

CLEVO CO.

Operational Procedures for Loaning of Company Funds

Article 1 Objective

- I. In order to strengthen the management of loans to others of Our Company, these procedures are specially formulated to safeguard the rights and interests of Our Company.
- II. It shall be handled according to Section 1 of Article 36 of the Securities and Exchange Act.

Article 2 Scope of application

Where Our Company's funds are loaned to others, the procedures for the loan shall be handled according to the provisions of these procedures.

Article 3 Object of loans to others

Our company's funds shall not be loaned to shareholders or any other people except in the following circumstances:

Companies that directly or indirectly own more than 50% of the common stock.

The lender and borrower of funds in the preceding paragraph shall have business or short-term financing.

For the joint investment relationship, none of the shareholders loaning to the invested company according to their shareholding ratio are restricted by the above provisions, and may loan the funds. The term "contribution" refers to Our Company's direct contribution or contribution through a subsidiary company holding 100% of the voting shares.

Article 4 Total loans and limits for individual objects

- I. Our company's total amount of loans shall not exceed 40% of the net value of Our Company.
- II. For a single enterprise, the loan limit shall not exceed 30% of the net value of Our Company.

According to Article 3, due to business contacts with Our Company and the loan object, individual loans and amounts shall not exceed the amount of business contacts between the two parties in the last year. The amount of business contacts refers to the amount of goods purchased or sold between the two parties which is higher, but it is still subject to the restrictions of Clause 1 of the preceding paragraph.

Article 5 Handling unit

Unless otherwise stipulated, the financial unit shall be responsible for the loan of funds.

Article 6 Necessity of loans to others and approval of loans

In case of loaning the funds of the Company, the applicant unit shall fill out an application form for loaning funds, make an investigation on the borrower's borrowing purpose, define the conditions including the maximum amount of loan, term of loan, and method of interest accrual, and submit it to the Board of Directors for approval and the distribution of funds.

Article 7 Review procedures

- I. When a borrower applies for a loan from Our Company, the handling unit shall first make preliminary contact with Our Company and find out whether the financing is necessary, and then analyze its business contacts with Our Company, the purpose of the funds and the latest financial situation. If feasible, it shall be submitted to the competent authority for approval level by level.
- II. A borrower shall provide basic information and financial information for credit operation.
- III. The relevant provisions of the loan case shall be drafted by the agent, examined by the competent personnel and sent to the legal unit of Our Company for confirmation before the contract is signed.

The content of the contract shall be consistent with the approved borrowing conditions. After the borrower and the joint guarantor sign the contract and seal, the guarantee procedures shall be completed by the agent.

Article 8 The borrower shall apply for financing from Our Company in writing. The following items shall be recorded in writing as mentioned in the preceding paragraph:

- I. Total amount of loan.
- II. Date of the proposed expenditure of funds.
- III. Date of repayment. Installment repayment schedule.
- IV. Guarantees or other guarantees, etc.
- V. Other matters to be recorded as stipulated by Our Company.

Article 9 Audit

Loaning of funds shall be audited by the financial supervisor. The main points of auditing shall include:

- I. Necessity and rationality of loan to others.
- II. Whether the amount of the loan is necessary measured by the financial condition of the loan object.
- III. Whether the amount of accumulative loans is within the limit.
- IV. The impact on Our Company's operating risk, financial position, and shareholders' rights and interests.
- V. Whether collateral and the evaluation value of collaterals should be obtained.
- VI. Credit and risk assessment records of the loan object.

Article 10 Guarantee

If a loan case requires a guarantee, the borrower shall provide collateral and go through the formalities of the pledge or mortgage to ensure the creditor's rights of Our Company.

In addition to land and negotiable securities, fire insurance and related insurance shall be bought for collateral. The amount of insurance shall not be less than the collateral value. If necessary, the policy of insurance shall indicate that Our Company is the beneficiary. The name, quantity, place of storage, insurance conditions and insurance approval of the subject matter

on the insurance policy shall be consistent with the original loan verification conditions of Our Company. The agent shall notify the borrower of continuing to insure before the expiration of the insurance period.

Article 11 Loan term and method for calculating interest

The term of loans is limited to one year, and the Board of Directors is authorized to approve the calculation of interest and the terms of collection.

