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# **CLEVO CO.**

## **2021**

# **Annual Report**

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**Clevo CO.**  
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# I. Letter to Shareholders

Dear Shareholders:

## 1. 2021 Business Report

### (1) 2021 Business Plan Achievements

The global economy in 2021 was at the mercy of COVID-19 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 by cashing in on 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 in 2021, 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 from the notebook business 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 a flexible assembly and production mechanism. Our blue ocean models accounted for over 66% volumes for the year. The operating margin 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 pre-pandemic level in 2019. 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 stood at 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 the 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. The Company has developed a complete series with the S, H, P and U series of the Intel Alder Lake platform by integrating wireless communication functions 802.11x/WiGi, Bluetooth 5.x and LTE 4G/5G, adding HDMI 2.x, eSATA 3.0, Thunderbolt 4 and USB-

A/C 3.2 Gen1/Gen2 and combining super long-lasting performance batteries and energy efficient designs. These models also come with fingerprint-recognition secure pads. Hello cameras with facial recognition features are an optional accessory. These designs empower our notebooks as portable computing platforms with high quality audio/video and supporting a wide range of external devices. Going forward, we will develop more innovative and high-value products by integrating with more commercial applications in order to meet the consumer needs in different domains around the world. The R&D team developed over 80 models in 2021 to address the customers' needs. Our blue ocean models accounted for 66% of the annual sales. The gaming models PC5X, PC7X, and X170, the mobility models L14X and NS5X, the entertainment models NP7X, NH7X, NP5X and NH5X and the value models NJ5X and 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 when 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 experience.

## 2. 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 Market Intelligence & Consulting Institute (MIC) forecast the global shipment in 2022 to 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 graphic cards. 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 forecasts the global gaming market to reach US\$194.3 billion in 2022, up 7.7% year-over-year and to 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. As a result of the aforesaid favorable trends, the Company's 1Q22 shipment exceeded 500,000 units and sales totaled NT\$5 billion, up 15% year-over-year. With both the shipment and the topline hitting 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 in 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. All these factors are forcing the Fed to accelerate the normalization of monetary policies. Meanwhile, 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 and General manager: Tsai,Ming-Hsien   Chief Accounting Officer: Wu,Mai

## II. Company Profile

I. Date of Incorporation: October 4, 1983

### II. Company History

1983	<ul style="list-style-type: none"> <li>The Company was founded and named as Clevo Computer Ltd., located at Section 3, Zhongxiao East Road. It was engaged in the business of computer's power converters and keyboards. Its approved capital and paid-in capital was NTD 1,000,000.</li> </ul>
1984	<ul style="list-style-type: none"> <li>The approved and paid-in capital was increased to NTD 5,000,000 and the Company was moved to Section 5, Nanjing East Road.</li> </ul>
1985	<ul style="list-style-type: none"> <li>Moved to No. 17, Yongji Road, Taipei City</li> </ul>
1986	<ul style="list-style-type: none"> <li>Established the keyboard business division, and built up a keyboard factory at Yongji Road. Annual sales increased greatly to NTD 101,313,069.</li> <li>Completed the development of large-scale IBM compatible XT/AT keyboard, and mass-produced for sales.</li> </ul>
1987	<ul style="list-style-type: none"> <li>The approved and paid-in capital was increased to NTD 35,000,000, and the company type was changed from limited company to incorporated company. Annual sales were NTD 274,352,582.</li> <li>Successfully developed small-scale IBM compatible XT/AT keyboard, and mass-produced for sales.</li> </ul>
1988	<ul style="list-style-type: none"> <li>The approved and paid-in capital was increased to NTD 70,000,000.</li> <li>Led in the industry to complete the development and design of 286 laptops.</li> </ul>
1989	<ul style="list-style-type: none"> <li>Established the personal computer business division, and built up a personal computer factory in Xizhi.</li> <li>Keyboard factory was moved from Yongji Road to Xizhi.</li> <li>Established president office and general administration office.</li> <li>Annual sales increased greatly to NTD 657,836,467.</li> <li>Successfully developed keyboard for the use of laptop.</li> <li>Led in the industry to complete the design of VGA laptop.</li> <li>Took the lead in completing the mass-production of VGA laptop, and successfully developed 386SX laptop.</li> </ul>
1990	<ul style="list-style-type: none"> <li>The approved and paid-in capital was increased to NTD 198,000,000.</li> <li>Officially invested in Malaysia Clevo Computer Private Service Ltd. with 100% of shareholding to build up overseas production base for keyboard.</li> <li>Personal computer factory was moved from Xizhi to Wugu, and expanded the production capacity for portable personal computers.</li> <li>Annual sales increased greatly to NTD 1,751,257,424.</li> <li>Developed the first 386DX laptop in the domestic industry.</li> <li>Led in the domestic industry to complete the first 286 and 386SX of notebook's development and design, and it was the first domestic manufacturer to pass the FCC's accreditation.</li> </ul>
1991	<ul style="list-style-type: none"> <li>Established the Clevo Computer U.S. Co., Ltd. in the U.S. and the European office in Germany respectively in order to build up a complete sales network in overseas markets.</li> <li>For the long-term demand of sound development, the Company purchased the lands to build up factory and office building at home.</li> <li>Annual sales increased to NTD 1,888,874,127.</li> <li>First manufacturer in the domestic industry to complete 386DX of notebook's design and passed the FCC's accreditation.</li> <li>First manufacturer in the domestic industry to complete 486DX of notebook's design and passed the FCC's accreditation.</li> </ul>
1992	<ul style="list-style-type: none"> <li>The Securities Management Commission of Ministry of Finance approved the Company's stock public offering.</li> <li>The approved and paid-in capital was increased to 42,000,000 shares and NTD 420,000,000.</li> <li>Annual sales increased to NTD 3,303,410,169.</li> <li>Reinvested in the Zhengda Technology Co., Ltd. to mainly produce the monitor.</li> <li>In order to build up a complete sales network in overseas markets, the European office in Germany established the German Clevo Ltd..</li> <li>The export sales' growth in Europe was ranked the third for the Awards of Excellent Trading Businesses.</li> </ul>



