



Stock Code: 2362

Clevo Co.

2022 Annual General Shareholders' Meeting

Meeting Agenda

Date: June 15, 2022

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CLEVO CO.

Agenda of 2022 General Shareholders' Meeting

Date: 9am, June 15 (Wednesday), 2022

Format: in-person

Venue: No. 555, Siyuan Rd., Xinzhuang District, New Taipei City

Agenda:

- I. Declare the commencement of the meeting
- II. Chairperson Takes Chair
- III. Perform the acts of ceremony
- IV. Chairperson Remarks
- V. Management Presentation
 - (1) Business report for 2021
 - (2) The Audit Committee's Review Report on 2021 Financial Statements
 - (3) Report on Distribution of Remunerations to Employees and Directors for 2021
 - (4) Report on Earnings Distribution via Cash Dividends for 2021
 - (5) Report on the Implementation of Treasury Stock of the Company
 - (6) Other Management Presentation.
- VI. Acknowledgement Items
 - (1) Acknowledgement of 2021 Business Report and Financial Statements
 - (2) Acknowledgement of Earnings Distribution for 2021
- VII. Discussion Items
 - (1) Amendment of the "Articles of Incorporation"
 - (2) Amendment of the "Procedure for Acquisition or Disposal of Assets"
 - (3) Amendment of the Rules and Procedures of Shareholders' Meetings
- VIII. Extemporaneous motion
- IX. Adjournment of Meeting

Management Presentation

Motion 1

Subject: Please kindly review Business report for 2021.

Description: Please refer to pages 19-22 of this handbook for the Company's 2021 Business Report.

Motion 2

Subject: Please kindly review Audit Committee's Audit Report on 2021 Financial Statements.

Description: Please refer to pages 23 of this handbook for Audit Committee's Audit Report.

Motion 3

Subject: Please kindly review distribution of remunerations to employees and directors for 2021.

Description:

- (I) The remuneration to employees totaled NTD 181,800,000 and the remuneration to directors totaled NTD 22,200,000 for 2021.
- (II) The Company's 2021 remunerations to employees and to directors were resolved by the Board of Directors on March 28, 2022. The aforesaid remunerations were paid in cash.
- (III) There is no difference between the amount allocated and the expense recognized for 2021.

Motion 4

Subject: Please kindly review earnings distribution via cash dividends for 2021.

Description:

- (I) According to Article 26 of the Company's Articles of Incorporation, the Board of Directors is authorized to distribute the allocable stock dividends and bonus, legal reserve and capital surplus in cash, in whole or in part, upon special resolution, and to report the distribution to a shareholders' meeting.
- (II) The Board of Directors resolved on March 28, 2022 to distribute cash dividends of NTD 1,285,752,300, or NTD 2.1 per share. The distribution of cash dividends is rounded down (to the unit of one NT dollar). The total of fraction amounts shall be included as the Company's other income.
- (III) The Chairman is authorized to set up the ex-dividend date, dividend issue date, and other relevant matters.
- (IV) In case the Company's number of shares outstanding is affected by law changes, regulatory requirements or the Company's repurchase, the distribution shall be adjusted pro rata according to the Company's number of shares outstanding on the ex-dividend date.

Motion 5

Subject: The report on the implementation of the Company's treasury stock is submitted for review accordingly.

Remarks:

- (I) According to Article 28-2 of the Securities and Exchange Act, the procedures for repurchase of shares are governed by the “Regulations Governing Share Repurchase by TWSE/TPEX-Listed Companies” formulated by the securities competent authority. The report is as follows:

Number of repurchases	19	20	21
Period of repurchase	2019.07.03~ 2019.08.16	2020.03.09~ 2020.04.30	2021.10.18~ 2021.11.11
Purpose of repurchase	Transfer to employees	Transfer to employees	Transfer to employees
Interval price of repurchase	NTD 27-42/share	NTD 28-42/share	NTD 28-42/share
Type and quantity of repurchased shares	Common stock 10,000,000 shares	Common stock 10,000,000 shares	Common stock 10,000,000 shares
Total amount of repurchased shares	NTD320,067,979	NTD 296,649,520	NTD329,062,566
Average unit price of repurchased shares	NTD32.01	NTD29.66	NTD32.91
Date of cancellation and transfer and number of shares	0 share	0 share	0 share
Number of shares of our company cumulatively held	10,000,000 shares	20,000,000 shares	30,000,000 shares
The percentage of the number of shares of our company cumulatively held in the total number of issued shares (%)	1.56%	3.11%	4.67%

- (II) The aforesaid shares bought back are intended to transfer to the Company's employees according to our guidelines on transfer of repurchased shares to employees. Up to date the Company holds 30,000,000 shares yet to be transferred.

Motion 6

Subject: Other reporting items

Description: (none)

Acknowledgement items

The first plan (proposed by the Board of Directors)

Subject: Please kindly ratify the Company's 2021 business report and financial statements.

- Description: (I) The Company's 2021 Business Report, consolidated financial statements and unconsolidated financial statements were resolved by the Board of Directors on March 28, 2022 and submitted for ratification according to laws.
- (II) The aforesaid financial statements were audited by CPA Wu Han-Chi and CPA Liang Hua-ling with PwC Taiwan. The contents were consistent with those resolved by the Board of Directors. Please refer to pages 19-22 for these statements and pages 24-48 of this handbook for the Company's Business Report.
- (III) The same is submitted for rectification accordingly.

Resolution:

Motion 2 (proposed by the Board of Directors)

Subject: Please kindly ratify the Company's earnings distribution for 2021.

- Description: (I) The Company's unappropriated earnings totaled NTD 160,573,270 at the beginning of 2021 and NTD 3,341,652,545 at the end of 2021, after adding the net income of the period, appropriation of legal reserves at 10% and special reserves. The table of earnings distribution is as follows:

CLEVO CO.
Table of 2021 Earnings Distribution

Unit: NT\$

Summary	Amount
Unappropriated earnings at the beginning of the period	160,573,270
Add: reclassification of special reserves recognized (not for the first time) for the sale of investment property	360,325,329
Add: reclassification of special reserves recognized (applicable for the first time) for the sale of investment property	1,180,102,293
Add: appropriation of real estate revaluation gains	20,922,003
Less: cancelation of treasury shares	(368,321,610)
Unappropriated earnings at the beginning of the period after adjustments	1,353,601,285
Add: net income during the period	1,796,350,096
Less: recognition of legal reserves (10%)	(302,123,205)
Add: reclassification of special earnings recognized for reversal of impairments	496,142,465
Add: reclassification of special earnings recognized reversal of impairments – first time	392,179,262
Less: recognition for negative equity items from special reserves	(394,497,358)
Subtotal for the period	<u>1,988,051,260</u>
Distributable earnings at the end of the year	<u>3,341,652,545</u>
Dividends (cash NT\$2.1 per share)	1,285,752,300
Unappropriated earnings at the end of the period	<u>2,055,900,245</u>

Person in charge: Hsu, Kun-tai Manager: Tsai, Ming-Hsien Chief Accounting Officer: Wu, Mai

- (II) Please kindly rectify it.

Resolution:

Discussions

Motion 1 (proposed by the Board of Directors)

Subject: Please kindly discuss the amendment to the Company's "Articles of Incorporation".

Description: (I) In alignment with Article 172-2 and Article 365-8 of the Company Act and in response to practical needs, the Company intends to amend certain provisions in its Articles of Incorporation. The table of comparison of the articles before and after the amendment is as follows:

Articles	Before amendments	After amendments	Note
Article 1	The Company is incorporated in accordance with the Company Act and named "藍天電腦股份有限公司".	The Company is incorporated in accordance with the Company Act and named "藍天電腦股份有限公司". Its English name is <u>"CLEVO CO"</u> .	The Company's English name is added.
Article 10	Shareholders' meetings are either general shareholders' meetings or extraordinary shareholders' meetings. General shareholders' meetings are convened once per annum, within six months after the end of each fiscal year. The special shareholders' meeting shall be convened according to the relevant decrees when necessary. Unless otherwise required by the Company Act, <u>the aforesaid</u> shareholders' meeting shall be convened by the Board of Directors.	Shareholders' meetings are either general shareholders' meetings or extraordinary shareholders' meetings. General shareholders' meetings are convened once per annum, within six months after the end of each fiscal year. The special shareholders' meeting shall be convened according to the relevant decrees when necessary. <u>The Company's shareholders' meetings may be convened online or in other methods announced by the central competent authority.</u> <u>All the operating procedures in relation to online meetings shall conform with the Company Act and regulations set forth by the competent authority.</u> Unless otherwise required by the Company Act, shareholders' meeting shall be convened by the Board of Directors.	The amendment is in alignment with Article 172-2 and Article 365-8 of the Company Act and in response to practical needs.
Article 26	If Our Company has a surplus in its annual final accounting, then we shall pay taxes and make up for any losses according to law, and accrue a 10% statutory surplus reserve, except for when the statutory surplus reserve has reached the total capital. After the recognition or reversal of	If Our Company has a surplus in its annual final accounting, then we shall pay taxes and make up for any losses according to law, and accrue a 10% statutory surplus reserve, except for when the statutory surplus reserve has reached the total capital. With regards to the appropriation of	Amended subject to the needs of the practical operation.

Articles	Before amendments	After amendments	Note
	<p>special reserves according to relevant laws and regulations, any remaining amount, along with the unappropriated earnings at the beginning of the period, are distributable to shareholders. The proposal for distributions is drafted by the Board of Directors and submitted to the shareholders' meetings for resolution before distributions are made.</p> <p>(Below is omitted)</p>	<p><u>special reserves according to relevant laws and regulations, if the net increase in the fair value of the investment property accumulated from the previous periods and the carrying amount of other equity deductions accumulated from the previous periods are insufficient, appropriation from the net income (after other items added) during the period or reversal of special reserves can be made accordingly.</u> The remaining, amount along with the unappropriated earnings at the beginning of the period, are distributable to shareholders. The proposal for distributions is drafted by the Board of Directors and submitted to the shareholders' meetings for resolution before distributions are made.</p> <p>(Below is omitted)</p>	
Article 29	<p>These Articles of Association were formulated on September 17, 1983. The first to the thirty-third amendments (omitted) The thirty-fourth amendments was made on June 18, 2019.</p>	<p>These Articles of Association were formulated on September 17, 1983. The first to the thirty-fourth (omitted) <u>The thirty-fifth amendment was made on June 15, 2022.</u></p>	Added the dates of amendments.

(ii) The same is submitted for discussion accordingly.

Resolution:

Motion 2 (proposed by the Board of Directors)

Subject: The amendments to the Company’s “Procedure for Acquisition or Disposal of Assets” is submitted for discussion accordingly.

Explanation: (1) The Company’s Procedures for Acquisition or Disposal of Assets is amended in accordance with Official Letter FSC-Securities-Issuer No. 1110380465 from the Financial Supervisory Commission on January 28, 2022. The table of comparison of the articles before and after the amendment is as follows:

Articles	Before amendments	After amendments	Remarks
Article 8	<p>Experts shall give their opinions:</p> <p>I. In addition to acquiring or disposing of equipment for business use or their right-of-use assets by making transactions with domestic government agencies, commissioning to build on its own land or commissioning to build on leased land, acquiring or disposing of equipment for business use or their right-of-use assets and the amount of the transaction has reached 20% of the Company's paid-up capital or NT\$300 million, the appraisal report issued by the professional appraiser shall be obtained before the fact occurs and the following provisions shall be complied with:</p> <p>(I) When a fixed price, a specific price, or a special price is to be used as a reference basis for the transaction price for special reasons, the transaction shall first be approved by the Board of Directors by resolution. The future changes in transaction conditions shall also be handled in the same way.</p> <p>(II) If the amount of the transaction is more than NT\$1 billion, two or more professional appraisers shall be invited for appraisal.</p> <p>(III) Unless the appraised values are higher than the</p>	<p>Experts shall give their opinions:</p> <p>I. In addition to acquiring or disposing of equipment for business use or their right-of-use assets by making transactions with domestic government agencies, commissioning to build on its own land or commissioning to build on leased land, acquiring or disposing of equipment for business use or their right-of-use assets and the amount of the transaction has reached 20% of the Company's paid-up capital or NT\$300 million, the appraisal report issued by the professional appraiser shall be obtained before the fact occurs and the following provisions shall be complied with:</p> <p>(I) When a fixed price, a specific price, or a special price is to be used as a reference basis for the transaction price for special reasons, the transaction shall first be approved by the Board of Directors by resolution. The future changes in transaction conditions shall also be handled in the same way.</p> <p>(II) If the amount of the transaction is more than NT\$1 billion, two or more professional appraisers shall be invited for appraisal.</p> <p>(III) Unless the appraised values are higher than the</p>	<p>This amendment is to align with Articles 5, 9, 10 and 11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Articles	Before amendments	After amendments	Remarks
	<p>transaction price for the asset acquired or lower than the transaction price for the asset disposed, certified public accountants should be asked to proceed <u> according to Auditing Standards Bulletin No. 20 published by the Accounting Research and Development Foundation </u> and issue concrete opinions on the reason for the difference and the appropriateness of the transaction price, in any of the following circumstances with the professional appraiser’s appraisal results:</p> <ol style="list-style-type: none"> 1. The difference between the valuation result and the amount of the transaction is more than 20% of the amount of the transaction. 2. The difference between the valuation results of two or more professional appraisers is more than 10% of the amount of the transaction. <p>(IV) The difference between the date of issuance of the report and the date of signing of the contract by the professional eappraiser shall not exceed three months. However, if the present value of the same period of announcement is applicable and the difference has not exceeded six months, the original professional eappraiser shall give opinions.</p> <p>II. It is necessary to obtain the most recent financial statements of the</p>	<p>transaction price for the asset acquired or lower than the transaction price for the asset disposed, certified public accountants should be asked to issue concrete opinions on the reason for the difference and the appropriateness of the transaction price, in any of the following circumstances with the professional appraiser’s appraisal results:</p> <ol style="list-style-type: none"> 1. The difference between the valuation result and the amount of the transaction is more than 20% of the amount of the transaction. 2. The difference between the valuation results of two or more professional appraisers is more than 10% of the amount of the transaction. <p>(IV)The difference between the date of issuance of the report and the date of signing of the contract by the professional eappraiser shall not exceed three months. However, if the present value of the same period of announcement is applicable and the difference has not exceeded six months, the original professional eappraiser shall give opinions.</p> <p>II. If the Company acquires or disposes of negotiable securities, it shall take the latest period of financial statements of the Company with the subject matter which has been checked by the accountant before the fact occurs</p>	

Articles	Before amendments	After amendments	Remarks
	<p>underlying company audited or reviewed by certified public accountants before the date of occurrence of the fact as the reference to the evaluation of the transaction price for the Company's acquisition or disposal of marketable securities. If the transaction value reaches at least 20% of the Company's paid-in capital or NT\$300 million, it is necessary to request certified public accountants to express opinions on the reasonableness of the transaction price before the date of occurrence of the fact. <u>If the certified public accountants need to adopt an expert's report, it is necessary to observe the rules specified in Auditing Standards Bulletin No. 20 published by the Accounting Research and Development Foundation.</u> However, this does not apply if the negotiable securities have an open quotation in a flexible market or the competent authority has other provisions.</p> <p>III.Except for the transactions with domestic government agencies, if the transaction value of the Company's acquisition or disposal of intangible assets, or corresponding right-of-use assets or memberships reaches at least 20% of the Company's paid-in capital or NT\$300 million, it is necessary to request certified public accountants to issue opinions on the reasonableness of the transaction price before the date of occurrence of the fact. <u>The certified public accountants should also proceed according to Auditing Standards Bulletin No.</u></p>	<p>as a reference for evaluating the transaction price. If the amount of the transaction reaches 20% of the Company's paid-in capital or more than NT\$300 million, it shall consult the accountant before the fact occurs to express its views on the rationality of the transaction price. However, this does not apply if the negotiable securities have an open quotation in a flexible market or the competent authority has other provisions.</p> <p>III.Except for the transactions with domestic government agencies, if the transaction value of the Company's acquisition or disposal of intangible assets, or corresponding right-of-use assets or memberships reaches at least 20% of the Company's paid-in capital or NT\$300 million, it is necessary to request certified public accountants to issue opinions on the reasonableness of the transaction price before the date of occurrence of the fact.</p> <p>IV-V (omitted)</p> <p>VI. Any professional appraiser and appraisal personnel, certified public accountants, lawyers, or securities underwriters whose appraisal reports or opinions are obtained by the Company should meet the following requirements:</p> <p>(I) Never convicted and sentenced for at least one year in prison due to violation of the Securities & Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act or Business Entity Accounting Act, or due to frauds, breach of trust, misappropriation, forgery or</p>	

Articles	Before amendments	After amendments	Remarks
	<p><u>20 published by the Accounting Research and Development Foundation.</u></p> <p>IV-V (omitted)</p> <p>VI. Any professional appraiser and appraisal personnel, certified public accountants, lawyers, or securities underwriters whose appraisal reports or opinions are obtained by the Company should meet the following requirements:</p> <p>(I) Never convicted and sentenced for at least one year in prison due to violation of the Securities & Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act or Business Entity Accounting Act, or due to frauds, breach of trust, misappropriation, forgery or criminal behaviours in business. However, if the execution has been completed, the probation period has expired, or the pardon has expired for three years, this limit shall not apply.</p> <p>(II) They shall not be related to a party to a transaction or have a substantial relationship with the party concerned.</p> <p>(III) If the Company should obtain appraisal reports from two or more professional appraiser, different professional appraisers or appraisal personnel may not be related parties or de facto related parties to each other.</p> <p>In the issuance of appraisal report or opinion, the aforesaid personnel</p>	<p>criminal behaviours in business. However, if the execution has been completed, the probation period has expired, or the pardon has expired for three years, this limit shall not apply.</p> <p>(II) They shall not be related to a party to a transaction or have a substantial relationship with the party concerned.</p> <p>(III) If the Company should obtain appraisal reports from two or more professional appraiser, different professional appraisers or appraisal personnel may not be related parties or de facto related parties to each other.</p> <p>In the issuance of appraisal report or opinion, the aforesaid personnel should act according to the self-disciplinary regulations set forth by <u>the trade associations they belong to</u> and the following requirements:</p> <p>(I) Before accepting a case, one shall carefully evaluate his/her professional ability, practical experience, and independence.</p> <p>(II) It is necessary to properly plan and carry out the appropriate procedures when <u>implementing</u> the case, in order to form conclusions and issue reports or opinions accordingly. The procedures performed, the data collected and the conclusions should be recorded in detail on the working papers.</p> <p>(III) It is necessary to assess, item</p>	

