other Persons' Names		Main Experience (Education)	Current Other Positions for the Company and Other Companies Concurrently	Executives, Directors or Supervisors Who Are Spouses or Within Second-Degrees of Kinship		
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Full name	Relationship
Chairman	Taiwan	Hsu, Kun-Tai	Male	June 15, 2018	3 Years	October 4, 1983	51,701,335	7.57%	51,701,335	7.72%	16,371,784	2.44%	0	0.00%	Honorary doctorate of the Engineering Institute, National Taipei University of Technology, Department of Electronic Engineering, National Taipei Institute of Technology, Chairman of Clevo Co., Chairman of Chicony Electronics CO., Ltd, Chairman of the Group of Buynow and the Group of the Chicony Plaza Department Store	Chairman of the Company, Chairman of Chicony Electronics CO., Ltd(2385), Chairman of Chuongri Technology Co., Ltd, Chairman of the Group of Buynow, Chairman of Chicony Plaza Department Store, Chairman of Hongwell Group	-	-	-
Vice Chairperson and President	Taiwan	Tsai, Ming-Hsien	Male	June 15, 2018	3 Years	May 27, 1993	10,149,224	1.49%	10,084,224	1.51%	3,054,593	0.46%	0	0.00%	MBA program, National Cheng-Chi University, Department of Electronic Engineering, National Taipei Institute of Technology, Vice Chairman and General Manager of Clevo Co., President of the Buynow Group	General Manager of Clevo Co, Director of Clevo Investment Co., Ltd, Director and General Manager of Kapok Computer Co., Ltd, Chairman of Kapok Computer (Kunshan) Ltd, President of the Buynow Group, Vice Chairman of Chicony Plaza Department Store	-	-	-
Director	Taiwan	Chien,Yih-Long	Male	June 15, 2018	3 Years	June 15, 2012	1,673,376	0.24%	1,673,376	0.25%	0	0.00%	0	0.00%	MBA, Phillips University, USA, Director of Clevo Co., Executive Vice President of Notebook Business Group of Clevo Co.	Executive Vice President, Notebook Business Group of the Company, General Manager of Kapok Computer (Kunshan) Ltd.	-	-	-
Independent Director	Taiwan	Chou, Po-Chiao	Male	June 15, 2018	3 Years	June 15, 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Accountancy, NCKU, Qualified Senior Examination of Accounting and Auditing Personnel, Executive Director and General Manager of First Commercial Bank, Director and Vice President of First Financial Holding Co., Ltd, Chairman of US First Commercial Bank, Chairman of First Venture Capital Co., Ltd and First Consulting Co., Ltd, Vice Chairman of Waterland Financial Holding Co., Ltd, Director of Taipei Financial Center Corporation	Independent Director of Clevo Co., Independent Director of ITEQ Corporation	-	-	-
Independent Director	Taiwan	Chen,Tsung-Ming	Male	June 15, 2018	3 Years	June 16, 2015	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Tamsui Vocational High School, Director of Zippy Materials Science Inc, Chairman of Betterment Co., Ltd.	Director of Zippy Materials Science Inc, Chairman of Betterment Co., Ltd.	-	-	-
Independent Director	Taiwan	Fan, Kuang-SUNG	Male	June 15, 2018	3 Years	June 16, 2015	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Japanese, Tamkang University, Director of Kentec Inc, Chairman of Win-House Co., Ltd.	Chairman of Win-House Co., Ltd.	-	-	-

1.2 Major Shareholders of the Corporate Shareholders (the Company has no director who is the representative of the corporate shareholders)

1.3 Whether the Directors or Supervisors Have at Least Five Years of Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company, and Meet the Following Circumstances Listed

Full name (Note 1)	Criteria	Have at Least Five Years Work Experience and Meet the Following Professional Qualification			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Required by the business of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Hsu, Kun-Tai			√				√			√	√	√	√	None	
Tsai, Ming-Hsien			√				√	√	√	√	√	√	√	None	
Chien, Yih-Long			√			√	√	√	√	√	√	√	√	None	
Chou, Po-Chiao			√		√	√	√	√	√	√	√	√	√	1	
Chen, Tsung-Ming			√		√	√	√	√	√	√	√	√	√	None	
Fan, Kuang-SUNG			√		√	√	√	√	√	√	√	√	√	None	

Note 1: The number of column shall be adjusted upon the actual number.

Note 2: Please tick "√" on the following blank space of the corresponding criteria that apply to the directors or supervisors during two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (however, it is not applicable if the person is an independent director of the Company, its parent company, or any subsidiary, that is established according to the Laws or the local laws of the country).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
- (6) Not a director, supervisor, manager, or shareholder holding 5% or more of the shareholding, of a specified company or institution which has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to its affiliates, or a spouse thereof. These restrictions do not apply to any member of the Remuneration Committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the Securities Brokerage".
- (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9) Not having one of the circumstances stated in Article 30 of the Company Law.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

## (II) Information for Presidents, Vice Presidents, Assistant Vice Presidents, Chiefs of Each Department and Branches

April 20, 2019

Title	Nationality	Name	Sex	Date Elected (Assumed)	Shareholding		Shareholding of Spouse & Minor Children		Shareholding Under Other Persons' Names		Main Experience (Education)	Current Other Position Concurrently	Managers Who are Spouses or Within Second-Degrees of Kinship		
					Number of Share	Shareholding %	Number of Share	Shareholding %	Number of Share	Shareholding %			Title	Full name	Relationship
Vice Chairperson and President	Taiwan	Tsai, Ming-Hsien	Male	January 1999	10,149,224	1.49%	10,084,224	1.51%	3,054,593	0.46%	MBA program, National Cheng-Chi University Department of Electronic Engineering, National Taipei Institute of Technology Vice Chairman and General Manager of Clevo Co. President of the Buynow Group	Director of Clevo Investment Co., Ltd. Director and General Manager of Kapok Computer Co., Ltd. Chairman of Kapok Computer (Kunshan) Ltd. President of the Buynow Group Vice Chairman of Chicony Plaza Department Store	-	-	-
Executive Vice President	Taiwan	Chien, Yih-Long	Male	August 2003	1,673,376	0.24%	1,673,376	0.25%	0	0.00%	MBA, Phillips University, USA Director of Clevo Co. Executive Vice President of Notebook Business Group of Clevo Co.	General Manager of Kapok Computer (Kunshan) Ltd.	-	-	-
Senior Vice President	Taiwan	Zhang, Fu-Ming	Male	August 2003	640,226	0.10%	0	0.00%	0	0.00%	Department of Computer Science & Information Engineering, National Taiwan University Assistant manager, Chaplet Vice President of Research and Development Center, Clevo Co.	None	-	-	-
Senior Vice President and Chief of Finance/Accounting	Taiwan	Yu, Tien-Jung	Male	September 2004	895,590	0.13%	3,882	0.001%	0	0.00%	EMBA, National Cheng-Chi University Assistant Vice President, Clevo Co. Vice President of Avita Corporation	Supervisor of Clevo Investment Co., Ltd. General Manager of Buynow Management Center	-	-	-
Vice President	Taiwan	Fan, Guang-Hui	Male	March 2003	419,060	0.06%	0	0.00%	0	0.00%	Department of Electronics Engineering, Tamkang University Vice President, U.S. Chicony CEO, Action Electronics President, U.S. GVC	None	-	-	-

Title	Nationality	Name	Sex	Date Elected (Assumed)	Shareholding		Shareholding of Spouse & Minor Children		Shareholding Under Other Persons' Names		Main Experience (Education)	Current Other Position Concurrently	Managers Who are Spouses or Within Second-Degrees of Kinship		
					Number of Share	Shareholding %	Number of Share	Shareholding %	Number of Share	Shareholding %			Title	Full name	Relationship
Vice President	Taiwan	Li, Wen-Hua	Male	December 2004	232,538	0.03%	0	0.00%	0	0.00%	Department of Industrial Design, Tatung Institute of Technology Section Head, Yuanxing Technology Corp Director of Planning Office, Buynow	None	-	-	-
Vice President	Taiwan	Chen, Hsueh-Wen	Male	April 2010	238,040	0.04%	0	0.00%	0	0.00%	Master, School of Management, National Central University Sales Engineer, Jinyi Co., Ltd. Sales Assistant Manager, Xusheng Technology President of Business Division, Synnex Technology International Corporation	None	-	-	-
Vice President	Taiwan	Zheng, Wen-Bin	Male	August 2014	205,311	0.04%	0	0.00%	0	0.00%	Department of Electronic Engineering, Two-Year of Lien Ho Industrial and Technological Junior College Fu Shifa Technology Section Manager, Fair Friend Enterprise Co., Ltd. Senior Assistant Vice President of Research and Development Center, Clevo Co.	None	-	-	-
Vice President	Taiwan	Wu, Mai	Female	November 2007	118,809	0.02%	0	0.00%	0	0.00%	Department of Business Administration, Chung Yuan Christian University MBA Program Curriculum, Finance, National Taiwan University Guang-Nan Enterprise Agit Global, Inc. Senior Assistant Vice President of Finance Division of Clevo Co.	None	-	-	-

Title	Nationality	Name	Sex	Date Elected (Assumed)	Shareholding		Shareholding of Spouse & Minor Children		Shareholding Under Other Persons' Names		Main Experience (Education)	Current Other Position Concurrently	Managers Who are Spouses or Within Second-Degrees of Kinship		
					Number of Share	Shareholding %	Number of Share	Shareholding %	Number of Share	Title			Title	Full name	Relationship
Senior Assistant Vice President	Taiwan	Wang, Feng-Zhu	Female	May 2005	264,311	0.04%	184,324	0.03%	0	0.00%	EMBA, National Cheng-Chi University Section Manager of Sales, Acer Section Manager of Sales, Ligitek Assistant Vice President of Sales Center, Clevo Co.	None	-	-	-
Senior Assistant Vice President	Taiwan	Zhang, Wen-Song	Male	September 2003	261,236	0.04%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan Ocean College Supervisor, Wei-Lu Assistant Vice President of Procurement Office, Clevo Co.	None	-	-	-
Senior Assistant Vice President	Taiwan	Zhong, Wen-Qin	Male	October 2009	0	0.00%	0	0.00%	0	0.00%	Department of Industrial Engineering, Feng Chia University Assistant Vice President, Clevo Co. Director, Quanta Computer	None	-	-	-
Senior Assistant Vice President	Taiwan	Lin, Nan-Sheng	Male	September 2013	94,000	0.01%	0	0.00%	0	0.00%	Master of Computer Science and Information Engineering, Fu Jen Catholic University Formal Engineer, Chaplet Manager, Zhi-Sheng Computer Senior Manager, Elitgroup Computer Assistant Vice President of Sales Center, Clevo Co.	None	-	-	-
Senior Assistant Vice President	Taiwan	Zheng, Yu-Ming	Male	August 2003	30,639	0.005%	0	0.00%	0	0.00%	Master of Industrial Management, National Taiwan University of Science and Technology Senior Manager, Getac Senior Manager, American Megatrends Incorporated Director of Research and Development Center, Clevo Co.	None	-	-	-
Senior Assistant Vice President	Taiwan	Lin, Sheng-Xiang	Male	November 2007	248,716	0.04%	18,790	0.003%	0	0.00%	Two-Year of Nanya Industrial and Technological Junior College Deai Enterprise Ltd. Zhanxin Electric Ltd. Director of Research and Development Center, Clevo Co.	None	-	-	-
Assistant Vice President	Taiwan	Chen, Zong-Zhi	Male	October 2009	139,965	0.02%	0	0.00%	0	0.00%	Department of Electrical Engineering, Chinese Culture University Assistant Manager, Hexing Technology Manager, HTC Corporation Director of Research and Development Center, Clevo Co.	None	-	-	-

Title	Nationality	Name	Sex	Date Elected (Assumed)	Shareholding		Shareholding of Spouse & Minor Children		Shareholding Under Other Persons' Names		Main Experience (Education)	Current Other Position Concurrently	Managers Who are Spouses or Within Second-Degrees of Kinship		
					Number of Share	Shareholding %	Number of Share	Shareholding %	Number of Share	Title			Title	Full name	Relationship
Assistant Vice President	Taiwan	Lin, Guan-Yan	Male	September 2011	184,338	0.03%	50	0.000%	0	0.00%	Department of Mass Communications, Private Chinese Culture University Engineer, Phihong Technology Director of the Kunshan factory, Clevo Co.	None	-	-	-
Assistant Vice President	Taiwan	Lin, Liang-Shi	Male	September 2012	75,825	0.01%	0	0.00%	0	0.00%	Department of Electronic Engineering, Lien Ho Industrial and Technological Junior College Senior Engineer, First International Computer Yuan Yi Technology Taiteng Company Jixin Computer Director of Research and Development Center, Clevo Co.	None	-	-	-
Assistant Vice President	Taiwan	Wang, Zhen-Xiong	Male	September 2013	84,023	0.01%	0	0.00%	0	0.00%	Department of Electronic Engineering, National Taipei Institute of Technology Development Team Leader, King Ultrasonic Co., Ltd. Director of Research and Development Center, Clevo Co.	None	-	-	-



### III. Remuneration of Directors, Supervisors, President, and Vice President in the Most Recent Year

(I) Remuneration of Directors (Including Independent Directors) (names are disclosed by the way of gathering the amount together and tie-in with the range of remuneration)

Unit: NT\$ thousand

Title	Full name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)	
		Base Compensation (A)(Note 2)		Severance Pay (B)		Bonus to Directors (C)(Note 3)		Business Allowances (C)(Note 4)		The Company	All companies in the consolidated financial statements (Note 7)
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)		
Chairman	Hsu, Kun-Tai										
Vice Chairperson and President	Tsai, Ming-Hsien										
Director	Lin, Mao-Kuei										
Director and Executive Vice President	Chien, Yih-Long		0	0	0	12,300	12,300	1,520	1,520	0.95%	0.95%
Independent Director	Chou, Po-Chiao										
Independent Director	Chen, Tsung-Ming										
Independent Director	Fan, Kuang-SUNG										

Title	Full name	Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+FF+G) to Net Income (%) (Note 10)		Compensation from an Invested Company Other than the Company's Subsidiaries (Note 11)
		Salary, Bonuses, and Special Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)(Note 6)				The Company	All companies in the consolidated financial statements (Note 7)	
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company		All companies in the consolidated financial statements (Note 7)				
						Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
Chairman	Hsu, Kun-Tai											
Vice Chairperson and President	Tsai, Ming-Hsien											
Director	Lin, Mao-Kuei											
Director and Executive Vice President	Chien, Yih-Long	10,775	43,613	201	201	3,296	0	3,296	0	1.93%	4.19%	None
Independent Director	Chou, Po-Chiao											
Independent Director	Chen, Tsung-Ming											
Independent Director	Fan, Kuang-SUNG											

\*Except for the disclosure of the above table, any remuneration of the directors of the Company is derived from the service for companies in the consolidated financial statements (e.g. non-employee's consultant etc.) in the most recent year: None.