1993	<ul style="list-style-type: none"> <li>• The approved and paid-in capital was increased to 54,600,000 shares and NTD 546,000,000.</li> <li>• The 486DX-2 series of color notebooks was mass-produced and passed the FCC's accreditation.</li> <li>• Reinvested in domestics trade-type of subsidiary with the name of Kapok Computer Co., Ltd. who was the second brand and mainly focused on professional marketing to expand the market share.</li> <li>• Established the U.K. Clevo Ltd. in the U.K. in order to build up a complete sales network in overseas markets.</li> <li>• Researched/developed the PENTIUM 80586 series of color notebook and conducted the pilot production</li> <li>• Clevo building was completed at the end of the year at No.35, Wugong 6th Rd., Wugu Industrial Park and started to officially launch in order to increase production volume and efficiency.</li> </ul>
1994	<ul style="list-style-type: none"> <li>• The approved and paid-in capital was increased to 68,250,000 shares and NTD 682,500,000.</li> <li>• 586 series of color notebooks were mass-produced and passed the FCC's accreditation.</li> <li>• Established France Clevo Ltd. in France in order to build up a complete sales network in overseas markets.</li> <li>• Passed the certification of ISO-9002 international quality.</li> <li>• Annual sales increased to NTD 5,973,247,006.</li> </ul>
1995	<ul style="list-style-type: none"> <li>• The paid-in capital was increased to 81,900,000 shares and NTD 819,000,000.</li> <li>• The stock was approved to be traded in the Securities Brokerage.</li> <li>• Research/developed 586 high-end multimedia notebooks and mass-produced.</li> </ul>
1996	<ul style="list-style-type: none"> <li>• The paid-in capital was increased to 99,918,000 shares and NTD 999,180,000.</li> <li>• The stock was publicly traded at OTC on March 4.</li> </ul>
1997	<ul style="list-style-type: none"> <li>• The stock was listed and traded in Taiwan Stock Exchange on April 2.</li> <li>• The approved capital was increased to 500,000,000 shares and NTD 5,000,000,000.</li> <li>• Conducted the capital increased by cash to issue 27,228 thousand shares of new stock. Each share had a premium of NTD 76. Total raised fund was NTD 2,069,328,000.</li> <li>• The paid-in capital was NTD 2,500,000,000.</li> <li>• Spent NTD 700 million to purchase the original Makro's land for building the Clevo second phase of the factory in Wugu.</li> </ul>
1998	<ul style="list-style-type: none"> <li>• Passed the certification of ISO-9001 international quality and strictly asked for the product's quality starting from research and development.</li> <li>• Handled the increase of capital from the earnings and the capital surplus; each share was distributed by NTD 2 from earnings and NTD 2 from surplus; the paid-in capital was NTD 3,570,000,000.</li> <li>• In June, the Clevo Computer Singapore Pte Ltd. was established to engage in the business of consultant relating to computer; through this company, the Clevo reinvested in the establishment of the Clevo (Sichuan) Computer Ltd. and the Clevo Computer (Beijing) Ltd., that were engaged in production and sales of computer related industries in China.</li> <li>• In August, established the Clevo Investment Corporation with the capital of NTD 190,000,000.</li> <li>• In October, the Sanchong factory was constructed completely and officially launched.</li> </ul>
1999	<ul style="list-style-type: none"> <li>• In January, Vice President, Tsai, Ming-Hsien, was promoted as President.</li> <li>• In February, the headquarter was transferred from Wugu factory to Sanchong factory.</li> <li>• In July, the earnings and the capital surplus were transferred to increase capital; each share was distributed by NTD 0.5 from earnings and NTD 0.5 from surplus; the paid-in capital was NTD 3,942,700,000.</li> <li>• In September, reinvested in the establishment of the Clevo (Nanking) Computer Ltd. through Clevo Computer Singapore Pte Ltd.</li> <li>• In December, invested in Xubang Venture Capital Co., Ltd. with NTD 50,000,000.</li> <li>• Developed the 5101 largest-scale 3-SPINDLE notebook in the world.</li> </ul>
2000	<ul style="list-style-type: none"> <li>• In February, invested in Avita Corporation with NTD 80,700,000.</li> <li>• In March, all employees in the Wugu factory were moved to the Sanchong factory.</li> <li>• In April, the sales volume of the notebook broke through 50,000 units to reach 50,106 units.</li> <li>• In April, the Wugu factory was leased to the Desheng Enterprise Co., Ltd.</li> <li>• In May, invested in Taiwan Fixed Network Co., Ltd. with NTD 400,000,000.</li> <li>• In September, handled the increase of capital from the capital surplus; each share was distributed by NTD 1.0 from surplus; the paid-in capital was NTD 4,336,970,000.</li> <li>• In September, invested in Chicony Software Inc. with US\$1,500,000.</li> </ul>