Articles	Before amendments	After amendments	Remarks
	<p>should act according to the following requirements:</p> <p>(I) Before accepting a case, one shall carefully evaluate his/her professional ability, practical experience, and independence.</p> <p>(II) It is necessary to properly plan and carry out the appropriate procedures when auditing the case, in order to form conclusions and issue reports or opinions accordingly. The procedures performed, the data collected and the conclusions should be recorded in detail on the working papers.</p> <p>(III) It is necessary to assess, item by item, the integrity, accuracy and reasonableness of data sources, parameters and information in use as the basis for appraisal reports or opinions.</p> <p>(IV) Declarations should attest to the professionalism and independence of relevant personnel, the reasonableness and the accuracy of the information used, and the compliance with relevant laws.</p>	<p>by item, the appropriateness and reasonableness of data sources, parameters and information in use as the basis for appraisal reports or opinions.</p> <p>(IV) Declarations should attest to the professionalism and independence of relevant personnel, the appropriateness and reasonableness of the information used, and the compliance with relevant laws.</p>	
Article 9	<p>Except for the purchase and sale of domestic government bonds or bonds with buyback/sellback terms, the subscription or redemption of money market funds issued by domestic securities investment trust companies, if the Company acquires from of or dispose to a related party real estate or corresponding right-of-use assets or acquires from or disposes to a related party assets other than real estate</p>	<p>Except for the purchase and sale of domestic government bonds or bonds with buyback/sellback terms, the subscription or redemption of money market funds issued by domestic securities investment trust companies, if the Company acquires from of or dispose to a related party real estate or corresponding right-of-use assets or acquires from or disposes to a related party assets other than real estate</p>	<p>This amendment is to align with Article 15 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Articles	Before amendments	After amendments	Remarks
	<p>or corresponding right-of-use assets at a transaction value reaching at least 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million, the following data should be submitted for the approval by at least half of all the Audit Committee members and the resolution by the Board of Directors before the transaction contract can be signed and the payment can be made.</p> <p>I. to VII. (omitted)</p> <p>The calculation of the amount of the transaction referred to in the preceding paragraph shall be made according to the provisions of Paragraph 2 of Article 15, and the said one-year period shall be based on the date on which the transaction is actually made, and shall be counted back for one year. The part that has been submitted to the Board of Directors for approval according to the provisions of these standards shall be exempted from calculation.</p> <p>The Board of Directors shall authorize the Chairman of the Board of Directors to make a decision within a certain amount before submitting it to the Board of Directors for approval at the latest date according to the provisions of Clause 2 of Article 5, if the Company and its parent company or subsidiary directly or indirectly owning 100% of the issued shares or total capital make the following transactions:</p> <p>I. Acquire or dispose of equipment used for business purposes or their right-of-use assets.</p> <p>II. Acquire or dispose of right-of-use assets of real estate used for business purposes.</p> <p>When an independent director has been set according to the laws and regulations, and the Operational</p>	<p>or corresponding right-of-use assets at a transaction value reaching at least 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million, the following data should be submitted for the approval by at least half of all the Audit Committee members and the resolution by the Board of Directors before the transaction contract can be signed and the payment can be made.</p> <p>I. to VII. (omitted)</p> <p>The calculation of the transaction value in the preceding paragraphs should adhere to the requirements specified in Paragraph 2 of Article 15. The term "within one year" refers to the year preceding the date of occurrence of the current transaction. The amount submitted to the <u>shareholders' meeting, approved by the Board of Directors and ratified by the Audit Committee</u> according to these procedures need not be counted for.</p> <p>The Board of Directors shall authorize the Chairman of the Board of Directors to make a decision within a certain amount before submitting it to the Board of Directors for approval at the latest date according to the provisions of Clause 2 of Article 5, if the Company and its parent company or subsidiary directly or indirectly owning 100% of the issued shares or total capital make the following transactions:</p> <p>I. Acquire or dispose of equipment used for business purposes or their right-of-use assets.</p> <p>II. Acquire or dispose of right-of-use assets of real estate used for business purposes.</p> <p>When an independent director has been set according to the laws and regulations, and the Operational</p>	

Articles	Before amendments	After amendments	Remarks
	<p>procedures for Acquisition and Disposal of Assets have been submitted to the Board of Directors for discussion according to the provisions of Paragraph 1, the opinions of the independent director shall be fully taken into account. If the independent director has objections or reservations, they shall be stated in the proceedings of the Board of Directors.</p> <p>When an audit committee has been established according to the laws and regulations, it shall be agreed upon by more than one-half of all the members of the audit committee according to the provisions of Paragraph 1 and submitted to the Board of Directors for a resolution. 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.</p> <p>All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbents.</p>	<p>procedures for Acquisition and Disposal of Assets have been submitted to the Board of Directors for discussion according to the provisions of Paragraph 1, the opinions of the independent director shall be fully taken into account. If the independent director has objections or reservations, they shall be stated in the proceedings of the Board of Directors.</p> <p>When an audit committee has been established according to the laws and regulations, it shall be agreed upon by more than one-half of all the members of the audit committee according to the provisions of Paragraph 1 and submitted to the Board of Directors for a resolution. 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.</p> <p>The terms "all audit committee members" and "all directors" in these procedures shall be counted as the actual number of persons holding those positions.</p> <p><u>If the Company or its subsidiary which is not a domestic public company is engaged in a transaction described in the first paragraph and the transaction value reaches at least 10% of the Company's total asset, the Company should submit the data listed in the first paragraph for approval from the shareholders' meeting before contract signing and payments. However, this does not apply to the transaction between the Company and its parent, subsidiary</u></p>	

Articles	Before amendments	After amendments	Remarks
		<u>or between subsidiaries.</u>	
Article 15	<p>Announcement and declaration procedures</p> <p>I. to VI. (omitted)</p> <p>VII. Except for asset transactions, disposal of creditors' rights by financial institutions, or investment in the Chinese mainland besides those items in the first six paragraphs, the amount of the transaction is more than 20% of the Company's paid-in capital or more than NT\$300 million. But the following circumstances are not included:</p> <p>(I) Purchasing and selling domestic government bonds.</p> <p>(II) Negotiable securities purchased and sold on domestic and foreign stock exchanges and securities brokerages' business premises by people engaged in investment, ordinary corporate bonds subscribed to, raised and issued, and general financial bonds not involving equity in the domestic primary market (excluding subordinated bonds), securities investment trust funds or future trust funds purchased or bought back, or negotiable securities subscribed to by a corporate body consulted and recommended by a securities brokerage as an emerging stock company according to the provisions of the Taipei Exchange for the needs of underwriting business.</p> <p>(III) Purchase and sell bonds with buy-back or sell-back conditions, and purchase or buy back money market funds issued by domestic securities</p>	<p>Announcement and declaration procedures</p> <p>I. to VI. (omitted)</p> <p>VII. Except for asset transactions, disposal of creditors' rights by financial institutions, or investment in the Chinese mainland besides those items in the first six paragraphs, the amount of the transaction is more than 20% of the Company's paid-in capital or more than NT\$300 million. But the following circumstances are not included:</p> <p>(I) Purchase and sale of domestic government bonds or <u>foreign government bonds with credit ratings no inferior to our country's sovereign rating.</u></p> <p>(II) Purchase and sale of marketable securities on a securities exchange or at a business premise of a securities firm; subscription of <u>foreign government bonds</u> or ordinary corporate bonds and financial indentures (excluding subordinated bonds) without equity components in a primary market; or purchase or redemption of securities investment trust funds or futures trust funds; <u>or subscription or redemption of exchange traded notes (ETNs)</u> as a professor investor; or subscription of marketable securities by a securities firm who serves as an underwriter of an issuer on the Emerging Stock Market according to the requirement by Taipei Exchange.</p>	<p>This amendment is to align with Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Articles	Before amendments	After amendments	Remarks
	investment trusts. (omitted below)	(III) Purchase and sell bonds with buy-back or sell-back conditions, and purchase or buy back money market funds issued by domestic securities investment trusts. (omitted below)	
Article 20	These treatment procedures were formulated on March 11, 1992. The 1st to the 16th amendment dates (omitted) 17th amendments hereto were made on June 19, 2020.	These treatment procedures were formulated on March 11, 1992. The 1st to the 17th amendment dates (omitted) <u>18th amendment was made on June 15, 2022.</u>	Added the dates of amendments.

(ii) The same is submitted for discussion accordingly.

Resolution:

Plan 3 (proposed by the Board of Directors) “Articles of Incorporation”

Subject: Please kindly discuss the amendment of the Company’s “Rules and Procedures of Shareholders' Meetings”.

Explanation: (I) The Company intends to amend certain provisions of its Rules and Procedures of Shareholders' Meetings, in line with Official Letter TWSE-Governance No. 1110004250 issued by Taiwan Stock Exchange Corp. on March 8, 2022 and in response to practical requirements. The table of comparison of the articles before and after the amendment is as follows:

Articles	Before amendments	After amendments	Note
Article 20	<u>Any matters not stipulated</u> by the Rules and Procedures of Shareholders' Meetings shall refer to the regulations set out in the Company Act and other laws.	<u>If the Company convenes shareholders' meetings online, all the operating procedures related to online meetings shall adhere to the Regulations Governing the Administration of Shareholder Services of Public Companies and other relevant laws.</u> <u>Any matters not covered</u> by the Rules and Procedures of Shareholders' Meetings shall refer to the regulations set out in the Company Act and other laws.	Amended to reflect practical requirements
Article 22	These rules of procedure were formulated on May 30, 1996. The 1st to the 3rd amendment dates (omitted) 4th amendment hereto were made on August 26, 2021	These rules of procedure were formulated on May 30, 1996. The 1st to the 4th amendment dates (omitted) <u>5th amendment was made on June 15, 2022.</u>	Added the dates of amendments.

Extemporaneous motion

Adjournment of Meeting

Business Report

I. 2021 Business Report

(I) Achievements of 2021 Business Plan

The global economy in 2021 was at the mercy of COVID-19 and its variants. However, the vaccination coverage of $\geq 75\%$ and the adoption of the living-with-the-virus strategy in developed countries allowed gradual relaxation of anti-COVID measures. As a result, the global trade and economy recovered from the pandemic recession. The International Monetary Fund (IMF) report indicates that the global economic grew 5.9% in 2021, more than offsetting the decline by 3.1% in 2020 and back to the pre-COVID level. Our Notebook Business Group continued to benefit from long-distance teaching and the stay-at-home economy. The demand for business notebooks, educational notebooks and gaming notebooks exploded and contributed to our topline and bottom line growth in 2021. With shopping mall revamps and business model consolidation, China Distribution Business Group returned to the growth trajectory in the context of China's policy to boost spending. The group saw steady growth in revenues and profits and reported an earnings per share of NT\$3.03, the record high level for the past seven years.

◆ Notebook Business Group

The global shipment of notebooks totaled 245 million units in 2021, up 22.6% year-over-year. Our shipments totaled 2.07 million units, up 37% year-over-year and our revenues exceeded NT\$22.8 billion, up 41% year-over-year. The increase in both quantities and prices was a result of precise, rapid and solid product R&D. Our marketing strategy has paid off. Despite the components supply bottleneck during the year, we met the customers' demand with flexible assembly and production mechanisms. Our blue ocean models accounted for over 66% volumes for the year. The operating market of our notebook business reached 6.6%, up by 1.6%. The operating profit amounted to NT\$1.5 billion, up 85% from the previous year. Notebook Business Group enjoyed record high revenues and shipments in 2021.

◆ China Distribution Business Group

The economic growth in China was 8.1% in 2021. Final consumption expenditures contributed to 65.4% of the economic growth. Retail sales of consumer goods exceeded CNY40 trillion. China Distribution Business Group capitalized on the post-COVID shopping spree. The average occupancy rate exceeded 95% across the 18 Buynow Malls. The annual rental incomes reached CNY 720 million, up 3% year-over-year. It has returned to the growth trajectory. Chicony Square, 30% owned by the Company, generated sales of CNY 5.311 billion in 2021, up 23% year-over-year. Net income totaled CNY 153 million, an increase of 350% from the previous year and higher than the 2019 level (pre-pandemic). The commercial property division booked an annual sales of CNY 102 million, as a result of the control policy from local governments and the confidence level of investors. Properties available for sale totaled CNY 320 million. The revenues are expected to be recognized over two years according to marketing plans.

(II) Financial analysis

The group's consolidated revenues totaled NT\$27 billion in 2021, up 33%. The gross profits amounted to NT\$5.316 billion, up 22% year-over-year. The operating profits reached NT\$2.09 billion, up 42% year-over-year. The net income was NT\$1.796, up by 169% from the previous year. The earnings per share reached NT\$3.03. Notebook Business Group enjoyed a strong momentum and hit higher quarterly targets throughout the period. China Distribution Business Group saw steady operations and growth in profits. As a result, the

group's operating margin continued to rise, up by 1% to 8%. In addition, the non-operating income increased from last year due to net incomes from investees and good control over financial expenses. The profit before tax margin was 9% and the net income margin was 7%. We continued to revitalize our assets and deleverage our financial structure during the period. The net cash inflows from investing activities totaled NT\$4.2 billion. The net cash outflows from financing activities were NT\$6 billion. The total debts declined by NT\$4.4 billion and the leverage was reduced from 58% to 55%. The book value per share increased from NT\$67 to NT\$70.59.

(III) Review of research and development

The Company's product development in 2021 focused on technology, trendiness and environmental protection. In addition to attractive look and feel, the Company continued its development of a new series of stylish models with high value added. Examples are wide color gamut (WCG) displays (NTSC >95%; 100% sRGB and DCI-P3 100%); wide viewing angle displays (e.g., IPS/AHVA); OLED/mini LED displays; 144Hz/165Hz/240Hz/300Hz/360Hz double frame rate (DFR); 10-finger touchscreen and high-resolution (4K/3K); eye tracking technology; AR/VR/MR/xR applications, voice assistants, and Gamma Pad. Innovatively develop new computer products to incorporate more commercial applications in the future, and add new high-yield product lines. Provide a complete product portfolio to meet the needs of consumers in different fields around the globe and strive to develop more innovative and high-value products. The R&D team developed over 80 models in 2021 to address the customers' needs. Our blue ocean models accounted for 66% of shipments. The gaming models PC5X/PC7X/X170, the mobility models L14X/NS5X and the entertainment models NP7X/NH7X/NP5X/NH5X and the value models NJ5X/NL5X were well received and sold at good prices and in high volumes.

In 2022, the Company will continue working with processor suppliers such as Intel to develop new series on Alder Lake and Raptor Lake platforms; with ADMD on Rembrandt, Barcelo and Phoenix platforms; and with Nvidia for full-range next-generation dedicated graphic cards GN21 Refresh and GN40, in order to expand product variety and create superior multi-processing and graphic rendering. The purpose is to allow users to enjoy perfect 3D effects, at home and out and about for a variety of applications such as maps, online movies/videos, photos, games, music and TV shows. The Company provides unique solutions to meet a variety of advanced computing needs, such as superior graphics and imaging capabilities and large-scale screen options, to surpass the laptop computers offered by other manufacturers at the same price range, and provide a unique computing

II. 2022 Business Plan

(I) Operating policies, expected sales quantity, and its basis, and important production and marketing policies

◆ Notebook Business Group

Whilst the semiconductor industry is proactively expanding or transferring capacities in 2022, the incremental capacity is unable to meet the demand from all markets within a short period of time. That said, the pressure of key components shortage will gradually alleviate. Given the shipment delay from 2021 and the new demand for 2022, the global notebook market will continue to be hot. According to the forecasts from the Market Intelligence & Consulting Institute (MIC), the global shipment in 2022 should still reach 240 million units, for the third year above 200 million units. Our annual shipment target is 2.32 million units in 2022, up 12% year-over-year. In response to the supply chain shortage, the Company continue to adjust production schedules. In terms of product allocations, we

continue to develop new products by integrating processors and the next generation GPUs. In addition to continued offering of customized and competitive products for different regions or countries, we also cooperate with international companies to develop products that meets the market expectation. We continue to develop the blue ocean markets, with qualities and quantities and for higher profits.

The structural change of the notebook industry continues into 2022. The booming of e-sports events and the metaverse rising from the fusion of the virtual world and the real world are contributing to the steady growth of the e-sports notebooks. The research company Newzoo has significantly revised upward the global gaming market to US\$180.3 billion for 2021. With large sports events re-opening live and gaming companies about to launch major titles, the market size is expected to reach US\$194.3 billion in 2022, up 7.7% year-over-year and US\$218.8 billion in 2024. The growth in the e-sports notebook market remains promising. Meanwhile, the demand for business notebooks will continue post COVID-19. In sum, the Company's 1Q22 shipment exceeded 500,000 units and sales totaled NT\$5 billion, up 15% year-over-year. These were both the highest levels for the first quarter. We are optimistic that our notebook business will reach another peak in 2022.

◆ China Distribution Business Group

The Report on the Work of the Government in March 2022 sets the tone for the target of 5.5% GDP growth for the year. Stabilization remains the key word, with more focus on gradual enhancement of quality and reasonable growth in quantity. Despite the slight lag in private consumption in the first quarter of 2022 due to the resurgence of COVID-19 infections and the adoption of "dynamic zero-case" strategy, the potential of the Chinese consumer market will continue to expand with the pull of domestic circulation and expansion of domestic demand, once the pandemic eases off. Currently, the 18 Buynow Malls are working with suppliers and merchants to capture business opportunities as the Chinese consumer market is recovering. Meanwhile, the cost-cutting measures are still ongoing. As the traffic of customers increases, rental incomes are back to the growth trajectory and higher profitability is within reach. Chicony Square, 30% owned by the Company, witnessed a 10% decline in revenues year-over-year during the first quarter of 2022 due to COVID-19 related control measures in China. However, the profits increased slightly year-over-year as a result of expense management. The steps ahead are solid and steady post the pandemic.

(II) **Influence of the Company's development strategy by external competitive environment, regulatory environment, and overall operating environment in the future**

Looking into the international situation in 2022, the increasing vaccination coverage around the world will gradually mitigate the impact of COVID-19 on the real economy. The global economy is set to continue its recovery. However, the support from fiscal and monetary policies is declining in all countries. The Russia-Ukraine war is causing a global energy crisis and commodity inflation. The Fed will be forced to accelerate the normalization of monetary policies. A strong U.S. dollars may also affect emerging markets and export-oriented countries. The labor shortage caused by high infections of COVID-19 variants will also be a limiting factor of supply. This is likely to prolong inflation. Based on the aforesaid factors, the IMF forecasts the 2022 global economic growth to be 4.4%.

As home working and remote teaching are more effective than expected, the demand for notebook computers is increasing. In addition, the vibrant stay-at-home economy is driving the growth of gaming notebooks and creator notebooks. These changes are expected to be the new norms. The momentum for notebooks and peripherals will not disappear anytime soon. Hence, notebooks will account more than 70% of the personal computer market.

The market in China picked up since 2022, due to the Chinese New Year shopping and

the Winter Olympics. Retail sales of consumer goods in January and February increased by 6.7% year-over-year. The consumer market in China is expanding and the trend for consumption upgrade remains. The policy to promote spending and drive the domestic demand continues. The recovery in the consumer market is likely to persist. Currently, BUYNOW Malls are the most professional and the largest physical channel in China for smart technology and Internet-of-Things (IoT). A total of seven product categories are offered: new and high tech; smart wearables; audio/video; smart living; creative digital; e-sports notebooks & peripherals; and smart toys. The Company will continue to specialize on these products by introducing 5G and Big Data and serving as the best platform to bridge smart tech and consumers.

Going forward, the Company will continue to focus on R&D of notebooks, strictly control costs and expenses, and provide customers with a comprehensive product portfolios with the best customized and differentiated products, so as to create win-wins with customers. As COVID-19 is slowly under control in China, its economy is also bouncing back. The Company will continue to optimize and activate assets for China Distribution Business Group and gradually deleverage to achieve better profits via operational and strategic adjustments.

Up to now the Company has spared no efforts in implementing anti-COVID measures put in place by the government. Business operations are running as usual. Salaries and benefits are handed out as normal. We care about the health of our colleagues and we believe that with our collective efforts, we will overcome the pandemic and achieve the annual target, so that we can create higher profits for shareholders and contribute to the society. Finally, I wish you

good health and all the best.

Chairman: Hsu, Kun-tai Vice Chairman: Tsai, Ming-Hsien Chief Accounting Officer: Wu, Mai
Also Vice President

Audit Committee's Audit Report

We hereby allow

The Board of Directors has prepared the Company's 2021 Business Report, financial statements and proposal for earnings distributions. The financial statements have been audited by CPA Wu Han-Chi and CPA Liang Hua-ling with PwC Taiwan and the audit report has been duly issued. The above-mentioned Business Report, financial statements and proposals of earning distribution are determined as qualified after review by the Audit Committee. Reports have been submitted in accordance with the provisions of Securities and Exchange Act and the Company Act for review.

Best regards

CLEVO CO.

2022 General Shareholders' Meeting

Convener of Audit Committee: Chou, Po-Chiao

March 28, 2022

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Clevo Co.

PWCR21000527

Opinion

We have audited the accompanying parent company only balance sheets of Clevo Co. (the “Company”) as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Refer to Note 6(5) for the subsidiaries held by the Company as of December 31, 2021. As the financial position and financial performance of those subsidiaries were material to the Company's parent company only financial statements, their key audit matters - Valuation of inventories and Valuation of investment properties were included in the Company's key audit matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Investments accounted for using equity method -valuation of investment properties

Description

Refer to Note 4(13) for Investments accounted for using equity method and note 4(17) for accounting policies on investment properties, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to the fair value measurement of investment properties, and Note 6(5) for details of Investments accounted for using equity method.

The subsidiary of Company's measures investment properties using the fair value model. The fair value measurement is based on income approach and the discounted cash flow by using estimated future rental income less essential costs, and obtaining the valuation report by appraiser as valuation basis in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The discount rate and future rental income used as the basis of fair value measurement mentioned above involves future prediction, and the estimated result has a significant impact on fair value measurement. Therefore, we consider the valuation of investment properties as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Examined the analysis period and assumption methods used in the valuation report in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Evaluated the reasonableness of rental earnings related to individual investment property, current market rents for similar comparable properties, rental growth rate and industry forecast reports.
3. Evaluated the reasonableness of discount rate used in valuation and capital costs caused by local property environment.

Valuation of inventories

Description

Refer to Note 4(12) for accounting policy on the valuation of inventories, Note 5(2) for uncertainty of accounting estimations and assumptions in relation to inventory valuation, and Note 6(4) for the details of inventory valuation. As at December 31, 2019, the balance of inventory and allowance for inventory valuation losses amounted to NT\$366,212 thousand and NT\$16,847 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of notebook computers. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk for inventory losses due from market value decline or obsolescence.

