

1. Board of Directors:

(1).The last director and supervisor of the Company expired on June 21 2018 and was re-elected on June 26 2018.

(2).The Board meeting was held 8 times in recent years. (A) the attendance of directors and supervisors is as follows:

1) Before June 26, 2018: 3 times.

2) After June 26, 2018: 5 times

(3) Operation of Board of Directors:

Title	Name (Note 1)	Actual attendance (B)	Commissioned attendance	Actual attendance ratio[B/A] (Note 2)	Remarks
Chairman	Zeng,Song-zhu	8	-	100%	Reappointment
Director	Zeng,Song-ling	7	1	88%	Reappointment
Director	Zenglu,Min-hua	8	-	100%	Reappointment
Director	Qiu,Li-qing	5	-	100%	Newly-appointed (Note 3)
Director	Dinghong Investment Co., Ltd. Representative: Chen, Jen-Kuei	3	-	100%	Formerly-appointed (Note 4)
Director	Dinghong Investment Co., Ltd. Representative: Zheng,Wen-xiang	8	-	100%	Reappointment
Director	Dinghong Investment Co., Ltd. Representative: Cai,Xue-liang	8	-	100%	Reappointment
Director	Dinghong Investment Co., Ltd. Representative: Yuan,Qi-bin	8	-	100%	Reappointment
Director	Dinghong Investment Co., Ltd. Representative: Lai,Ru-ding	5	-	100%	Newly-appointed (Note 5)
Director	Dingsheng Investment Co., Ltd. Representative: Zeng,Hui-juan	8	-	100%	Reappointment
Independent director	Chen,Shui-jin	8	-	100%	Reappointment
Independent director	Chen,Jian-nan	8	-	100%	Reappointment
Independent director	Li,Zong-ying	5	-	100%	Newly-appointed (Note 6)
Independent director	Zhuang,Wen-jing	5	-	100%	Newly-appointed (Note 7)
Independent director	Tsai,Chen-Teng	2	1	67%	Formerly-appointed (Note 8)
Supervisor	Qiu,Li-qing	3	-	100%	Formerly-appointed (Note 9)
Supervisor	Tsai,Wu-Ying	3	-	100%	Formerly-appointed (Note 10)

Other matters to be recorded:

1. If the operation of the board of directors is in any of the following circumstances, the date, duration, content of the bill, the opinions of all independent directors and the Company's handling of the opinions of independent directors shall be specified:

(1) Items specified in Article 14-3 of Securities Exchange Act. (Please refer to Page 44 to 48)

(2) Other than the foregoing matters, other matters decided by the Board of Directors upon objection

or reservation of independent directors and recorded or written statement: None.

2. The directors' names, contents, reasons for avoidance and voting participation shall be specified in the execution of the avoidance of interest proposals by directors:

Date of meeting	Director's name	Content of the bill	Reason for interest withdrawal	Voting situation
2018.07.05	Chen Shui-jin Chen Jian-nan	Appointment of the Fourth Compensation Committee of the Company	The two independent directors withdrew from the discussion and voting on the motion due to their interest.	In accordance with article 15 of the Company's "Rules for the Board of Directors", the directors shall not participate in the discussion or voting.
2018.07.05	Chen Shui-jin Chen Jian-nan	Remuneration Payment of the Compensation Committee of the Company	The two independent directors withdrew from the discussion and voting on the motion due to their interest.	In accordance with article 15 of the Company's "Rules for the Board of Directors", the directors shall not participate in the discussion or voting.
2018.07.05	Chen Shui-jin Chen Jian-nan Li, Zong-ying Zhuang, Wen-jing	Payment to the independent directors of the Company	The four independent directors withdrew from the discussion and voting on the motion due to their interest.	In accordance with article 15 of the Company's "Rules for the Board of Directors", the directors shall not participate in the discussion or voting.

3. The objectives of strengthening the functions of the Board of Directors in the current and recent years (e.g. setting up Audit Committee, enhancing transparency of information, etc.) and evaluation of implementation:

- (1) There were independent directors in 2015.
- (2) Executed in accordance with the Rules for the Board of Directors

Note 1: Directors and supervisors who are legal persons shall disclose the names of shareholders and their representatives.

Note 2: (1) If a director or supervisor leaves office before the end of the year, the date of departure shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated by the number of meetings of the Board of Directors and the actual number of attendances.

(2) Before the end of the year, if a director or supervisor is re-elected, the new or old directors and supervisors shall be listed and the former directors and supervisors shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated by the number of meetings held by the Board of Directors and the actual number of attendances.

Note 3: Director Qiu, Li-qing took office on June 26, 2018.

Note 4: Director and representative of Dinghong Investment Co., Ltd., Chen, Jen-Kuei was ...dismissed on June 26, 2018.

Note 5: Director and representative of Dinghong Investment Co., Ltd., Lai, Ru-ding took office on ...June 26, 2018.

Note 6: Independent director Li, Zong-ying took office on June 26, 2018.

Note 7: Independent director Zhuang, Wen-jing took office on June 26, 2018.

Note 8: Independent director Tsai, Chen-Teng was dismissed on June 26, 2018.