2001	<ul style="list-style-type: none"> <li>• In September, established the Clevo (Cayman Islands) Holding Company; through this company, the Clevo reinvested in the establishment of the Buynow Electronic Information (Wuhan) Ltd.</li> <li>• In October, established the Kapok Computer (Samoa) Corporation; through this company, the Clevo reinvested in the establishment of the Kapok Computer (Kunshan) Ltd. that was engaged in production and sales of the computer related industries in China.</li> <li>• In October, the Buynow Plaza of the Clevo (Nanking) Computer Ltd. was inaugurated.</li> <li>• Successfully developed the first 8880 model in support of P4 WILLAMETTE 2G CPU and 5 SPINDLE in the world.</li> </ul>
2002	<ul style="list-style-type: none"> <li>• In January, increased capital to Chicony Software Inc. with US\$1,500,000. The accumulated investment to this company reached US\$3,000,000 and accounted for 50% of its shareholding.</li> <li>• In January, invested in the establishment of the First Choice Logistics Limited with US\$1,000,000, which was engaged in the trading of computers and its peripherals.</li> <li>• In July, handled the increase of capital. The original shareholders were distributed by NTD 0.5 per share from surplus and NTD 0.5 per share from earnings. The paid-in capital was NTD 4,819,757,000.</li> <li>• In September, invested in the establishment of the Buynow Electronic Information (Hangzhou) with US\$2,000,000.</li> </ul>
2003	<ul style="list-style-type: none"> <li>• In March, increased capital to Buynow Electronic Information (Hangzhou) with US\$3,000,000.</li> <li>• In March, invested in the Buynow Electronic Information (Shanghai) with US\$1,500,000.</li> <li>• In May, sold out the Avita Corporation to Chicony Power.</li> <li>• In July, sold out the Wugu factory to Prodisc Technology Inc.</li> <li>• In August, handled the increase of capital. The original shareholders were distributed by NTD 0.3 per share from surplus. The paid-in capital was NTD 4,982,093,010.</li> <li>• In September, the Jinan Store of the Buynow Plaza was inaugurated.</li> <li>• In October, the Kunshan factory completed the assembly production line and began to mass-produce the machinery and ship out.</li> <li>• In December, the whole building of the factory located at Wuquan Road, Wugu Industrial Park was leased to the HANNspree Co., Ltd. with a monthly rental of NTD 6,384,000.</li> </ul>
2004	<ul style="list-style-type: none"> <li>• In July, the Changsha Store of the Buynow Plaza was inaugurated.</li> <li>• In July, handled the increase of capital. The original shareholders were distributed by NTD 0.5 per share of cash dividend and NTD 0.5 per share of stock dividend (NTD 0.2 from earnings and NTD 0.3 from capital surplus). After capital increased, the paid-in capital was NTD 5,296,950,000.</li> <li>• In September, the Zhengzhou Store of the Buynow Plaza was inaugurated.</li> <li>• In December, the Tianjin Store of the Buynow Plaza was inaugurated.</li> </ul>
2005	<ul style="list-style-type: none"> <li>• In January, the Hefei Store of the Buynow Plaza was inaugurated.</li> <li>• In January, the Clevo M38EW multimedia luxury video/audio series models of notebook was honored with the 13th term of Taiwan Excellence Awards.</li> <li>• In March, the Kapok Computer (Samoa) Corporation finished the contract's signature for US\$30,000,000 of the bank syndicated loan program with five year of term.</li> <li>• In June, the Hangzhou Store of the Buynow Plaza was inaugurated.</li> <li>• In August, handled the increase of capital. The original shareholders were distributed by NTD 0.5 per share of cash dividend and NTD 0.5 per share of stock dividend (NTD 0.3 from earnings and NTD 0.2 from capital surplus). After capital increased, the paid-in capital was NTD 5,582,273,000.</li> <li>• In August, the Sanchong factory's production line was transferred to the Kunshan factory.</li> </ul>
2006	<ul style="list-style-type: none"> <li>• In March, the outbound volume of the Kapok Computer (Kunshan) Co., Ltd. reached a new high record of 60,063 units in a single month since transfer of factory. Its production efficiency was gradually enhanced.</li> <li>• In July, the Guangzhou Store of the Buynow Plaza was inaugurated. Its measurements were 38,539.89 square meters which was the biggest Buynow plaza at the moment.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• In March, the Changchun Store of the Buynow Plaza was inaugurated. It was the tenth store.</li> <li>• In April, the outbound volume of the Kapok Computer (Kunshan) Co., Ltd. reached a new high record of 80,000 units in a single month. Its production efficiency was greatly enhanced.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• In April, sold out 28,000,000 shares of the Taiwan Fixed Network Co., Ltd.'s shareholding. After selling out, the shareholding was zero.</li> <li>• In June, the outbound volume of the Kapok Computer (Kunshan) Ltd. reached a new high record of 100,000 units in a single month.</li> <li>• In August, handled the increase of capital. The original shareholders were distributed by NTD 0.4 of stock dividend per share (NTD 0.2 from earnings and NTD 0.2 from capital surplus). After capital increased, the paid-in capital was NTD 5,825,204,000.</li> </ul>