The Company recognises inventories at the lower of cost and net realisable value, and the net realisable value is estimated based on the age and the damage of inventory. As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value is subject to management's judgment, we consider the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following procedures in respect of the above key audit matter:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Obtained the listings of lower of cost or net realizable value and obsolescence losses amount, selected samples and inspected related supporting documents. Calculated the accuracy and assessed reasonableness of the estimation of net realizable value.
3. Verified information obtained from physical inventory of notebook computers, and inquired with management and relevant staff if the inventory was identified as slow-moving, surplus, obsolete or damaged.
- 4.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Han-Chi

Liang, Hua-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 12, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

CLEVO CO.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,013,047	3	\$ 3,367,525	5
1110	Current financial assets at fair value	6(2)				
	through profit or loss		1,548,766	3	959,371	2
1170	Accounts receivable, net	6(3)	3,246,471	5	2,064,029	3
1180	Accounts receivable due from related	6(3) and 7				
	parties, net		1,864,640	3	1,440,203	2
130X	Inventory	6(4)	414,865	1	662,079	1
1410	Prepayments		66,671	-	81,383	-
1479	Other current assets		79,672	-	101,638	-
11XX	Current Assets		<u>9,234,132</u>	<u>15</u>	<u>8,676,228</u>	<u>13</u>
Non-current assets						
1550	Investments accounted for under	6(5)				
	equity method		53,205,183	84	53,438,651	81
1600	Property, plant and equipment	6(6) and 8	9,892	-	335,258	1
1755	Right-of-use assets	6(7)	35,452	-	-	-
1760	Investment property, net	6(9) and 8	-	-	1,921,453	3
1780	Intangible assets		4,562	-	10,385	-
1840	Deferred tax assets	6(26)	35,307	-	177,256	-
1920	Refundable deposits		17,480	-	5,605	-
1990	Other non-current assets	6(1) and 8	1,012,170	1	1,030,968	2
15XX	Non-current assets		<u>54,320,046</u>	<u>85</u>	<u>56,919,576</u>	<u>87</u>
1XXX	Total assets		<u>\$ 63,554,178</u>	<u>100</u>	<u>\$ 65,595,804</u>	<u>100</u>

(Continued)

CLEVO CO.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)(28)	\$ 3,736,477	6	\$ 5,362,000	8
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	15,781	-
2130	Current contract liabilities	6(19)	45,890	-	55,386	-
2150	Notes payable		10,124	-	12,029	-
2170	Accounts payable		304,129	1	386,786	1
2200	Other payables		528,017	1	312,061	1
2230	Current income tax liabilities		242,620	-	-	-
2250	Provisions for liabilities - current	6(14)	58,523	-	53,523	-
2280	Lease liabilities - current		43,096	-	-	-
2320	Long-term liabilities, current portion	6(12)	1,800,000	3	2,855,714	4
2399	Other current liabilities		22,167	-	24,696	-
21XX	Current Liabilities		<u>6,791,043</u>	<u>11</u>	<u>9,077,976</u>	<u>14</u>
Non-current liabilities						
2530	Corporate bonds payable	6(11)(28)	5,000,000	8	5,000,000	7
2540	Long-term borrowings	6(12)(28)	9,750,000	15	10,942,857	17
2570	Deferred tax liabilities	6(26)	572,806	1	677,443	1
2580	Lease liabilities - non-current		129,801	-	-	-
2645	Deposits received		104	-	9,492	-
2670	Other non-current liabilities		-	-	8,898	-
25XX	Non-current liabilities		<u>15,452,711</u>	<u>24</u>	<u>16,638,690</u>	<u>25</u>
2XXX	Total Liabilities		<u>22,243,754</u>	<u>35</u>	<u>25,716,666</u>	<u>39</u>
Equity						
Share capital		6(15)				
3110	Common stock		6,497,630	10	6,697,630	10
Capital surplus		6(16)				
3200	Capital surplus		73,478	-	95,864	-
Retained earnings		6(17)				
3310	Legal reserve		1,908,529	3	1,831,206	3
3320	Special reserve		35,684,459	56	36,717,272	57
3350	Unappropriated retained earnings		3,149,950	5	1,118,868	2
Other equity interest		6(18)				
3400	Other equity interest		(4,628,787)	(7)	(4,928,011)	(8)
3500	Treasury stocks	6(15)	(1,374,835)	(2)	(1,653,691)	(3)
3XXX	Total equity		<u>41,310,424</u>	<u>65</u>	<u>39,879,138</u>	<u>61</u>
Significant contingent liabilities and unrecognised contract commitment		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 63,554,178</u>	<u>100</u>	<u>\$ 65,595,804</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

CLEVO CO.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(19)	\$ 22,839,008	100	\$ 16,209,091	100
5000	Operating costs	6(4) and 7	(20,380,541)	(89)	(14,552,181)	(90)
5900	Net operating margin		<u>2,458,467</u>	<u>11</u>	<u>1,656,910</u>	<u>10</u>
5910	Unrealized loss from sales		4,277	-	2,743	-
5920	Realized loss on from sales		(2,742)	-	(2,713)	-
5950	Net operating margin		<u>2,460,002</u>	<u>11</u>	<u>1,656,940</u>	<u>10</u>
	Operating expenses	6(24)(25)				
6100	Selling expenses		(192,647)	(1)	(176,301)	(1)
6200	General and administrative expenses		(422,260)	(2)	(336,578)	(2)
6300	Research and development expenses		(632,583)	(3)	(547,461)	(3)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(750)	-	(1,500)	-
6000	Total operating expenses		(1,248,240)	(6)	(1,061,840)	(6)
6900	Operating profit		<u>1,211,762</u>	<u>5</u>	<u>595,100</u>	<u>4</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	1,115	-	55,458	-
7010	Other income	6(21)	128,931	-	135,629	1
7020	Other gains and losses	6(22)	1,561,387	7	235,258	(2)
7050	Finance costs	6(23)	(279,264)	(1)	(382,188)	(2)
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method, net		(548,491)	(2)	505,227	3
7000	Total non-operating revenue and expenses		<u>863,678</u>	<u>4</u>	<u>78,868</u>	<u>-</u>
7900	Profit before income tax		<u>2,075,440</u>	<u>9</u>	<u>673,968</u>	<u>4</u>
7950	Income tax expense	6(26)	(279,090)	(1)	(7,024)	-
8200	Profit for the year		<u>\$ 1,796,350</u>	<u>8</u>	<u>\$ 666,944</u>	<u>4</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements on defined benefit plans	6(13)	\$ -	-	\$ 54,574	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	-	-	(10,915)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		-	-	43,659	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(18)	320,989	1	(92,139)	-
8399	Income tax related to the components of other comprehensive income	6(26)	(843)	-	149	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		<u>320,146</u>	<u>1</u>	<u>(91,990)</u>	<u>-</u>
8300	Total other comprehensive income (loss) for the year		<u>\$ 320,146</u>	<u>1</u>	<u>(\$ 48,331)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 2,116,496</u>	<u>9</u>	<u>\$ 618,613</u>	<u>4</u>
	Basic earnings per share					
9750	Basic earnings per share	6(27)	<u>\$ 3.03</u>		<u>\$ 1.12</u>	
	Diluted earnings per share					
9850	Diluted earnings per share	6(27)	<u>\$ 3.00</u>		<u>\$ 1.11</u>	

The accompanying notes are an integral part of these parent company only financial statements.

CLEVO CO.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Capital Reserves				Retained Earnings			Other equity interest			Total equity	
	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Capital surplus, donated assets received	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Total exchange differences on translation of foreign financial statements	Asset revaluation increment	Treasury shares		
Year 2020												
		\$ 6,697,630	\$ 306,904	\$ 27,047	\$ -	\$ 1,724,342	\$ 36,131,662	\$ 1,100,739	(\$ 4,856,943)	\$ 20,922	(\$ 1,357,042)	\$ 39,795,261
		-	-	-	-	-	-	666,944	-	-	-	666,944
		-	-	-	-	-	-	43,659	(91,990)	-	-	(48,331)
		-	-	-	-	-	-	710,603	(91,990)	-	-	618,613
Appropriations of 2019 earnings	6(17)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	106,864	-	(106,864)	-	-	-	-	-
Special reserve		-	-	-	-	993,875	(993,875)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(408,265)	408,265	-	-	-	-	-
Capital dividends	6(17)	-	(248,906)	-	-	-	-	-	-	-	-	(248,906)
Adjustment to capital surplus arising from dividends paid to subsidiaries		-	-	10,819	-	-	-	-	-	-	-	10,819
Treasury stock acquired		-	-	-	-	-	-	-	-	-	(296,649)	(296,649)
Balance at December 31, 2020		\$ 6,697,630	\$ 57,998	\$ 37,866	\$ -	\$ 1,831,206	\$ 36,717,272	\$ 1,118,868	(\$ 4,948,933)	\$ 20,922	(\$ 1,653,691)	\$ 39,879,138
Year 2021												
		\$ 6,697,630	\$ 57,998	\$ 37,866	\$ -	\$ 1,831,206	\$ 36,717,272	\$ 1,118,868	(\$ 4,948,933)	\$ 20,922	(\$ 1,653,691)	\$ 39,879,138
		-	-	-	-	-	-	1,796,350	-	-	-	1,796,350
		-	-	-	-	-	-	-	320,146	-	-	320,146
		-	-	-	-	-	-	1,796,350	320,146	-	-	2,116,496
Appropriations of 2020 earnings	6(17)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	77,323	-	(77,323)	-	-	-	-	-
Special reserve		-	-	-	-	507,614	(507,614)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(373,358)	-	-	-	-	(373,358)
Treasury stock acquired	6(15)	-	-	-	-	-	-	-	-	-	(329,063)	(329,063)
Treasury stock retired		(200,000)	(1,731)	(37,866)	-	-	(368,322)	-	-	-	607,919	-
Past due dividends not received by shareholders		-	-	-	983	-	-	-	-	-	-	983
Adjustment to capital surplus arising from dividends paid to subsidiaries		-	-	16,228	-	-	-	-	-	-	-	16,228
Reversal of special reserve		-	-	-	-	(1,540,427)	1,561,349	-	-	-	-	20,922
Proceeds from disposal of property, plant and equipment	6(18)	-	-	-	-	-	-	-	(20,922)	-	-	(20,922)
Balance at December 31, 2021		\$ 6,497,630	\$ 56,267	\$ 16,228	\$ 983	\$ 1,908,529	\$ 35,684,459	\$ 3,149,950	(\$ 4,628,787)	\$ -	(\$ 1,374,835)	\$ 41,310,424

The accompanying notes are an integral part of these parent company only financial statements.

CLEVO CO.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,075,440	\$ 673,968
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(24)	11,797	12,359
Depreciation of right-of-use assets	6(7)(24)	754	-
Amortisation	6(24)	7,046	7,603
Expected credit loss	12(2)	750	1,500
Net gain on financial assets measured at fair value through profit or loss	6(22)	(47,714)	(88,443)
Interest expense	6(23)	279,264	382,188
Interest income	6(20)	(1,115)	(55,458)
Dividend income	6(21)	(33,711)	(30,194)
Share of loss (profit) of associates and joint ventures accounted for under the equity method	6(5)	548,491	(505,227)
Gains arising from transfer of right in sale and lease-back transaction	6(6)(22)	(1,080,862)	-
Loss on disposal of investments	6(22)	4,717	95,088
Gain on disposal of investment property	6(22)	(222,594)	-
Gain on adjustments of investment properties at fair value	6(9)(22)	(301,698)	(342,072)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss		(562,180)	(345,192)
Accounts receivable, net		(1,607,629)	(406,528)
Inventories		247,214	(312,714)
Prepayments		14,712	32,122
Other current assets		1,603	75,034
Changes in operating liabilities			
Increase (decrease) in contract liabilities		(9,496)	21,026
Notes payable		(1,905)	(822)
Accounts payable		(82,657)	298,253
Other payables		214,852	(36,206)
Provisions for liabilities - current		5,000	3,000
Other current liabilities		(2,530)	3,344
Other non-current liabilities		(8,898)	(8,613)
Cash outflow generated from operations		(551,349)	(525,984)
Interest received		1,115	65,703
Dividends received		33,711	30,194
Cash dividend accounted for under equity method		23,728	31,807
Income taxes paid		20,363	(2,352)
Interest paid		(279,281)	(386,876)
Net cash flows used in operating activities		(751,713)	(787,508)

(Continued)

CLEVO CO.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of property, plant and equipment and investment property	6(9)	\$ 3,988,880	\$ -
Acquisition of property, plant and equipment	6(6)	(5,302)	(8,628)
(Increase) decrease in refundable deposits		(11,875)	1,050
Acquisition of intangible assets		(1,223)	(7,055)
Decrease in other receivables		-	1,433,101
Decrease in other non-current assets		8,248	4,201
Decrease in restricted cash- non-current		10,550	498,179
Net cash flows from investing activities		<u>3,989,278</u>	<u>1,920,848</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		50,761,063	77,852,431
Decrease in short-term borrowings		(52,386,586)	(80,187,431)
Increase in long-term borrowings		29,400,000	19,170,000
Repayments of long-term borrowings		(31,648,571)	(19,361,429)
Decrease in guarantee deposit		(9,388)	(2,707)
Payments of lease liabilities	6(28)	(7,123)	-
Decrease in other payables - related		-	(104,410)
Decrease in long-term payables - related parties		-	(117,351)
Cash dividends paid	6(18)	(373,358)	(248,906)
Acquisition of treasury stock	6(15)	(329,063)	(296,649)
Repayments of corporate bonds		-	(200,000)
Financing activities for investee accounted for under equity method		-	(257,342)
Past due dividends not received by shareholders		983	-
Proceeds from capital reduction of investments accounted for under equity method		-	109,577
Net cash flows used in financing activities		<u>(4,592,043)</u>	<u>(3,644,217)</u>
Net decrease in cash and cash equivalents		(1,354,478)	(2,510,877)
Cash and cash equivalents at beginning of year		3,367,525	5,878,402
Cash and cash equivalents at end of year		<u>\$ 2,013,047</u>	<u>\$ 3,367,525</u>

The accompanying notes are an integral part of these parent company only financial statements.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Clevo Co.

PWCR21000479

Opinion

We have audited the accompanying consolidated balance sheets of Clevo Co. and its subsidiaries (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Valuation of investment properties

Description

Refer to Note 4(19) for accounting policies on investment properties, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to the fair value measurement of investment properties, and Note 6(9) for details of investment properties. As at December 31, 2021, the Group's investment properties at fair value amounted to NT\$62,408,602 thousand.

The Group measures investment properties using the fair value model. The fair value measurement is based on income approach and the discounted cash flow by using estimated future rental income less essential costs, and obtaining the valuation report by appraiser as valuation basis in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The discount rate and future rental income used as the basis of fair value measurement mentioned above involves future prediction, and the estimated result has a significant impact on fair value measurement. Therefore, we consider the valuation of investment properties as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Examined the analysis period and assumption methods used in the valuation report by the independent appraisers in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Evaluated the reasonableness of rental earnings related to individual investment property, current market rents for similar comparable properties, rental growth rate and industry forecast reports.
3. Evaluated the reasonableness of discount rate used in valuation and capital costs caused by local property environment.

Existence of booth rental revenue

Description

Refer to Note 4(34) for accounting policies on revenue recognition and Note 6(23) for details of operating revenue. As at December 31, 2021, the Group's rental revenue amounted to NT\$2, 561,967 thousand.

One of the operating revenues of the Group is to earn booth rental income from holding investment properties. After customers sign the contracts, the Group allocates and recognises booth rental revenue based on the period of realisation of agreements.

The customers of booth rental revenue are merchants in the location of investment property, the customers are numerous and most contract periods are from 6 months to one year. The main customers are primarily engaged in the sales of 3C products and food service. In recent years, the growth of ecommerce in China has made an impact on the sales of bricks-and-mortar stores. Therefore, there is higher uncertainty of existence of rental revenue. Thus, we consider the existence of booth rental revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Ensured the reasonableness by validating and testing the appropriateness of internal controls over booth rental revenue, including inspecting the lease contracts and related supporting documents.
2. Verified existence of merchants by performing physical count of the booths.
3. Obtained the listings of booth rental revenue and confirmed the existence of booth rental revenue by sampling and inspecting the lease contracts and physical inventory lists.

Valuation of inventories

Description

Refer to Note 4(13) for accounting policy on the evaluation of inventories, Note 5(2) for uncertainty of accounting estimations and assumptions in relation to inventory valuation, and Note 6(4) for the details of inventory valuation. As at December 31, 2021, the balance of inventory and allowance for inventory valuation losses amounted to NT\$5,045,845 thousand and NT\$351,868 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of notebook computers, construction in progress and buildings and land held for sale. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due

from market value decline or obsolescence. Additionally, most of construction in progress and buildings and land held for sale are located in second-tier or third-tier cities. The property cycle is mostly influenced by local policy and economic situation. Due to long inventory holding period, there is a higher risk for inventory losses due from market value decline.

The Group recognises inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on the age and damage of inventory. The allowance for inventory valuation losses is provided for those inventories aged over a certain period of time and individually identified as obsolete or damaged. As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value is subject to management's judgment, we consider the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following procedures in respect of the above key audit matter:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Obtained the listings of lower of cost or net realizable value and obsolescence losses amount, sampled and inspected related supporting documents. Calculated the accuracy and assessed the reasonableness of the estimation of net realizable value.
3. Verified information obtained from physical inventory of notebook computers, and inquired with management and relevant staff if the inventory is identified as slow-moving, surplus, obsolete or damaged.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Clevo Co. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Han-Chi

Liang, Hua-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 28, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,816,041	4	\$ 4,918,051	5
1110	Financial assets at fair value through profit or loss - current	6(2)	2,530,073	3	1,609,467	2
1136	Financial assets at amortised cost - current	6(1) and 8	3,912	-	814,113	1
1170	Accounts receivable, net	6(3)	3,426,401	4	2,248,910	2
1220	Current income tax assets		274	-	272	-
130X	Inventories	6(4)	4,693,977	5	3,709,265	4
1470	Other current assets	6(1), 7 and 8	1,383,409	1	935,809	1
11XX	Total current assets		<u>15,854,087</u>	<u>17</u>	<u>14,235,887</u>	<u>15</u>
Non-current assets						
1535	Financial assets at amortised cost - non-current	6(1) and 8	24,318	-	25,836	-
1550	Investments accounted for using equity method, net	6(5)	2,649,192	3	3,448,208	4
1600	Property, plant and equipment	6(6) and 8	2,533,892	3	4,711,606	5
1755	Right-of-use assets	6(7), 7 and 8	4,158,671	5	4,527,645	5
1760	Investment property, net	6(9) and 8	62,408,602	68	63,638,847	67
1780	Intangible assets	6(10)	18,423	-	30,705	-
1840	Deferred income tax assets	6(30)	387,328	-	612,834	1
1990	Other non-current assets	6(1)(11) and 8	3,259,614	4	3,034,654	3
15XX	Total non-current assets		<u>75,440,040</u>	<u>83</u>	<u>80,030,335</u>	<u>85</u>
1XXX	Total assets		<u>\$ 91,294,127</u>	<u>100</u>	<u>\$ 94,266,222</u>	<u>100</u>

(Continued)