Range Table for Remuneration:

Range of Remuneration Paid to The Company's Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G) (Explanation 3)	
	The Company (Note 8)	All companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
Under NT\$ 2,000,000	Lin, Mao-Kuei/Chen,Tsung-Ming/Fan, Kuang-SUNG/Chou, Po-Chiao	Lin, Mao-Kuei/Chen,Tsung-Ming/Fan, Kuang-SUNG/Chou, Po-Chiao	Lin, Mao-Kuei/Chen,Tsung-Ming/Fan, Kuang-SUNG/Chou, Po-Chiao	Lin, Mao-Kuei/Chen,Tsung-Ming/Fan, Kuang-SUNG/Chou, Po-Chiao
NT\$2,000,001 ~ NT\$5,000,000	Hsu, Kun-Tai/Tsai, Ming-Hsien/Chien,Yih-Long	Hsu, Kun-Tai/Tsai, Ming-Hsien/Chien,Yih-Long		
NT\$5,000,001 ~ NT\$10,000,000			Hsu, Kun-Tai/Tsai, Ming-Hsien/Chien,Yih-Long	Hsu, Kun-Tai
NT\$10,000,001 ~ NT\$15,000,000				Chien,Yih-Long
NT\$15,000,001 ~ NT\$30,000,000				
NT\$30,000,001 ~ NT\$50,000,000				Tsai, Ming-Hsien
NT\$50,000,001 ~ NT\$100,000,000				
Over NT\$100,000,000				
Total	7 Persons	7 Persons	7 Persons	7 Persons

Note 1: The names of the directors shall be listed individually (the corporate shareholders shall list the names of the corporate shareholders and their representatives individually) and shall disclose each item's amount gathered together. If a director is also a president or vice president, this table and the following table (3-1) or (3-2) shall be filled in.

Note 2: Refer to the remuneration of the directors (including the directors' salary, position allowances, severance pay, various bonus and rewards etc.) in the most recent year.

Note 3: Fill in the remuneration of the directors which was passed by the board of director in the most recent year.

Note 4: Refers to the directors' related business allowances (including transportation allowances, special allowances, various allowances, dormitory and equipping car etc.) in the most recent year. If a house, a car and other transportation tool or other expenditure that is dedicated for personal use are provided, such assets' nature, cost, real rental or rental calculated by fair market price, gasoline expenses or other payments shall be disclosed. Besides, if a driver is equipped, such driver's related compensation paid by the Company shall be annotated without counting into remuneration.

Note 5: Refers to relevant remuneration received by directors who are also employees (including concurrently serves as a president, vice president, other manager or employee), including salary, position allowances, severance pay, various bonus, rewards, transportation allowances, special allowances, various allowances, dormitory and equipping car etc. in the most recent year. If a house, a car and other transportation tool or other expenditure that is dedicated for personal use are provided, such assets' nature, cost, real rental or rental calculated by fair market price, gasoline expenses or other payments shall be disclosed. Besides, if a driver is equipped, such driver's related compensation paid by the Company shall be annotated without counting into remuneration. In addition, the salary expenses which were recognized according to the IFRS 2 "Share-Based Payment", including exercisable employee stock options, new restricted employee shares and participating in subscribing shares for capital increased by cash etc., shall be counted into remuneration.

Note 6: Refers to a director who is also an employee (including concurrently serves as a president, vice president, other manager or employee) received the employee's compensation (including stock bonus and cash bonus) in the most recent year, the amount of such employee's compensation passed by the board of director in the most recent year shall be disclosed. If it is unable to estimate, the amount to which will be proposed to distribute this year shall be calculated upon the percentage of last year's actual distributed amount, and shall fill in Appendix 1-3 additionally.

Note 7: The total remuneration paid by the companies in the consolidated financial statements (including the Company) to the Company's directors shall be disclosed.

Note 8: Upon each item's total remuneration paid by the Company to directors, the names of the directors shall be disclosed in the corresponding range.

Note 9: Each item's total remuneration paid by companies in the consolidated financial statements (including the Company) to the Company's directors shall be disclosed, the names of the directors shall be disclosed in the corresponding range.

Note 10: Net income refers to the net income in the most recent year; for those adopted the IFRS, the net income shall refer to the net income stated in the parent or individual financial statement in the most recent year.

Note 11: a. This column shall specifically fill in the related compensation of directors of the Company which was received from an invested company other than the Company's subsidiary.

b. If the compensation of the Company's director was received from an invested company other than the Company's subsidiary, such compensation received by the Company's directors from an invested company other than the Company's subsidiary shall be combined into I column of the range table of remuneration, and the name of column shall be renamed as "All Investees".

c. Remuneration refers to the compensation, remuneration (including employee, director and supervisor) and business allowances received by the Company's directors who serve as directors, supervisors or managers of an invested company other than the Company's subsidiary.

\* The concept of income from the remuneration disclosed in this table is different from the Income Tax Act. So the purpose of this table shall be the purpose of disclosure only without using for tax.

(II) Remuneration of Supervisor (The Company has established the audit committee in 2018, so this is not applicable.)

(III) Remuneration of Presidents and Vice Presidents (names are disclosed by the way of gathering the amount together and tie-in with the range of remuneration)

Unit: NT\$ thousand

Title	Full name	Salary (A) (Note 3)		Severance Pay (B)		Bonus and Special Allowances (C) (Note 3)		Total Employee Remuneration (Note 4)				Ratio of Total (A+B+C+D) to Net Income (%) (Note 8)		Compensation from an Invested Company Other than the Company's Subsidiaries (Note 9)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
Vice Chairperson and President	Tsai, Ming-Hsien	16,432	32,019	1,427	1,427	6,132	44,109	8,286	0	8,286	0	2.21%	5.90%	None
Executive Vice President	Chien, Yih-Long													
Senior Vice President	Zhang, Fu-Ming													
Senior Vice President and Chief of Finance/Accounting	Yu, Tien-Jung													
Vice President	Fan, Guang-Hui													
Vice President	Li, Wen-Hua													
Vice President	Chen, Hsueh-Wen													
Vice President	Zheng, Wen-Bin													
Vice President	Wu, Mai													

Range Table of Remuneration:

Range of Remuneration Paid to the Company's Presidents and Vice President	Name of President and Vice Presidents	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Under NT\$ 2,000,000		
NT\$2,000,001 ~ NT\$5,000,000	Zhang, Fu-Ming/Yu, Tien-Jung/Fan, Guang-Hui/Li, Wen-Hua/Chen, Hsueh-Wen/Zheng, Wen-Bin/Wu, Mai	Yu, Tien-Jung/Li, Wen-Hua /Wu, Mai
NT\$5,000,001 ~ NT\$10,000,000	Tsai, Ming-Hsien/Chien,Yih-Long	Chien,Yih-Long/Zhang, Fu-Ming/Fan, Guang-Hui/Chen, Hsueh-Wen/Zheng, Wen-Bin
NT\$10,000,001 ~ NT\$15,000,000		
NT\$15,000,001 ~ NT\$30,000,000		
NT\$30,000,001 ~ NT\$50,000,000		Tsai, Ming-Hsien
NT\$50,000,001 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	9 Persons	9 Persons

Note 1: The names of the presidents and vice presidents shall be listed individually and shall disclose each item's amount gathered together. If a director is also a president or vice president, this table and the above table (1-1) or (1-2) shall be filled in.

Note 2: Fill in president's and vice presidents' salary, position allowances, severance pay in the most recent year.

Note 3: Fill in the president's and vice presidents' various bonus, rewards, transportation allowances, special allowances, various allowances, dormitory, equipping car etc. and other compensation amount in the most recent year. If a house, a car and other transportation tool or other expenditure that is dedicated for personal use are provided, such assets' nature, cost, real rental or rental calculated by fair market price, gasoline expenses or other payments shall be disclosed. Besides, if a driver is equipped, such driver's related compensation paid by the Company shall be annotated without counting into remuneration. In addition, the salary expenses which were recognized according to the IFRS 2 "Share-Based Payment", including exercisable employee stock options, new restricted employee shares and participating in subscribing shares for capital increased by cash etc., shall be counted into remuneration.

Note 4: Fill in the amount of the employee's compensation of presidents and vice presidents passed by the board of director in the most recent year. If it is unable to estimate, the amount to which will be proposed to distribute this year shall be calculated upon the percentage of last year's actual distributed amount, and shall fill in Appendix 1-3 additionally. Net income refers to the net income in the most recent year; for those adopted the IFRS, the net income shall refer to the net income stated in the parent or individual financial statement in the most recent year.

Note 5: The total remuneration paid by the companies in the consolidated financial statements (including the Company) to the Company's presidents and vice presidents shall be disclosed.

Note 6: Upon each item's total remuneration paid by the Company to presidents and vice presidents, the names of the presidents and vice presidents shall be disclosed in the corresponding range.

Note 7: Each item's total remuneration paid by companies in the consolidated financial statements (including the Company) to the Company's presidents and vice presidents shall be disclosed, and the names of the presidents and vice presidents shall be disclosed in the corresponding range.

Note 8: Net income refers to the net income in the most recent year; for those adopted the IFRS, the net income shall refer to the net income stated in the parent or individual financial statement in the most recent year.

Note 9: a. This column shall specifically fill in the related compensation of presidents and vice presidents of the Company which was received from an invested company other than the Company's subsidiary.  
b. If the related compensation of the Company's presidents and vice presidents was received from an invested company other than the Company's subsidiary, such compensation received by the Company's presidents and vice presidents from an invested company other than the Company's subsidiary shall be combined into E column of the range table of remuneration, and the name of column shall be renamed as "All Investees".  
c. Remuneration refers to the compensation, remuneration (including employee, director and supervisor) and business allowances received by the Company's presidents and vice presidents who serve as directors, supervisors or managers of an invested company other than the Company's subsidiary.

\* The concept of income from the remuneration disclosed in this table is different from the Income Tax Act. So the purpose of this table shall be the purpose of disclosure only without using for tax.

(IV) Names of Managers Who are Distributed the Employees' Compensation and Its Distribution Status

Unit: NT\$ Thousand

December 31, 2018

	Title (Note 1)	Full name (Note 1)	Amount of Stock	Amount of Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Vice Chairperson and President	Tsai, Ming-Hsien	0	13,614	13,614	0.93%
	Executive Vice President	Chien, Yih-Long				
	Senior Vice President	Zhang, Fu-Ming Yu, Tien-Jung				
	Vice President	Fan, Guang-Hui Li, Wen-Hua Chen, Hsueh-Wen Zheng, Wen-Bin Wu, Mai				
	Senior Assistant Vice President	Zhang, Wen-Song Wang, Feng-Zhu Lin, Nan-Sheng Zhong, Wen-Qin Lin, Sheng Xiang Zheng, Yu-Ming				
	Assistant Vice President	Chen, Zong-Zhi Lin, Guan-Yan Lin, Liang-Shi Wang, Zhen-Xiong				

Note 1: The individual name and title shall be disclosed, but appropriation of earnings shall be disclosed with the amount gathered.

Note 2: Fill in the amount of the employee's compensation of the managers (including stock and cash) passed by the board of director in the most recent year. If it is unable to estimate, the amount to which will be proposed to distribute this year shall be calculated upon the percentage of last year's actual distributed amount. Net income refers to the net income in the most recent year; for those adopted the IFRS, the net income shall refer to the net income stated in the parent or individual financial statement in the most recent year.

Note 3: According to the Letter No. 0920001301 released by the Institute on March 27, 2003, the applicable scope of the manager is as follows:

(1) president and the equivalent grade, (2) vice president and the equivalent grade, (3) assistant vice president and the equivalent grade, (4) chief of finance department, (5) chief of accounting department, (6) other persons who manage the Company's affairs and have the authority of signature.

Note 4: If the directors, presidents and vice presidents received the employees' compensation (including stock and cash), except for filling in the Appendix 1-2, this table shall be filled in additionally.

(V) Analyze the ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the latest two years to directors, supervisors, presidents and vice presidents of the Company, to the net income in the parent or individual financial statement; and explain the policies, standards and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risk:

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the latest two years to directors, supervisors, presidents and vice presidents of the Company, to the net income in the parent or individual financial statement is analyzed as follows:

Title	2017				2018			
	Total Remuneration (NT\$ Thousand)		Ratio to Net Income (%)		Total Remuneration (NT\$ Thousand)		Ratio to Net Income (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director (Note 1)	8,900	8,900	1.24%	1.24%	13,820	13,820	0.95%	0.95%
Supervisor	1,480	1,480	0.21%	0.21%	0	0	0%	0%
Presidents and Vice Presidents (Note 3)	33,094	100,616	4.61%	14.02%	36,330	92,083	2.50%	6.33%
Total	43,474	110,996	6.06%	15.46%	50,150	105,903	3.45%	7.28%
Expense of Share-Based Payment (Note 3)	0	0	0%	0%	0	0	0%	0%

Note 1: The remuneration of directors has deducted the related compensation received by the directors for serving as the Company's internal managers concurrently.

Note 2: The compensation of presidents and vice presidents has deducted the related remuneration received for serving as the Company's directors concurrently.

Note 3: Refers to the compensation cost transferred from treasury shares which is recognized based on No. 39: Accounting Standards for Stock-based Payments in the Republic of China Financial Accounting Standards.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risk:

(1) The remuneration of the directors and supervisors of the Company shall be paid according to Article 23 and Article 26 of the Company's Article of Incorporation.

The Company's earnings, based on annual final accounts, shall reserve the payable income tax upon the laws and offset the losses from previous years first; the remaining amount shall set aside 10% for legal reserve, and reserve or reverse the special reserve as required by law or the competent authority. The remaining earnings, if any, shall reserve no more than 1% as remuneration to the directors and supervisors".

(2) The remuneration of the chairperson, vice chairperson, directors and supervisors shall be evaluated upon the Company's "Regulations Governing the Board Performance Evaluation". In addition to referring to the overall business performance of the Company, future business risks and the tendency of the development in the industry, the directors' and supervisors' contribution to the Company's performance shall also be referred in order to provide the appropriate remuneration. The related evaluation of performance and the appropriation of the remuneration shall be reviewed by the Remuneration Committee and the Board of Director. And the remuneration system shall be timely reviewed upon the real business conditions and the relevant laws in order to seek the balance between the Company's sustainable business and risk control.

- (3)The compensation of the president shall be paid upon Article 29 of the Company Act and Article 24 of the Company's Article of Incorporation.
- (4)The compensation of the vice presidents shall be paid upon the Company's personnel rule, employment rule and the rule of performance evaluation as well as taking into account the overall contribution to the Company.

#### IV. Implementation of Corporate Governance

##### (I) Information of the Board of Director's Operation

The Board of Director held a total of 9 (A) meetings in 2018. The attendance of director and supervisor were as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】 (Note 2)	Remark
Chairman	Hsu, Kun-Tai	9	9	100%	Re-elected on June 15, 2018
Director	Tsai, Ming-Hsien	9	9	100%	Re-elected on June 15, 2018
Director	Chien, Yih-Long	9	9	100%	Re-elected on June 15, 2018
Independent Director	Chen, Tsung-Ming	9	9	100%	Re-elected on June 15, 2018
Independent Director	Fan, Kuang-SUNG	9	8	89%	Re-elected on June 15, 2018
Independent Director	Chou, Po-Chiao	5	5	100%	New Assumed in June, 2018
Director	Maogui Lin	7	7	100%	Dismissed on September 13, 2018
Director	Tianrong You	4	4	100%	Dismissed on June 15, 2018

Other mentionable items:

I. If the operation of the board of director has one of the following circumstances, the dates of the board's meetings, sessions, contents of motion, all independent directors' opinions and the actions taken by the Company for the opinions of independent directors shall be specified:

(I) The circumstances listed in Article 14-3 of the Securities and Exchange Act: The Company has established the audit committee in 2018. Pursuant to Article 14-5 of the Securities and Exchange Act, the Article 14-3 shall not be applicable.

(II) Except for the aforesaid circumstances, any resolution of the board of director was objected by or subject to a qualified opinion from any of independent directors with record or written statement: No such circumstance in this year.

II. If there are directors' avoidance of motions in conflict of interest, the names of directors, contents of motion, causes for avoidance and voting shall be specified:

◆ Date of Board: August 13, 2018

Name of Director: Tsai, Ming-Hsien

Contents of Motion: Proposal for president's continuous serving is reported for resolution.