	<ul style="list-style-type: none"> <li>· In September, the Shanghai (Pudong) Store of the Buynow Plaza was inaugurated. It was the eleventh store.</li> <li>· In November, the sales of notebooks reached a new high record of NTD 1.5 billion.</li> <li>· In December, the Xi'an Store of the Buynow Plaza was inaugurated. It was the twelfth store.</li> </ul>
2008	<ul style="list-style-type: none"> <li>· In March, the Harbin Store of the Buynow Plaza was inaugurated. It was the thirteenth store.</li> <li>· In March, the flow of people for the Buynow Plaza's Guangzhou Store broke through 100,000 person-time on a single day. The total flow of people for the Buynow Plaza's 13 stores broke through 500,000 person-time that set a new high record.</li> <li>· In June, the Xiamen Store of the Buynow Plaza was inaugurated. It was the fourteenth store.</li> <li>· In August, handled the increase of capital. The original shareholders were distributed NTD 0.5 of stock dividend per share and NTD 0.5 of cash dividend per share. After capital increased, the paid-in capital was increased to NTD 6,246,000,000.</li> <li>· In September, the sales of notebooks reached a new high record of NTD 1.76 billion.</li> </ul>
2009	<ul style="list-style-type: none"> <li>· In January, the Wuxi Store of the Buynow Plaza was inaugurated. It was the fifteenth store.</li> <li>· In April, the Beijing Store of the Buynow Plaza was inaugurated. It was the sixteenth store.</li> <li>· In July, handled the increase of capital. The original shareholders were distributed by NT\$0.5043 of stock dividend per share. After capital increased, the paid-in capital was NT\$6,556,000 thousand. NT\$6,556,000 thousand.</li> <li>· In August, the Xuhui Store of the Buynow Plaza was inaugurated. It was the seventeenth store.</li> <li>· In September, the Qingdao Store of the Buynow Plaza was inaugurated. It was the eighteenth store.</li> </ul>
2010	<ul style="list-style-type: none"> <li>· In February, the Changzhou Store of the Buynow Plaza was inaugurated. It was the nineteenth store.</li> <li>· In April, the Chongqing Store of the Buynow Plaza was inaugurated. It was the twentieth store.</li> <li>· In June, handled the cancellation of treasury shares to reduce the capital. After reduction of capital, the paid-in capital was NTD 6,384,670,000.</li> <li>· In July, the original shareholders were distributed by NTD 1.5 of cash dividend per share.</li> <li>· In October, the Chengdu Store in the Chicony Plaza Department Store was officially inaugurated.</li> <li>· In December, the Daqing Store of the Buynow Plaza was inaugurated. It was the twenty-first store.</li> <li>· In October, obtained the land in Shantou.</li> </ul>
2011	<ul style="list-style-type: none"> <li>· In February, obtained the land used for Buynow in Yancheng.</li> <li>· In April, the Taiwan Excellence Pavilion was inaugurated in Buynow.</li> <li>· In June, the Zibo Store of the Buynow Plaza was inaugurated.</li> <li>· In June, obtained land in Yingkou and Anshan.</li> <li>· In June, the Buynow's headquarter was transferred to the Hongwell Building in Shanghai.</li> <li>· In July, the original shareholders were distributed by NTD 1 of cash dividend per share.</li> <li>· In August, obtained the land in Guiyang.</li> <li>· In November, obtained the real estate in Taizhou.</li> </ul>
2012	<ul style="list-style-type: none"> <li>· In January, signed the letter of intent for industry-academia collaboration with Taipei University of Technology.</li> <li>· In July, the original shareholders were distributed by NTD 1.5 of cash dividend per share.</li> <li>· In July, obtained land used for Buynow in Dezhou.</li> <li>· In September, obtained land used for Buynow in Luoyang.</li> <li>· In November, the Company's board of directors resolved the capital increase by cash in 2012; every share was issued at a price of NTD 32; and this program was declared to the Financial Supervisory Commission in this month with the Letter No. 1020048919 to take effect on record. and this program was declared to the Financial Supervisory Commission in this month with the Letter No. 1020048919 to take effect on record. The increase of capital by cash issued 62,500,000 shares with the total amount of NTD 2 billion that was fully received on December 26, 2012.</li> <li>· In December, the Taizhou Store of the Buynow Plaza was inaugurated.</li> </ul>
2013	<ul style="list-style-type: none"> <li>· In January, handled the increase of capital by cash to the Ministry of Economic Affairs for the issuance of 62,500,000 shares. After capital increased, the capital was NTD 7,009,670,000.</li> <li>· In January, disposed of the Company's factory located at the Wugu Industrial Park and the disposed price was NTD 2.67 billion.</li> <li>· In March, obtained the land used for Buynow in Quanzhou.</li> <li>· In July, the original shareholders were distributed by NTD 2.0 of cash dividend per share.</li> <li>· In August, obtained the land used for Buynow in Jinzhou.</li> <li>· In December, cancelled 11,804,000 shares of the treasury shares to reduce the capital. After change, the capital was NTD 6,891,630,000.</li> </ul>