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 4,746,423	5	\$ 6,856,140	7
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	15,781	-
2130	Contract liabilities - current	6(23)	88,153	-	179,636	-
2150	Notes payable		10,124	-	12,094	-
2170	Accounts payable		2,393,963	3	1,855,455	2
2180	Accounts payable - related parties	7	347,988	-	242,174	-
2200	Other payables		1,364,019	2	1,324,323	2
2230	Current income tax liabilities		378,031	-	189,550	-
2250	Provisions for liabilities - current	6(18)	58,523	-	53,523	-
2280	Lease liabilities - current	7	62,634	-	15,963	-
2320	Long-term liabilities, current portion	6(16)	3,798,480	4	6,594,537	7
2399	Other current liabilities		512,461	1	476,156	1
21XX	Total current liabilities		<u>13,760,799</u>	<u>15</u>	<u>17,815,332</u>	<u>19</u>
Non-current liabilities						
2530	Corporate bonds payable	6(15)	5,000,000	6	5,000,000	6
2540	Long-term borrowings	6(16)	17,871,867	20	18,096,378	19
2570	Deferred income tax liabilities	6(30)	12,002,907	13	12,208,609	13
2580	Lease liabilities - non-current	7	221,390	-	96,305	-
2670	Other non-current liabilities	6(17) and 7	1,126,740	1	1,170,460	1
25XX	Total non-current liabilities		<u>36,222,904</u>	<u>40</u>	<u>36,571,752</u>	<u>39</u>
2XXX	Total liabilities		<u>49,983,703</u>	<u>55</u>	<u>54,387,084</u>	<u>58</u>
Equity attributable to owners of parent						
Share capital						
3110	Ordinary share	6(19)	6,497,630	7	6,697,630	7
Capital surplus						
3200	Capital surplus	6(20)	73,478	-	95,864	-
Retained earnings						
3310	Legal reserve	6(21)	1,908,529	2	1,831,206	2
3320	Special reserve		35,684,459	39	36,717,272	39
3350	Unappropriated retained earnings		3,149,950	3	1,118,868	1
Other equity interest						
3400	Other equity interest	6(22)	(4,628,787)	(5)	(4,928,011)	(5)
3500	Treasury shares	6(19)	(1,374,835)	(1)	(1,653,691)	(2)
31XX	Total equity attributable to owners of parent		<u>41,310,424</u>	<u>45</u>	<u>39,879,138</u>	<u>42</u>
3XXX	Total equity		<u>41,310,424</u>	<u>45</u>	<u>39,879,138</u>	<u>42</u>
Significant contingent liabilities and unrecognised contract commitment						
Significant events after the balance sheet date						
3X2X	TOTAL LIABILITIES AND EQUITY		<u>\$ 91,294,127</u>	<u>100</u>	<u>\$ 94,266,222</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(23) and 7	\$ 26,991,842	100	\$ 20,238,946	100
5000	Operating costs	6(4)(28)(29) and 7	(21,676,266)	(80)	(15,882,827)	(79)
5900	Net operating margin		<u>5,315,576</u>	<u>20</u>	<u>4,356,119</u>	<u>21</u>
	Operating expenses	6(28)(29)				
6100	Selling expenses		(1,202,125)	(5)	(1,095,907)	(5)
6200	General & administrative expenses		(1,384,771)	(5)	(1,234,436)	(6)
6300	Research and development expenses		(632,583)	(2)	(547,461)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(6,258)	-	(2,132)	-
6000	Total operating expenses		<u>(3,225,737)</u>	<u>(12)</u>	<u>(2,879,936)</u>	<u>(14)</u>
6900	Operating profit		<u>2,089,839</u>	<u>8</u>	<u>1,476,183</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(24)	18,191	-	67,743	-
7010	Other income	6(25)	231,626	1	248,817	1
7020	Other gains and losses	6(26)	371,554	1	(229,855)	(1)
7050	Finance costs	6(27) and 7	(638,943)	(2)	(908,631)	(4)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(5)	<u>178,579</u>	<u>1</u>	<u>41,948</u>	<u>-</u>
7000	Total non-operating revenue and expenses		<u>161,007</u>	<u>1</u>	<u>(779,978)</u>	<u>(4)</u>
7900	Profit before income tax		<u>2,250,846</u>	<u>9</u>	<u>696,205</u>	<u>3</u>
7950	Income tax expense	6(30)	(454,496)	(2)	(29,261)	-
8200	Profit for the year		<u>\$ 1,796,350</u>	<u>7</u>	<u>\$ 666,944</u>	<u>3</u>

(Continued)

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
8311	Gain on remeasurements on defined benefit plans	6(17)	\$ -	-	\$ 54,574	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	-	-	(10,915)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		-	-	43,659	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(22)	316,774	1	(91,391)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(22)	4,215	-	(748)	-
8399	Income tax related to the components of other comprehensive income	6(22)(30)	(843)	-	149	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		320,146	1	(91,990)	-
8300	Total other comprehensive income (loss) for the year		<u>\$ 320,146</u>	<u>1</u>	<u>(\$ 48,331)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 2,116,496</u>	<u>8</u>	<u>\$ 618,613</u>	<u>3</u>
Profit (loss), attributable to:						
8610	Owners of the parent		<u>\$ 1,796,350</u>	<u>7</u>	<u>\$ 666,944</u>	<u>3</u>
Comprehensive income attributable to:						
8710	Owners of the parent		<u>\$ 2,116,496</u>	<u>8</u>	<u>\$ 618,613</u>	<u>3</u>
Basic earnings per share 6(31)						
9750	Total basic earnings per share		<u>\$</u>	<u>3.03</u>	<u>\$</u>	<u>1.12</u>
Diluted earnings per share 6(31)						
9850	Total diluted earnings per share		<u>\$</u>	<u>3.00</u>	<u>\$</u>	<u>1.11</u>

The accompanying notes are an integral part of these consolidated financial statements.

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent									
		Capital Reserves			Retained Earnings			Other equity interest			
Notes	Ordinary share	Total capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Capital surplus, donated assets received	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Total exchange differences on translation of foreign financial statements	Asset revaluation increment	Treasury shares	Total equity
Year ended December 31, 2020											
	\$ 6,697,630	\$ 306,904	\$ 27,047	\$ -	\$ 1,724,342	\$ 36,131,662	\$ 1,100,739	(\$ 4,856,943)	\$ 20,922	(\$ 1,357,042)	\$ 39,795,261
	-	-	-	-	-	-	666,944	-	-	-	666,944
	-	-	-	-	-	-	43,659	(91,990)	-	-	(48,331)
	-	-	-	-	-	-	710,603	(91,990)	-	-	618,613
Appropriations of 2019 earnings	6(21)	-	-	-	106,864	-	(106,864)	-	-	-	-
Legal reserve		-	-	-	-	-	-	-	-	-	-
Special reserve		-	-	-	-	993,875	(993,875)	-	-	-	-
Capital dividends	6(21)	(248,906)	-	-	-	-	-	-	-	-	(248,906)
Treasury stock acquired	6(19)	-	-	-	-	-	-	-	-	(296,649)	(296,649)
Adjustment to capital surplus arising from dividends paid to subsidiaries		-	10,819	-	-	-	-	-	-	-	10,819
Reversal of special reserve		-	-	-	-	(408,265)	408,265	-	-	-	-
Balance at December 31, 2020	<u>\$ 6,697,630</u>	<u>\$ 57,998</u>	<u>\$ 37,866</u>	<u>\$ -</u>	<u>\$ 1,831,206</u>	<u>\$ 36,717,272</u>	<u>\$ 1,118,868</u>	<u>(\$ 4,948,933)</u>	<u>\$ 20,922</u>	<u>(\$ 1,653,691)</u>	<u>\$ 39,879,138</u>
Year ended December 31, 2021											
	\$ 6,697,630	\$ 57,998	\$ 37,866	\$ -	\$ 1,831,206	\$ 36,717,272	\$ 1,118,868	(\$ 4,948,933)	\$ 20,922	(\$ 1,653,691)	\$ 39,879,138
	-	-	-	-	-	-	1,796,350	-	-	-	1,796,350
	-	-	-	-	-	-	-	320,146	-	-	320,146
	-	-	-	-	-	-	1,796,350	320,146	-	-	2,116,496
Appropriations of 2020 earnings	6(21)	-	-	-	77,323	-	(77,323)	-	-	-	-
Legal reserve		-	-	-	-	-	-	-	-	-	-
Special reserve		-	-	-	-	507,614	(507,614)	-	-	-	-
Cash dividends		-	-	-	-	-	(373,358)	-	-	-	(373,358)
Treasury stock acquired	6(19)	-	-	-	-	-	-	-	-	(329,063)	(329,063)
Treasury stock retired		(200,000)	(1,731)	(37,866)	-	-	(368,322)	-	-	607,919	-
Past due dividends not received by shareholders		-	-	983	-	-	-	-	-	-	983
Adjustment to capital surplus arising from dividends paid to subsidiaries		-	16,228	-	-	-	-	-	-	-	16,228
Reversal of special reserve		-	-	-	-	(1,540,427)	1,561,349	-	-	-	20,922
Proceeds from disposal of property, plant and equipment	6(22)	-	-	-	-	-	-	-	(20,922)	-	(20,922)
Balance at December 31, 2021	<u>\$ 6,497,630</u>	<u>\$ 56,267</u>	<u>\$ 16,228</u>	<u>\$ 983</u>	<u>\$ 1,908,529</u>	<u>\$ 35,684,459</u>	<u>\$ 3,149,950</u>	<u>(\$ 4,628,787)</u>	<u>\$ -</u>	<u>(\$ 1,374,835)</u>	<u>\$ 41,310,424</u>

The accompanying notes are an integral part of these consolidated financial statements.

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,250,846	\$ 696,205
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(28)	265,934	290,236
Amortisation	6(10)(28)	10,991	11,612
Expected credit loss	12(2)	6,258	2,132
Net gain on financial assets (liabilities) mandatorily	6(2)(26)	(145,601)	(271,284)
Interest expense	6(27)	638,943	908,631
Interest income	6(24)	(18,191)	(67,743)
Dividend income	6(25)	(33,936)	(30,435)
Share of profit of associates and joint ventures accounted for using the equity method	6(5)	(178,579)	(41,948)
Gain (loss) on disposal of investment property	6(26)	(221,868)	4,252
Gain of disposal of property, plant and equipment	6(26)	(438)	(103)
Loss on disposal of intangible assets	6(26)	2,882	-
Loss on disposal of investments	6(2)(26)	3,443	95,088
Loss on adjustment of investment properties at fair value	6(9)(26)	538,288	55,918
Impairment loss on property, plant and equipment	6(12)(26)	556,573	-
Impairment loss on non-current asset held for sale	6(13)(26)	-	54,627
Gains arising from transfer of right in sale and lease-back transaction	6(26)	(1,080,862)	-
Gains arising from lease modifications	6(7)(26)	(2,747)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss		(802,581)	(430,266)
Accounts receivable, net		(1,182,112)	(252,693)
Inventories		(324,197)	345,587
Capitalisation of interest (inventories)	6(4)	(32,107)	(31,917)
Other current assets		(135,419)	180,000
Changes in operating liabilities			
Contract liabilities		(22,365)	(11,247)
Note payable		(1,970)	757
Accounts payable		538,508	274,609
Accounts payable - related parties		105,814	(75,917)
Other payables		220,673	20,958
Provisions for liabilities - current		5,000	3,000
Other current liabilities		36,306	(102,996)
Other non-current liabilities		(11,566)	30,544
Cash inflow generated from operations		985,920	1,656,093
Interest received		19,231	72,659
Dividends received	6(32)	488,327	30,435
Interest paid		(639,020)	(925,024)
Income taxes paid		(339,767)	(154,341)
Net cash flows from operating activities		514,691	679,822

(Continued)

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(32)	(\$ 158,235)	(\$ 378,857)
Proceeds from disposal of property, plant and equipment	6(32)	4,002,931	35,331
Decrease in refundable deposits		2,369	16,227
Acquisition of intangible assets	6(10)	(1,442)	(12,461)
Acquisition of investment properties	6(32)	(132,302)	(129,543)
Proceeds from disposal of non-current assets classified as held for sale	6(32)	215,298	2,201,760
Interest paid (capitalisation of interest)	6(9)	(148,679)	(151,641)
Decrease (increase) in financial assets at amortised cost - current		810,201	(166,061)
Decrease (increase) d in financial assets at amortised cost - non-current		1,518	(2,319)
Increase in other non-current assets		(<u>376,736</u>)	(<u>315,745</u>)
Net cash flows from investing activities		<u>4,214,923</u>	<u>1,096,691</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings		57,282,997	81,050,167
Repayments of short-term borrowings		(59,404,771)	(83,419,869)
Decrease in other payable - related parties		-	(215,650)
Repayments of bonds		-	(200,000)
Proceeds from long-term borrowings		37,402,576	25,350,858
Repayments of long-term borrowings		(40,511,039)	(26,795,824)
Decrease in guarantee deposit		(31,624)	(13,012)
Cash dividends paid	6(21)	(373,358)	(248,906)
Acquisition of treasury stock	6(19)	(329,063)	(296,649)
Payments of lease liabilities	6(33)	(<u>27,059</u>)	(<u>14,017</u>)
Net cash flows used in financing activities		(<u>5,991,341</u>)	(<u>4,802,902</u>)
Changes in exchange rates		<u>159,717</u>	(<u>103,344</u>)
Net decrease in cash and cash equivalents		(1,102,010)	(3,129,733)
Cash and cash equivalents at beginning of year		<u>4,918,051</u>	<u>8,047,784</u>
Cash and cash equivalents at end of year		<u>\$ 3,816,041</u>	<u>\$ 4,918,051</u>

The accompanying notes are an integral part of these consolidated financial statements.

Before amendments

CLEVO CO. Articles of Association

Chapter 1 General Provisions

Article 1: The Company is established according to the provisions of the Company Act and named CLEVO CO.

Article 2: The licensed businesses operated by the Company are as follows:

The licensed businesses operated by the Company are as follows:

- 1.CC01060 Wired Communication Mechanical Equipment Manufacturing
- 2.CC01070 Wireless Communication Mechanical Equipment Manufacturing
- 3.CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- 4.CC01110 Computer and Peripheral Equipment Manufacturing
- 5.E605010 Computer Equipment Installation
- 6.F113070 Wholesales of communication equipment
- 7.F118010 Wholesale of Computer Software
- 8.F119010 Wholesale of Electronic Materials
- 9.F213060 Retail of communication equipment
- 10.F218010 Retail Sale of Computer Software
- 11.F219010 Retail Sale of Electronic Materials
- 12.F401010 International trade
- 13.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 14.I301010 Information Software Services
- 15.I301020 Data processing services
- 16.I301030 Electronic Information Supply Services
- 17.J901011 Tourist Hotel
- 18.J901020 Regular Hotel
- 19.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall be the guarantor of the guarantee matters of subsidiaries and related enterprises established by investment.

Article 4: The Company has its head office in New Taipei City and shall set up branches at home and abroad according to its business needs.

Article 5: The Company may invest in other companies as a shareholder with limited liability, and is not subject to the limitation of Paragraph 1 of Article 13 of the Company Act that the total amount of investment shall not exceed 40% of the paid-in equity.

Chapter 2 Shares

Article 6: The total capital of The Company is authorized as NT\$9 billion, which is divided into 900 million shares with NT\$10 per share. The Company shall issue ordinary shares and special shares and authorize the Board of Directors to issue them in installments.

Within the total amount of capital mentioned in the preceding paragraph, NT\$200 million is retained for issuing employee stock option certificates for 20 million shares. Each share is NT\$10. The Board of Directors is authorized to issue the shares by installments according to actual needs.

Article 7: The Company's stock affairs shall be handled according to the provisions of the competent authority.

Article 8: Shares issued by The Company shall be shares exempted from printing and registered by the centralized custody institution of securities.

Article 9: The registration of transfer of shares shall stop within 60 days before the general shareholders' meeting, 30 days before a special shareholders' meeting, or five days before the record date of the Company's decision to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

Article 10: Shareholders' meetings are divided into general shareholders' meetings and special shareholders' meetings. The general shareholders' meeting is held once a year within six months after the end of each accounting year. The special shareholders' meeting shall be convened according to the relevant decrees when necessary.

The shareholders' meeting referred to in the preceding paragraph shall be convened by the Board of Directors, unless otherwise stipulated in Company Act.

Article 11: When shareholders are unable to attend the shareholders' meeting for some reasons, a power of attorney issued by the Company specifying the scope of authorization shall be issued. The entrusted agents shall attend the shareholders' meeting according to Article 177 of the Company Act and the Rules on the Use of Power of Attorney for Attending Shareholders' Meeting in a Public Company promulgated by the competent authority.

Article 12: The shareholders of the Company shall have one vote per share, except in cases where the voting rights of shares are restricted or there is no voting right as stipulated in Company Act.

Article 13: Except for the minimum limit of voting rights for special resolutions stipulated in Company Act on special matters, the resolution shall be attended by shareholders representing more than half of the total number of shares issued and the general resolution shall be agreed upon by more than half of the voting rights of the shareholders present.

Article 14: A Shareholders' meeting shall be convened by the Board of Directors, with the Chairman as its Chairman. In the absence of the Chairman, the Vice-Chairman shall act in their place. In the absence of the Vice-Chairman, the directors shall elect one of them to act in the place of the Vice-Chairman. When the shareholders' meeting is convened by people with convening power other than the Board of Directors, the person with convening power shall serve as the Chairman. When there are more than two people with convening power, one person shall be elected.

Article 15: Records shall be made for resolutions of the shareholders' meeting, signed or sealed by the Chairman of the Shareholders' Meeting, and distributed to all shareholders within 20 days after the meeting. The distribution of the above records shall be announced.

Article 16: The procedures of the shareholders' meeting shall be executed according to the Rules of Procedures for Shareholders' Meetings of CLEVO CO.

Chapter 4 Directors and Audit Committee

Article 17: The Company shall have seven to nine directors, who shall be elected by the Board of Shareholders on the list of candidates under the system of nomination of candidates. They shall serve for three years and be re-elected. According to Article 14-2 of the Securities and Exchange Act, the number of independent directors shall not be less than three and not less than one fifth of the directors' seats in the above number of The Company's directors. The relevant provisions of the securities authority shall be followed in respect of the professional qualifications, shareholding, part-time restrictions, nomination and selection methods and other matters of independent directors.

The total shareholding ratio of all the Company's directors shall be governed by the provisions of the regulatory authority of securities.

According to Article 14-4 of the Securities and Exchange Act, the Company shall establish an audit committee to replace the functions and powers of the supervisors. The Audit Committee is composed of all independent directors, the number of whom shall not be less than three. One of them is the convener. The exercise of its functions and powers and related

matters shall be handled according to the provisions of relevant laws and regulations and decided by the Board of Directors separately.

Article 18: When the shortage of directors is up to one third, the Board of Directors shall hold a temporary meeting of shareholders for by-election within sixty days. The term of office shall fill the original term.

Article 19: The board meeting shall be attended by more than two-thirds of the directors and agreed upon by more than half of the directors present. One of the directors shall be elected as Chairman, and one of them shall be elected as Vice-Chairman. The Chairman shall represent The Company to the outside.

Article 20: The execution of The Company's business shall be decided by the Board of Directors, except for the matters stipulated in Company Act and Articles of Incorporation that shall be decided by the shareholders' meeting.

Article 21: Except for the first board meeting of each session convened according to Article 203 of the Company Act, the rest of the board meetings are convened by the Chairman, who serves as the Chairman. When the Chairman is absent or unable to exercise their functions and powers for some reason, the Vice-Chairman shall act as their agent. When the Vice-Chairman is absent or unable to exercise their functions and powers for some reason, the Chairman shall appoint one of the directors to act as the agent. If the Chairman fails to appoint, the directors shall elect one of themselves as the agent.

The board meeting of the Company shall be convened at least once a quarter.

For the convening of the board of meeting, the reasons shall be stated and the directors shall be notified seven days in advance, but in case of an emergency, it may be convened at any time.

The convening of the preceding paragraph may be notified in writing, by fax or by e-mail.

Article 22: Except as otherwise stipulated in Company Act, a resolution of the board meeting shall be attended by more than half of the directors and agreed upon by more than half of the directors present. When a director is unable to attend due to some reason, a power of attorney shall be issued, and the scope of authorization for the subject of convocation shall be listed. Another director shall be entrusted to attend the board meeting, but the agent shall be entrusted by one person.

When the board meeting is held by video conference, the directors attending the meeting by video conference shall be deemed as attending in person.

Article 23: The Board of Directors shall be authorized to decide the remuneration of the Chairman, Vice-Chairman, and Director according to their participation in the operation of the Company and the value of their contribution, taking into account the usual level of the same profession.

Article 23-1: By resolution of the Board of Directors, the Company shall purchase liability insurance for directors and important staff members.

Article 23-2: The Board of Directors of The Company shall set Remuneration Committee or other functional committees for the sake of business operation.

Chapter 5 Managers

Article 24: The Company shall have a manager, whose appointment, dismissal and remuneration shall be handled according to Article 29 of the Company Act.

Chapter 6 Accounting

Article 25: At the end of each accounting year of the Company and the Board of Directors shall compile the following forms and submit them to the general shareholders' meeting for recognition.

1. Business report.
2. Financial statements.
3. Proposal for the distribution of surplus or the distribution of loss.

Article 26: If the Company has a earnings upon its annual final accounting, it shall pay taxes and make

up for its losses according to law, and 10% shall be accrued as the legal reserve. However, when the legal reserve has reached the total capital, this does not apply. Additionally, the undistributed earnings at the beginning of the period is the accumulative distributable earnings of shareholders after the special reserve is accrued or returned according to the relevant laws and regulations. The Board of Directors shall make a plan for earnings distribution and submit it to the shareholders' meeting for a resolution about distribution.