Causes for Avoidance: Director, Tsai, Ming-Hsien, had relations to the person involved in this proposal and avoided in discussing and voting because of conflict of interest.

Participation in Voting: Except Tsai, Ming-Hsien, vice president, did not participate in or represent the discussion and voting because of avoidance of conflict of interest, all other directors agreed with the proposal without any objection.

◆ Date of Board: September 21, 2018

Name of Director: Hsu, Kun-Tai

Contents of Motion: The Company and Honeywell Co., Ltd evaluated the joint development plan of land in Taipei City together, and both companies prepared the bidding with half of shareholding each to contribute the funds jointly.

Causes for Avoidance: President, Hsu, Kun-Tai, served as the chairperson of Honeywell Co., Ltd. concurrently and avoided because of conflict of interest. The vice president, Tsai, Ming-Hsien, was recommended as the chairperson of this proposal.

Participation in Voting: Except directors (including president) did not participate in discussing and voting because of avoidance of conflict of interest, all other directors agreed with the proposal without any objection.

III. Measures taken to strengthen the functionality of the board in the year and the most recent year (e.g. establishment of the audit committee and enhancement of information transparency etc.) and its implementation status:

(I) The Company's board of director has passed the establishment of the Company's "Audit Committee Charter" on March 27, 2018. And after the general meeting of the shareholders elected three independent directors on June 15, 2018, the audit committee has been established. As of June 30, 2019, it totally held 6 meetings.

(II) The Company has completed 2018 performance evaluation for the board of director, and the evaluation report of the board's performance was submitted to the board of director on March 27, 2019 to enhance the functionality of the board. Its evaluation



results are as follows:

**2018 Result of the Board Performance Evaluation**

The Company has passed the "Regulations Governing the Board Performance Evaluation" on November 14, 2017, and it stipulates that the board of director shall conduct the performance evaluation for the board of director and members of directors at least once a year. The internal evaluation of the board of director shall be conducted at the end of each year to proceed the performance evaluation in the year upon this regulation. The Company has completed 2018 performance evaluation for the board of director, and the evaluation result was reported to the board of director on March 27, 2019. The measured items of the performance evaluation for the Company's board and its members includes the following five dimensions:

- (1) Participating level for the Company's business.
- (2) Enhancing the decision quality for the board.
- (3) Composition and structure of the board.
- (4) Directors' election and continuous education.
- (5) Internal control.

This evaluation was proceeded by the internal self-evaluation of the board of director. According to the result of 2018 performance evaluation for the board of director, the whole operation of the Company's board were performed well.

Note 1: If a director or a supervisor is a juridical person, the name of corporate shareholder and its representatives shall be disclosed.

- Note 2: (1) If a director or a supervisor resigns before the end of year, the date of resignation shall be noted in the column of remark. The ratio of the attendance in person (%) shall be counted by the number of the board's meeting in the period of service and such person's actual number of attendance in person.
- (2) If a director or supervisor is re-elected before the end of year, both new and old directors or supervisors shall be filled in, and the information that such person is an old or a new director or supervisor as well as the date of renewal or re-election shall be noted in the column of remark. The ratio of the attendance in person (%) shall be counted by the number of the board's meeting in the period of service and such person's actual number of attendance in person.

**(II) Operation of the Audit Committee or Supervisors' Participation in the Board of Director:**

**3. Operation of the Audit Committee:**

The audit committee held a total of 5(A) meetings in 2018. The attendance of the independent directors was as follows:

Title	Full name	Attendance in Person (B)	Attendance Rate (%) (B/A) (Note)	Remark
Independent Director (Convener of the Audit Committee)	Chou, Po-Chiao	5	100%	New Assumed on June 15, 2018
Independent Director (Member of the Audit Committee)	Chen, Tsung-Ming	5	100%	New Assumed on June 15, 2018
Independent Director (Member of the Audit Committee)	Fan, Kuang-SUNG	4	80%	New Assumed on June 15, 2018

Other mentionable items:

I. If the operation of the audit committee has one of the following circumstances, the dates of the board's meetings, sessions, contents of motion, the resolution of the audit committee and the actions taken by the Company for the opinions of the audit committee shall be specified:

(I) The circumstances listed in Article 14-5 of the Securities and Exchange Act: Please refer to page 29 for the resolutions of the audit committee.

(II) Except for the aforesaid circumstances, any resolution was not approved by the Audit Committee but was approved by two-thirds or more of all directors: None

II. If there is any independent director's avoidance of motion in conflict of interest, such director's name, contents of motion, causes for avoidance and voting should be specified: None.

III. Communications between the independent directors, the chief internal auditor and CPAs (including communications of the significant items for the Company's finance and operation, and its methods and results etc.):

(I) Communications between the independent directors and chief internal auditor:

Date of Meeting	Subject of Communication	Result of Execution
November 14, 2018 The Audit Committee	Passed the Company's 2018 audit plan.	The auditor sat in the left-listed meetings of the audit committee to explain the audit operation, as well as discuss and communicate the contents of motion with the directors; such motion was reviewed and passed by all independent directors without objection, then reported to the board of director afterward.
March 27, 2019 The Audit Committee	Passed the Company's 2018 internal control system, and the statement of internal control system issued upon the result of self-evaluation.	

(II) Communication between independent directors and CPAs:

Date of Meeting	Subject of Communication	Result of Execution
August 13, 2018 The Audit Committee	Passed the Company's financial statements for the second quarter of 2018.	The CPAs sat in the left-listed meetings of the audit committee to explain the auditing situation for yearly and quarterly financial statements, as well as discuss and communicate the contents raised by the directors; such financial statements were reviewed and passed by the independent directors without objection, then reported to the board of director afterward.
November 14, 2018 The Audit Committee	Passed the Company's financial statements for the third quarter of 2018.	
March 27, 2019 The Audit Committee	Passed the Company's financial statements and business report for the year of 2018.	

**Summary Table of the Meetings Record for the Audit Committee:**

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Independent Director			Remark
					Chou, Pa-Chiao	Chen, Tsung-Ming	Fan, Kuang-SUNG	
1	1	June 15, 2018	June 15, 2018	1. Election for the convener of the audit committee.	√	√	√	Yu, Tien-Jung Wu, Mai
2	2	June 15, 2018	June 25, 2018	1. Passed the establishment of the Company's "Procedure for the Meeting of the Audit Committee".	√	√	√	Yu, Tien-Jung Wu, Mai
3	3	July 31, 2018	August 13, 2018	1. Resolutions from the 1st and 2nd meetings of the first audit committee of the Company. 2. Passed the Company's financial statements for the second quarter of 2018. 3. Passed the base date for the capital reduction by the cancellation of treasury shares. 4. Passed the Company's proposal of endorsements and guarantees. 5. Passed the amendment to the procedure of the Company's relevant internal control operation in order to tie in with the establishment of the Company's audit committee.	√	√	√	Yu, Tien-Jung Wu, Mai Tsai, Qiu-Ling Feng, Min-Juan
4	4	September 13, 2018	September 21, 2018	1. Resolutions from the 3rd meeting of the first audit committee of the Company. 2. The Company's proposal of endorsements and guarantees.	√	√		Yu, Tien-Jung Wu, Mai
5	5	October 30, 2018	November 14, 2018	1. Resolutions from the 4th meeting of the first audit committee of the Company. 2. Passed the Company's financial statements for the third quarter of 2018. 3. Passed the proposal for benefit evaluation of the Group's asset activation. 4. Passed the Company's proposal of endorsements and guarantees. 5. Passed the Company's 2018 audit plan.	√	√	√	Yu, Tien-Jung Wu, Mai Tsai, Qiu-Ling Liu, Yi-Mei Feng, Min-Juan
6	6	March 18, 2019	March 27, 2019	1. Resolutions from the 5th meeting of the first audit committee of the Company. 2. Passed the Company's financial statements and business report for the year of 2018. 3. Passed the appropriation of the Company's 2018 earnings. 4. Passed the evaluation for the independence and professional qualifications of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". 5. Passed the amendment to the Company's "Procedure for the Acquisition or Disposal of Assets". 6. Passed the amendment to the Company's "Procedure for the Engagement of the Derivatives". 7. Passed the amendment to the Company's "Procedure for the Lending Funds to Others". 8. Passed the amendment to the Company's "Procedure for the Endorsements and Guarantees". 9. Passed the Company's 2018 internal control system, and the statement of internal control system issued upon the result of self-evaluation. 10. Passed the Company's proposal of endorsements and guarantees.	√	√	√	Yu, Tien-Jung Wu, Mai Feng, Min-Juan

#### 4. Attendance of Supervisors at Board Meetings

The board of director held 9 (A) meetings in 2018. The attendance of supervisors was as follows:

Title	Full name	Attendance in Person (B)	Attendance Rate (%) (B/A) (Note)	Remark
Supervisor	Tong Ling Machinery Co., Ltd. Representative – Li, Zhu-Xin	4	100%	Dismissed on June 15, 2018
Supervisor	Lu, Jin-zong	3	75%	Dismissed on June 15, 2018

Other mentionable items:

##### I. Composition and Responsibilities of Supervisors:

###### (I) Communications between the supervisors, the Company's employees and the shareholders:

The Company's supervisors have considerably understanding of the Company's business development and operation position. In addition to understanding through various statements and reports submitted by the financial persons and auditors ordinarily, they also contact with e-mail or phone at any time. The communication channels are fast and certainty.

###### (II) Communications between the supervisors, the chief internal auditor and CPAs:

The Company's supervisors and chief auditor regularly sit in the board meeting. Except for the documentary audit report, there are many chances for the face-to-face communications. Because the supervisors deeply grasps and understands the finance and the business, they can comprehend the financial statements issued by the CPAs. The communication channels are also fast and certainty; the major ways of communication are as follows:

###### (1) Periodical Reports:

- When the chief auditor completes the audit items, the audit report and worksheets shall be submitted in written form to every supervisor before the end of the next month.
- The chief auditor sits in the board of director to report the execution of the auditing.
- CPAs reports to the supervisors periodically.

(2) Irregular Reports: In case of business requirement, the chief auditor and CPAs will raise the written reports or explanation orally to the supervisors.

###### II. If the supervisors sit in the board and express the opinions, the dates of board, sessions, the contents of motion, resolutions of the board and the actions taken by the Company for the opinions expressed by the supervisors: None.

###### III. The company established the audit committee on June 15, 2018, and the term of office for supervisors expired at the same time. The board of director held 4 meetings during the period of the term of office.

Note: \*If a supervisor resigns before the end of year, the date of resignation shall be noted in the column of remark. The ratio of the attendance in person (%) shall be counted by such person's actual number of attendance in person in the period of service.

\*If a supervisor is re-elected before the end of year, both new and old supervisors shall be filled in, and the information that such person is an old or a new supervisor as well as the date of renewal or re-election shall be noted in the column of remark. The ratio of the attendance in person (%) shall be counted by such person's actual number of attendance in person in the period of service.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Its Reasons:

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established the "Corporate Governance Best-Practice Principles". Please refer to <a href="http://www.clevo.com.tw/">http://www.clevo.com.tw/</a> .	The Company has established and disclosed based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" without any deviation.
II. The Company's shareholding structure & shareholders' rights/benefits (I) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (II) Does the Company possess the list of its major shareholders who control the Company in reality as well as the ultimate owners of those shares? (III) Does the Company establish and execute the risk control/management and firewall system with its affiliates? (IV) Does the company establish internal rules against the Company's insiders trading of the securities with undisclosed information in the market ?	V  V  V  V		(I) The Company has designated a professional agency to handle the stock affairs and has established the spokesperson, deputy spokesperson and dedicated persons to take charge of the shareholders' suggestions or disputes etc. (II) Most of the Company's major shareholders are the management team and the shareholders with long-term of shareholding. The stock office will obtain the list of the shareholders from the Taiwan Depository & Clearing Corporation through the stock agency designated by the Company within next two days from book closure date for the shareholders' meeting and dividend distribution upon the regulations, then will summarize the shareholding information of the major shareholders immediately and report to the senior management team. The Company can grasp the list of the major shareholders at any time to assure the stability of the management rights. (III) Each affiliate operates independently, and establishes various rules according to the regulations of the competent authority. The transactions with affiliates shall be conducted according to the relevant rules. (IV) In order to let the acts of the Company's directors, supervisors and managers comply with the ethical standards and let the Company's stakeholders understand the Company's ethical standards, the Company has established the "Codes of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" to follow up. The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading" to prevent the occurrence of insider trading.	The Company has currently executed according to "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" without any deviation.
III. Composition and Responsibilities of the Board of Director (I) Does the Board develop and implement a diversified policy for the composition of its members?  (II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee pursuant to the laws? (III) Does the Company establish the rule for the performance evaluation of the Board and its methods of evaluation, and conduct the regular performance evaluation annually?	V  V		(I) The members of the Company's board are set up according to the Company's "Corporate Governance Best-Practice Principles". In addition to consideration of basic conditions of sex, age, nationality and culture etc., the members of the board shall have the qualifications of knowledge, capabilities and disciplines that are required to perform the duties. The nomination and election for the members of the Company's board shall comply with the regulations of the Article of Incorporation and adopt the candidate nomination system. In addition to evaluation of every candidate's qualifications of education and experiences, it shall refer to the opinions of the stakeholders, comply with the "Rules for Director and Supervisor Elections" and the "Corporate Governance Best-Practice Principles" in order to ensure the diversification and independence of the board's members. Please refer to page 36 (Note 2) of the annual report for the fulfillment of the diversification for the board's members. (II) Except for the establishment of the remuneration committee and the audit committee required by laws, the Company has established the "CSR Working Team" to drive its corporate social responsibilities related affairs. (III) The Company reports the business conditions at the board of director quarterly, and prepares the written information of the actual conditions and estimates for the Company's filing and reference. The Company has established the "Regulations Governing the Board Performance Evaluation", and executes the board's performance evaluation once a year. Every three year, the Company will appoint an external professional independent institution or a team of expert or scholar to	No deviation.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons														
	Yes	No	Abstract Illustration															
(IV) Does the Company evaluate the independence of the CPAs regularly?	V	(IV)	<p>perform the evaluation.</p> <p>2018 evaluation result has been reported to the board of director on March 27, 2019.</p> <p>The evaluation's methods, standards and results are disclosed on the Company's website. Please refer to the Company's website: <a href="http://www.clevo.com.tw">http://www.clevo.com.tw</a>.</p> <p>The Company has appointed the PWC Taiwan as the certificated accounting firm, who has its professionalism and independence for its certification. The Company also change the CPAs regularly according to laws to strengthen its independence. The Company evaluates the CPAs' independence annually, which will be reviewed and passed by the audit committee and then submitted to the board of director to discuss/review the CPAs' independence, including assessing whether there is any event in violation of the Bulletin No. 10 of Professional Ethics Norm and Article 47 of Certified Public Accountant Act, affirming that the Company has no other financial benefits and business relationships with CPAs other than the fee of audit and tax, examining whether the CPAs are the Company's directors, managers, shareholders or have any salary received from the Company, and confirming that the CPAs are not the stakeholders. Upon the examination on the CPAs' independence evaluated by the Company, the CPA's independence is confirmed. The Company's board of director periodically evaluates (once a year) the CPAs' professional qualifications and independence (please refer to note 1 for the standards of evaluation). The result of evaluation has been reviewed and passed by the board of director on March 27, 2019 to confirm the CPAs' professional qualifications and independence.</p>															
IV. Does the TWSE/TPEX Company establish the exclusively (concurrently) dedicated department or persons to take charge of the corporate governance related affairs (including but not limited to providing the information required by the directors and supervisors to perform their duties, conducting the board and shareholders' meeting related matters according to laws, handling the Company's registration and change of registration as well as preparing the meeting minutes for the board and the shareholders' meeting etc.)?	V		<p>The Company's finance office is responsible for handling the corporate governance related affairs. The chief of finance office serves as the person of the corporate governance concurrently. The main responsibilities and 2018 implementation are as follows:</p> <table border="1"> <thead> <tr> <th>Main Responsibilities</th> <th>2018 Implementation</th> </tr> </thead> <tbody> <tr> <td>Handled the Company's registration and change of registration.</td> <td>The changes were approved in October 2018.</td> </tr> <tr> <td>Handled the board and the shareholders' meeting related affairs, and assist in the Company's compliance with related regulations for the board and the shareholders' meeting.</td> <td>Convened the board and the shareholders' meeting according to laws.</td> </tr> <tr> <td>Prepared the meeting minutes for the board and the shareholders' meeting.</td> <td>Prepared the meeting minutes according to laws.</td> </tr> <tr> <td>Provided the information required by the directors and supervisors to perform their duties, as well as the latest development of laws relating to the Company's business to assist in the directors' and supervisors' compliance with laws.</td> <td>Assisted in the independent directors and general directors to perform their duties, provided the necessary information as well as arranged the trainings of the corporate governance.</td> </tr> <tr> <td>Handled the investor relations' related matters.</td> <td>Held the investor conferences twice a year.</td> </tr> <tr> <td>Other matters stipulated in the Article of Incorporation or the contract.</td> <td>Performed completely.</td> </tr> </tbody> </table>	Main Responsibilities	2018 Implementation	Handled the Company's registration and change of registration.	The changes were approved in October 2018.	Handled the board and the shareholders' meeting related affairs, and assist in the Company's compliance with related regulations for the board and the shareholders' meeting.	Convened the board and the shareholders' meeting according to laws.	Prepared the meeting minutes for the board and the shareholders' meeting.	Prepared the meeting minutes according to laws.	Provided the information required by the directors and supervisors to perform their duties, as well as the latest development of laws relating to the Company's business to assist in the directors' and supervisors' compliance with laws.	Assisted in the independent directors and general directors to perform their duties, provided the necessary information as well as arranged the trainings of the corporate governance.	Handled the investor relations' related matters.	Held the investor conferences twice a year.	Other matters stipulated in the Article of Incorporation or the contract.	Performed completely.	No deviation.
Main Responsibilities	2018 Implementation																	
Handled the Company's registration and change of registration.	The changes were approved in October 2018.																	
Handled the board and the shareholders' meeting related affairs, and assist in the Company's compliance with related regulations for the board and the shareholders' meeting.	Convened the board and the shareholders' meeting according to laws.																	
Prepared the meeting minutes for the board and the shareholders' meeting.	Prepared the meeting minutes according to laws.																	
Provided the information required by the directors and supervisors to perform their duties, as well as the latest development of laws relating to the Company's business to assist in the directors' and supervisors' compliance with laws.	Assisted in the independent directors and general directors to perform their duties, provided the necessary information as well as arranged the trainings of the corporate governance.																	
Handled the investor relations' related matters.	Held the investor conferences twice a year.																	
Other matters stipulated in the Article of Incorporation or the contract.	Performed completely.																	
V. Does the Company establish a communication channel and build a dedicated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		Both the Company and the stakeholders have dedicated department to take charge of collecting the relevant information and communicate to each other. The Company has set up its website with the address of <a href="http://www.clevo.com.tw/">http://www.clevo.com.tw/</a> and has built the dedicated sections for investor relation and stakeholder respectively, which includes the Company's	No deviation.														