2014	<ul style="list-style-type: none"> <li>• In March, obtained land No. 850, 851, and 852, Dingkan Section, Sanchong District, New Taipei City.</li> <li>• In May, cancelled 6,000,000 shares of the treasury shares to reduce the capital. After change, the capital was NTD 6,831,630,000.</li> <li>• In June, completed the Clevo's syndicated loan program of NTD 6 billion with five year of term.</li> <li>• In June, the Chairman, Hsu,Kun-tai was awarded the honorary doctorate of the Engineering Institute, Taipei University of Technology.</li> <li>• In July, the original shareholders were distributed NTD 3.15 of cash dividend per share.</li> <li>• In November, obtained three property buildings in Tokyo, Japan. The total measurement was 4,000 pings.</li> <li>• The Wuhan Store of the Buynow Plaza was officially opened on October 18, 2014.</li> <li>• The Suzhou Store of the Buynow Plaza was officially opened on November 22, 2014.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• In March, according to evaluation and testing from the European Notebook Check.Net on the category of Lightweight Gaming and Workstation, the Clevo's notebooks, P651SG and P750ZM, were dazzlingly ascended to the top one respectively; it was in the lead of other global brands of machine.</li> <li>• In April, the Company was evaluated as A-grade in the 12th term of the Information Disclosure Evaluation for TWSE/TPEX Listed Companies.</li> <li>• In May, completed the five-year term of the syndicated loan program for Clevo (Cayman Islands) Holding Company with US\$120 million.</li> <li>• In July, the original shareholders were distributed by NTD 2.5 of cash dividend per share.</li> <li>• In July, the resolution of the board of directors passed to issue the Company's first secured ordinary corporate bond in 2015 with NTD 5 billion. This program was declared to the Financial Supervisory Commission on August 12, 2015 with the letter No. 1040030770 to take effect on record; and the fund was raised completely on August 28, 2015; the predetermined programs for fund application were all finished on September 30, 2015.</li> <li>• In August, the board of directors passed the program for the first buy-back of the Company's shares in 2015 to transfer to the employees; it bought back a total of 3,400 shares on October 12 with the average price of NTD 32.75 per share.</li> <li>• In November, terminated the assignment agreement for the right-of-use land of the national construction with the National Land Resources Bureau in Yancheng City to end the land development project in Yancheng.</li> <li>• In December, the board of directors passed the program for the second buy-back of the Company's shares with 10,000 shares in 2015 to transfer to the employees.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• In February, finished the treasury shares' buy-back with 10,000 shares; the average buy-back price was NTD 31.22.</li> <li>• In April, according to the announcement of the Harvard Business Review for the investigation of top 50 Taiwanese CEO in 2016, Hsu,Kun-tai, the Chairman of the affiliate, the Chicony Electronics (2385), was selected as one of top 50 to be ranked 24th in the overall ranking; furthermore, he was ranked the top one in the ranking of the electronics components.</li> <li>• In May, the Hyatt Place Luoyang was officially inaugurated.</li> <li>• In May, disposed of the Company's land No. 848, 850, 851 and 85, Dingkan Section, Sanchong District, New Taipei City.</li> <li>• In July, the original shareholder was distributed by NTD 1.1 of cash dividend per share.</li> <li>• On July 16, the Chengdu Grand Hyatt in the Chicony Plaza Department Store was officially inaugurated.</li> <li>• In October, the Xuhui Store in Shanghai was reopened and upgraded as the first technological and intelligent plaza in China to render the consumers more comprehensive services.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• In July, the original shareholders were distributed by NTD 0.7 of cash dividend per share.</li> <li>• In August, completed the first issuance of 2016 CSR Report.</li> <li>• On November 11, the Xi'an Store of the Chicony Plaza Department Store was officially inaugurated.</li> <li>• In December, the board of directors decided to dispose of the Wuhan Store of the Buynow Plaza to the Chicony Plaza Department Store in order to enhance the group's overall business performance. After disposing, the Company still held 30% of the shareholding indirectly.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• In February, the board of directors passed the program of the first buy-back of the Company's shares in 2018 to transfer to the employees. It bought back a total of 10,000 shares on April 8 with the average price of NTD 29.42.</li> <li>• In March, the shareholding and the management power of the Buynow Plaza's Wuhan Store were handed over to the Chicony Plaza Department Store.</li> <li>• For the 4th term of the corporate governance evaluation, the Company made a leap from 6th range to the first 3 range by the improvement of performance.</li> <li>• In April, the board of directors passed the program of the second buy-back of the Company's shares in 2018 to transfer to the employee. It bought back a total of 10,000 shares on June 8 with the average price of NTD 31.38.</li> <li>• In July, the capital surplus was distributed to the shareholders by NTD 0.8 of cash dividend per share.</li> <li>• In October, cancelled 3,400 shares of treasury stock to reduce capital. After change, the capital was NTD 6,797,630,000.</li> <li>• In November, the board of directors passed the program of the third buy-back of the Company's 10,000 shares in 2018 to transfer to the employee.</li> <li>• In October, the Dezhou Store of the Chicony Plaza Department Store was inaugurated.</li> <li>• In December, the Shantou Store of the Chicony Plaza Department Store was inaugurated.</li> </ul>