According to the provisions of the Company Act, the Company authorizes the Board of Directors to make a resolution if more than two-thirds of the directors attend and more than half of the directors present agree, distribute all or part of dividends, bonuses, statutory surplus reserve and capital reserve in the form of cash distribution and report to the Board of Shareholders. The provisions of the preceding paragraph for which the shareholders' meeting shall make a resolution do not apply.

In order to motivate employees and the operation team, the Company shall distribute 5% to 15% of employees' remuneration and no more than 1% of directors' remuneration according to the current year's profit (i.e. profit before distribution of the employees' remuneration and directors' remuneration is deducted from pre-tax profit). However, if the Company still has accumulated losses, the amount of compensation shall be retained in advance.

When the employees' remuneration is distributed by stock or cash, the Board of Directors shall make a resolution if more than two-thirds of the directors attend and more than half of the directors present agree, and report to the shareholders' meeting.

If it is issued in the form of shares, the Board of Directors may decide to issue new stocks or buy the shares that have been issued by themselves.

The employees' remuneration in the preceding paragraph shall be given to employees of the subsidiary companies of the Company who meet certain conditions.

Article 27: The Company belongs to the electronic high-tech industry. Based on the industry development prospect, capital expenditure needs, sound financial planning and the protection of investors' rights and interests, the dividend policy of The Company is to distribute the dividend by taking into account factors such as capital surplus, retained earnings, financial structure and operating conditions. Under the goal of maintaining a stable dividend, the cash dividend shall not be less than 10% of the total dividend.

Chapter 7 Supplementary Provisions

Article 28: Matters not specified in these Articles of Association shall be handled according to the provisions of the Company Act and relevant decrees.

Article 29: These Articles of Association were signed on September 17, 1983.

The first amendment was made on May 17, 1984.

The second amendment was made on February 23, 1987.

The third amendment was made on November 25, 1988.

The fourth amendment was made on December 16, 1988.

The fifth amendment was made on April 22, 1990.

The sixth amendment was made on July 15, 1991.

The seventh amendment was made on March 31, 1992.

The eighth amendment was made on July 21, 1992.

The ninth amendment was made on April 27, 1993.

The tenth amendment was made on June 3, 1993.

The eleventh amendment was made on September 21, 1993.

The twelfth amendment was made on May 10, 1994.

The thirteenth amendment was made on April 21, 1995.

The fourteenth amendment was made on May 30, 1996.

The fifteenth amendment was made on May 5, 1997.

The sixteenth amendment was made on January 20, 1998.

The seventeen amendment was made on April 29, 1998.
The eighteenth amendment was made on May 13, 1999.
The nineteenth amendment was made on June 8, 2000.
The twentieth amendment was made on May 31, 2002.
The twenty-first amendment was made on May 25, 2004.
The twenty-second amendment was made on June 14, 2005.
The twenty-third amendment was made on June 15, 2006.
The twenty-fourth amendment was made on June 15, 2007.
The twenty-fifth amendment was made on June 11, 2008.
The twenty-sixth amendment was made on June 19, 2009.
The twenty-seventh amendment was made on June 14, 2010.
The twenty-eighth amendment was made on June 17, 2011.
The twenty-ninth amendment was made on June 15, 2012.
The thirtieth amendment was made on June 14, 2013.
The thirty-first amendment was made on June June 12, 2014.
The thirty-second amendment was made on June 14, 2016.
The thirty-third amendment was made on June 15, 2018.
The thirty-fourth amendment was made on June 18, 2019.

After amendments

CLEVO CO.

Articles of Association

Chapter 1 General Provisions

Article 1: The Company is incorporated in accordance with the Company Act and named “藍天電腦股份有限公司”. Its English name is **“CLEVO CO”**.

Article 2: The licensed businesses operated by the Company are as follows:

The licensed businesses operated by the Company are as follows:

- 1.CC01060 Wired Communication Mechanical Equipment Manufacturing
- 2.CC01070 Wireless Communication Mechanical Equipment Manufacturing
- 3.CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- 4.CC01110 Computer and Peripheral Equipment Manufacturing
- 5.E605010 Computer Equipment Installation
- 6.F113070 Wholesales of communication equipment
- 7.F118010 Wholesale of Computer Software
- 8.F119010 Wholesale of Electronic Materials
- 9.F213060 Retail of communication equipment
- 10.F218010 Retail Sale of Computer Software
- 11.F219010 Retail Sale of Electronic Materials
- 12.F401010 International trade
- 13.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 14.I301010 Information Software Services
- 15.I301020 Data processing services
- 16.I301030 Electronic Information Supply Services
- 17.J901011 Tourist Hotel
- 18.J901020 Regular Hotel
- 19.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall be the guarantor of the guarantee matters of subsidiaries and related enterprises established by investment.

Article 4: The Company has its head office in New Taipei City and shall set up branches at home and abroad according to its business needs.

Article 5: The Company may invest in other companies as a shareholder with limited liability, and is not subject to the limitation of Paragraph 1 of Article 13 of the Company Act that the total amount of investment shall not exceed 40% of the paid-in equity.

Chapter 2 Shares

Article 6: The total capital of The Company is authorized as NT\$9 billion, which is divided into 900 million shares with NT\$10 per share. The Company shall issue ordinary shares and special shares and authorize the Board of Directors to issue them in installments.

Within the total amount of capital mentioned in the preceding paragraph, NT\$200 million is retained for issuing employee stock option certificates for 20 million shares. Each share is NT\$10. The Board of Directors is authorized to issue the shares by installments according to actual needs.

Article 7: The Company's stock affairs shall be handled according to the provisions of the competent authority.

Article 8: Shares issued by The Company shall be shares exempted from printing and registered by the

centralized custody institution of securities.

Article 9: The registration of transfer of shares shall stop within 60 days before the general shareholders' meeting, 30 days before a special shareholders' meeting, or five days before the record date of the Company's decision to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

Article 10: Shareholders' meetings are divided into general shareholders' meetings and special shareholders' meetings. The general shareholders' meeting is held once a year within six months after the end of each accounting year. The special shareholders' meeting shall be convened according to the relevant decrees when necessary.

The Company's shareholders' meetings may be convened online or in other methods announced by the central competent authority.

All the operating procedures in relation to online meetings shall conform with the Company Act and regulations set forth by the competent authority.

Unless otherwise required by the Company Act, shareholders' meeting shall be convened by the Board of Directors.

Article 11: When shareholders are unable to attend the shareholders' meeting for some reasons, a power of attorney issued by the Company specifying the scope of authorization shall be issued. The entrusted agents shall attend the shareholders' meeting according to Article 177 of the Company Act and the Rules on the Use of Power of Attorney for Attending Shareholders' Meeting in a Public Company promulgated by the competent authority.

Article 12: The shareholders of the Company shall have one vote per share, except in cases where the voting rights of shares are restricted or there is no voting right as stipulated in Company Act.

Article 13: Except for the minimum limit of voting rights for special resolutions stipulated in Company Act on special matters, the resolution shall be attended by shareholders representing more than half of the total number of shares issued and the general resolution shall be agreed upon by more than half of the voting rights of the shareholders present.

Article 14: A Shareholders' meeting shall be convened by the Board of Directors, with the Chairman as its Chairman. In the absence of the Chairman, the Vice-Chairman shall act in their place. In the absence of the Vice-Chairman, the directors shall elect one of them to act in the place of the Vice-Chairman. When the shareholders' meeting is convened by people with convening power other than the Board of Directors, the person with convening power shall serve as the Chairman. When there are more than two people with convening power, one person shall be elected.

Article 15: Records shall be made for resolutions of the shareholders' meeting, signed or sealed by the Chairman of the Shareholders' Meeting, and distributed to all shareholders within 20 days after the meeting. The distribution of the above records shall be announced.

Article 16: The procedures of the shareholders' meeting shall be executed according to the Rules of Procedures for Shareholders' Meetings of CLEVO CO.

Chapter 4 Directors and Audit Committee

Article 17: The Company shall have seven to nine directors, who shall be elected by the Board of Shareholders on the list of candidates under the system of nomination of candidates. They shall serve for three years and be re-elected. According to Article 14-2 of the Securities and Exchange Act, the number of independent directors shall not be less than three and not less than one fifth of the directors' seats in the above number of The Company's directors. The relevant provisions of the securities authority shall be followed in respect of the professional qualifications, shareholding, part-time restrictions, nomination and selection methods and other matters of independent directors.

The total shareholding ratio of all the Company's directors shall be governed by the provisions

of the regulatory authority of securities.

According to Article 14-4 of the Securities and Exchange Act, the Company shall establish an audit committee to replace the functions and powers of the supervisors. The Audit Committee is composed of all independent directors, the number of whom shall not be less than three. One of them is the convener. The exercise of its functions and powers and related matters shall be handled according to the provisions of relevant laws and regulations and decided by the Board of Directors separately.

Article 18: When the shortage of directors is up to one third, the Board of Directors shall hold a temporary meeting of shareholders for by-election within sixty days. The term of office shall fill the original term.

Article 19: The board meeting shall be attended by more than two-thirds of the directors and agreed upon by more than half of the directors present. One of the directors shall be elected as Chairman, and one of them shall be elected as Vice-Chairman. The Chairman shall represent The Company to the outside.

Article 20: The execution of The Company's business shall be decided by the Board of Directors, except for the matters stipulated in Company Act and Articles of Incorporation that shall be decided by the shareholders' meeting.

Article 21: Except for the first board meeting of each session convened according to Article 203 of the Company Act, the rest of the board meetings are convened by the Chairman, who serves as the Chairman. When the Chairman is absent or unable to exercise their functions and powers for some reason, the Vice-Chairman shall act as their agent. When the Vice-Chairman is absent or unable to exercise their functions and powers for some reason, the Chairman shall appoint one of the directors to act as the agent. If the Chairman fails to appoint, the directors shall elect one of themselves as the agent.

The board meeting of the Company shall be convened at least once a quarter.

For the convening of the board of meeting, the reasons shall be stated and the directors shall be notified seven days in advance, but in case of an emergency, it may be convened at any time.

The convening of the preceding paragraph may be notified in writing, by fax or by e-mail.

Article 22: Except as otherwise stipulated in Company Act, a resolution of the board meeting shall be attended by more than half of the directors and agreed upon by more than half of the directors present. When a director is unable to attend due to some reason, a power of attorney shall be issued, and the scope of authorization for the subject of convocation shall be listed. Another director shall be entrusted to attend the board meeting, but the agent shall be entrusted by one person.

When the board meeting is held by video conference, the directors attending the meeting by video conference shall be deemed as attending in person.

Article 23: The Board of Directors shall be authorized to decide the remuneration of the Chairman, Vice-Chairman, and Director according to their participation in the operation of the Company and the value of their contribution, taking into account the usual level of the same profession.

Article 23-1: By resolution of the Board of Directors, the Company shall purchase liability insurance for directors and important staff members.

Article 23-2: The Board of Directors of The Company shall set Remuneration Committee or other functional committees for the sake of business operation.

Chapter 5 Managers

Article 24: The Company shall have a manager, whose appointment, dismissal and remuneration shall be handled according to Article 29 of the Company Act.

Chapter 6 Accounting

Article 25: At the end of each accounting year of the Company and the Board of Directors shall compile

the following forms and submit them to the general shareholders' meeting for recognition.

1. Business report.
2. Financial statements.
3. Proposal for the distribution of surplus or the distribution of loss.

Article 26: The Company's annual earnings, if any, should be used first for tax payments, accumulated loss offsetting and appropriation at 10% for legal reserves. However, this does not apply to the circumstance where the legal reserves are equivalent to the paid-in capital. With regards to the appropriation of special reserves according to relevant laws and regulations, if the net increase in the fair value of the investment property accumulated from the previous periods and the carrying amount of other equity deductions accumulated from the previous periods are insufficient, appropriation from the net income (after other items added) during the period or reversal of special reserves can be made accordingly. The remaining amount along with the unappropriated earnings at the beginning of the period, are distributable to shareholders. The proposal for distributions is drafted by the Board of Directors and submitted to the shareholders' meetings for resolution before distributions are made.

According to the provisions of the Company Act, the Company authorizes the Board of Directors to make a resolution if more than two-thirds of the directors attend and more than half of the directors present agree, distribute all or part of dividends, bonuses, statutory surplus reserve and capital reserve in the form of cash distribution and report to the Board of Shareholders. The provisions of the preceding paragraph for which the shareholders' meeting shall make a resolution do not apply.

In order to motivate employees and the operation team, the Company shall distribute 5% to 15% of employees' remuneration and no more than 1% of directors' remuneration according to the current year's profit (i.e. profit before distribution of the employees' remuneration and directors' remuneration is deducted from pre-tax profit). However, if the Company still has accumulated losses, the amount of compensation shall be retained in advance.

When the employees' remuneration is distributed by stock or cash, the Board of Directors shall make a resolution if more than two-thirds of the directors attend and more than half of the directors present agree, and report to the shareholders' meeting.

If it is issued in the form of shares, the Board of Directors may decide to issue new stocks or buy the shares that have been issued by themselves.

The employees' remuneration in the preceding paragraph shall be given to employees of the subsidiary companies of the Company who meet certain conditions.

Article 27: The Company belongs to the electronic high-tech industry. Based on the industry development prospect, capital expenditure needs, sound financial planning and the protection of investors' rights and interests, the dividend policy of The Company is to distribute the dividend by taking into account factors such as capital surplus, retained earnings, financial structure and operating conditions. Under the goal of maintaining a stable dividend, the cash dividend shall not be less than 10% of the total dividend.

Chapter VII Supplementary Provisions

Article 28: Matters not specified in these Articles of Association shall be handled according to the provisions of the Company Act and relevant decrees.

Article 29: These Articles of Association were signed on September 17, 1983.

The first amendment was made on May 17, 1984.

The second amendment was made on February 23, 1987.

The third amendment was made on November 25, 1988.

The fourth amendment was made on December 16, 1988.

The fifth amendment was made on April 22, 1990.

The sixth amendment was made on July 15, 1991.

The seventh amendment was made on March 31, 1992.

The eighth amendment was made on July 21, 1992.
The ninth amendment was made on April 27, 1993.
The tenth amendment was made on June 3, 1993.
The eleventh amendment was made on September 21, 1993.
The twelfth amendment was made on May 10, 1994.
The thirteenth amendment was made on April 21, 1995.
The fourteenth amendment was made on May 30, 1996.
The fifteenth amendment was made on May 5, 1997.
The sixteen amendment was made on January 20, 1998.
The seventeen amendment was made on April 29, 1998.
The eighteenth amendment was made on May 13, 1999.
The nineteenth amendment was made on June 8, 2000.
The twentieth amendment was made on May 31, 2002.
The twenty-first amendment was made on May 25, 2004.
The twenty-second amendment was made on June 14, 2005.
The twenty-third amendment was made on June 15, 2006.
The twenty-fourth amendment was made on June 15, 2007.
The twenty-fifth amendment was made on June 11, 2008.
The twenty-sixth amendment was made on June 19, 2009.
The twenty-seventh amendment was made on June 14, 2010.
The twenty-eighth amendment was made on June 17, 2011.
The twenty-ninth amendment was made on June 15, 2012.
The thirtieth amendment was made on June 14, 2013.
The thirty-first amendment was made on June June 12, 2014.
The thirty-second amendment was made on June 14, 2016.
The thirty-third amendment was made on June 15, 2018.
The thirty-fourth amendment was made on June 18, 2019.
The thirty-fifth amendment was made on June 15, 2022.

Before amendments

CLEVO CO.

Operational procedures for Acquisition and Disposal of Assets

Article 1 Purpose and legal basis:

- (I) The Procedure is specially formulated for the purpose of information disclosure, investment protection, and strengthening the management of the acquisition and disposal of assets of the Company (including subsidiaries).
- (II) These procedures are handled according to the provisions of Section 1 of Article 36 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission of the Executive Office (hereinafter referred to as the competent authority). However, if there are other provisions in other decrees, such provisions shall prevail.

Article 2 Scope of assets:

Assets referred to in this procedure refer to the following assets:

- (I) Investments such as stocks, bonds, corporate bonds, financial bonds, marketable securities of recognition funds, depository receipts, subscription (sale) warrants, beneficiary securities and asset-based securities.
- (II) Real estate (including land, houses and buildings, investment real estate, inventory of construction industry) and equipment.
- (III) Membership card.
- (IV) Intangible assets such as patent rights, copyrights, trademark rights and franchise rights.
- (V) Right-of-use assets.
- (VI) Creditor's rights of financial institutions (including receivables, discounts on foreign exchange, loans and receivable on demand).
- (VII) Derivatives.
- (VIII) Assets acquired or disposed of by legal merger, division, acquisition, or transfer of shares.
- (IX) Other important assets.

Article 3 Definition of terms:

- (I) The term "date of actual occurrence" used in these procedures refers to the date of the signing of the transaction, date of payment, date of entrusting the transaction, date of transfer, date of resolution of the Board of Directors, or the other dates on which the subject of the transaction and the amount of the transaction are determined with sufficient funds (whichever is the former). However, if the investor is subject to the approval of the competent authority, the former of the above date or the date of receipt of the approval of the competent authority shall prevail.
- (II) The term "professional valuator" in these procedures refers to a real estate valuator or other professional who is legally engaged in the valuation business of real estate and other fixed assets.
- (III) Related persons and subsidiaries shall be identified according to the preparation for standards of financial report of securities issuers.
- (IV) The term "within one year" used in these treatment procedures shall be based on the date on which the assets are acquired or disposed of, and shall be counted back for one year. The part that has been announced shall be exempted from calculation.
- (V) The term "financial statements of the latest period" used in these treatment procedures refers to the financial statements of the Company that have been made available to the public according to law and audited or reviewed by an accountant before the Company

acquires or disposes of the assets.

- (VI) The term "related person" in these treatment procedures refers to the person specified in Bulletin No. 6 of the Financial Accounting Standards issued by the Foundation for Accounting Research and Development.
- (VII) Investment in the Chinese mainland refers to investment in the Chinese mainland of the Investment Review Committee of the Ministry of Economy according to the provisions of the Licensing Measures for Investment or Technical Cooperation in Chinese Mainland.

Article 4 Assessment and operation procedures for acquisition or disposal of assets:

- (I) Negotiable securities investment assessment and operational procedures:
 1. The negotiable securities acquired or disposed of by the Company shall be handled by the agency according to Article 5 of the Procedure. After the relevant benefits and risks of purpose or use of the transaction are assessed, the application shall be made according to the Company's measures for delegation of authorization, and the transaction shall be made after approval.
 2. The purchase and sales of negotiable securities shall be assessed and accounted for by the accounting unit immediately and reasonably according to generally accepted accounting principles.
 3. Various negotiable security certificates shall be handled according to the relevant provisions of the "Cashier Management Regulations" under the Company's accounting system, and stored in places where fire protection or protective measures are sound. If they are managed by a dedicated person, the depository shall record the changes in the depository data in detail, including:
 - (1) Name of securities.
 - (2) Quantity of securities.
 - (3) Other matters to be recorded according to the provisions of the Company.
- (II) Assessment and operation procedures for investment in real estate and other fixed assets:
 1. The handling unit shall make a capital expenditure plan in advance, and after feasibility analysis on the purpose or use of purchase and sales and the expected benefits, it shall send it to the financial unit to prepare the capital expenditure budget and execute and control according to the content of the plan.
 2. The handling unit shall propose to sign off according to the Company's measures for delegation of authorization. If the requirements of the regulations are met, an objective, fair, and independent professional real estate valuation agency shall be employed for valuation and issue a appraisal report according to the provisions.
 3. When acquiring or disposing of the assets, the handling unit shall register, manage, and use the fixed assets according to the relevant provisions of the "Property Management Regulations" under the Company's accounting system. Those who reach the standard of public announcement shall be handled according to the provisions.
- (III) Internal auditors of the Company shall regularly check and evaluate the execution of relevant operations, and regularly check the certificates of important assets. If a violation of the relevant provisions is found to be serious, they shall notify the Audit Committee in writing immediately.

Article 5 Procedures for determining the conditions for exchange of acquisition or disposal of assets:

I. Price determination methods and reference basis

- (I) The method and reference basis for determining the price of investment of negotiable securities:
 1. For negotiable securities not traded in a centralized securities exchange

market, an over-the-counter trading center or a securities firm's business premises, the handling unit shall submit the reference or calculation basis of the sales price and the trading conditions to the General Manager and Chairman of the Board of Directors for approval before handling.