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			related news and activities, corporate governance (including the Company's Corporate Social Responsibility Best Practice Principles), information of finance and stock affairs as well as the Company's contact methods. The investor relation department has dedicated person to respond the related issues.	
VI. Does the Company appoint a professional stock agency to deal with shareholders' meeting affairs?	V		The Company's stock affairs have appointed a professional stock agency, Transfer Agency Department of CTBC Bank, to handle the Company's shareholders' meeting affairs.	No deviation.
VII. Information Disclosure (I) Does the Company have a corporate website to disclose the financial activities and the information of corporate governance?  (II) Does the company adopt other ways of information disclosure (e.g. building an English website, appointing dedicated person to collect and disclose the Company's information, implementing the spokesperson system and putting the course of investor conferences on the Company's website etc.)?	V	V	(I) The Company has set up its website with the address of <a href="http://www.clevo.com.tw/">http://www.clevo.com.tw/</a> and has built a dedicated section for investor relation, which includes the Company's related news and activities, information of corporate governance, the Company's relevant rules as well as information of finance and stock affairs. (II) The Company has not only implemented the system of spokesperson and deputy spokesperson, but also designated the dedicated person to collect and disclose the Company's information, as well as has disclosed the information of the Company's financial activities to the public investors through the Market Observation Post System, the investor conferences, the Company's website and newspapers/magazines etc.. Please refer to the Company's website for details: <a href="http://www.clevo.com.tw/">http://www.clevo.com.tw/</a> .	No deviation.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights/benefits, employee caring, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and purchasing liabilities insurance for directors and supervisors)?	V		(I) Employee Rights/Benefits: Upon the governmental laws and the Company's human resources management rules, the Company provides various labor's basic conditions, including working hours mechanism and comprehensive leaves system, and also renders a stable and safe working environment, as well as reserves the basic welfares of labor insurance, health insurance and pension fund. Besides, the employees also possesses the regular health examination, group insurance and complete employee retirement measures. (II) Employee Caring: The Company has established the Occupational Safety and Health Committee according to laws, and studied the relevant regulations of safety and health. In order to ensure the employees' safety and health, the Company has established the "Occupational Safety and Health Policies", arranged the regular lectures and courses with various subjects, provided the doctors' consultation, opened the diversified channels for employees to express the opinions and to consult as well as created a better participating feelings and a smooth two-way communications. (III) Investor Relations: Protecting the shareholders' rights/benefits is the Company's biggest target. The Company gives equal treatment to all shareholders. Upon the relevant regulations, the Company's important messages, including finances, business and changes of the insiders' shareholding will be announced on the Market Observation Post System immediately. (IV) Suppliers Relations: In addition to the establishment of the "Codes of Ethical Conduct", the new suppliers of the Company shall possess a well goodwill and meet the Company's ethical demand upon the requirement of the internal control system. Before trading, it is required to sign the "Supplier Honesty Commitment" to forbid other beneficial acts other than normal transactions. The Company expects to set a good example to lead more our supply partners to jointly enhance the awareness of environmental protection and aptly fulfill the corporate social responsibilities. (V) Rights of Stakeholder: The Company complies with the "Corporate Governance Best-Practice Principles" to implement and set up a dedicated section on its website for stakeholders. (VI) Implementation of Risk Management Policies and Risk Measurement Standards: Through the audit office and internal control system, the Company has appropriately identified, assessed and reduced various business risks. In addition to controlling the day-to-day operational procedure, the audit office and management team always supervise the risk control's implementation. Besides, the Company has established the internal and external reporting system to reduce the	No deviation.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			<p>unfavorable influences on the Company's business.</p> <p>(VII) Implementation of Customer Policies: The Company has established the appropriate customer policies and business targets, and will timely adjust the business strategies to achieve the targets.</p> <p>(VIII) Purchasing Liabilities Insurance for Directors: The Company has purchased the relevant liabilities insurance for directors with the due date of June 15, 2020, and the directors' liabilities insurance amount, the scope of coverage and insurance premium have been reported to the board of director.</p> <p>(IX) Directors' Attendance of the Board: The board has been held regularly and all directors actively participated in the meeting; the Company has declared the attendance of the directors timely on the websites.</p> <p>(X) Trainings of the Directors and Managers: The Company's directors and independent directors have considerably understood the directors' power and functions, and they have plentiful background of education and experiences as well as understanding of the industry to sufficiently undertake the directors' responsibilities. The Company's directors and independent directors join the external trainings annually in relation to corporate governance, securities regulations and taxes. In addition, the Company sets up the dedicated persons to collect the relevant regulations and information, and then summarize to the directors and the audit committee. Please refer to page 37 of the annual report for the detail trainings of the Company's directors and managers in 2018. The directors' attendance and independent directors' sitting in the Company's board as well as the directors' trainings were disclosed on the Market Observation Post System with the website of <a href="http://mops.twse.com.tw/mops/web/index">http://mops.twse.com.tw/mops/web/index</a> according to the regulations. with the website of <a href="http://mops.twse.com.tw/mops/web/index">http://mops.twse.com.tw/mops/web/index</a> according to the regulations.</p>	
<p>IX. For the result of the corporate governance evaluation announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, please explain the circumstances of the improvement; and if the items have not yet been improved, please provide those items that shall be strengthened first and its measures.</p> <p>Upon the result of the corporate governance in 2018, the Company has specifically improved the following items:</p> <p>1. The Company has established the audit committee this year. (2.10)</p> <p>2. The Company has established a chief of corporate governance to take charge of the corporate governance related affairs, and has explained the operation of such department and its implementation status in the annual report and the Company's website. (2.21)</p> <p>3. The amendment of the "Regulations Governing the Board Performance Evaluation" which has been passed by the Company's board of director stipulates to perform the external evaluation at least every three year. (2.23)</p> <p>4. The Company's annual report voluntarily disclosed the non-audit fee amount and its natures. (3.15)</p> <p>5. Does the Company establish the policies to protect the human rights according to International Bill of Human Rights? (4.6)</p> <p>(II) For those items that have not yet been improved, the items that shall be strengthened first and its measures are provided as follows:</p> <p>1. The English version of the meeting notification shall be uploaded synchronously before 30 days of the general meeting of the shareholders. (1.9)</p> <p>2. The English version of the meeting handbook and supplementaries shall be uploaded before 21 days of the general meeting of the shareholders. (1.10)</p> <p>3. The English version of the annual report shall be uploaded before 7 days of the general meeting of the shareholders. (1.11)</p> <p>4. Disclose the annual financial reports (including the financial statements and notes) in English. (3.5)</p> <p>5. Disclose the midterm financial reports (including the financial statements and notes) in English. (3.6)</p> <p>6. Does the Company's website or annual report disclose its ethical management policies and specify the methods and programs to prevent the unethical acts? (4.15)</p> <p>The Company continues to enhance the disclosure of its website's information and fulfill its corporate social responsibilities as well as speed up to reinforce the optimization of the relevant operations.</p>				

Note: Regardless of ticking "Yes" or "No", the implementation status shall be explained in the column of the abstract illustration.



Note 1: Evaluation items for CPAs' professional qualifications and the independence:

Evaluation Item	Yes	No
1. Not an employee of the Company or its related party.	V	
2. Not a director or supervisor of the Company or its affiliates (however, it is not applicable in case the person is an independent director of the Company, its parent company, or subsidiaries in which the Company holds more than 50% of the voting shares directly or indirectly).	V	
3. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.	V	
4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	V	
5. Not having one of the circumstances stated in Article 30 of the Company Law.	V	
6. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	V	
7. Not a person who should not serve as the Company's director, manager or a position that has significant influences on the auditing project within the latest two years.	V	
8. Not a person who should not involve in the Company's management functions for making decisions.	V	

Note 2: Evaluation items for the diversification of the board's members

Dimension I: Experiences Background

2018.12.31

Name of Director	Sex	Professional Background	Professional Techniques	Industrial Experiences
Hsu, Kun-Tai	Male	√	√	√
Tsai, Ming-Hsien	Male	√	√	√
Chien, Yih-Long	Male	√	√	√
Chou, Po-Chiao (Independent Director)	Male	√	√	√
Chen, Tsung-Ming (Independent Director)	Male	√	√	√
Fan, Kuang-SUNG (Independent Director)	Male	√	√	√

Dimension I: Overall Capability

2018.12.31

Name of Director	Sex	Capability for judging the business.	Capability for analyzing the accounting and finance.	Capability for business management.	Capability for dealing with risks.	Industrial knowledge.	International market viewpoint.	Capability of leadership.	Capability for making decision.	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business of the Company
Hsu, Kun-Tai	Male	√	√	√	√	√	√	√	√	
Tsai, Ming-Hsien	Male	√	√	√	√	√	√	√	√	
Chien, Yih-Long	Male	√	√	√	√	√	√	√	√	
Chou, Po-Chiao (Independent Director)	Male	√	√	√	√	√	√	√	√	√
Chen, Tsung-Ming (Independent Director)	Male	√	√	√	√	√	√	√	√	
Fan, Kuang-SUNG (Independent Director)	Male	√	√	√	√	√	√	√	√	

Note 3: The directors' and supervisors' trainings as well as managers' participation in the education and trainings of corporate governance are as follows:

Title	Full name	Date of Education		Host Institution	Name of Course	Number of Hours of Education
		From	To			
Chairman	Hsu, Kun-Tai	November 14, 2018	November 14, 2018	Taiwan Corporate Governance Association	Strategy for Enterprise Management and News Risk Management	3
					How Directors Make Decisions to Avoid Breach of Trust and Irregular Transactions	3
Vice Chairperson and President	Tsai, Ming-Hsien	November 14, 2018	November 14, 2018	Taiwan Corporate Governance Association	Strategy for Enterprise Management and News Risk Management	3
					How Directors Make Decisions to Avoid Breach of Trust and Irregular Transactions	3
Director and Executive Vice President	Chien, Yih-Long	November 14, 2018	November 14, 2018	Taiwan Corporate Governance Association	Strategy for Enterprise Management and News Risk Management	3
					How Directors Make Decisions to Avoid Breach of Trust and Irregular Transactions	3
Independent Director	Chou, Po-Chiao	July 20, 2018	July 20, 2018	Securities & Futures Institute	Seminar to Propagate the Compliance with Laws for Insiders Shareholding Trading of Public Companies and Non-Public Companies	3
		July 27, 2018	July 27, 2018	Taiwan Corporate Governance Association	Tax Issue Before and After Enterprise's Merger	3
		September 27, 2018	September 27, 2018	Taiwan Academy of Banking and Finance	Seminar for Corporate Governance and Enterprise Sustainable Operation	3
		November 14, 2018	November 14, 2018	Taiwan Corporate Governance Association	Strategy for Enterprise Management and News Risk Management	3
Independent Director	Fan, Kuang-SUNG	November 14, 2018	November 14, 2018	Taiwan Corporate Governance Association	How Directors Make Decisions to Avoid Breach of Trust and Irregular Transactions	3
					Strategy for Enterprise Management and News Risk Management	3
Independent Director	Chen, Tsung-Ming	November 14, 2018	November 14, 2018	Taiwan Corporate Governance Association	Strategy for Enterprise Management and News Risk Management	3
					How Directors Make Decisions to Avoid Breach of Trust and Irregular Transactions	3
Senior Vice President and Chief of Accounting	Yu, Tien-Jung	November 14, 2018	November 14, 2018	Taiwan Corporate Governance Association	Strategy for Enterprise Management and News Risk Management	3
					How Directors Make Decisions to Avoid Breach of Trust and Irregular Transactions	3

(IV) If the Company has established the remuneration committee, its composition, responsibilities and operations shall be disclosed:

1. Information for Members of Remuneration Committee:

Type of Identity (Note 1)	Criteria	Have at Least Five Years Work Experience and Meet the Following Professional Qualification			Independence Criteria (Note 2)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Needed by the Business of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Needed for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Needed for the Business of the Company	1	2	3	4	5	6	7	8			
Other-Convener of Remuneration Committee	Chou, Po-Chiao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Other-Member of Remuneration Committee	Chen, Tsung-Ming			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Other-Member of Remuneration Committee	Fan, Kuang-SUNG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

Note 1: For type of identity, please fill in the director, independent director or other.

