

CLEVO CO.

Operation Procedures for Endorsement Guarantees

Article 1 Purpose

- I. In order to protect the rights and interests of shareholders, improve Our Company's financial management of endorsement guarantees, and reduce its operational risks, these operation procedures are formulated.
- II. These procedures shall be handled according to Section 1 of Article 36 of the Securities and Exchange Act.

Article 2 After the consent of the Board of Auditors and the approval of the Board of Directors by resolution, the Operation Procedures for Endorsement Guarantees 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 Committee and the Board of Shareholders for discussion, and the revision shall be made in the same way.

When the Operation Procedures for Endorsement Guarantees are submitted to the Board of Directors for discussion according to the provisions of the preceding paragraph, if the 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 3 Object of endorsement guarantees

Our company shall make endorsement guarantees for the following companies:

- I. Subsidiaries directly holding more than 50% of common stock.
- II. Invested companies where more than 50% of the common stock is held by Our Company and its subsidiaries.
- III. The companies listed in Items 1 and 2 above having business contacts with each other.

If all the contributing shareholders make the endorsement guarantee for the invested company according to their shareholding ratio due to the joint investment relationship, it is not restricted by the above provisions. The term "contribution" refers to Our Company's direct contribution or contribution through a subsidiary company holding 100% of the voting shares.

Article 4 The term "endorsement guarantees" mentioned in these procedures refers to the following matters:

- I. Financing endorsement guarantees, including:
 - (I) Ticket discount financing.

(II) Endorsement or guarantee for the purpose of financing of other companies.

(III) For the purpose of financing of Our Company, a bill is issued to guarantee non-financial undertakings.

II. Tariff endorsement guarantees refers to an endorsement or guarantee made for Our Company or other companies in respect of tariff matters.

III. Other endorsement guarantees refer to endorsements or guarantees that cannot be classified into the first two items.

Where the Company provides movable property or real property to create a pledge or mortgage for the guarantee of borrowing from another company, it shall also be handled according to the provisions of these operation procedures.

Article 5 The limit of endorsement guarantees

I. The total amount of endorsement guarantees of Our Company shall not exceed twice the net value of the latest period of financial statements approved by the accountants of Our Company.

II. Our company's endorsement guarantees for a single enterprise shall not exceed the net value of the latest period of financial statements approved by the accountants of Our Company.

III. The total amount of endorsement guarantees of Our Company and its subsidiaries shall not exceed three times of the net value of the latest period of financial statements approved by the accountants of Our Company.

IV. The limit of endorsement guarantees for a single enterprise by Our Company and its subsidiaries shall not exceed 100% of the net value of the latest period of financial statements approved by the accountants of Our Company.

V. For endorsement guarantees of Our Company due to business contacts, in addition to restrictions in Paragraphs 1 and 2, the endorsement guarantee limit for a single enterprise shall not exceed the actual purchase and sale amount of the single enterprise and the guaranteed company last year.

The total amount of endorsement guarantees of Our Company and its subsidiaries as a whole is more than 50% of Our Company's net value, and its necessity and rationality are explained on the board meeting.

Article 6 Decision-making and authorization levels of endorsement guarantees:

I. When dealing with endorsement guarantee matters, Our Company shall assess the risks of endorsement guarantees and keep an assessment record. If necessary, it shall obtain collateral and make endorsement guarantees after being agreed upon by the Board of Directors.

II. In case of business needs, the decision shall be made by the Chairman of the Board of Directors within 10% of Our Company's net value, and then it shall be submitted to the latest period of board meeting for approval.

III. If it is necessary for Our Company to exceed the limit stipulated for the endorsement guarantee due to its business needs, with the consent of

the Board of Directors, after more than half of the directors jointly insure the loss that may occur if Our Company exceeds the limit, and the operation procedures of the endorsement guarantee are revised, it shall be submitted to the Board of Shareholders for recognition. If the Board of Shareholders disagrees, a plan shall be made to eliminate the excessive part within a certain period of time.

- IV. When the object of the endorsement guarantee does not conform to the provisions of these operation procedures or the amount exceeds the limit due to the change of Our Company because of circumstances, it shall make an improvement plan, submit the relevant improvement plan to the Audit Committee, and complete the improvement according to the planned schedule.