2. Negotiable securities traded in a centralized securities exchange market, an over-the-counter trading center, or a securities firm's business premises shall be determined according to the stock price or bond price at that time.

(II) The methods and reference basis for determining the investment price of real estate and other fixed assets:

The handling unit shall submit the reference basis for price determination and the mode of transaction to the General Manager and Chairman of the Board of Directors for approval before the transaction. If it meets the requirements of Article 8 of these procedures, the appraisal report of the professional appraiser shall be obtained.

II. Authorization level:

(I) The short-term investment shall be executed according to the measures for delegation of the Company's authority upon assessment by the execution unit. If the amount of investment exceeds NT\$300 million (including), the Board of Directors must agree before execution, unless it is related to financial scheduling (such as transaction of domestic government bonds, and bonds and monetary funds whose buying and selling has buy-back and sell-back conditions).

(II) If the limit of acquisition or disposal of long-term investment exceeds NT\$300 million (including), the Board of Directors must agree before execution. If the limit is below NT\$300 million, it shall be approved by the Chairman before it is submitted to the next board meeting for recognition.

(III) When a contract of purchase and sales is entered into with the counterpart of the transaction, in order to meet the business needs and improve time efficiency, it shall be submitted to the next board meeting for recognition after it is approved by the Chairman of the Board of Directors, the contract is signed and the transaction is made.

(IV) The acquisition or disposal of assets shall be handled according to the provisions of the Company Act or other decrees, and subject to the resolution, recognition, or reporting to the Board of Shareholders.

Article 6 Executing unit:

The executing unit of investment in relevant negotiable securities is a financial unit, and the executing unit of real estate and other fixed assets is the use departments and relevant power and responsibility units.

Article 7 Scope and amount of investment:

(I) The Company's investment scope and amount:

The amount of assets in the scope of investment of the Company is as follows:

1. Real estate that is not for business use shall not exceed 20% of the paid-in capital. However, the real estate originally acquired for business use is not included in the above amount if it is listed as idle assets because of the change of business environment.

2. The total amount of investment in negotiable securities (excluding monetary funds) shall not exceed the net value of the Company in the latest financial statements certified by CPAs, but the investment in individual negotiable securities shall not exceed 40% of the net value of the Company in the latest period of financial statements certified by CPAs.

For the scope of individual investment in negotiable securities, if it is a long-term equity investor, the amount of individual investment in negotiable securities shall not be

limited by Clause 2 of the preceding paragraph. The amount of individual investment in negotiable securities shall not exceed the net value of the Company in the latest period of financial statements, but this does not apply to those specially examined and approved by the Board of Directors.

(II) The investment scope and amount of subsidiaries of the Company:

The amount of assets referred to in these procedures in the investment scope of subsidiaries of the Company:

1. The amount of real estate not for business use shall not exceed 20% of the paid-in capital.
2. The total amount of investment in negotiable securities (excluding monetary funds) shall not exceed 40% of the net value of the Company in the latest financial statements certified by CPAs, but the investment in individual negotiable securities shall not exceed 20% of the net value of the Company in the latest period of financial statements certified by CPAs.

For the scope of individual investment in negotiable securities, if it is a long-term equity investor, the amount of individual investment in negotiable securities shall not be limited by Clause 2 of the preceding paragraph. The amount of individual investment in negotiable securities shall not exceed the net value of the Company in the latest period of financial statements.

Article 8 Experts shall give their opinions:

- I. In addition to acquiring or disposing of equipment for business use or their right-of-use assets by making transactions with domestic government agencies, commissioning to build on its own land or commissioning to build on leased land, acquiring or disposing of equipment for business use or their right-of-use assets and the amount of the transaction has reached 20% of the Company's paid-up capital or NT\$300 million, the appraisal report issued by the professional appraiser shall be obtained before the fact occurs and the following provisions shall be complied with:
 - (I) When a fixed price, a specific price, or a special price is to be used as a reference basis for the transaction price for special reasons, the transaction shall first be approved by the Board of Directors by resolution. The future changes in transaction conditions shall also be handled in the same way.
 - (II) If the amount of the transaction is more than NT\$1 billion, two or more professional appraisers shall be invited for appraisal.
 - (III) In any of the following cases of the professional appraiser's appraisal results, except where the valuation results of the acquired assets are higher than the amount of the transaction, or the valuation results of the disposed assets are lower than the amount of the transaction, accountants shall be employed to handle the issue according to the provisions of Statement on Auditing Standards No. 20 issued by the Foundation for Accounting Research and Development, and express specific opinions on the causes of the differences and the fairness of the transaction price:
 1. The difference between the valuation result and the amount of the transaction is more than 20% of the amount of the transaction.
 2. The difference between the valuation results of two or more professional appraisers is more than 10% of the amount of the transaction.
 - (IV) The difference between the date of issuance of the report and the date of signing of the contract by the professional appraiser shall not exceed three months. However, if the present value of the same period of announcement is applicable and the difference has not exceeded six months, the original professional appraiser shall give opinions.
- II. If the Company acquires or disposes of negotiable securities, it shall take the latest period of financial statements of the Company with the subject matter which has been

checked by the accountant before the fact occurs as a reference for evaluating the transaction price. If the amount of the transaction reaches 20% of the Company's paid-in capital or more than NT\$300 million, it shall consult the accountant before the fact occurs to express its views on the rationality of the transaction price. If an accountant needs to adopt an expert report, he or she shall comply with the provisions of Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation. However, this does not apply if the negotiable securities have an open quotation in a flexible market or the competent authority has other provisions.

- III. If the Company obtains or disposes of intangible assets, their right-of-use assets, or membership cards, whose amount of the transaction reaches 20% of the Company's paid-in capital or is more than NT\$300 million, except for transactions with government agencies, a CPA shall be invited to express opinions on the rationality of the transaction price before the fact occurs. The CPA shall also act according to the provisions of Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.
- IV. The calculation of the amount of the transactions mentioned in the first three paragraphs shall be made according to the provisions of Paragraph 2 of Article 15, and the said one-year period shall be based on the date on which the transaction is actually made, and shall be counted back for one year. The part for which the appraisal report issued by a professional appraiser or accountant's opinion has been obtained according to the provisions of these standards shall be exempted from calculation.
- V. Where the Company acquires or disposes of assets through the auction procedures of the court, the certificate issued by the court may replace the appraisal report or the CPA's opinions.
- VI. The professional appraiser and his/her personnel, CPAs, lawyers, or securities underwriters who issued the appraisal report or opinion obtained by the Company shall comply with the following provisions:
 - (I) They have never been declared to be sentenced to fixed-term imprisonment of more than one year due to violation of these measures, Company Act, Banking Law, Insurance Law, Financial Holding Company Act or Commercial Accounting Law, or fraud, breach of trust, embezzlement, forgery of documents or business crime. However, if the execution has been completed, the probation period has expired, or the pardon has expired for three years, this limit shall not apply.
 - (II) They shall not be related to a party to a transaction or have a substantial relationship with the party concerned.
 - (III) If the Company should obtain appraisal reports from two or more professional appraiser, different professional appraisers or appraisal personnel may not be related parties or de facto related parties to each other.

In the issuance of appraisal report or opinion, the aforesaid personnel should act according to the following requirements:

- (I) Before accepting a case, one shall carefully evaluate his/her professional ability, practical experience, and independence.
- (II) When a case is examined and verified, appropriate operational procedures shall be properly planned and executed to form conclusions and prepare reports or opinions thereon, and execution procedures, data collection, and conclusions shall be registered in the working papers of the case in detail.
- (III) The integrity, correctness, and rationality of the data sources, parameters, and information used shall be assessed item by item as the basis for the appraisal

report or opinions.

- (IV) Statement matters shall include the professionalism and independence of the relevant personnel, the rationality, correctness and compliance with relevant laws and regulations of the information used according to evaluation, etc.

Article 9 Except for the purchase and sale of domestic government bonds or bonds with buyback/sellback terms, the subscription or redemption of money market funds issued by domestic securities investment trust companies, if the Company acquires from or dispose to a related party real estate or corresponding right-of-use assets or acquires from or disposes to a related party assets other than real estate or corresponding right-of-use assets at a transaction value reaching at least 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million, the following data should be submitted for the approval by at least half of all the Audit Committee members and the resolution by the Board of Directors before the transaction contract can be signed and the payment can be made.

- I. The purpose, necessity, and expected benefits of acquiring or disposing of assets.
- II. Reasons for choosing the person concerned as a trading object.
- III. Relevant information about acquiring real estate or its right-of-use assets from the person concerned and evaluating the rationality of the predefined transaction conditions according to the provisions.
- IV. The date and price of the original acquisition, trading counterpart, its relationship with The Company and its person concerned, etc.
- V. The cash receipt and expenditure forecast for each month of the next year from the month expected contract signing, the necessity of accessing the transaction and the rationality of the use of funds.
- VI. appraisal report or opinions of accountants issued by professional appraisers obtained according to the provisions of the preceding article.
- VII. Restrictions on this transaction and other important agreements.

The calculation of the amount of the transaction referred to in the preceding paragraph shall be made according to the provisions of Paragraph 2 of Article 15, and the said one-year period shall be based on the date on which the transaction is actually made, and shall be counted back for one year. The part that has been submitted to the Board of Directors for approval according to the provisions of these standards shall be exempted from calculation.

The Board of Directors shall authorize the Chairman of the Board of Directors to make a decision within a certain amount before submitting it to the Board of Directors for approval at the latest date according to the provisions of Clause 2 of Article 5, if the Company and its parent company or subsidiary directly or indirectly owning 100% of the issued shares or total capital make the following transactions:

- I. Acquire or dispose of equipment used for business purposes or their right-of-use assets.
- II. Acquire or dispose of right-of-use assets of real estate used for business purposes.

When an independent director has been set according to the laws and regulations, and the Operational procedures for Acquisition and Disposal of Assets have been submitted to the Board of Directors for discussion according to the provisions of Paragraph 1, the opinions of the independent director shall be fully taken into account. If the independent director has objections or reservations, they shall be stated in the proceedings of the Board of Directors.

When an audit committee has been established according to the laws and regulations, it shall be agreed upon by more than one-half of all the members of the audit committee according to the provisions of Paragraph 1 and submitted to the Board of Directors for a resolution.

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 referred to in Paragraph 3 and all directors referred to

in the preceding paragraph shall be calculated by the actual incumbent.

Article 10 When the person concerned of the Company acquires or disposes of assets, in addition to handling the relevant resolution procedures and evaluating the rationality of transaction conditions according to regulations, an appraisal report issued by a professional appraiser or CPA's opinions should be obtained according to the provisions of Articles 8 and 9 herein if the amount of the transaction reaches more than 10% of the total assets of the Company. The calculation of the amount of the transaction referred to in the preceding paragraph shall be made according to the provisions of Paragraph 2 of Article 15. When judging whether the trading object is a person concerned, we shall not only pay attention to legal form, but also consider the substantive relationship.

Article 11 When making transactions of derivative commodities, the Company shall follow the "Operating Procedure for Trading Derivatives", and pay attention to risk management and auditing, so as to ensure investment and strengthen management.

Article 12 When the Company handles mergers, divisions, acquisitions, or transfer of shares, before the resolution of the board meeting, accountants, lawyers, or securities underwriters shall be entrusted to give opinions on the rationality of the share exchange ratio, the purchase price or cash or other properties distributed to shareholders, which shall be submitted to the Board of Directors for discussion and approval. However, if a public company merges its subsidiaries directly or indirectly holding 100% of the issued shares or the total capital, or the merger is between its subsidiaries directly or indirectly holding 100% of the issued shares or the total capital, it may avoid obtaining the reasonable opinions of the experts before acquisition.

For the important agreed contents and related matters of merger, division or acquisition, public documents to shareholders shall be made before the board meeting, and submitted to shareholders together with the expert opinions in the preceding paragraph and the notice of the board meeting, for reference of whether to agree to the merger, division or acquisition. However, this does not apply when the board meeting does not have to be held to decide the merger, division, or acquisition matters according to other laws.

If the board meeting of either party cannot be held due to the lack of attendance, voting rights or other legal restrictions, or the resolution or proposal is rejected by the Board of Directors, the Company participating in the merger, division, or acquisition shall immediately disclose the reasons for the occurrence, subsequent processing operations, and the expected date of holding of the board meeting to the public. Unless otherwise specified by other laws or special factors are reported to the competent authority for approval in advance, the board meeting and shareholders' meeting shall be held on the same day to decide on matters relating to merger, division, or acquisition.

Unless otherwise specified by other laws or special factors are reported to the competent authority for approval in advance, a company participating in the transfer of shares shall hold the board meeting on the same day.

A company participating in merger, division, acquisition, or transfer of shares which is listed or whose shares are traded in the business premises of securities brokerages shall keep the following information in complete written records for five years for checking.

- I. Basic information of personnel: including titles, names and ID card numbers (passport numbers for foreigners) of all people participating in the plan of merger, division, acquisition, or transfer of shares or the implementation of the plan before the disclosure of information.
- II. Dates of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal adviser, signing contract, board meeting, etc.

- III. Important documents and proceedings: including plans for merger, division, acquisition, or transfer of shares, letters of intention or memorandum, important contract, board proceedings, etc.

Within two days from the date of the adoption of the resolution of the board meeting, a company participating in merger, division, acquisition, or transfer of shares which is listed or whose shares are traded in the business premises of securities brokerages shall report the information in Clauses 1 and 2 of the preceding paragraph to the competent authority according to the prescribed format in the Internet Information System for reference.

A company participating in merger, division, acquisition, or transfer of shares which is not listed or whose shares are not traded in the business premises of securities brokerages shall sign an agreement with a company which is listed or whose shares are traded in the business premises of securities brokerages, which shall be handled according to the provisions of Paragraphs 5 and 6.

Article 13 If the Company participates in merger, division, acquisition, or transfer of shares, the share exchange ratio or acquisition price shall not be arbitrarily changed except in the following circumstances, and any change shall be specified in the contract of merger, division, acquisition, or transfer of shares:

- I. Handle cash capital increase, issue and convert corporate bonds, allocate shares free of charge, or issue warranted corporate bonds, warranted special bonds, stock option certificates and other negotiable securities with the nature of equity.
- II. Disposing of important assets of branch offices and other behaviors affecting the Company's financial business.
- III. Major disasters, major technological changes, and other matters affecting the rights and interests of shareholders or securities prices of the Company.
- IV. Adjustment of treasury shares bought by any party of the Company participating in the merger, division, acquisition, or transfer of shares according to the law.
- V. The increase or decrease of the number of subjects participating in merger, division, acquisition, or transfer of shares.
- VI. Other conditions changed in the contract which have been disclosed to the public.

Article 14 Where the Company participates in a merger, division, acquisition, or transfer of shares, the contract shall specify the rights and obligations of company participating in the merger, division, acquisition, or transfer of shares, and the following matters:

- I. Treatment of breach of contract.
- II. Treatment principles of negotiable securities with an equity nature issued or treasury shares bought back from a company that has been eliminated or divided due to merger.
- III. Treatment principles of the number of treasury shares to be bought back by a participating company according to the law after the base date on which the share exchange rate is calculated.
- IV. The way to deal with the change of participants or their number.
- V. Expected progress of implementation of the plan and expected completion schedule.
- VI. The expected date of board meetings to be held according to law and other relevant treatment procedures when the plan is not completed within the time limit.

Article 15 Announcement and declaration procedures

If the Company acquires or disposes of assets in the following circumstances, it shall declare the relevant information on the website designated by the competent authority within two days from the date of the occurrence of the facts according to the nature and prescribed format.

- I. The Company acquires or disposes of real estate or their right-of-use assets from or

to the person concerned, or acquires or disposes of other assets or their right-of-use assets other than real estate from or to the person concerned, and the amount of the transaction reaches 20% of the Company's paid-in capital, 10% of total assets or more than NTD300 million, Except for purchasing and selling domestic government bonds or bonds with buy-back or sell-back conditions, and purchasing or buying back money market funds issued by domestic securities investment trusts.

- II. Merger, division, acquisition, or transfer of shares.
- III. Losses incurred in derivative commodity transactions have reached the provision of the treatment procedures or the maximum individual contract losses.
- IV. The Company acquires or disposes of equipment used for business purposes or their right-of-use assets, the trading counterpart is not the person concerned, and the amount of the transaction reaches one of the following provisions.
 - (I) For a public company, the paid-in capital is less than NT\$10 billion, and the amount of the transaction is more than NT\$500 million.
 - (II) For a public company, the paid-in capital is more than NT\$10 billion, and the amount of the transaction is more than NT\$1 billion.
- V. A public company acquires or disposes of the real estate for construction or its right-of-use assets, the trading counterpart is not the person concerned, and the amount of the transaction is more than NTD500 million. Among them, the paid-in capital is more than NTD10 billion. The Company disposes of the self-built and competed real estate, the trading counterpart is not the person concerned, and the amount of the transaction is more than NTD1 billion.
- VI. Real estate is acquired by means of commissioning to build on its own land, commissioning to build on leased land, co-building and sharing houses, co-building and sharing money or co-building and selling separately. The trading counterpart is not the person concerned, and the Company expects to invest more than NTD500 million in the transaction.
- VII. Except for asset transactions, disposal of creditors' rights by financial institutions, or investment in the Chinese mainland besides those items in the first six paragraphs, the amount of the transaction is more than 20% of the Company's paid-in capital or more than NT\$300 million. But the following circumstances are not included:
 - (I) Purchasing and selling domestic government bonds.
 - (II) Negotiable securities purchased and sold on domestic and foreign stock exchanges and securities brokerages' business premises by people engaged in investment, ordinary corporate bonds subscribed to, raised and issued, and general financial bonds not involving equity in the domestic primary market (excluding subordinated bonds), securities investment trust funds or future trust funds purchased or bought back, or negotiable securities subscribed to by a corporate body consulted and recommended by a securities brokerage as an emerging stock company according to the provisions of the Taipei Exchange for the needs of underwriting business.
 - (III) Purchase and sell bonds with buy-back or sell-back conditions, and purchase or buy back money market funds issued by domestic securities investment trusts.

The amount of the transaction referred to in the preceding paragraph shall be calculated in the following manner:

- (I) The amount of each transaction.
- (II) The accumulative amount of the transactions with the same counterpart within one year for subject matter of the same nature acquired or disposed of.
- (III) The accumulative amount of real estate or its right-of-use assets acquired or disposed of (accumulated separately for acquiring or disposing of) in the same development plan within one year.
- (IV) The amount of negotiable securities acquired or disposed of (accumulated

separately for acquiring or disposing of) within one year.

The said one-year period shall be based on the date on which the transaction is actually made, and shall be counted back for one year. The part that has been announced according to the provisions of these treatment procedures shall be exempted from calculation.

The Company shall announce and declare all items within one day from the date of knowledge if the items to be announced by the Company according to the regulations need to be corrected due to errors or omissions upon announcement.

When acquiring or disposing of assets, the Company shall keep the relevant contracts, proceedings, records, appraisal reports, and opinions of accountants, lawyers, or securities underwriters in the Company for at least five years, unless otherwise stipulated by law.

Article 16 The time limit for announcement and declaration:

In case of any of the following circumstances, after the transaction is announced and declared by the Company according to the provisions of the preceding article, the relevant information shall be announced and declared on the website designated by our meeting within two days from the date of the occurrence of the facts:

- I. There are alterations, terminations, or cancellations of the relevant contracts concluded in the original transaction.
- II. Merger, division, acquisition, or transfer of shares has not been completed according to the formulated schedule of the contract.
- III. The contents of the original announcement and declaration have been changed.

Article 17 Provisions on the acquisition or disposal of subsidiary assets:

- I. The acquisition or disposal of assets by subsidiaries shall also be handled according to the provisions of the parent company.
- II. If a subsidiary is not a domestic public company and its assets acquired or disposed of are up to the declared declaration standard, the parent company shall handle the declaring matters.
- III. The provision about "the amount of paid-in capital" or "total assets" in the announcement and declaration standards for subsidiaries refers to the amount of paid-in capital or total assets of the parent company.
- IV. If a foreign company's shares have no par value or the par value of each share is not NTD10, the amount of the transaction which shall reach 20% of the paid-in capital of the Company in Article 8, Article 9, Article 15 and Article 17 shall be 10% of the shareholders' equity of the parent company. The paid-in capital which shall reach NTD10 billion in these standards shall be the owner's equity in the parent company of NTD20 billion.
- V. A subsidiary shall submit information about acquiring or disposing of the relevant assets in writing to the parent company for announcement and declaration according to the provisions. In case of a violation of the provisions of these operation procedures, the relevant personnel of the subsidiary shall be punished according to the violation.