Note 2: Please tick "✓" on the following blank space of the corresponding criteria that apply to the members during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. However, it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary, which is established according to the Laws or the local laws of the country.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
- (6) Not a director, supervisor, manager, or shareholder holding 5% or more of the shareholding, of a specified company or institution which has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to its affiliate, or a spouse thereof.
- (8) Not having one of the circumstances stated in Article 30 of the Company Law.

## 2. Responsibilities of Remuneration Committee

- I. The Committee shall be based on the care of a prudent administrator to faithfully fulfill the following duties, and shall submit its suggestions to the board of director for discussion; however, if the suggestion for the remuneration of supervisors is submitted to the board of director for discussion, it shall be limited to where the supervisors' remuneration has been specified in the Article of Incorporation, or where the resolution of the shareholders' meeting delegated the board of director to conduct:
  - (I) Regularly review the "Remuneration Committee Charter" and provide the recommendation of the amendment.
  - (II) Establish and regularly review the annual and long-term performance goals of the Company's directors, supervisors and managers, as well as the policies, systems, standards and structure of the remuneration.
  - (III) Regularly evaluate the achievement status for the performance goals of the Company's directors, supervisors and managers, and set up its individual contents and amounts of the remuneration.
- II. While fulfilling the duties stated in the preceding paragraph, the Committee shall comply with the following principles:
  - (I) Ensure the arrangement of the Company's remuneration comply with the relevant laws and it is sufficient to attract the excellent talents.
  - (II) The performance evaluation and remuneration of the directors, supervisors and managers shall refer to the normal standards of remuneration in the same industry, and consider the person's time involved, duties taken, achievement of personal goal, expression of other positions taken, the same positions' remuneration paid by the Company in the recent years, as well as the achievement of the Company's short-term and long-term goals and financial conditions etc., to evaluate the correlative reasonableness for the personal expression, the Company's business performance and future risks.
  - (III) The Committee shall not lead the directors and managers to pursue the remuneration by engaging the acts which have the risks that the Company is unable to bear.
  - (IV) The ratio of bonus for the short-term performance of the directors and senior managers and the time to pay for partial variable remuneration shall be determined upon the characteristics of the industry and the nature of the Company's business.
  - (V) The members of the Committee shall not be involved in the discussing and voting the determination of their personal remuneration.
- III. The remuneration stated in the preceding two paragraphs includes cash remuneration, stock options, profit sharing and stock ownership, retirement benefits or severance pay, variance allowances and other substantive incentive measures; its scope shall be consistent with the regulations for the remunerations of the directors, supervisors and managers stipulated in Regulations Governing Information to be Published in Annual Reports of Public Companies.
- IV. If the decision-making and handling of the remuneration for the directors and managers of the Company's subsidiaries are delegated to the subsidiary but required the ratification of the Company's board, the Committee shall be asked to provide the suggestion first, and then submit to the board for discussion.

### 3. Operation of the Remuneration Committee

(1) There are 3 members in the Company's remuneration committee.

(2) The term of office for the members: from June 25, 2018 to June 14, 2021. The remuneration committee held 2 meetings (A) in the most recent year. The qualification and attendance of the members are as follows:

Title	Full name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Convener	Chou, Po-Chiao	1	0	100%	New Assumed on June 25, 2018
Member	Chen, Tsung-Ming	2	0	100%	Re-elected on June 25, 2018
Member	Fan, Kuang-SUNG	2	0	100%	Re-elected on June 25, 2018
Member	You, Chao-Tang	1	0	100%	Dismissed on June 15, 2018

#### Other mentionable items:

- I. If the board of director declines to adopt or modifies the suggestions of the remuneration committee, it should specify the date of the board, session, contents of motion, resolution of the board of director, and actions taken by the Company for the remuneration committee's opinions (e.g. the remuneration passed by the Board of Director is better than the suggestions of the remuneration committee, the circumstances and causes for the difference shall be specified): No such circumstance in the year.
- II. If any resolution of the remuneration committee was objected by or subject to a qualified opinion from any member with record or written statement, the date of the meeting of the remuneration committee, session, contents of motion, all members' opinions and actions taken for the members' opinions shall be specified: No such circumstance in the year.
- III. The Company's board of director has passed the establishment of the "Remuneration Committee Charter" on December 13, 2011 and passed the Company's 4th term of the "employment of the members of the remuneration committee" on June 25, 2018.
- IV. The content of the Charter has been put on the Company's website and the Market Observation Post System for reference. The Company's website is [https://www.clevo.com.tw/Upload/InfoFile/Remuneration Committee Charter-1070327.pdf](https://www.clevo.com.tw/Upload/InfoFile/Remuneration%20Committee%20Charter-1070327.pdf)

#### Note:

- (1) If a member of the remuneration committee resigns before the end of year, the date of resignation shall be noted in the column of remark. The ratio of the attendance in person (%) shall be counted by the number of the meeting of the remuneration committee in the period of service and such member's actual number of attendance in person.
- (2) If the remuneration committee is re-elected before the end of year, both new and old members of the remuneration committee shall be filled in, and the information that such member is an old or a new member as well as the date of re-election shall be noted in the column of remark. The ratio of the attendance in person (%) shall be counted by the number of the meeting of the remuneration committee in the period of service and such member's actual number of attendance in person.

**Summary Table of the Meetings Record for the Remuneration Committee:**

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Chao-Tang You (Dismissed on June 15, 2018)	Chen, Tsung-Ming	Fan, Kuang-SUNG	Chou, Po-Chiao (New Assumed on June 15, 2018)	Attendance Without Voting Rights
1	9	January 18, 2018	February 11, 2018	Review the Company's year-end bonuses of the managers for the year of 2018.	V	V	V		Yu, Tien-Jung Lan, Bo-Yu
2	1	March 13, 2019	March 27, 2019	Review the Company's appropriated amount for the remuneration of the directors and supervisors as well as compensation of the employees for the year of 2018.		V	V	V	Yu, Tien-Jung Lan, Bo-Yu

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Chou, Po-Chiao	Chen, Tsung-Ming	Fan, Kuang-SUNG	Attendance Without Voting Rights
1	2	January 8, 2019	January 18, 2019	Review the Company's year-end bonuses of the managers for the year of 2018.	V	V	V	Yu, Tien-Jung Lan, Bo-Yu
2	3	March 13, 2019	March 27, 2019	Review the Company's appropriated amount for the remuneration of the directors and supervisors as well as compensation of the employees for the year of 2018.	V	V	V	Yu, Tien-Jung Lan, Bo-Yu

## (V) Fulfillment Status of the Social Responsibilities:

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
I. Implementation of Corporate Governance				No deviation.
(I) Does the Company establish the corporate social responsibilities policies or system, and review its effectiveness of implementation?	V		(I) In order to fulfill the corporate social responsibilities and help forward the progress of the economics, environment and society to achieve the goal of the sustainable development, the Company has established the "Corporate Social Responsibilities Best Practice Principles" for compliance. Please refer to page 42 to page 51 for the specific implementation effectiveness.	
(II) Does the Company arrange the regular education or training for the social responsibilities?	V		(II) The Company's training department arranges various courses of education or training regularly and sets up the credit system. The certain credit points shall be obtained for the promotion of the position.	
(III) Does the Company set up the exclusively (concurrently) dedicated department to drive its corporate social responsibilities, and the board of director delegate the senior management level for handling, as well as report to the board of director its implementation status?	V		(III) In order to fulfill the concepts of the sustainable business, in 2016, we began to aim at the management of sustainability subjects to set up a concurrently "Corporate Social Responsibilities (CSR) Working Team" and the president is the convener. The management center is responsible for driving the related operation's execution. And the board of director has delegated the senior management level to deal with the relevant matters and the senior management level shall report the execution status to the board of director annually. The working team is divided into 5 fields according to the subjects and is constructed by the suitable functional managerial staffs and employees from each department, as well as hold the meeting regularly for discussion. The CSR working team is responsible for managing and executing the CSR policies and activities for Clevo Co., as well as preparing annual CSR report and publishing related matters.	
(二) Does the Company establish the reasonable			(1) Corporate Governance Team: Take charge of the	



Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
compensation policies, integrate the system of the employees' performance evaluation and the policies of its corporate social responsibilities, as well as set up explicit and effective systems of reward and punishment?			<p>Company's operation governance and finance related matters, including corporate governance, ethical management and compliance with laws etc.</p> <p>(2) Employee Care Team: Take charge of the employees' rights/benefits, education/trainings and compliance with labor laws.</p> <p>(3) Social Caring Team: Take charge of the corporate images, community participation and dealing with appeal.</p> <p>(4) Product Environment Team: Take charge of product lash, research/develop the green products and plan the policies and activities relating to environmental management for Clevo Co.</p> <p>(5) Customer Caring Team: Take charge of product responsibilities, maintaining the customer relationship and protecting the consumers' rights/benefit.</p> <p>(IV) Established according to Article 26 of the Article of Incorporation Continue to arrange the training and propagation relating to corporate social responsibilities for the Company's senior managerial staffs and employees, including labors, environment, health and safety, energy-saving and ethical norms, to enhance their awareness of social responsibilities.</p>	
<p>II. Develop the Sustainable Environment</p> <p>(I) Does the Company endeavor to utilize all resources more efficiency, and use the renewable materials that have less impact on the environment?</p>	V		<p>(I) Upon the requirement of environmental protection from energy-savings, for research and development of the new computers, the Company continually innovates new technology to reach the purpose of energy-saving, and has passed the certification of Energy Star 5.0. The Energy Star 5.0 has taken effect since July 1, 2009. Besides, the Company has also complied with various international standards for environmental protection,</p>	No deviation.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
(II) Does the Company establish the suitable environmental management systems upon its industrial characteristics?	V		such as Restriction on Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE). Also, it has effectively reduced the production and emission of the toxic materials in the process of production to fulfill the environmental protection and advocate the green technology.	
(III) Does the Company pay attention to the influences of climate changes on the business activities, and perform the examination of the greenhouse gases, as well as establish its policies for saving the energy and reducing the greenhouse gases?	V		<p>(II) The Company has classified the wastes according to laws. The management department collects the hazardous wastes, and then appoints the qualified waste handlers to process. The recyclable wastes are classified and recycled by every factory, and then are sold out or reused. The recyclable food wastes are recycled and processed by the certificated handlers. For the industrial waste water, the waste water recycling has been set up to save the water resources. Other rubbish from general life is handled by the environmental protection institution of the local government to utilize various resources more efficiently and reduce the impact on the environment step by step.</p> <p>(III)</p> <ol style="list-style-type: none"> <li>1. Make the posters in elevators and proclaim the environmental related issues with the electronic ticker.</li> <li>2. Encourage the colleagues to take the public transportation system to go to work.</li> <li>3. Stick large-scale poster in the gallery of the ground floor of the building, and plant the vegetation internally and externally to beautify the environment.</li> <li>4. The Company has examined the Taipei headquarter's greenhouse gases annually since 2015.</li> </ol> <p>The Electricity is the major energy consumption for the Company, so saving in the electricity consumption is an important link of the energy management for Clevo Co. In 2017, the Taipei headquarter building has been completely set up the smart meters at the main</p>	

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration (Note 2)	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No		
			<p>transformer room, central air conditioning room, pumping station and each floor's distribution board. Through accurate digital indication, any unusual circumstance of electricity consumption from every electricity meter will be reported back immediately by the network system so as to control and monitor the consumption of electricity.</p> <p>Besides, we usually conduct the energy-savings and carbon-reduction in details through the following management measures:</p> <p>(1) After turning on the electrical equipments, it is better to avoid leaving idle. After completing the jobs, the power shall be turned off.</p> <p>(2) When leaving the working places, the various lightings shall be turned off in order to save the electricity.</p> <p>(3) The temperature of the air conditioner shall be controlled within 26°C in the summer and 20°C in the winter, and it is forbidden to use air conditioner and open window simultaneously.</p> <p>(4) When the persons do not proceed the production activities in the suspended (disconnected) production places, the lighting shall be turned off.</p> <p>(5) New expansion project shall try its best to use the energy-saving equipment.</p> <p>(6) After getting off duty, the office supplies, such as personal computer, shall be turned off.</p> <p>(7) Execute the requirement for recycling the equipments' lubricants and waste oil strictly, and fulfill the saving in oil used reasonably.</p> <p>(8) The generator can only be used in the situation of power failure or insufficient supply of the mains electricity to reduce the use of diesel fuel.</p> <p>(9) Propagate the concept of petrol-saving to the</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
			<p>drivers of the official vehicles.</p> <p>(10) Install the solar panels on the roof. The aggregated electricity generation from the solar panels installed was 156,134 kWh as the end of the year (end of 2018). The emission of the greenhouse gases was reduced 104,423 kgCO<sub>2</sub>e.</p>	
<p>III. Safeguard the Society's Public Welfare</p> <p>(I) Does the Company establish the relevant management policies and procedures according to relevant regulations and International Bill of Human Rights?</p> <p>(II) Does the Company establish the appealing mechanisms and channels for employees, and deal with them properly?</p> <p>(III) Does the Company provide the employees a safe and healthy working environment, and arrange the regular trainings relating to safety and health?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company complies with relevant labor laws to protect the employees' legal rights/interests, and respects the basic labor human rights principles acknowledged internationally, including freedom of forming associations, rights of group negotiation, caring disadvantaged, prohibition of child labor, eliminating various type of unfree labor and the employment discrimination etc., without the circumstances to hurt the labors' basic rights. The employment policies of the Company have no discrimination against sex, race, marriage and family conditions to fulfill the equality on compensation, employment conditions, training and promotion opportunities.</p> <p>(II) The dedicated department for employees' appealing is the human resource department.</p> <p>(III)</p> <ol style="list-style-type: none"> <li>1. Arrange the health promotion activities to increase the colleagues' healthiness and prevent the diseases.</li> <li>2. Arrange the courses of the health lectures regularly to enhance the colleagues' healthy awareness and healthy behaviors.</li> <li>3. Arrange the safety and health trainings for new and existing labors to teach the colleagues to prevent the occupational diseases and have the</li> </ol>	<p>No deviation; The relevant activities are continually moving the progress.</p>