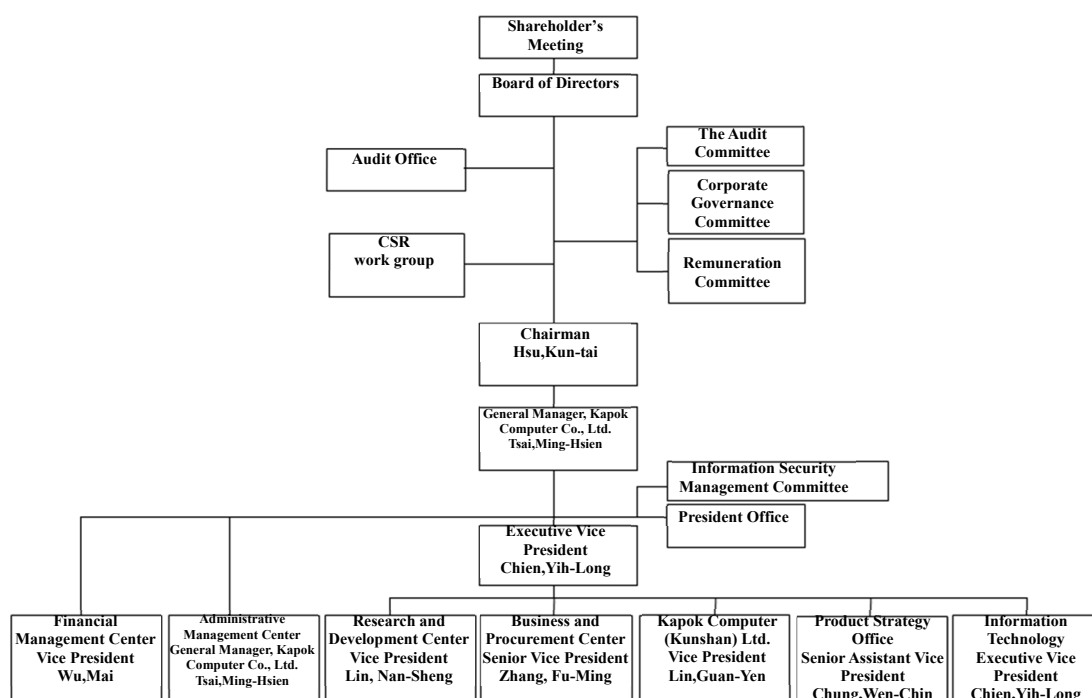
2019	<ul style="list-style-type: none"> <li>For the program of the third buy-back of the Company's shares in 2018 to transfer to the employee, it bought back a total of 7,500 shares on January 14 with the average price of NTD 30.08.</li> <li>In February, cancelled 10,000 shares of the treasury stock to reduce the capital. After change, the capital was NTD 6,697,630,000.</li> <li>Kept in the third range for the 5th term of the corporate governance evaluation.</li> <li>In May, the board of directors approved the disposal of Chicony Malls in Shantou City to Chicony Industry (Wuhan) Co., Ltd. in order to enhance the business synergy within the group, boost the return on investment and maximize the group's operational efficiency.</li> <li>In June, the board of directors passed the program of the first buy-back of the Company's shares in 2019 to transfer to the employees. It bought back a total of 10,000 shares on August 16 with an average price of NTD 32.01.</li> <li>In July, a cash dividend of 0.2 dollar per share and a capital reserve of 0.8 dollar per share, totaling to a cash dividend of 1 dollar per share to shareholders.</li> <li>In July, the resolution of the board of directors passed to issue the Company's first secured ordinary corporate bond in 2019 with NTD 5 billion. This program was declared to the Taipei Exchange on August 22, 2019 with the letter No. 10800100371 to take effect on record; and the fund was raised completely on August 26, 2019; the predetermined programs for fund implementation were all completed on August 28, 2019.</li> <li>In July, the Company disposed three investment properties in Tokyo.</li> <li>The Company received the Taipei City MRT Area I No. 1086001632 Notification from the Department of Rapid Transit Systems, Taipei City Government on October 18 that the Company had taken over the priority and acquired the right to negotiate the contract of the "Land development project in the special zone C1/D1 (east half of the street) of Taipei Main Station."</li> <li>On November 11, the Ministry of Economic Affairs approved the establishment of "Taipei Twin Towers Limited" with issuance of 200 million shares and a paid-up capital of NTD 2 billion; and 50% of the shares will be held by Clevo and Hongwell Group respectively.</li> <li>On December 17, Taipei Twin Towers Limited and the Department of Rapid Transit Systems, Taipei City Government signed the investment contract for the land development of the special zone C1/D1 (east half of the street) of Taipei Main Station.</li> </ul>
2020	<ul style="list-style-type: none"> <li>In February, the board approved the first repurchase of the Company's 10,000,000 shares in 2020. On April 30, a total of 10,000,000 shares were repurchased, at an average price of NTD 29.66 per share.</li> <li>For the results of the 6th term of the corporate governance evaluation released in April, the Company made an improvement by 2 points, remained in the top 3 range in the listed companies, and advanced one level in the third level of the electronics sector with a market value of more than NTD 10 billion.</li> <li>In May, the Chicony-CLEVO group was ranked the 44th in CommonWealth Magazine's list of Top 50 Business Groups for 2020.</li> <li>In July, cash dividends of NTD 0.4 per share were issued with capital surplus.</li> </ul>
2021	<ul style="list-style-type: none"> <li>In April, capitalization was reduced with the cancelation of 10,000 treasury shares. The resulting share capital was NTD 6,597,630,000.</li> <li>For the results of the 7th term of the corporate governance evaluation released in April, the Company made a significant improvement by moving up from the third level to the second level according to the rankings of listed companies and among electronics companies with a market capitalization of more than NTD 10 billion.</li> <li>In June, 10,000 treasury shares were canceled. After the change, the share capital was NT\$6,497,630,000.</li> <li>In July, cash dividends at NT\$0.6 per share were distributed to the original shareholders.</li> <li>In October, the liquidation of the company's Sanchong district plant/office building, with the liquidation price at NTD410 million dollars.</li> <li>In October, the board of directors approved the first buyback in 2021 for 10,000 shares, to be transferred to employees. On November 11, a total of 10,000 shares were repurchased at an average price of NT\$32.91.</li> <li>Notebook Business Group's annual shipment totaled 2.07 million and the group combined revenue reaching NTD26.99 billion dollars, rewriting a history high.</li> </ul>
2022	<ul style="list-style-type: none"> <li>In January, 7,500 treasury shares were canceled. After the change, the share capital was NT\$6,422,630,000.</li> <li>The Global Views Monthly announced in January that among the top 100 evergreen heritage shares of Taiwan's public-listed and OTC shares founded in Taiwan for 30 years or longer, the Chicony group under chairman Hsu's group companies has been ranked as the top four largest, and the Clevo group is placed on 62<sup>nd</sup> spot.</li> <li>The Taipei Twin-Star development project has on March 16 surpassed the Taipei city environmental assessment council's environmental impact differential analysis report, and has also in April applied for the construction license</li> <li>In March, the Company was relocated to 35F, No. 555, Siyuan Rd, Xinzhuang District, New Taipei City.</li> <li>In April, the eighth company governance assessment finding show it continues to rank among the public-listed companies at 6%~20% level-two scale, with consecutive two years reaching the first-half of the class level.</li> </ul>