Article 12 Subsequent control measures of the loan amount and treatment procedures for overdue creditor's rights

- I. After the resolution of loans to others by the Board of Directors, the financial unit shall distribute funds for one or several times depending on the needs of the borrowed funds, and the borrower shall also repay the loans for one or several times, but the balance of the loan shall not exceed the maximum amount approved by the Board of Directors.
- II. When the loan is due and he/she repays the loan, the borrower shall first calculate the interest payable, and repay together with the principal before the relevant guarantee certificates are returned to the borrower.
- III. The handling unit shall collect and recover periodically according to the approved conditions. Anyone who fails to collect it within the time limit shall make an abnormal report on the facts, and submit it to relevant units.

Article 13 Internal control

- I. When Our Company handles the loan matters, the financial unit shall set up a reference book to record the object of the loan, amount, date of approval of the Board of Directors, date of the loan of funds, and matters that shall be carefully evaluated according to the regulations in detail.
- II. According to the generally accepted accounting principles, the financial unit shall assess the loan circumstances of funds, make adequate provision for bad debts, disclose relevant information in the financial report and provide relevant information, so that the certifying accountants can execute the necessary checking procedures.
- III. Our company's internal auditors shall audit the Operational Procedures for Loaning of Company Funds at least once quarterly, and make written records. If major violations are found, the audit committee shall be notified in writing immediately.
- IV. If the loan object fails to meet the provisions of the operation procedures or the balance exceeds the limit due to the change of circumstances, Our Company shall make an improvement plan, send it to the Audit Committee, and complete the improvement according to the schedule.
- V. The managers and responsible persons of Our Company shall follow

the operation procedures and shall be punished in case of a violation of the regulations.

Article 14 Announcement and declaration

- I. Our company shall announce and declare the loan balance of Our Company's funds and its subsidiaries in the last month by the tenth day of each month.
- II. If the loan balance of funds meets one of the following criteria, it shall be announced and declared within two days from the date of the occurrence of the facts:
 - (I) The balance of loan to others of Our Company and its subsidiaries is more than 20% of the net value of Our Company's latest period of financial statements.
 - (II) The balance of loans to a single enterprise of Our Company and its subsidiaries is more than 10% of the net value of the latest period of financial statements of Our Company.
 - (III) The amount of new loans of Our Company or its subsidiaries is more than NTD10 million and more than 2% of the net value of Our Company's latest period of financial statements.

If a subsidiary of Our Company is not a domestic public company, Our Company shall be responsible for the matters to be declared in the third paragraph of the preceding paragraph of the subsidiary.

Article 15 Our company shall order its subsidiaries to prepare Operational Procedures for Loaning of Company Funds according to the provisions, and handle the issue according to the operation procedures formulated.

Subsidiaries shall submit the written information of loans to the parent company according to the provisions of Article 14 before the tenth day of each month. The parent company shall announce and declare this on behalf of the subsidiaries. If a subsidiary violates the operation procedures, the relevant personnel of the subsidiary shall be punished according to the violation.

Article 16 After the approval of all the members of the Audit Committee and the Board of Directors, the Operational Procedures for Loaning of Company Funds formulated by Our Company shall be submitted to the Board of Shareholders for approval. If a director expresses their objection and has a record or written statement, Our Company shall submit their objection to the Audit Committees and the Board of Shareholders for discussion, and the revision shall be made in the same way.

When the Operational Procedures for Loaning of Company Funds are submitted to the Board of Directors for discussion, if an independent director has any objections or reservations, they shall be stated in the proceedings of the Board of Directors.

If the preceding paragraph has not been agreed upon by more than one-half of all the members of the Board of Auditors, the consent of more than two-thirds of the directors is required, and the resolution of the Board of Auditors shall be stated in the proceedings of the Board of Directors.

All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbents.

Article 17 The matters not mentioned in these procedures shall be handled according to the relevant statutes and regulations of Our Company.

Article 18 These operation procedures were formulated on July 30th, 1996.

The first revision was made on June 23rd, 2000.

The second revision was made on March 12th, 2002.

The third revision was made on June 12th, 2003.

The fourth revision was made on June 15th, 2007.

The fifth revision was made on June 19th, 2009.

The sixth revision was made on June 12th, 2014.

The seventh revision was made on June 15th, 2018

The eighth revision was made on June 18th, 2019