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
(IV) Does the Company establish the regular communication mechanisms with employees, and notify the probable significant influences of the operational changes on employees in an appropriate way?	V		<p>awareness of safety.</p> <p>4. Arrange the trainings for fire fighting and first aid regularly to enhance the general sense of the fire-fighting and the ability to deal with emergency.</p> <p>5. Enhance the quality of working environment for employees, carry out 5S training, arrange the factory's self-evaluation and auditing activities for 5S.</p> <p>6. Arrange the propagation to inform the injury and promote the safety for the contractor, maintain the quality of construction and enhance the safety of the operational places for colleagues.</p> <p>(IV) The Company holds the operational meeting regularly to publicize the Company's operational conditions and build up better channels of communication with employees.</p>	
(V) Does the Company establish the effective training programs of the career capability development for its employees?	V		<p>(V) According to business strategy and policies as well as functional development maps, the Company establishes the annual training programs that are suitable for each level and continually arrange various trainings and propagations.</p>	
(VI) Does the Company establish the related policies and complaint procedures to protect the consumers' rights/interests upon the flow of research/development, procurement, production, operation and service?	V		<p>(VI) The Company sets up the dedicated after-sales department to strengthen the relationship with customers and satisfy the customers' demands. The Company comprehensively implements and complies with the regulations for the protection of the consumers' rights/interests, and satisfaction of the customers is one of the Company's important strategies.</p>	
(VII) For the marketing and signs of the products and services, does the Company comply with the relevant	V		<p>(VII) The Company complies with the relevant regulations and international standards for handling.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Abstract Illustration (Note 2)							
(VIII) regulations and international standards? Before trading with a supplier, does the Company evaluate if such supplier has any historical record of influences on environment and society?	V		(VIII) The Company has good cooperative relationship with the suppliers. In the future, we will be able to cooperate to promote the corporate social responsibilities jointly.							
(IX) Do the contracts between the Company and its major suppliers contain the clauses to terminate at any time or dissolve the the contract in case the suppliers violate its corporate social responsibilities policies, and have significant influences on the environment and society?	V		(IX) The Company's external contracts are negotiated by the Company's legal office. The Company has absolute rights of negotiation.							
IV. Enhancing Information Disclosure (I) Does the Company disclose the relevant and reliable information relating to its corporate social responsibilities on its website and the Market Observation Post System?	V		The Company continually cares about its disclosure for the information relating to its corporate social responsibilities, and specify its policies and norms relating to its corporate social responsibilities according to relevant regulations of the competent authority. And its policies of the corporate social responsibilities are announced on its website to disclose to the public. The Company's website: <a href="http://www.clevo.com">http://www.clevo.com</a>	The Company will comply with relevant laws and principles for handling.						
<p>V. If the Company established its corporate social responsibilities principles upon the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please specify its implementation and deviation from its principles established: The Company has established the "Corporate Social Responsibilities Best Practice Principles" and the board of director has passed it on March 27, 2015. According to the relevant regulations of its principles, all chiefs of departments and colleagues are actively complying with this principles to drive the corporate governance, develop the sustainable environment and safeguard the society's public welfare. There is not deviation from its principles established.</p> <p>VI. Other important information to facilitate a better understanding of its corporate social responsibilities practices:</p> <p>1. Material Natural Disasters and Other Donations:</p>										
<table border="1"> <thead> <tr> <th>Year</th> <th>Note</th> <th>Amount Put In (Unit: NT\$)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>Sponsored the advertisement to the Alumni Association of National Taipei University of Technology</td> <td>30,000</td> </tr> </tbody> </table>					Year	Note	Amount Put In (Unit: NT\$)	2016	Sponsored the advertisement to the Alumni Association of National Taipei University of Technology	30,000
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Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
			200,000	
			3,000,000	
			20,000	
2017			10,000	
			10,000	
			20,000	
			100,000	
			199,000	
2018			49,500	
			150,000	
			3,000,000	
			100,000	
			20,000	
			10,000	
			1,000,000	
			391,500	
Total			8,310,000	

2. Upon the spirit of put itself in other's position, the Company cooperated with the Land Bank of Taiwan to sign a Public Welfare Trust Account with NT\$10 million to give an impetus to the social public welfare activities, which is paid in installments for five years.

3. Society Co-Prosperity

(1) Open up the employee canteen: There were 10,874 person-time from community's neighbors and nearby office building's persons in 2018 to have meal at the Clevo's employee canteen

(2) Philanthropies are free to set up stalls: Up to now, there are "Children Are Us Foundation", "Down syndrome Foundation", "Foundation for Autistic Children and Adults in Taiwan" and "Gofe Sheltered Workshop" etc. to set up stalls for selling. Up to the end of 2018, the Company has set up 5

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
<p>sessions of the stall activities.</p> <p>(3) Clevo Building Ubike Operation Station: 2018 statistics: the number of times used was 41,564, which reduced the carbon dioxide emissions by 4,156 kg/CO2 and was equivalent to plant 4,618 trees.</p> <p>(4) Blood Donations: Come With Clevo to Help Others: In 2018, the Clevo cooperated with the Taiwan Blood Services Foundation to jointly arrange the activity of "Healthy Blood Donations, Unlimited Enthusiasms" in the square of front side of the Clevo Building Hall, and invited its employees, nearby companies (Hongwell Group, DHL Supply Chain and IBASE Technology Inc.) as well as neighbors to participate. In 2017, there were 92 person-times to join the blood donation activities; total blood donated was 122 bags and total blood volume was 30,500 cc. In 2018, there were 2 blood donation activities; total blood raised was 222 bags.</p> <p>(5) Execution the Environmental Protection Day-to-Day: the computers, monitors and keyboards which are written off by employees will be sorted out the ones with normal appearance and usable functions to donate to the Green Miracle Public Welfare Platform. The total donations in 2018 were 5 units of computer mainframe, 84 units of notebook, 17 units of LCD monitor and 1 set of keyboard and mouse.</p> <p>(6) Love Earth By Using Eco-Friendly Tableware: Since December 2017, every employee has received the eco-friendly tableware set and 333 exercise mug. Since 2018, every new employee has received the eco-friendly tableware set and 333 exercise mug when they were on board.</p> <p>(7) Recycling Rubbish: In response to the government's spirit for classifying rubbish, the Clevo usually uses the slogans and bulletins to remind the colleagues to classify the rubbish. Every floor of Taipei headquarter sets up the dedicated area for recycling the resources. The Buddhist Compassion Relief Tzu Chi Foundation will bi-weekly collect the papers, plastics containers, waste batteries and packaging materials for recycling in order to reduce the rubbish. And the Tzu Chi will transform the recycled rubbish into resources. The Clevo's income from selling the recycled resources will be fully donated to the Tzu Chi for the purpose of charitable public welfare. In the latest 3 years, the incomes from selling the recycled resources are NT\$89,100, NT\$90,000 and NT\$90,000 in 2016, 2017 and 2018 respectively.</p> <p>4. 2018 Highlight Projects and Performances:</p> <p>(1) Disaster Prevention Cooperated by Private Enterprise and Government - The Clevo has signed the cooperation memorandum of enterprise disaster prevention with the Sanchong District Office. In view of the public welfare and social responsibilities, the Clevo shows its administrative organization and enterprise energy to assist the neighbor communities in promoting the sustainable efficiency of self-help and mutual-help, enhance its enterprise images and aptly fulfill its social duties in a better manner, that can be an example for governments, enterprises and the partners of disaster prevention in the communities. The cooperated items include:</p> <p>A. Supported the Backup Center of the Emergency Operation Center in Sanchong District.</p> <p>B. Supported the hardware facilities to the Disaster Forward Command Post in Sanchong District.</p> <p>C. Supported the staple merchandises for Disaster Prevention Park in Sanchong District.</p> <p>D. Donated the smoke alarms.</p> <p>(2) Donated the GUI invoices to the Genesis Social Welfare Foundation; total 857 pieces of the GUI invoices were raised in 2018.</p> <p>(3) Donated 500 units of smoke alarms to the Fire Department of the New Taipei City.</p>				



Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Illustration (Note 2)	
<p>(4) Visually Impaired Massage For Employee - The Company sympathizes the colleagues' toil and exalts its corporate social responsibilities, so one visually impaired masseur/or masseuse was set in every Friday afternoon originally to provide the body massage for all colleagues. Because this activity was responded enthusiastically, another schedule for massage has been increased in every Tuesday afternoon since February 2018 in order to enhance the employees' welfare, look after the disadvantaged, provide employment opportunity and aptly fulfill its corporate social responsibilities.</p> <p>(5) Promotion Activity for Visually Impaired Massage - In order to increase the employment opportunities for the disabled persons, cooperate to the Disability Section of the Labor Affairs Bureau of the New Taipei City and promote the Visually Impaired Massage Station, the Company specially held this promotion activity for visually impaired massage.</p> <p>(6) Caring For Employees' Health of Body and Mind: In order to enhance the employees' Welfare, the Company has set up the professional sports equipments for the use of employees to encourage employees to care for themselves' health and form a habit of exercise. The Company totally purchased one professional business-use treadmill, one spinning bike and one top massage chair for the use of all colleagues.</p> <p>(7) Increase Employees Welfare: Made new short-sleeved employee uniforms: select the functional cloth which is perspirable and ventilating, emphasize cutting and comfort to make the new short-sleeved employee uniforms.</p> <p>(8) Caring For Employee: Held year-end employee purchase preferential activity for LEAX limited products: Clevo employee purchased 54 units of earphones and 34 units of horns. Affiliates employee purchased 39 units of earphones and 17 units of horns.</p> <p>(9) The Company cares for employees by providing the colleagues the free of charge of coffee as well as comfortable environment so that the colleagues can duly release their pressure in the work. Daily average number of cups was 260 cups.</p> <p>(10) 2018 Year-End Delivering the Warmness: Solicit and donate clothes - In order to care for the disadvantaged, the Company solicited a total 15 cartons of the clean and no broken old clothes and donated to 3 charitable public welfare groups respectively: Yilan County AGAPE Care Association, Taipei City Mental Rehabilitation Family Association and New Job Social Service Center.</p> <p>The aforesaid affairs and results relating to the corporate social responsibilities will be disclosed on the Company's website regularly.</p>				
<p>VII. If the Company's report on corporate social responsibility has met the certification criteria of the relevant notified body, a description is required: The Corporate Responsibility Report for 2017 was issued by PwC Taiwan on August 31, 2018 in accordance with GRI4.0.</p>				

(VI) Ethical Corporate Management and Measures:  
Ethical corporate management by the Company is as follows:

Evaluation Criteria	Implementation Status (Note 1)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
<p>I. Develop the Policies and Programs for Ethical Corporate Management</p> <p>(I) Has the Company expressed its policies and practices for ethical corporate management in its regulations and external documents, as well as the commitment of the Board of Directors and management to actively implement ethical corporate management?</p> <p>(II) Has the Company developed a plan to prevent dishonesty, and specify operating procedures, behavioral guidelines, disciplinary and grievance systems for violations in each program, and put them in place?</p> <p>(III) Has the Company taken preventive measures against the business activities with high risk of dishonesty described in the second paragraph of Article 7 of the Ethical</p>	V		<p>(I) In order to align the Company's directors and managers with ethical standards, and to make the Company's stakeholders more aware of its ethical standards, the Company has formulated the Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct.</p> <p>According to the systems for director's avoidance of conflict of interest set out in the Procedural Rules of the Board of Directors Meetings, for matters that are of interest to a director or the legal person he/she represents, and that are harmful to the interests of the Company, the director shall not participate in the discussions for and voting on those matters.</p> <p>(II) The Procedures for Ethical Management and Guidelines for Conduct have been established in accordance with the business philosophy and policies of the Company's Ethical Corporate Management Best Practice Principles, and reported to the shareholders' meeting. The current practice is based on the spirit of the Procedures for Ethical Management and Guidelines for Conduct. The Company has specifically notified its personnel of the matters to which attention should be paid to in the transaction of business.</p> <p>(III) The precautionary measures against offering and accepting bribes, and providing illegal political donations have been adopted in the Company's</p>	No deviation.

Evaluation Criteria	Implementation Status (Note 1)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or within the scope of other business activities?			Procedures for Ethical Management and Guidelines for Conduct. The Company's administrative management center, in addition to amending the Procedures for Ethical Management and Guidelines for Conduct, is put in charge of supervising the implementation thereof.	
I. Implementation of Ethical Corporate Management				No deviation.
(I) Does the Company assess the integrity records of the counter parties, and specify the terms of good faith in its contracts with the counter parties?	V	(I)	In addition to complying with the Company's Procedures for Ethical Management and Guidelines for Conduct, when entering into a commercial contract with other parties, in addition to fully understanding their status about ethical corporate management, the contract shall be performed in good faith; Before signing a contract, ethical corporate management will be included in the terms of the contract if the Company deems it necessary subject to amendments thereto in light of the type of the contract.	
(II) Has the Company set up a special (part-time) position under the Board of Directors that promotes ethical corporate management, and reports to the Board of Directors on a regular basis?	V	(II)	The dedicated department to drive the Company's ethical manage is the management center, who shall cooperate with audit office to establish the relevant regulations. And the president will act as convener to handle the amendment, implementation, explanation and consultative services for the "Procedures for Ethical Management and Guidelines for Conduct" as well as announce its contents, registration and filing etc., and shall supervise its implementation. The dedicated department shall annually report to the board of direct for its implementation status. Provide a proper presentation channel to prevent conflicts of interest.	

Evaluation Criteria	Implementation Status (Note 1)		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
(III) Has the Company developed a policy to prevent conflicts of	V	(III)	<p>The Company has formulated the Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct in 2015.</p> <p>2018 implementation status of the ethical management has been reported to the board of director on March 27, 2019. Its implementation status is as follows:</p> <ol style="list-style-type: none"> <li>1. After the new employees of Company are trained, they shall sign the documents relating to the ethical management and the ethical conduct, including "Employee Confidentiality Agreement", "Honesty and Self-Discipline Commitment", "Employee Self-Discipline Convention" and "Employee Declaration". In 2018, 101 person-time of new employees signed these documents; the signing ratio was 100%.</li> <li>2. The Company propagates the norms relating to ethical conduct and ethical management to its employees on the Company's internal web page.</li> <li>3. The employees can react or report the illegal acts through smoothly multi-channels to every management level and human resource department. And the Company actively declares its ethical management policies and its implementation status on its website and annual report. In 2018, there is no occurrences of illegal acts reported through hotline or e-mail.</li> </ol> <p>The Company is planning the trainings relating to ethical management for all employees in 2019.</p> <p>The Company's Board of Directors shall exercise</p>

Evaluation Criteria	Implementation Status (Note 1)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
<p>interest, provided a proper presentation channel, and put such policy in place?</p> <p>(IV) Has the Company established an effective accounting system and internal control system for the ethical corporate management, assigned internal auditing unit to review such systems, or entrusted CPAs with such review?</p>	V	(IV)	<p>due care of a good administrator in supervising the Company to prevent dishonesty, and review the implementation effectiveness and continuous improvement at any time to ensure that ethical corporate management policy is put into effect. In order to prevent conflicts of interest and avoid seeking personal gain, the Codes of Ethical Conduct has been passed by the Board of Directors, moreover, it is explicitly stipulated in the Procedural Rules of the Board of Directors Meetings and the Procedures for Ethical Management and Guidelines for Conduct of the Company that directors should be highly self-disciplined, and account for any proposed matter for consideration at the meeting of the Board of Directors if he/she or the legal person he/she represents may be interested therein. A director shall not participate in the discussions and voting, nor shall he/she exercise his/her own vote or by proxy on behalf of another director if the aforesaid conflicts of interest impair the interest of the Company.</p> <p>The Company has established a complete and effective internal control system, relevant management regulations, accounting systems, Ethical Corporate Management Best Practice Principles, etc., which are implemented and reviewed at any time to ensure that the design and implementation of the systems are effective. Internal auditors check business activities at regular intervals every year. If there is any act of dishonesty, an audit report will be made and reported to the Board of Directors.</p>	

Evaluation Criteria	Implementation Status (Note 1)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?	V		(V) The management center organizes educational training for newcomers (including the concept of ethical corporate management) at regular intervals. 2018 implementation status of the Company is as follows: 1. <u>After the new employees of Company are trained, they shall sign the documents relating to the ethical management and the ethical conduct, including "Employee Confidentiality Agreement", "Honesty and Self-Discipline Commitment", "Employee Self-Discipline Convention" and "Employee Declaration". In 2018, 101 person-time of new employees signed these documents; the signing ratio was 100%.</u> <u>The Company propagates the norms relating to ethical conduct and ethical management to its employees on the Company's internal web page.</u>	
III. Operation of the Company's Whistle-blowing System (I) Has the Company put in place the specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?	V		(I) When a director, supervisor or manager violates the Codes of Ethical Conduct, he/she shall be reported to the Board of Directors for treatment. The Board of Directors shall appoint one or more persons to investigate his/her behavior. In case of any violation, the Board of Directors may punish him/her depending on the seriousness of the case. Information such as the title, name, date of violation, cause, the guidelines which have been violated, and punishment about the person who has violated the Codes of Ethical Conduct should be disclosed immediately on the Market Observation Post System if such violation is material. Those who violate ethical standards may	No deviation.