Note 9: Supervisor Qiu, Li-qing was dismissed on June 26, 2018.

Note 10: Supervisor Tsai, Wu-Ying was dismissed on June 26, 2018.

2. Attendance of Supervisors at Board Meetings:

The Board meeting was held for 3 times in recent years (A), the attendance of directors and supervisors is as follows:

Title	Name	Actual attendance(B)	Actual attendance ratio (%) [B/A] (Note1)	Remarks
Supervisor	Qiu, Li-qing	3	100%	Formerly-appointed (Note 2)
Supervisor	Tsai, Wu-Ying	3	100%	Formerly-appointed (Note 2)

Other matters to be recorded:

1. Composition and duties of supervisors:

- (1) Communication between supervisors and employees and shareholders of the Company:
- 1) The supervisor attends the Board of Directors and the shareholders' meeting of the Company to understand the operation of the Company.
 - 2) If necessary, they should keep in touch with employees and shareholders.
- (2) Communication between supervisors and internal auditors and Accountants:
- 1) The Audit Office regularly submits a written report to the supervisor on the internal audit situation every month.
 - 2) The audit director shall be present at the Board meetings and make reports on internal audit operations and internal control.
 - 3) The supervisor communicates with the Accountant on the contents of the annual financial report, understands the financial situation, and has direct contact and dialogue whenever necessary.

Date of meeting	Focus of communication	Form of meeting	Communication results
2018.03.27	1. Audit scope of financial statements	Briefing session	No other opinions
	2. Audit results of financial statements		
	3. Analysis of major financial indicators of financial statements		
	4. Discussion on the issues of the year		
	5. Key audit items for the year		
	6. Update of laws and regulations related to finance and accounting		

2. If the supervisor is present on the Board of Directors, the date, duration, content of the bill, the result of the board resolution and the Company's handling of the supervisor's statement shall be specified.: None.

Note 1: (1) If a supervisor leaves before the end of the year, the date of departure shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated by the actual number of attendances during the period of service.

(2). If a supervisor is reelected before the end of the year, the new or former supervisor shall be listed and the new or reelected supervisor shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the actual attendance during the term of office.

Note 2: Supervisor Qiu, Li-qing and Tsai, Wu-Ying was dismissed on June 26, 2018.

3. Audit Committee:

The Audit Committee was held for 3 times (A) in recent years and the attendance of independent directors is as follows:

Title	Name	Actual attendance(B)	Commissioned attendance	Actual attendance rate (%) [B/A] (Note)	Remarks
Independent director	Chen Shui-jin	3	-	100%	Newly-appointed (Note 3)
Independent director	Chen Jian-nan	3	-	100%	Newly-appointed (Note 3)
Independent director	Li Zong-ying	3	-	100%	Newly-appointed (Note 3)
Independent director	Zhuang Wen-jing	3	-	100%	Newly-appointed (Note 3)

Other matters to be recorded:

1. In case of any of the following situations in the operation of the Audit Committee, the date, period, contents of the Board of Directors' proposal, the resolution results of the Audit Committee and the Company's handling of the opinions of the Audit Committee shall be stated.

(1) The items specified in Article 14-5 of Securities Exchange Act:

Date of Audit Committee	Content of the bill	Resolutions of the Audit Committee	The Company's treatment of the Audit Committee's opinions
2018.08.10	1.To audit the Company's consolidated financial statements for the second quarter of 2018. 2.To audit the case of ING Bank N.V. granting credit to our Company for reinvestment. 3.To audit the case of Fubon Bank, Suzhou Branch granting credit to our Company for reinvestment.	All the members present agreed to adopt it.	It was adopted by all the directors present on August 10, 2018.
2018.09.04	1.To audit the Company's endorsement guarantee for Merida Bicycle (Jiangsu) Co., Ltd.	All the members present agreed to adopt it.	It was adopted by all the directors present on September 4, 2018.
2018.11.09	1.To audit the case that Merida Bicycle (Shandong) Co., Ltd. entrusted a loan to Merida Bicycle (Jiangsu) Co., Ltd. 2.To audit the stipulation of the Company's audit plan for 2019	All the members present agreed to adopt it.	It was adopted by all the directors present on November 9, 2018.

(2) Except for the foregoing matters, other matters that are not approved by the Audit Committee but agreed by more than two-thirds of all the directors: None.

2. The execution of an independent director's avoidance of an interest proposal shall state the name of the independent director, the content of the proposal, the reasons for the avoidance of interest and the situation of voting: None.

3. Communication between independent directors and internal auditors and Accountants (including important matters, methods and results of communication on Company's financial and business conditions):

Date of Audit Committee	Contents of the bill	Communication method	Communication results
2018.08.10	Business report of reinvestment company.	Briefing session	No other opinions
2018.11.09	Internal audit report	Briefing session	No other opinions

Note :

- 1.If an independent director leaves office before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee and the actual attendance during his/her term of office.
- 2.Before the end of the year, if there is an independent director reelected, the new and former independent directors shall be listed, and the date of the new or reelected independent director shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee and the number of actual attendance.
- 3.The Audit Committee of the Company was set up on June 26, 2018.