Article 18 The acquisitions or disposals of assets shall adhere to these procedures. If any violation of the provisions of these procedures is found, the relevant personnel shall be punished according to the violation.

Article 19 These procedures shall be formulated or revised with the consent of more than one-half of all members of the Board of Auditors and submitted to the Board of Directors for resolution. 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.

After approval by the Board of Directors, they shall be submitted to the Board of Shareholders for approval, and the revision shall be the same.

When an independent director has been set up according to the laws and regulations, the Operational procedures for Acquisition and Disposal of Assets shall be submitted to the Board of Directors for discussion according to the provisions of the preceding paragraph.

The opinions of the independent director shall be fully taken into account. If the independent director has objections or reservations, they shall be stated in the proceedings of the Board of Directors.

Article 20 These treatment procedures were formulated on March 11, 1992.

1st amendments hereto were made on July 18, 1995.

2nd amendments hereto were made on March 10, 1996.

3rd amendments hereto were made on March 10, 1997.

4th amendments hereto were made on March 11, 1998.

5th amendments hereto were made on November 29, 1999.

6th amendments hereto were made on December 12, 2000.

7th amendments hereto were made on March 12, 2002.

8th amendments hereto were made on June 12, 2003.

9th amendments hereto were made on June 11, 2008.

10th amendments hereto were made on June 19, 2009.

11th amendments hereto were made on June 17, 2011.

12th amendments hereto were made on June 15, 2011.

13th amendments hereto were made on June 12, 2011.

14th amendments hereto were made on June 15, 2017.

15th amendments hereto were made on June 15, 2018.

16th amendments hereto were made on June 18, 2019.

17th amendments hereto were made on June 19, 2020.

After amendments

CLEVO CO.

Operational procedures for Acquisition and Disposal of Assets

Article 1 Purpose and legal basis:

- (I) The Procedure is specially formulated for the purpose of information disclosure, investment protection, and strengthening the management of the acquisition and disposal of assets of the Company (including subsidiaries).
- (II) These procedures are handled according to the provisions of Section 1 of Article 36 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission of the Executive Office (hereinafter referred to as the competent authority). However, if there are other provisions in other decrees, such provisions shall prevail.

Article 2 Scope of assets:

Assets referred to in this procedure refer to the following assets:

- (I) Investments such as stocks, bonds, corporate bonds, financial bonds, marketable securities of recognition funds, depository receipts, subscription (sale) warrants, beneficiary securities and asset-based securities.
- (II) Real estate (including land, houses and buildings, investment real estate, inventory of construction industry) and equipment.
- (III) Membership card.
- (IV) Intangible assets such as patent rights, copyrights, trademark rights and franchise rights.
- (V) Right-of-use assets.
- (VI) Creditor's rights of financial institutions (including receivables, discounts on foreign exchange, loans and receivable on demand).
- (VII) Derivatives.
- (VIII) Assets acquired or disposed of by legal merger, division, acquisition, or transfer of shares.
- (IX) Other important assets.

Article 3 Definition of terms:

- (I) The term "date of actual occurrence" used in these procedures refers to the date of the signing of the transaction, date of payment, date of entrusting the transaction, date of transfer, date of resolution of the Board of Directors, or the other dates on which the subject of the transaction and the amount of the transaction are determined with sufficient funds (whichever is the former). However, if the investor is subject to the approval of the competent authority, the former of the above date or the date of receipt of the approval of the competent authority shall prevail.
- (II) The term "professional valuator" in these procedures refers to a real estate valuator or other professional who is legally engaged in the valuation business of real estate and other fixed assets.
- (III) Related persons and subsidiaries shall be identified according to the preparation for standards of financial report of securities issuers.
- (IV) The term "within one year" used in these treatment procedures shall be based on the date on which the assets are acquired or disposed of, and shall be counted back for one year. The part that has been announced shall be exempted from calculation.
- (V) The term "financial statements of the latest period" used in these treatment procedures refers to the financial statements of the Company that have been made available to the public according to law and audited or reviewed by an accountant before the Company

acquires or disposes of the assets.

- (VI) The term "related person" in these treatment procedures refers to the person specified in Bulletin No. 6 of the Financial Accounting Standards issued by the Foundation for Accounting Research and Development.
- (VII) Investment in the Chinese mainland refers to investment in the Chinese mainland of the Investment Review Committee of the Ministry of Economy according to the provisions of the Licensing Measures for Investment or Technical Cooperation in Chinese Mainland.

Article 4 Assessment and operation procedures for acquisition or disposal of assets:

- (I) Negotiable securities investment assessment and operational procedures:
 - 1. The negotiable securities acquired or disposed of by the Company shall be handled by the agency according to Article 5 of the Procedure. After the relevant benefits and risks of purpose or use of the transaction are assessed, the application shall be made according to the Company's measures for delegation of authorization, and the transaction shall be made after approval.
 - 2. The purchase and sales of negotiable securities shall be assessed and accounted for by the accounting unit immediately and reasonably according to generally accepted accounting principles.
 - 3. Various negotiable security certificates shall be handled according to the relevant provisions of the "Cashier Management Regulations" under the Company's accounting system, and stored in places where fire protection or protective measures are sound. If they are managed by a dedicated person, the depository shall record the changes in the depository data in detail, including:
 - (1) Name of securities.
 - (2) Quantity of securities.
 - (3) Other matters to be recorded according to the provisions of the Company.
- (II) Assessment and operation procedures for investment in real estate and other fixed assets:
 - 1. The handling unit shall make a capital expenditure plan in advance, and after feasibility analysis on the purpose or use of purchase and sales and the expected benefits, it shall send it to the financial unit to prepare the capital expenditure budget and execute and control according to the content of the plan.
 - 2. The handling unit shall propose to sign off according to the Company's measures for delegation of authorization. If the requirements of the regulations are met, an objective, fair, and independent professional real estate valuation agency shall be employed for valuation and issue a appraisal report according to the provisions.
 - 3. When acquiring or disposing of the assets, the handling unit shall register, manage, and use the fixed assets according to the relevant provisions of the "Property Management Regulations" under the Company's accounting system. Those who reach the standard of public announcement shall be handled according to the provisions.
- (III) Internal auditors of the Company shall regularly check and evaluate the execution of relevant operations, and regularly check the certificates of important assets. If a violation of the relevant provisions is found to be serious, they shall notify the Audit Committee in writing immediately.

Article 5 Procedures for determining the conditions for exchange of acquisition or disposal of assets:

I. Price determination methods and reference basis

- (I) The method and reference basis for determining the price of investment of negotiable securities:
 - 1. For negotiable securities not traded in a centralized securities exchange

market, an over-the-counter trading center or a securities firm's business premises, the handling unit shall submit the reference or calculation basis of the sales price and the trading conditions to the General Manager and Chairman of the Board of Directors for approval before handling.

2. Negotiable securities traded in a centralized securities exchange market, an over-the-counter trading center, or a securities firm's business premises shall be determined according to the stock price or bond price at that time.
- (II) The methods and reference basis for determining the investment price of real estate and other fixed assets:

The handling unit shall submit the reference basis for price determination and the mode of transaction to the General Manager and Chairman of the Board of Directors for approval before the transaction. If it meets the requirements of Article 8 of these procedures, the appraisal report of the professional appraiser shall be obtained.

II. Authorization level:

- (I) The short-term investment shall be executed according to the measures for delegation of the Company's authority upon assessment by the execution unit. If the amount of investment exceeds NT\$300 million (including), the Board of Directors must agree before execution, unless it is related to financial scheduling (such as transaction of domestic government bonds, and bonds and monetary funds whose buying and selling has buy-back and sell-back conditions).
- (II) If the limit of acquisition or disposal of long-term investment exceeds NT\$300 million (including), the Board of Directors must agree before execution. If the limit is below NT\$300 million, it shall be approved by the Chairman before it is submitted to the next board meeting for recognition.
- (III) When a contract of purchase and sales is entered into with the counterpart of the transaction, in order to meet the business needs and improve time efficiency, it shall be submitted to the next board meeting for recognition after it is approved by the Chairman of the Board of Directors, the contract is signed and the transaction is made.
- (IV) The acquisition or disposal of assets shall be handled according to the provisions of the Company Act or other decrees, and subject to the resolution, recognition, or reporting to the Board of Shareholders.

Article 6 Executing unit:

The executing unit of investment in relevant negotiable securities is a financial unit, and the executing unit of real estate and other fixed assets is the use departments and relevant power and responsibility units.

Article 7 Scope and amount of investment:

- (I) The Company's investment scope and amount:

The amount of assets in the scope of investment of the Company is as follows:

1. Real estate that is not for business use shall not exceed 20% of the paid-in capital. However, the real estate originally acquired for business use is not included in the above amount if it is listed as idle assets because of the change of business environment.
2. The total amount of investment in negotiable securities (excluding monetary funds) shall not exceed the net value of the Company in the latest financial statements certified by CPAs, but the investment in individual negotiable securities shall not exceed 40% of the net value of the Company in the latest period of financial statements certified by CPAs.

For the scope of individual investment in negotiable securities, if it is a long-term equity investor, the amount of individual investment in negotiable securities shall not be

limited by Clause 2 of the preceding paragraph. The amount of individual investment in negotiable securities shall not exceed the net value of the Company in the latest period of financial statements, but this does not apply to those specially examined and approved by the Board of Directors.

(II) The investment scope and amount of subsidiaries of the Company:

The amount of assets referred to in these procedures in the investment scope of subsidiaries of the Company:

1. The amount of real estate not for business use shall not exceed 20% of the paid-in capital.
2. The total amount of investment in negotiable securities (excluding monetary funds) shall not exceed 40% of the net value of the Company in the latest financial statements certified by CPAs, but the investment in individual negotiable securities shall not exceed 20% of the net value of the Company in the latest period of financial statements certified by CPAs.

For the scope of individual investment in negotiable securities, if it is a long-term equity investor, the amount of individual investment in negotiable securities shall not be limited by Clause 2 of the preceding paragraph. The amount of individual investment in negotiable securities shall not exceed the net value of the Company in the latest period of financial statements.

Article 8 Experts shall give their opinions:

- I. In addition to acquiring or disposing of equipment for business use or their right-of-use assets by making transactions with domestic government agencies, commissioning to build on its own land or commissioning to build on leased land, acquiring or disposing of equipment for business use or their right-of-use assets and the amount of the transaction has reached 20% of the Company's paid-up capital or NT\$300 million, the appraisal report issued by the professional appraiser shall be obtained before the fact occurs and the following provisions shall be complied with:
 - (I) When a fixed price, a specific price, or a special price is to be used as a reference basis for the transaction price for special reasons, the transaction shall first be approved by the Board of Directors by resolution. The future changes in transaction conditions shall also be handled in the same way.
 - (II) If the amount of the transaction is more than NT\$1 billion, two or more professional appraisers shall be invited for appraisal.
 - (III) Unless the appraised values are higher than the transaction price for the asset acquired or lower than the transaction price for the asset disposed, certified public accountants should be asked to issue concrete opinions on the reason for the difference and the appropriateness of the transaction price, in any of the following circumstances with the professional appraiser's appraisal results:
 1. The difference between the valuation result and the amount of the transaction is more than 20% of the amount of the transaction.
 2. The difference between the valuation results of two or more professional appraisers is more than 10% of the amount of the transaction.
 - (IV) The difference between the date of issuance of the report and the date of signing of the contract by the professional eappraiser shall not exceed three months. However, if the present value of the same period of announcement is applicable and the difference has not exceeded six months, the original professional eappraiser shall give opinions.
- II. If the Company acquires or disposes of negotiable securities, it shall take the latest period of financial statements of the Company with the subject matter which has been checked by the accountant before the fact occurs as a reference for evaluating the transaction price. If the amount of the transaction reaches 20% of the Company's paid-

in capital or more than NT\$300 million, it shall consult the accountant before the fact occurs to express its views on the rationality of the transaction price. However, this does not apply if the negotiable securities have an open quotation in a flexible market or the competent authority has other provisions.

- III. Except for the transactions with domestic government agencies, if the transaction value of the Company's acquisition or disposal of intangible assets, or corresponding right-of-use assets or memberships reaches at least 20% of the Company's paid-in capital or NT\$300 million, it is necessary to request certified public accountants to issue opinions on the reasonableness of the transaction price before the date of occurrence of the fact.
- IV. The calculation of the amount of the transactions mentioned in the first three paragraphs shall be made according to the provisions of Paragraph 2 of Article 15, and the said one-year period shall be based on the date on which the transaction is actually made, and shall be counted back for one year. The part for which the appraisal report issued by a professional appraiser or accountant's opinion has been obtained according to the provisions of these standards shall be exempted from calculation.
- V. Where the Company acquires or disposes of assets through the auction procedures of the court, the certificate issued by the court may replace the appraisal report or the CPA's opinions.
- VI. The professional appraiser and his/her personnel, CPAs, lawyers, or securities underwriters who issued the appraisal report or opinion obtained by the Company shall comply with the following provisions:
 - (I) Never convicted and sentenced for at least one year in prison due to violation of the Securities & Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act or Business Entity Accounting Act, or due to frauds, breach of trust, misappropriation, forgery or criminal behaviours in business. However, this does not apply for the circumstance where three years have passed after the sentence execution, completion of the operational period for a suspended sentence or three years after the pardon.
 - (II) Not a related party or a de facto related party with the transaction party
 - (III) If the Company should obtain appraisal reports from two or more professional appraiser, different professional appraisers or appraisal personnel may not be related parties or de facto related parties to each other.

In the issuance of appraisal report or opinion, the aforesaid personnel should act according to the self-disciplinary regulations set forth by the trade associations they belong to and the following requirements:

- (I) Before accepting a case, one shall carefully evaluate his/her professional ability, practical experience, and independence.
- (II) It is necessary to properly plan and carry out the appropriate procedures when implementing the case, in order to form conclusions and issue reports or opinions accordingly. The procedures performed, the data collected and the conclusions should be recorded in detail on the working papers.
- (III) It is necessary to assess, item by item, the appropriateness and reasonableness of data sources, parameters and information in use as the basis for appraisal reports or opinions.
- (IV) Declarations should attest to the professionalism and independence of relevant personnel, the appropriateness and the reasonableness of the information used, and the compliance with relevant laws.

Article 9 Except for the purchase and sale of domestic government bonds or bonds with buyback/sellback terms, the subscription or redemption of money market funds issued by

domestic securities investment trust companies, if the Company acquires from of or dispose to a related party real estate or corresponding right-of-use assets or acquires from or disposes to a related party assets other than real estate or corresponding right-of-use assets at a transaction value reaching at least 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million, the following data should be submitted for the approval by at least half of all the Audit Committee members and the resolution by the Board of Directors before the transaction contract can be signed and the payment can be made.

- I. The purpose, necessity, and expected benefits of acquiring or disposing of assets.
- II. Reasons for choosing the person concerned as a trading object.
- III. Relevant information about acquiring real estate or its right-of-use assets from the person concerned and evaluating the rationality of the predefined transaction conditions according to the provisions.
- IV. The date and price of the original acquisition, trading counterpart, its relationship with The Company and its person concerned, etc.
- V. The cash receipt and expenditure forecast for each month of the next year from the month expected contract signing, the necessity of accessing the transaction and the rationality of the use of funds.
- VI. appraisal report or opinions of accountants issued by professional appraisers obtained according to the provisions of the preceding article.
- VII. Restrictions on this transaction and other important agreements.

The calculation of the transaction value in the preceding paragraphs should adhere to the requirements specified in Paragraph 2 of Article 15. The term "within one year" refers to the year preceding the date of occurrence of the current transaction. The amount submitted to the **shareholders' meeting**, approved by the Board of Directors **and ratified by the Audit Committee** according to these procedures need not be counted for.

The Board of Directors shall authorize the Chairman of the Board of Directors to make a decision within a certain amount before submitting it to the Board of Directors for approval at the latest date according to the provisions of Clause 2 of Article 5, if the Company and its parent company or subsidiary directly or indirectly owning 100% of the issued shares or total capital make the following transactions:

- II. Acquire or dispose of equipment used for business purposes or their right-of-use assets.
- III. Acquire or dispose of right-of-use assets of real estate used for business purposes.

When an independent director has been set according to the laws and regulations, and the Operational procedures for Acquisition and Disposal of Assets have been submitted to the Board of Directors for discussion according to the provisions of Paragraph 1, the opinions of the independent director shall be fully taken into account. If the independent director has objections or reservations, they shall be stated in the proceedings of the Board of Directors.

When an audit committee has been established according to the laws and regulations, it shall be agreed upon by more than one-half of all the members of the audit committee according to the provisions of Paragraph 1 and submitted to the Board of Directors for a resolution.

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 referred to in Paragraph 3 and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.

If the Company or its subsidiary which is not a domestic public company is engaged in a transaction described in the first paragraph and the transaction value reaches at least 10% of the Company's total asset, the Company should submit the data listed in the first paragraph for approval from the shareholders' meeting before contract signing and payments. However, this does not apply to the transaction between the Company and its parent, subsidiary or between subsidiaries.

Article 10 In addition to the decision-making procedures and assessment of the reasonableness of the transaction terms according to requirements, it is necessary to obtain the appraisal report from a professional appraiser or the opinion from a certified public accountant as required by Articles 8 and 9 for the acquisition from or disposal of assets to a related party if the transaction value is at 10% or higher of the Company's total assets.

The calculation of the amount of the transaction referred to in the preceding paragraph shall be made according to the provisions of Paragraph 2 of Article 15.

When judging whether the trading object is a person concerned, we shall not only pay attention to legal form, but also consider the substantive relationship.

Article 11 When making transactions of derivative commodities, the Company shall follow the "Operating Procedure for Trading Derivatives", and pay attention to risk management and auditing, so as to ensure investment and strengthen management.

Article 12 When the Company handles mergers, divisions, acquisitions, or transfer of shares, before the resolution of the board meeting, accountants, lawyers, or securities underwriters shall be entrusted to give opinions on the rationality of the share exchange ratio, the purchase price or cash or other properties distributed to shareholders, which shall be submitted to the Board of Directors for discussion and approval. However, if a public company merges its subsidiaries directly or indirectly holding 100% of the issued shares or the total capital, or the merger is between its subsidiaries directly or indirectly holding 100% of the issued shares or the total capital, it may avoid obtaining the reasonable opinions of the experts before acquisition.

For the important agreed contents and related matters of merger, division or acquisition, public documents to shareholders shall be made before the board meeting, and submitted to shareholders together with the expert opinions in the preceding paragraph and the notice of the board meeting, for reference of whether to agree to the merger, division or acquisition. However, this does not apply when the board meeting does not have to be held to decide the merger, division, or acquisition matters according to other laws.

If the board meeting of either party cannot be held due to the lack of attendance, voting rights or other legal restrictions, or the resolution or proposal is rejected by the Board of Directors, the Company participating in the merger, division, or acquisition shall immediately disclose the reasons for the occurrence, subsequent processing operations, and the expected date of holding of the board meeting to the public. Unless otherwise specified by other laws or special factors are reported to the competent authority for approval in advance, the board meeting and shareholders' meeting shall be held on the same day to decide on matters relating to merger, division, or acquisition.

Unless otherwise specified by other laws or special factors are reported to the competent authority for approval in advance, a company participating in the transfer of shares shall hold the board meeting on the same day.

A company participating in merger, division, acquisition, or transfer of shares which is listed or whose shares are traded in the business premises of securities brokerages shall keep the following information in complete written records for five years for checking.

- I. Basic information of personnel: including titles, names and ID card numbers (passport numbers for foreigners) of all people participating in the plan of merger, division, acquisition, or transfer of shares or the implementation of the plan before the disclosure of information.
- II. Dates of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal adviser, signing contract, board meeting, etc.

- III. Important documents and proceedings: including plans for merger, division, acquisition, or transfer of shares, letters of intention or memorandum, important contract, board proceedings, etc.

Within two days from the date of the adoption of the resolution of the board meeting, a company participating in merger, division, acquisition, or transfer of shares which is listed or whose shares are traded in the business premises of securities brokerages shall report the information in Clauses 1 and 2 of the preceding paragraph to the competent authority according to the prescribed format in the Internet Information System for reference.

A company participating in merger, division, acquisition, or transfer of shares which is not listed or whose shares are not traded in the business premises of securities brokerages shall sign an agreement with a company which is listed or whose shares are traded in the business premises of securities brokerages, which shall be handled according to the provisions of Paragraphs 5 and 6.