Evaluation Criteria	Implementation Status (Note 1)		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
(II) Has the Company set the investigation standards, operating procedures and related confidentiality mechanisms for reporting events?	V	(II)	<p>appeal to the Board of Directors. The Company encourages internal and external personnel to report on unfaithful behavior or misconduct, and pay bonuses to them at its own discretion depending on the seriousness of the case. Any internal personnel who are found to have fraudulently reported or made malicious allegations, should be subject to disciplinary punishment, up to and including termination. The Company has established and announced internal independent mailboxes or special lines for complaints on the Company's website and the Intranet, or has other external independent agencies to provide such mailboxes and special lines for use by internal and external personnel.</p> <p>The mechanisms for operations and confidentiality have been formulated in accordance with the Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct.</p>
(III) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?	V	(III)	<p>Keep the identity of whistleblowers and reports in confidentiality. When discovering or receiving reports on dishonest acts of the Company's personnel, the Company should immediately find out the truth. If the violators can produce any evidence indicating that they have not violated the Company's regulations, they can immediately appeal to the Administrative Management Center. If it is confirmed that the violators are in violation of the relevant laws or the Company's policies and regulations for ethical corporate</p>

Evaluation Criteria	Implementation Status (Note 1)		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
			<p>management, they are required to immediately stop the relevant act, and subject to disciplinary actions; a claim for damages will be made by the Company if necessary through legal proceedings to maintain the Company's reputation and interests.</p> <p>The Company guarantees that the identity of the individuals lodging complaints or whistle-blowers, and the information provided by them will be kept in absolute confidentiality in accordance with the laws, and they will not be punished for reporting. .</p> <p>Contact information: Reporting mailboxes Chinese: 24199 三重郵局第 3-96 號信箱 English: P.O.BOX 3-96 Sanchong New Taipei City 24199 Taiwan (R.O.C.) E-Mail address : audit@clevo.com.tw Special line: (02)2995-0299</p>
<p>IV. Enhancing Information Disclosure</p> <p>(I) Has the Company disclosed the contents and implementation effectiveness of the Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?</p>	V		<p>The Company has disclosed the information relating to its corporate governance and ethical management on its website and the address is <a href="http://www.clevo.com.tw">http://www.clevo.com.tw</a>.</p>
<p>If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles: No difference.</p>			
<p>V. Other important information helpful for better understanding of ethical corporate management: (such as the review of and amendments to the Ethical Corporate Management Best Practice Principles, etc. :</p> <ol style="list-style-type: none"> <li>1. The Company's "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" which were established on March 27, 2015 has been amended with the approval of the board of director dated on March 27, 2018, and have been reported to the shareholders' meeting according to laws.</li> <li>2. The Company complies with the Company Act, Securities and Exchange Act, the relevant laws and regulations related to listing or other codes of business conduct as the basis for the implementation of ethical corporate management.</li> <li>3. According to the systems for director's avoidance of conflict of interest set out in the Procedural Rules of the Board of Directors Meetings, for proposals submitted to</li> </ol>			



Evaluation Criteria	Implementation Status (Note 1)		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>a meeting of the Board of Directors that are of interest to a director or the legal person he/she represents, the director may express his/her opinions and answer questions, but he/she shall not participate in the discussions for and voting on those proposals, nor shall he/she exercise his/her own vote or by proxy on behalf of another director if the aforesaid conflicts of interest impair the interest of the Company.</p> <p>4. The Operating Procedures for Handling Major Internal Information developed by the Company specifically stipulate that directors, managers and servants are not allowed to disclose the major internal information they are aware of to others, and may not inquire about or collect the unrevealed and major internal information irrelevant to personal duties from those who are aware of the major internal information within the Company. No unrevealed and major internal information acquired not through conduct of business shall be disclosed to others.</p>			

(VII) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles:

1. In order to establish a good corporate governance system, the Company has established the Corporate Governance Best Practice Principles which shall be followed by all the members of the Company.
2. In order to align the Company's directors, supervisors and managers with ethical standards, and to make the Company's stakeholders more aware of its ethical standards, the Company has formulated the Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct.
3. In order to establish a good mechanism for handling and disclosing major internal information of the Company, to avoid improper disclosure of information, to ensure the consistency and correctness of the information made publicly available by the Company, and to strengthen the prevention and management of insider trading, the Company has established the Operating Procedures for Handling Major Internal Information and Prevention of Insider Trading which shall be followed by all the employees.
4. Please visit <http://www.clevo.com.tw> for the related codes or management procedures.

(VIII) Other important information that is sufficient to improve the understanding of corporate governance operations shall also be disclosed: The information about corporate governance on the Company's website can be assessed at [https://www.clevo.com.tw/group\\_company.asp?id=51&lang=tw](https://www.clevo.com.tw/group_company.asp?id=51&lang=tw).

(IX) Implementation Status of Internal Control Systems  
1. Statement of Internal Control.

CLEVO CO.

Statement of Internal Control System

Dated March 27, 2019

Based on the self-assessment of the Company's internal control system for 2018, we declare that:

- I. The establishment, implementation and maintenance of an internal control system are the responsibility of the Company's Board of Directors and management. The Company has established such a system, designed to provide reasonable assurance with respect to the effectiveness and efficiency of business operations (including profitability, performance and safeguarding of assets), the preparation of reliable, timely and transparent financial statements, and their compliance with the relevant rules and regulations.
- II. An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above goals. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the Company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified.
- III. The Company examined the design and effective implementation of its internal control system according to the criteria prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (called the Regulations below). The "Regulations" divide internal control into five constituents in line with the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervision. Each constituent contains several criteria. Please refer to the "Regulations" for details.
- IV. The Company has evaluated the effectiveness of design and implementation of its internal control system in accordance with the above criteria.
- V. Based on the results of examination, the Company believes that the design and implementation of its internal control system dated December 31, 2018 (including supervising and managing its subsidiaries), consisting of the effectiveness and efficiency of business operations, the preparation of reliable, timely and transparent financial statements, and their compliance with the relevant rules and regulations, are effective, and reasonably assure the achievement of the aforementioned goals.
- VI. This Statement will be a major part of the Company's annual report and prospectus, and will be made publicly available. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Company's Board of Directors at the meeting held on March 27, 2019, at which this Statement was unanimously endorsed by all 6 attending directors without any opposing opinions.

CLEVO CO.

Chairman: Hsu, Kun-Tai

General Manager: Tsai, Ming-Hsien

Note 1: If there is a major deficiency in the design and implementation of the internal control systems of public companies identified in the year, the explanatory paragraph should be added to Paragraph 4 of the Statement of Internal Control System to list and explain the major deficiency found in the self-assessment, the improvement actions taken by the Company by the balance sheet date, and improvements.

Note 2: The date of statement is the "end of the fiscal year".

2. If accountants are entrusted with review of the internal control system, the review report issued by the accountants shall be disclosed: None.

(X) In the most recent year and up to the date of publication of the annual report, if the Company and its internal personnel have been punished according to law, and the punishment has been imposed on internal personnel by the Company for violation of the internal control systems, major defects and improvements: No.

(XI) Important resolutions passed at the meetings of shareholders and the Board of Directors in the most recent year and up to the date of publication of the annual report.

1. The significant resolutions passed at the general meeting of the Company held on June 15, 2018, and implementation are as follows:

(1) Reports on Company Affairs

Subject 1: Business Report for 2017

Subject 2: Review of the report on final accounts for 2017 by supervisors

Subject 3: Report on payment of compensation to employees, directors and supervisors in 2017

Subject 4: Report on the Implementation of Treasury Stock of Our Company

Subject 5: Report on the amendments to the Company's Procedural Rules of the Board of Directors Meetings.

Subject 6: Amendments to the Ethical Corporate Management Best Practice Principles by the Company.

Subject 7: Report on amendments to the Procedures for Ethical Management and Guidelines for Conduct made by the Company.

Subject 8: Report on amendments to the Codes of Ethical Conduct made by the Company.

(2) Matters to be Ratified

Subject 1: Adoption of the final accounts of 2017 for the Company.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

Subject 2: Adoption of the Statement for Distribution of Earnings for 2017.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

(3) Discussions

Subject 1: Discussion about payment of cash out of capital reserves.

Progress: This proposal has come into effect after being passed at the shareholders' meeting. Cash was paid out of the capital reserves from the ordinary shares issued at a premium in excess of par value, equivalent to NTD 546,530,400 by August 3, 2018.

Subject 2: Discussion about the amendments to the Articles of Association of the Company.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

Subject: 3 Discussion about the amendments to the Procedures for Acquisition or Disposal of Assets.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

Subject 4: Discussion about establishment of the Procedures for Transactions

in Derivative Financial Products by the Company.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

Subject 5: Discussion about the amendments to the Procedures for Lending Funds to Others.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

Subject 6: Discussion about the amendments to the Procedures for Endorsement & Guarantee of the Company.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

Subject 7: Discussion about the amendments to the Procedures for Election of Directors and Supervisors of the Company.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

(3) Election

Subject: Adoption of the election of directors (including independent directors).  
The election results are as follows:

4 directors:

No.	Full name	Votes for election
1	Hsu, Kun-Tai	558,518,888
13	Tsai, Ming-Hsien	556,218,968
12198	Lin, Mao-gui	406,037,888
20204	Chien, Yih-Long	406,037,888

3 independent directors:

No.	Full name	Votes for election
D101XXXXXX	Chou, Po-Chiao	408,816,888
D100XXXXXX	Chen, Tsung-Ming	406,037,888
J102XXXXXX	Fan, Kuang-SUNG	406,037,888

(3) Discussions II

Subject: Limitation on discharge of new directors and their representatives from non-compete obligations.

Progress: This proposal has come into effect after being passed at the shareholders' meeting.

2. Important resolutions passed at the meetings of the Board of Directors in the most recent year and up to the date of publication of the annual report:

Attendance by directors and supervisors: V =attendance, blank=absence

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director					Independent Director		Supervisor		Attend ANCE Without Voting Rights
					Hsu, Kun-Tai	Tsai, Ming-Hsien	Yu, Tien-Jung	Lin, Mao-gui	Chien, Yih-Long	Chen, Tsung-Ming	Fan, Kuang-SUNG	Tung Ling Li, Chu-Hsin	Lu, Jin-zong	
1	17	2018.02.08	2018.02.08	1. The Company proposed to repurchase its shares for transfer to employees for the first time in 2018	V	V	V	V	V	V	V	V	V	Wu, Mai Tsai, Qiu-Ling
2	18	2018.03.08	2018.03.27	1. Report on the implementation of the resolutions passed at the sixth meeting of the Board of Directors in 2017, and at the first meeting thereof in 2018. 2. Report on internal audit of business. 3. Adoption of the Company's final accounts and Business Report for 2017. 4. Adoption of and discussion about the distribution of remuneration to employees, directors and supervisors for 2017 reviewed by the Company's Remuneration Committee. 5. Adoption of the Statement for Distribution of Earnings for 2017. 6. Adoption of payment of cash out of capital reserves. 7. In order to cooperate with the accountant rotation policy of PwC Taiwan, it is proposed to change the CPAs who issue financial reports to the Company. 8. Adoption of amendments to the Articles of Association of the Company. 9. Passed the amendment to the Company's "Procedure for the Acquisition or Disposal of Assets". 10. Adoption of the amendments to the Procedures for Transactions in Derivative Financial Products by the Company. 11. Passed the amendment to the Company's "Procedure for the Lending Funds to Others". 12. Passed the amendment to the Company's "Procedure for the Endorsements and Guarantees". 13. Adoption of the amendments to the Procedures for Election of Directors and Supervisors of the Company. 14. Adoption of the amendments to the Company's Procedural Rules of the Board of Directors Meetings. 15. Adoption of the amendments to the Ethical Corporate Management Best Practice Principles 16. Adoption of the amendments to the Procedures for Ethical Management and Guidelines for Conduct made by the Company. 17. Adoption of the amendments to the Operating Procedures for Handling Major Internal Information and Prevention of Insider Trading. 18. Adoption of the amendments to the Operating Procedures for Application for Suspending and Resuming Transactions 19. Adoption of the amendments to the Remuneration Committee Charter of the Company. 20. Adoption of the enactment of the Remuneration Committee Charter. 21. A proposal of the Statement of Internal Control Systems for 2017. 22. Issuance of the Statement of Internal Control based on the self-assessment results. Adoption of the agenda for convening the general meeting for 2018, and the relevant operations. 23. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	V	V	Wu, Mai Tsai, Qiu-Ling Feng, Min-Juan Wu, Han-Chi

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director					Independent Director		Supervisor		Attend ANCE Without Voting Rights
					Hsu, Kun-Tai	Tsai, Ming-Hsien	Yu, Tien-Jung	Lin, Mao-gui	Chien, Yih-Long	Chen, Tsung-Ming	Fan, Kuang-SUNG	Tung Ling Li, Chu-Hsin	Lu, Jin-zong	
3	19	2018.04.03	2018.04.03	1. The Company proposed to repurchase its shares for transfer to employees for the second time in 2018	V	V	V	V	V	V	Chen Tsung Ming Tai	V	V	Wu, Mai Tsai, Qiu-Ling
4	20	2018.04.23	2018.05.04	1. Report on the implementation of the resolutions passed at the second and third meetings of the Board of Directors in 2018. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Report on issuance and transfer of treasury shares. 5. Adoption of the Company's financial report for the first quarter of 2018. 6. Adoption of a list of candidates for the directors (including independent directors) nominated for review by the Board of Directors. 7. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	V		Wu, Mai Tsai, Qiu-Ling Feng, Min-Juan

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director				Independent Director			Attend ANCE Without Voting Rights
					Hsu, Kun-Tai	Tsai, Ming-Hsien	Lin, Mao-gui	Chien, Yih-Long	Chou, Po-Chiao	Chen, Tsung-Ming	Fan, Kuang-SUNG	
5	1	2018.06.15	2018.06.15	1. Election and appointment of the chairman and vice chairman of the Company	V	V	V	V	V	V	V	Yu, Tien-Jung Wu, Mai Tsai, Qiu-Ling
6	2	2018.06.15	2018.06.25	1. Report on the implementation of the resolutions passed at the fourth and fifth meetings of the Board of Directors in 2018. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Adoption of the proposed appointment of the members of the Remuneration Committee. 5. Passed the establishment of the Company's "Procedure for the Meeting of the Audit Committee". 6. Adoption of the proposed purchase of liability insurance for the Company's directors, supervisors and officers. 7. Adoption of the proposed ex dividend date for 2018 8. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	Yu, Tien-Jung Wu, Mai Tsai, Qiu-Ling
7	3	2018.07.31	2018.08.13	1. Report on the implementation of the resolutions passed at the sixth meeting of the Board of Directors in 2018. 2. Report on internal audit of business. 3. Passed the Company's financial statements for the second quarter of 2018. 4. Passed the base date for the capital reduction by the cancellation of treasury shares. 5. Passed the Company's proposal of endorsements and guarantees. 6. Passed the amendment to the procedure of the Company's relevant internal control operation in order to tie in with the establishment of the Company's audit committee. 7. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions. 8. Adoption of reappointment of the general manager.	V	V	V	V	V	V	V	Yu, Tien-Jung Wu, Mai Tsai, Qiu-Ling Feng, Min-Juan