# III. Corporate Governance Report

## I. Organization System

### (1) Organizational Structure

Date: April 30, 2022



### (II) Main Departments' Business

Name of Department	Responsible Business
Audit Office	Examine and review the internal control system of the Company and the subsidiaries, and audit all rules and systems.
President Office	Establish the Company's business targets and policies, operate each business and supervise/execute the affiliates' management.
Administrative Management Center	1. Be responsible for the human resource management and general administration management for the entire enterprise. 2. Be responsible for the legal and intellectual property management for the entire enterprise.
Financial Management Center	1. Engage in the accounting and tax affairs, set up the budget, analyze the business, and prepare the financial statement. 2. Fund planning, long-term and short-term investment, foreign exchange hedging, and interbank transactions. 3. Services of stock affairs, investor and media relations management, and corporate governance operations.
Research and Development Center	Be responsible for product's research, development, design and technological application.
Business and Procurement Center	1. Plan the global marketing, promote the business and sales; push the global deployment as well as deepen the regions and channel market. 2. Strengthen the after-sales services, meet the customers' demand, intensify the relationships with customers, reduce the risk of the bad debt and take charge of materials' support. 3. Strategic purchase, price negotiation and enquiry for the market price of the components of electrons and mechanisms. 4. Enhance the Company's image, participate in exhibition, advertise, plan and implement.
Kapok Computer (Kunshan) Ltd.	1. Be responsible for planning and coordination of orders received from Taiwan as well as production and manufacture in China. 2. Analyze the production capacity and set up the plans of production and manpower according to the plans of production and sales. 3. Prepare the material plans according to production plans, and control the issuance of material orders to maintain the lowest inventory volume. 4. Establish the production system with high-flexibility, high-efficiency, high-quality and low-cost to meet the customers' demand. 5. Implement the on-site real time service to enhance the service quality for the customers.
Product Strategy Office	Be responsible for new products' development and market development's planning.
Information Technology	1. Plan and Implement the IT operation and e-operation, integrate the IT and communication. 2. Application of systemic plans and design as well as information security and management.