Article 7 Handling procedures for endorsement guarantees:

I. Procedures for endorsement and control of the amount of endorsement:

- (I) When the guaranteed company requests endorsement, the application department of Our Company shall fill out the Application for Endorsement Guarantees, explain the reasons and uses, and attach documents such as bills for verification.
- (II) The financial unit shall perform a credit investigation and risk assessment of the endorsement guarantee company. The assessment items shall include:
1. Necessity and rationality of endorsement guarantees.
 2. Whether the amount of endorsement is necessary measured by the financial position of the guaranteed company.
 3. Whether the accumulative endorsement amount is within the limit.
 4. The impact on Our Company's operating risk, financial position, and shareholders' rights and interests.
 5. Whether collateral and the evaluation value of collaterals should be obtained.
 6. Attached endorsement guarantee credit and risk assessment record.
- (III) Except as stipulated in Sub-paragraph 2 of Article 6, the seal may be used and a bill may be issued only after it has been submitted to the Board of Directors for approval.
- (IV) If Our Company intends to act as a guarantor for a foreign company, the guarantor letter issued by Our Company shall be signed by a person authorized by the Board of Directors.

II. Verification and cancellation of endorsed bills:

- (I) Bills with endorsement guarantees after approval shall be returned to the guaranteed company after completion of the following formalities:
1. Affix the Company seal.
 2. Copy the positive and negative sides of the endorsed bill and keep for reference.
 3. Register in the Guarantee and Cancellation Reference Book to control the amount of endorsement.
- (II) When an endorsed bill needs to be canceled due to debt liquidation or

renewal, the application department shall fill in the Guarantee Cancellation Form and send the original endorsed bill to the financial unit for cancellation.

- (III) The financial unit shall record the canceled bills in the Guarantee and Cancellation Reference Book at any time to reduce the accumulative guaranteed amount.

Article 8 Endorsement guarantee and seal preservation

The Company seal for which Our Company has applied for registration from the Ministry of Economic Affairs is the special seal for endorsement guarantees. The seal shall be kept by a special person. The seal can be used and bills can be issued after certain procedures. The keeper of the seal used for endorsement guarantees shall submit to the Board of Directors for approval, and the same shall be true in case of any change.

Article 9 Internal control

- i. When Our Company handles the endorsement guarantee matters, the financial unit shall establish a reference book, which shall record the object of endorsement guarantees, amount, date of adoption by the Board of Directors or decision by the Chairman, date of endorsement guarantees and matters that shall be carefully evaluated according to the provisions of the preceding paragraph.
- ii. According to the provisions of Bulletin No. 9 of the Financial Accounting Standards, Our Company shall assess or recognize the contingent loss of the endorsement guarantee, properly disclose the information of the endorsement guarantee in the financial report, and provide relevant information to certifying accountants to execute the necessary checking procedures.
- iii. Internal auditors of Our Company shall audit the endorsement guarantee operation procedures and their implementation at least quarterly, and make written reports. If major violations are found, they shall notify the Audit Committee in writing immediately.
- iv. When Our Company makes endorsement guarantees for a subsidiary whose net value is less than one-half of the paid-up capital, the internal auditors of Our Company shall list its execution as the key items of the audit each quarter and make a written report.
- v. When making endorsement guarantees, Our Company shall follow the prescribed procedures. If any violation is found, the manager and the responsible person shall be punished according to the violation.

Article 10 Announcement and declaration procedures

- I. Our company shall announce and declare the endorsement guarantee balance of Our Company and its subsidiaries for the last month before the tenth day of each month.
- II. If the balance of endorsement guarantees 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 endorsement guarantee balance of Our Company and its

subsidiaries is more than 50% of the net value of Our Company's latest period of financial statements.

- (II) The endorsement guarantee balance of Our Company and its subsidiaries for a single enterprise is more than 20% of the net value of Our Company's latest period of financial statements.
- (III) The endorsement guarantee balance for a single enterprise of Our Company and its subsidiaries reaches NTD10 million, and the total amount of endorsement guarantees, long-term investment, and capital loan balance is more than 30% of the net value of Our Company's latest period of financial statements.
- (IV) The amount of new endorsement guarantees of Our Company or its subsidiaries is more than NTD30 million and more than 5% 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 Sub-paragraph 4 of the preceding paragraph.

Article 11 Our company shall order its subsidiaries to formulate procedures for endorsement guarantees according to the relevant provisions, and handle them according to the operation procedures.

Subsidiaries shall submit written information about the endorsement guarantees to the parent company before the 10th day of each month according to the provisions of Article 10, and the parent company shall declare on behalf of them. If the subsidiary violates the operation procedures, the relevant subsidiary personnel shall be punished according to the violation.

Article 12 The matters not mentioned in these procedures shall be handled according to the relevant statutes and regulations of Our Company.

Article 13 These operation procedures were formulated on March 31st, 1992.

The first revision was made on March 10th, 1997.

The second revision was made on December 27th, 2000.

The third revision was made on December 14th, 2001.

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

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

The sixth revision was made on May 25th, 2004.

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

The eighth revision was made on June 14th, 2010.

The ninth revision was made on June 17th, 2011.

The tenth revision was made on June 15th, 2018.

The eleventh revision was made on June 18th, 2019.