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director			Independent Director			Attend ANCE Without Voting Rights
					Hsu, Kun-Tai	Tsai, Ming-Hsien	Chien, Yih-Long	Chou, Po-Chiao	Chen, Tsung-Ming	Fan, Kuang-SUNG	
8	4	2018.09.13	2020.09.21	3. Report on the implementation of the resolutions passed at the seventh meeting of the Board of Directors in 2018. 4. Report on internal audit of business. 5. Adoption of joint development of the land in Taipei City evaluated by the Company and the Hongwell Co., Ltd. 6. Passed the Company's proposal of endorsements and guarantees. 7. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V		Yu, Tien-Jung Wu, Mai Tsai, Qiu-Ling Feng, Min-Juan
9	5	2018.10.30	2018.11.14	1. Report on the implementation of the resolutions passed at the eighth meeting of the Board of Directors in 2018. 2. Report on internal audit of business. 3. Passed the Company's financial statements for the third quarter of 2018. 4. Passed the base date for the capital reduction by the cancellation of treasury shares. 5. Adoption of the proposal to repurchase the Company's shares for transfer to employees for the third time in 2018. 6. Passed the proposal for benefit evaluation of the Group's asset activation. 7. Passed the Company's proposal of endorsements and guarantees. 8. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions. 9. Adoption of the proposed syndicated loans of NTD 6 billion with a term of five years raised for CLEVO by Taiwan Cooperative Bank as the coordinator and arranger. 10. Passed the Company's 2018 audit plan. 11. Adoption of the proposed changes to the Company's audit supervisor	V	V	V	V	V	V	Yu, Tien-Jung Wu, Mai Tsai, Qiu-Ling Yi-Mei Liu Feng, Min-Juan
10	6	2019.06.18	2019.03.27	1. Report on the implementation of the resolutions passed at the ninth meeting of the Board of Directors in 2018. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Report on issuance and transfer of treasury shares. 5. Report on appraisal of performance of the Board of Directors in 2018. 6. Report on implementation of ethical corporate management by the Company in 2018. 7. Passed the Company's financial statements and business report for the year of 2018. 8. Adoption of and discussion about the distribution of remuneration to employees and directors for 2018 reviewed by the Company's Remuneration Committee. 9. Passed the appropriation of the Company's 2018 earnings. 10. Adoption of payment of cash out of capital reserves. 11. Adoption of a list of candidates for the directors nominated and review of the nominations by the Board of Directors. 12. Adoption of the appointment of the governance officer by the Company. 13. Passed the evaluation for the independence and professional	V	V	V	V	V	V	Yu, Tien-Jung Wu, Mai Yi-Mei Liu Feng, Min-Juan



Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director			Independent Director			Attend ANCE Without Voting Rights
					Hsu, Kun-Tai	Tsai, Ming-Hsien	Chien, Yih-Long	Chou, Po-Chiao	Chen, Tsung-Ming	Fan, Kuang-SUNG	
				<p>qualifications of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".</p> <p>14. Adoption of amendments to the Articles of Association of the Company.</p> <p>15. Passed the amendment to the Company's "Procedure for the Acquisition or Disposal of Assets".</p> <p>16. Adoption of the amendments to the Procedures for Transactions in Derivative Financial Products by the Company.</p> <p>17. Passed the amendment to the Company's "Procedure for the Lending Funds to Others".</p> <p>18. Passed the amendment to the Company's "Procedure for the Endorsements and Guarantees".</p> <p>19. Adoption of amendments to the Procedures for Transfer of Shares to Employees by Buyback of the Company.</p> <p>20. Adoption of establishment of the Standard Operating Procedures for Handling Directors' Requirements.</p> <p>21. Adoption of amendments to the Procedures for Appraisal of Performance of the Board of Directors.</p> <p>22. Adoption of amendments to the Corporate Governance Best Practice Principles of the Company.</p> <p>23. Passed the Company's 2018 internal control system, and the statement of internal control system issued upon the result of self-evaluation.</p> <p>24. Adoption of the endorsement &amp; guarantee made by the Company.</p> <p>25. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.</p> <p>26. Adoption of the agenda for convening the general meeting for 2019, and the relevant operations.</p>							

- (XII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition expressed by directors or supervisors about the significant resolutions passed by the Board of Directors that has been noted in the records or declared in writing: None.
- (XIII) Summary of the resignation and removal of the Company's chairman, general manager, chief accountant, treasurer, internal audit supervisor and R&D supervisor in the most recent year and up to the date of publication of the annual report: None.

Date: April 30, 2019

Title	Full name	Date Assumed	Date Dismissed	Reasons for Resignation or Dismissal
Chief Internal Auditor	Tsai, Qiu-Ling		November 14, 2018	Reached the ages of retirement
Chief Internal Auditor	Yi-Mei Liu	November 14, 2018		

Note: The "Relevant Persons of the Company" refer to chairperson, president, chief of accounting, chief of finance, chief internal auditor and chief of research and development etc.

**V. Information about Certification Fees for CPAs**

Range of Certification Fees for CPAs (Please check the matching range or fill in the amount)

Name of accounting firms	Name of CPAs		Audit Period	Remarks
PwC Taiwan	Feng, Min-Juan	Wu, Han-Chi	2018.01.01~2018.12.31	None

Note: If the Company has CPAs or the accounting firm replaced during the year, please list the audit period, and describe the reasons for replacement in the remarks column.

Unit: NTD thousand

Range of amount		Item of fees	Audit fees	Non-audit fees-business registration	Total
1	Below 2,000				
2	2,000 (inclusive)~4,000		3,300	50 (Note)	3,350
3	4,000 (inclusive)~6,000				
4	6,000 (inclusive)~8,000				
5	8,000 (inclusive)~10,000				
6	Over 10,000 (inclusive)				

Note: Go through the procedures for changes to registration of capital decrease for cancellation of treasury shares.

- (I) If the non-audit fees paid to the CPAs, the accounting firms the CPAs work for and their affiliated companies accounting for more than one fourth of the audit fees, the amount of audit and non-audit fees, and non-audit services shall be disclosed: None.
- (II) If the audit fees paid during the year when the accounting firm is replaced are less than the previous year, the amount of the audit fees before and after the replacement, and the reasons for reduction shall be disclosed: None.
- (III) If the audit fees are reduced by more than 15% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: None.

## VI. Information about Replacement of CPAs:

### (I) Former CPAs

Replacement Date	2018.03.27		
Reasons for Replacement	Due to the rotation policy of PwC Taiwan, the Company has replaced the former CPA, Chang, Ming Hui, with the CPA, Wu, Han-Chi, from the first quarter of 2018.		
The term of office for the appointor or accountant is terminated or he/she does not accept the appointment	Parties	CPAs	Appointor
	Situation		V
	Voluntary termination of appointment		
	No further acceptance (continuation) of appointment		
Comments and reasons for review reports without qualified opinions issued within the period of most recent two years	No unqualified opinions expressed in 2016 No unqualified opinions expressed in 2017 No unqualified opinions expressed in 2018		
Is there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Verification scope or steps
			Others
	No	V	Description: not applicable
Other disclosures (The matters referred to in Articles 10.6(1)-4 to 7 of these Principles shall be disclosed)	<p>(1) If the former CPA has informed the Company that a lack of a sound internal control system rendered its financial reports untrusted: Non.</p> <p>(2) If the former CPA has informed the Company that he/she could not rely on the Company's statement or was unwilling to have any connection with the Company's financial reports: Non.</p> <p>(3) If the former CPA has informed the Company that it was necessary to expand the scope of audit, or the information indicated that the expansion of the scope of the audit would impair the credibility of the previously issued or forthcoming financial reports, however, the former CPA did not expand the scope of the audit due to replacement or other reasons: No.</p> <p>(4) If the former CPA has informed the Company that the credibility of the previously issued or forthcoming financial reports may be impaired based on the information gathered, however, the former CPA did not deal with such matter due to replacement or other reasons: No.</p>		

### (II) Successive CPAs

Name of accounting firm	PwC Taiwan
Name of CPAs	Feng Min Chuan
Date of appointment	2018.03.27
Accounting treatment methods or accounting principles for specific transactions, and advisory matters and results that may be issued for financial reporting prior to appointment	None
Written opinions of the successive accountants different from those of the former accountants	None

(III) Replies from the former accountants to the matters referred to in Article 10, paragraph 6(1) and (2)-3 of these Principles: Not applicable.

**VII. If the chairman, general manager, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year, his/her name, title and the period working for the accounting firm or the affiliated enterprises: None. The affiliated companies of the accounting firm to which CPAs belong refer to the companies or institutions in which the accounts of the accounting firm CPAs work for hold more than 50% of the shares, or hold positions of more than half of the directors, or which are called affiliated companies in the information published or printed by the accounting firm: None.**

**VIII. Information about the shares transferred by and changes to the shares pledged by the directors, supervisors, managers and the shareholders holding more than 10% of shares in the most recent year and up to the date of publication of the annual report**

(I) Changes to the shares held by directors, supervisors, managers and majority shareholders:

Title	Full name	2018		From the current fiscal year up to 4/20	
		Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in	Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in
Chairman	Hsu, Kun-Tai	-	-	-	-
Vice Chairperson and President	Tsai, Ming-Hsien	(65,000)	-	-	-
Director and Executive Vice President	Chien, Yih-Long	-	-	-	-
Independent Director	Chou, Po-Chiao	-	-	-	-
Independent Director	Chen, Tsung-Ming	-	-	-	-
Independent Director	Fan, Kuang-SUNG	-	-	-	-
Senior Vice President	Zhang, Fu-Ming	-	-	-	-
Senior Vice President and Chief of Finance/Accounting	Yu, Tien-Jung	-	-	-	-
Vice President	Fan, Guang-Hui	-	-	-	-
Vice President	Li, Wen-Hua	-	-	-	-
Vice President	Chen, Hsueh-Wen	-	-	-	-
Vice President	Zheng, Wen-Bin	-	-	-	-
Vice President	Wu, Mai	-	-	-	-
Senior Assistant Vice President	Zhang, Wen-Song	-	-	-	-

Title	Full name	2018		From the current fiscal year up to 4/20	
		Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in	Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in
Senior Assistant Vice President	Wang, Feng-Zhu	- (96,000)	-	-	-
Senior Assistant Vice President	Lin, Nan-Sheng	4,000	-	-	-
Senior Assistant Vice President	Zhong, Wen-Qin	-	-	-	-
Senior Assistant Vice President	Zheng, Yu-Ming	-	-	-	-
Senior Assistant Vice President	Lin, Sheng Xiang	-	-	-	-
Assistant Vice President	Chen, Zong-Zhi	-	-	-	-
Assistant Vice President	Lin, Guan-Yan	- (1,000)	-	-	-
Assistant Vice President	Lin, Liang-Shi	-	-	- (14,000)	-
Assistant Vice President	Wang, Zhen-Xiong	-	-	-	-

Note 1: Shareholders holding more than 10% of the Company's shares should be indicated as major shareholders, and listed separately.

Note 2: if the transferee or pledgee of shares is a related party, the following form shall be filled out.

(II) Information about equity transfer:

Name (Note 1)	Reasons for equity transfer (Note 2)	Trade date	Counter parties	Relationship between counter parties and the Company, its directors, supervisors, and major shareholders holding more than 10% of the shares	Number of shares	Transaction price
Tsai, Ming-Hsien	Bestowal	August 6, 2018	Tsai Ju-Ya	First-degree relatives (children)	65,000	33.30

Note 1: Fill out the name of the directors, supervisors, managers and shareholders holding more than 10% of the shares.

Note 2: acquisition or disposal of.

(III) Information about pledge of stock rights: None.

**IX. Information about the Relationships among Top Ten Shareholders, Such as Related Parties, Spouses or Relatives within the Second-degree of Kinship.**

April 20, 2019

Name (Note 1)	Number of shares held in person		Shares held by spouse and minor children		Total number of shares held in the name of others		Name of a related party, spouse or second-grade relative, and relationships among top ten shareholders (Note 3).		Remark
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Company name (or personal name)	Relationship	
Hsu, Kun-Tai	51,701,335	7.72%	16,371,784	2.44%	0	0%	Lin Feng Chu Hsu Fu Chia Hsu Yue Hyuan Hsu Li Hsin Hsu Cheng Hsin	Spouse First-degree relative Second-degree relative First-degree relative First-degree relative	-
Hsu Fu Chia	33,642,454	5.02%	6,306,196	0.94%	0	0%	Hsu, Kun-Tai Hsu Yue Hyuan Lin Feng Chu Hsu Li Hsin Hsu Cheng Hsin	First-degree relative First-degree relative First-degree relative Second-degree relative Second-degree relative	-
Huatai Investment Co., Ltd. Person in charge: Hsu Kun Tai	31,046,144	4.64%	0	0%	0	0%	Hsu, Kun-Tai Lin Feng Chu Hsu Fu Chia	Person in charge of the Company Second-degree relatives of the Company's representative First-degree relatives of the Company's representative	-
Hongwell Co., Ltd. Person in charge: Hsu Kun Tai	27,687,888	4.13%	0	0%	0	0%	Hsu, Kun-Tai Lin Feng Chu Hsu Fu Chia	Person in charge of the Company Second-degree relatives of the Company's representative First-degree relatives of the Company's representative	-
The investment account of Morgan Stanley & Co. International Limited is held in escrow by HSBC Bank (Taiwan) Limited.	22,535,064	3.36%	0	0%	0	0%	-	-	-
Youkang Electronics Co., Ltd. Person in charge: Lu Chin Tsung	19,153,000	2.86%	0	0%	0	0%	-	-	-
Hsu Li Hsin	18,061,568	2.70%	0	0%	0	0%	Hsu, Kun-Tai Lin Feng Chu Hsu Cheng Hsin	First-degree relative First-degree relative Second-degree relative	-
KAPOK COMPUTER Person in charge: Hsu, Kun-Tai	16,966,596	2.53%	0	0%	0	0%	Hsu, Kun-Tai Hsu Fu Chia Hsu Yue Hyuan Lin Feng Chu Hsu Li Hsin Hsu Cheng Hsin	Person in charge of the Company First-degree relatives of the Company's representative Second-degree relatives of the Company's representative Spouse of the company's representative First-degree relative First-degree relative	-
Lin Feng Chu	16,371,784	2.44%	51,701,335	7.72%	0	0%	Hsu, Kun-Tai Hsu Fu Chia Hsu Yue Hyuan	Spouse First-degree relative Second-degree relative	-
Hsu Cheng Hsin	14,626,156	2.18%	0	0%	0	0%	Hsu, Kun-Tai Lin Feng Chu Hsu Li Hsin	First-degree relative First-degree relative Second-degree relative	-

Note 1: All the top ten shareholders should be listed. The name of corporate shareholders (if any) and the representatives of corporate shareholders should be listed separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the ratio of shareholdings in the name of a shareholder, his/her spouse, minor children or another person.

Note 3: The relationship among the shareholders listed above, including legal persons and natural persons, shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**X. Investment by Directors, Supervisors, Managers, Groups of Direct or Indirect Control in the Investment Business, and to Calculate the Combined Shareholding Percentage**

Unit: number of shares; %

March 31, 2019

Investees (Note)	Investment made by the Company		Invested by directors, supervisors, managers and the enterprises directly or indirectly controlled		Comprehensive investment	
	Number of shares	% of shareholding	Number of shares	% of shareholding	Number of shares	% of shareholding
1. Kapok Computer Co., Ltd.	8,000,000	100%	0	0 %	8,000,000	100%
2. Clevo Investment Co., Ltd.	14,000,000	100%	0	0 %	14,000,000	100%
3. CLEVO COMPUTER SINGAPORE PTE LTD.	27,544,070	100%	0	0 %	27,544,070	100%
4. CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	220,730,000	100%	0	0 %	220,730,000	100%
5. KAPOK COMPUTER(SAMOA) CORPORATION	7,000,000	100%	0	0 %	7,000,000	100%
6. BUYNOW ON-LINE HOLDING CORPORATION	1,100,000	100%	0	0 %	1,100,000	100%
7. LUNARIA INVESTMENT GK	0	98.99%	0	0 %	0	98.99%

Note: The investments made by the Company under equity method.