Article 13 If the Company participates in merger, division, acquisition, or transfer of shares, the share exchange ratio or acquisition price shall not be arbitrarily changed except in the following circumstances, and any change shall be specified in the contract of merger, division, acquisition, or transfer of shares:

- I. Handle cash capital increase, issue and convert corporate bonds, allocate shares free of charge, or issue warranted corporate bonds, warranted special bonds, stock option certificates and other negotiable securities with the nature of equity.
- II. Disposing of important assets of branch offices and other behaviors affecting the Company's financial business.
- III. Major disasters, major technological changes, and other matters affecting the rights and interests of shareholders or securities prices of the Company.
- IV. Adjustment of treasury shares bought by any party of the Company participating in the merger, division, acquisition, or transfer of shares according to the law.
- V. The increase or decrease of the number of subjects participating in merger, division, acquisition, or transfer of shares.
- VI. Other conditions changed in the contract which have been disclosed to the public.

Article 14 Where the Company participates in a merger, division, acquisition, or transfer of shares, the contract shall specify the rights and obligations of company participating in the merger, division, acquisition, or transfer of shares, and the following matters:

- I. Treatment of breach of contract.
- II. Treatment principles of negotiable securities with an equity nature issued or treasury shares bought back from a company that has been eliminated or divided due to merger.
- III. Treatment principles of the number of treasury shares to be bought back by a participating company according to the law after the base date on which the share exchange rate is calculated.
- IV. The way to deal with the change of participants or their number.
- V. Expected progress of implementation of the plan and expected completion schedule.
- VI. The expected date of board meetings to be held according to law and other relevant treatment procedures when the plan is not completed within the time limit.

Article 15 Announcement and declaration procedures

If the Company acquires or disposes of assets in the following circumstances, it shall declare the relevant information on the website designated by the competent authority within two days from the date of the occurrence of the facts according to the nature and prescribed format.

- I. The Company acquires or disposes of real estate or their right-of-use assets from or

to the person concerned, or acquires or disposes of other assets or their right-of-use assets other than real estate from or to the person concerned, and the amount of the transaction reaches 20% of the Company's paid-in capital, 10% of total assets or more than NTD300 million, except for purchasing and selling domestic government bonds or bonds with buy-back or sell-back conditions, and purchasing or buying back money market funds issued by domestic securities investment trusts.

- II. Merger, division, acquisition, or transfer of shares.
- III. Losses incurred in derivative commodity transactions have reached the provision of the treatment procedures or the maximum individual contract losses.
- IV. The Company acquires or disposes of equipment used for business purposes or their right-of-use assets, the trading counterpart is not the person concerned, and the amount of the transaction reaches one of the following provisions.
 - (I) For a public company, the paid-in capital is less than NT\$10 billion, and the amount of the transaction is more than NT\$500 million.
 - (II) For a public company, the paid-in capital is more than NT\$10 billion, and the amount of the transaction is more than NT\$1 billion.
- V. A public company acquires or disposes of the real estate for construction or its right-of-use assets, the trading counterpart is not the person concerned, and the amount of the transaction is more than NTD500 million. Among them, the paid-in capital is more than NTD10 billion. The Company disposes of the self-built and competed real estate, the trading counterpart is not the person concerned, and the amount of the transaction is more than NTD1 billion.
- VI. Real estate is acquired by means of commissioning to build on its own land, commissioning to build on leased land, co-building and sharing houses, co-building and sharing money or co-building and selling separately. The trading counterpart is not the person concerned, and the Company expects to invest more than NTD500 million in the transaction.
- VII. Except for asset transactions, disposal of creditors' rights by financial institutions, or investment in the Chinese mainland besides those items in the first six paragraphs, the amount of the transaction is more than 20% of the Company's paid-in capital or more than NT\$300 million. But the following circumstances are not included:
 - (I) Purchase and sale of domestic government bonds or foreign government bonds with credit ratings no inferior to our country's sovereign rating.
 - (II) Purchase and sale of marketable securities on a securities exchange or at a business premise of a securities firm; subscription of foreign government bonds or ordinary corporate bonds and financial indentures (excluding subordinated bonds) without equity components in a primary market; or purchase or redemption of securities investment trust funds or futures trust funds; or subscription or redemption of exchange traded notes (ETNs) as a professional investor; or subscription of marketable securities by a securities firm who serves as an underwriter of an issuer on the Emerging Stock Market according to the requirement by Taipei Exchange.
 - (III) Purchase and sell bonds with buy-back or sell-back conditions, and purchase or buy back money market funds issued by domestic securities investment trusts.

The amount of the transaction referred to in the preceding paragraph shall be calculated in the following manner:

- (I) The amount of each transaction.
- (II) The accumulative amount of the transactions with the same counterpart within one year for subject matter of the same nature acquired or disposed of.
- (III) The accumulative amount of real estate or its right-of-use assets acquired or disposed of (accumulated separately for acquiring or disposing of) in the same

development plan within one year.

- (IV) The amount of negotiable securities acquired or disposed of (accumulated separately for acquiring or disposing of) within one year.

The said one-year period shall be based on the date on which the transaction is actually made, and shall be counted back for one year. The part that has been announced according to the provisions of these treatment procedures shall be exempted from calculation.

The Company shall announce and declare all items within one day from the date of knowledge if the items to be announced by the Company according to the regulations need to be corrected due to errors or omissions upon announcement.

When acquiring or disposing of assets, the Company shall keep the relevant contracts, proceedings, records, appraisal reports, and opinions of accountants, lawyers, or securities underwriters in the Company for at least five years, unless otherwise stipulated by law.

Article 16 The time limit for announcement and declaration:

In case of any of the following circumstances, after the transaction is announced and declared by the Company according to the provisions of the preceding article, the relevant information shall be announced and declared on the website designated by our meeting within two days from the date of the occurrence of the facts:

- I. There are alterations, terminations, or cancellations of the relevant contracts concluded in the original transaction.
- II. Merger, division, acquisition, or transfer of shares has not been completed according to the formulated schedule of the contract.
- III. The contents of the original announcement and declaration have been changed.

Article 17 Provisions on the acquisition or disposal of subsidiary assets:

- I. The acquisition or disposal of assets by subsidiaries shall also be handled according to the provisions of the parent company.
- II. If a subsidiary is not a domestic public company and its assets acquired or disposed of are up to the declared declaration standard, the parent company shall handle the declaring matters.
- III. The provision about "the amount of paid-in capital" or "total assets" in the announcement and declaration standards for subsidiaries refers to the amount of paid-in capital or total assets of the parent company.
- IV. If a foreign company's shares have no par value or the par value of each share is not NTD10, the amount of the transaction which shall reach 20% of the paid-in capital of the Company in Article 8, Article 9, Article 15 and Article 17 shall be 10% of the shareholders' equity of the parent company. The paid-in capital which shall reach NTD10 billion in these standards shall be the owner's equity in the parent company of NTD20 billion.
- V. A subsidiary shall submit information about acquiring or disposing of the relevant assets in writing to the parent company for announcement and declaration according to the provisions. In case of a violation of the provisions of these operation procedures, the relevant personnel of the subsidiary shall be punished according to the violation.

Article 18 The acquisitions or disposals of assets shall adhere to these procedures. If any violation of the provisions of these procedures is found, the relevant personnel shall be punished according to the violation.

Article 19 These procedures shall be formulated or revised with the consent of more than one-half of

all members of the Board of Auditors and submitted to the Board of Directors for resolution. 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.

After approval by the Board of Directors, they shall be submitted to the Board of Shareholders for approval, and the revision shall be the same.

When an independent director has been set up according to the laws and regulations, the Operational procedures for Acquisition and Disposal of Assets shall be submitted to the Board of Directors for discussion according to the provisions of the preceding paragraph.

The opinions of the independent director shall be fully taken into account. If the independent director has objections or reservations, they shall be stated in the proceedings of the Board of Directors.

Article 20 These treatment procedures were formulated on March 11, 1992.

1st amendments hereto were made on July 18, 1995.

2nd amendments hereto were made on March 10, 1996.

3rd amendments hereto were made on March 10, 1997.

4th amendments hereto were made on March 11, 1998.

5th amendments hereto were made on November 29, 1999.

6th amendments hereto were made on December 12, 2000.

7th amendments hereto were made on March 12, 2002.

8th amendments hereto were made on June 12, 2003.

9th amendments hereto were made on June 11, 2008.

10th amendments hereto were made on June 19, 2009.

11th amendments hereto were made on June 17, 2011.

12th amendments hereto were made on June 15, 2011.

13th amendments hereto were made on June 12, 2011.

14th amendments hereto were made on June 15, 2017.

15th amendments hereto were made on June 15, 2018.

16th amendments hereto were made on June 18, 2019.

17th amendments hereto were made on June 19, 2020.

18th amendment was made on June 15, 2022.

Before amendments

CLEVO CO.

Rules of Procedures for Shareholders' Meetings

- Article 1 The shareholders' meetings of the Company shall be governed by the Rules, unless otherwise provided by laws.
- Article 2 A signature book shall be set for the attending shareholders (or agents) to sign in, or the attending shareholders (or agents) shall hand in the signature card to sign in. The number of shares attended is calculated on the basis of the sign-in cards submitted.
- Article 3 The attendance and voting of the shareholders' meeting shall be calculated on the basis of shares.
- Article 4 The shareholders' meeting shall be held in the place where the Company is located or where it is convenient for the shareholders to attend and it is suitable for the meeting. The meeting shall not begin earlier than 9 a.m. or later than 3 p.m.
- Article 5 The convener of a shareholders' meeting and the Chairman serves as the Chairman of the shareholders' meeting. If the Chairman takes leave of absence or is unable to exercise his/her functions and powers for some reason, the Chairman shall appoint one of the directors to act for him/her. If the Chairman does not appoint an agent, the directors shall elect one of them to act for him/her. If the shareholders' meeting is convened by a convener other than the Board of Directors, the convener shall serve as the Chairman.
- Article 6 The Company shall appoint its lawyers, CPAs, or other relevant personnel to attend the shareholders' meeting. Conference staff of the shareholders' meeting shall wear identification cards or armbands.
- Article 7 The Company shall record or videotape the whole course of the shareholders' meeting and keep the record for at least one year.
- Article 8 The chair shall immediately call the meeting to order at the appointed meeting time and announce relevant information such as the number of non-voting shares and the number of shares in attendance.
If shareholders (or agents) representing more than half of the total shares issued are not present, the Chairman may announce that the meeting will be postponed. The number of postponements shall be limited to two times and the total time of postponement shall not exceed one hour. When the meeting has been postponed two times, but there is still an insufficient number of shareholders (or agents) and shareholders (or agents) representing more than one-third of the total number of shares issued present, a false resolution shall be made according to Paragraph 1 of Article 175 of the Company Act. Before the end of the meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of shares issued, the Chairman shall resubmit the false resolution to the meeting for vote according to Article 174 of the Company Act.
- Article 9 If the shareholders' meeting is convened by the Board of Directors, its agenda shall be set by the Board of Directors, and the meeting shall be held according to the formulated agenda, which shall not be changed without the resolution of the shareholders' meeting. The provisions of the preceding paragraph shall apply to the shareholders' meeting convened by other persons with convening power other than the Board of Directors. The Chairman may not adjourn the meeting without a resolution before the agenda in the first two paragraphs (including provisional motions) is concluded. If the Chairman violates the rules of procedure and announces the adjournment of the meeting, with the consent

- of more than half of the voting rights of the shareholders present, a person shall be elected as the Chairman to continue the meeting.
- After the adjournment of the meeting, the shareholders shall not elect another chairman to continue the meeting at the same place or in another place.
- Article 10 Before the speech of a shareholder (or agent) present, the keynote of the speech, a speech note shall first be filled in, specifying the main idea of speech, and shareholder's account number (or attendance card number) and name. The order of speeches shall be determined by the Chairman.
- If a shareholder (or agent) present at the meeting only submits the speech note and does not speak, it shall be deemed not to speak. If the content of a speech is inconsistent with the speech note, the content of the speech shall prevail.
- When an attending shareholder makes a speech, other shareholders shall not interfere with the speech except with the consent of the Chairman and the speaking shareholder. The Chairman shall stop the violator.
- Article 11 Each shareholder (or agent) of the same proposal shall not speak more than twice without the consent of the Chairman, and shall not speak for more than five minutes at a time.
- If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the topic, the Chairman may stop the shareholder's speech.
- Article 12 When a legal person is entrusted to attend the shareholders' meeting, the legal person shall only appoint one representative to attend. When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person shall speak for the same proposal.
- Article 13 After attending the shareholder's speech, the Chairman shall personally reply or designate a relevant person to reply.
- Article 14 When he/she considers that the discussion of a proposal can be voted on, the Chairman shall announce the suspension of the discussion and start voting.
- Article 15 The Chairman shall designate such staff as supervisors and counters of votes for a proposal, provided that the supervisors shall have the status of shareholders. The results of voting shall be reported on the spot and recorded.
- Article 16 In the course of the meeting, the Chairman may announce a rest at his/her discretion.
- Article 17 Except as otherwise provided in the Company Act and the Articles of Association, the voting of a proposal shall be approved with the consent of a majority of the voting rights of the shareholders (or agents) present.
- When voting, if the Chairman asks and there is no objection, it shall be deemed to be adopted, and its validity shall be the same as that of voting.
- Article 18 When there are revisions or substitutions to the same proposal, the order of voting shall be determined by the Chairman together with the original proposal. If one of the proposals has been passed, other proposals shall be deemed to be rejected without further voting.
- Article 19 The Chairman shall direct the pickets (or security guards) to assist in maintaining the order of the meeting place. When the pickets (or security guards) assist in maintaining order on site, they shall wear armbands with "picket".
- Article 20 The matters not stipulated in these rules of procedure shall be handled according to Company Act and other relevant decrees.
- Article 21 These rules of procedure shall be implemented after adoption by the Board of Shareholders and revised in the same way.
- Article 22 These rules of procedure were formulated on May 30, 1996.
1st amendments hereto were made on April 29, 1998.
2nd amendments hereto were made on May 31, 2002.
3rd amendments hereto were made on June 15, 2006.
4th amendments hereto were made on August 26, 2021

CLEVO CO.

Rules of Procedures for Shareholders' Meetings

- Article 1 The shareholders' meetings of the Company shall be governed by the Rules, unless otherwise provided by laws.
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- Article 3 The attendance and voting of the shareholders' meeting shall be calculated on the basis of shares.
- Article 4 The shareholders' meeting shall be held in the place where the Company is located or where it is convenient for the shareholders to attend and it is suitable for the meeting. The meeting shall not begin earlier than 9 a.m. or later than 3 p.m.
- Article 5 The convener of a shareholders' meeting and the Chairman serves as the Chairman of the shareholders' meeting. If the Chairman takes leave of absence or is unable to exercise his/her functions and powers for some reason, the Chairman shall appoint one of the directors to act for him/her. If the Chairman does not appoint an agent, the directors shall elect one of them to act for him/her. If the shareholders' meeting is convened by a convener other than the Board of Directors, the convener shall serve as the Chairman.
- Article 6 The Company shall appoint its lawyers, CPAs, or other relevant personnel to attend the shareholders' meeting. Conference staff of the shareholders' meeting shall wear identification cards or armbands.
- Article 7 The Company shall record or videotape the whole course of the shareholders' meeting and keep the record for at least one year.
- Article 8 The chair shall immediately call the meeting to order at the appointed meeting time and announce relevant information such as the number of non-voting shares and the number of shares in attendance. If shareholders (or agents) representing more than half of the total shares issued are not present, the Chairman may announce that the meeting will be postponed. The number of postponements shall be limited to two times and the total time of postponement shall not exceed one hour. When the meeting has been postponed two times, but there is still an insufficient number of shareholders (or agents) and shareholders (or agents) representing more than one-third of the total number of shares issued present, a false resolution shall be made according to Paragraph 1 of Article 175 of the Company Act. Before the end of the meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of shares issued, the Chairman shall resubmit the false resolution to the meeting for vote according to Article 174 of the Company Act.
- Article 9 If the shareholders' meeting is convened by the Board of Directors, its agenda shall be set by the Board of Directors, and the meeting shall be held according to the formulated agenda, which shall not be changed without the resolution of the shareholders' meeting. The rules in the preceding paragraph may apply if the shareholders' meeting is convened by those who have the right to convene other than the Board of Directors. The Chairman may not adjourn the meeting without a resolution before the agenda in the first two paragraphs (including provisional motions) is concluded. If the chair declares the adjournment in violation of the rules of procedure, a new chair can be elected with a majority of the votes represented by the attending shareholders and then continue the meeting.

- After the adjournment of the meeting, the shareholders shall not elect another chairman to continue the meeting at the same place or in another place.
- Article 10 Before the speech of a shareholder (or agent) present, the keynote of the speech, a speech note shall first be filled in, specifying the main idea of speech, and shareholder's account number (or attendance card number) and name. The order of speeches shall be determined by the Chairman.
If a shareholder (or agent) present at the meeting only submits the speech note and does not speak, it shall be deemed not to speak. If the content of a speech is inconsistent with the speech note, the content of the speech shall prevail.
When an attending shareholder makes a speech, other shareholders shall not interfere with the speech except with the consent of the Chairman and the speaking shareholder. The Chairman shall stop the violator.
- Article 11 Each shareholder (or agent) of the same proposal shall not speak more than twice without the consent of the Chairman, and shall not speak for more than five minutes at a time.
If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the topic, the Chairman may stop the shareholder's speech.
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- Article 13 After attending the shareholder's speech, the Chairman shall personally reply or designate a relevant person to reply.
- Article 14 When he/she considers that the discussion of a proposal can be voted on, the Chairman shall announce the suspension of the discussion and start voting.
- Article 15 Scrutineers and ballot counters for the votes on proposals are appointed by the chair. However, scrutineers shall be shareholders. The results of voting shall be reported on the spot and recorded.
- Article 16 In the course of the meeting, the Chairman may announce a rest at his/her discretion.
- Article 17 Except as otherwise provided in the Company Act and the Articles of Association, the voting of a proposal shall be approved with the consent of a majority of the voting rights of the shareholders (or agents) present.
When voting, if the Chairman asks and there is no objection, it shall be deemed to be adopted, and its validity shall be the same as that of voting.
- Article 18 When there are revisions or substitutions to the same proposal, the order of voting shall be determined by the Chairman together with the original proposal. If one of the proposals has been passed, other proposals shall be deemed to be rejected without further voting.
- Article 19 The Chairman shall direct the pickets (or security guards) to assist in maintaining the order of the meeting place. When the pickets (or security guards) assist in maintaining order on site, they shall wear armbands with "picket".
- Article 20 **If the Company convenes shareholders' meetings online, all the operating procedures related to online meetings shall adhere to the Regulations Governing the Administration of Shareholder Services of Public Companies and other relevant laws.**
Any matters **not covered** by the Rules and Procedures of Shareholders' Meetings shall refer to the regulations set out in the Company Act and other laws.
- Article 21 These rules of procedure shall be implemented after adoption by the Board of Shareholders and revised in the same way.
- Article 22 These rules of procedure were formulated on May 30, 1996.
1st amendments hereto were made on April 29, 1998.
2nd amendments hereto were made on May 31, 2002.
3rd amendments hereto were made on June 15, 2006.
4th amendments hereto were made on August 26, 2021.
5th amendments was made on June 15, 2022.

CLEVO CO.

Details of the number of shares held by directors on the date of termination of transfer recorded in the roster of shareholders.

- I. The number of shares held by all directors of the Company shall be disclosed according to Article 3 of the Measures for Matters to be Recorded and Complied with in the Manual of Shareholders' Meeting of a Public Company (e.g. the attached table).
- II. The Company's issued capital is NT\$6,422,630,000. According to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholdings shall be 4% for all directors combined and 0.4% for all supervisors combined. Meanwhile, if a public company has two or more independent directors, the statutory shareholding ratio of all the directors and supervisors (other than independent directors) shall be 80% of the aforesaid ratios. In other words, the directors collectively shall hold 80% of 4% stakes (i.e., 20,552,416 shares).

CLEVO CO.

Detailed list of individual shareholding and total shareholding of directors

Title	Full name	Book closure date (April 17, 2022) The number of shares held recorded in register of shareholders	Shareholding ratio	Remarks
Chairman	Kent Hsu	46,701,335	7.27%	
Vice Chairman	Tsai, Ming-Hsien	10,084,224	1.57%	Part-time General Manager
Director	Roger Lu	0	0.00%	
Director	Stephen Chien	1,673,376	0.26%	
Independent Director	Po-Chiao Chou	0	0.00%	
Independent Director	Tsung-Ming Chen	0	0.00%	
Independent Director	Ling-Ming Lai	0	0.00%	
Total of 7 directors		58,458,935	9.10%	The quantitative percentage has been reached