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

### (I) Information for Directors and Supervisors

#### 1. Name, sex, age, nationality or location of registration, education, experience and other positions in the Company or other companies and other information of each director and supervisor

April 17, 2022

Title (Note 1)	Nationality/Place of Registration	Name	Sex/age (Note 2)	Election (appointment) date	Term	First election/appointment date (Note 3)	Shareholding When Elected		Current Shareholding		Current Shareholding by the Spouse and Minor Children		Shareholding Under Other Persons' Names		Education and experience (Note 4)	Current Other Positions for the Company and Other Companies Concurrently	Executives, Directors or Supervisors Who Are Spouses or Within Second-Degrees of Kinship			Remarks (Note 5)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Full name	Relationship	
Chairman	R.O.C.	Hsu,Kun-tai	Male 61~70 years old	August 26, 2021	3 Years	October 4, 1983	51,701,335	7.96%	46,701,335	7.27%	21,371,784	3.33%	0	0.00%	Honorary doctorate of the Engineering Institute, Taipei University of Technology. Department of Electronic Engineering, National Taipei Institute of Technology Chairman, Clevo Co. Chairman, Chicony Electronics CO., Ltd Chairman, the Group of Buynow and the Group of the Chicony Plaza Department Store	Chairman, the Company Chairman, Chicony Electronics CO., Ltd(2385) Chairman, the Group of Buynow Chairman, Chicony Plaza Department Store Chairman, Hongwell Group Chairman, Taipei Twin Towers Limited	-	-	-	-
Vice Chairperson and President	R.O.C.	Tsai,Ming-Hsien	Male 61~70 years old	August 26, 2021	3 Years	May 27, 1993	10,084,224	1.55%	10,084,224	1.57%	3,054,593	0.48%	0	0.00%	Executives Program, Graduate School of Business Administration, National Cheng-Chi University Department of Electronic Engineering, National Taipei Institute of Technology Vice Chairman and President, Clevo Co. President, the Buynow Group	President, the Company Director, Clevo Investment Co., Ltd. Chairperson and General Manager, Kapok Computer Co., Ltd. Chairman, Kapok Computer (Kunshan) Co., Ltd. President, the Buynow Group Vice Chairman, Chicony Plaza Department Store Vice Chairman, Taipei Twin Towers Limited	-	-	-	-
Director	R.O.C.	Lu,Jin-Zong	Male 61~70 years old	August 26, 2021	3 Years	June 12, 2003	0	0.00%	0	0.00%	11,543	0.002%	0	0.00%	Graduate School of Business Administration, National Cheng-Chi University Department of Enterprise Management, National Cheng-Chi University General Manager of Chicony Electronics Co., Ltd.	General Manager, Chicony Electronics Co., Ltd. Legal Representative Chairman of Chicony Power Technology Co., Ltd., Zhanda Communication Co., Ltd., and Youkang Electronics Co., Ltd. Legal Representative of Hipro Electronics (Taiwan) Co., Ltd.; Kuang Sheng Investment, Chicony Energy, Newmax, SOE Co., Ltd. Director, Subsidiary of Chicony Overseas Group Director and Secretary, Chicony U.S.A. Director and General Manager, Chicony Electronics (Dongguan) Director and Supervisor, Maorui Electronics Director, Chicony Electronics (Chongqing)	-	-	-	-
Director	R.O.C.	Chien,Yih-Long	Male 51~60 years old	August 26, 2021	3 Years	June 15, 2012	1,673,376	0.26%	1,673,376	0.26%	0	0.00%	0	0.00%	MBA, Phillips University, USA Director, Clevo Co. Executive Vice President, Notebook Business Group, Clevo Co.	Executive Vice President, Notebook Business Group, the Company President, Kapok Computer (Kunshan) Co., Ltd.	-	-	-	-

Title (Note 1)	Nationality/Place of Registration	Name	Sex/age (Note 2)	Election (appointment) date	Term	First election/appointment date (Note 3)	Shareholding When Elected		Current Shareholding		Current Shareholding by the Spouse and Minor Children		Shareholding Under Other Persons' Names		Education and experience (Note 4)	Current Other Positions for the Company and Other Companies Concurrently	Executives, Directors or Supervisors Who Are Spouses or Within Second-Degrees of Kinship			Remarks (Note 5)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Full name	Relationship	
Independent Director	R.O.C.	Chou,Po- Chiao	Male 61~70 years old	August 26, 2021	3 Years	June 15, 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor, Department of Accountancy, NCKU Qualified Senior Examination of Accounting and Auditing Personnel Executive Director and President, First Commercial Bank Director and Vice President, First Financial Holding Chairman, US First Commercial Bank Chairman, First Venture Capital and First Consulting Vice Chairman, Waterland Financial Holdings Director, Taipei Financial Center Corporation	The Company's independent director Independent Director, ITEQ Corporation	-	-	-	-
Independent Director	R.O.C.	Chen,Tsung- Ming	Male 71~80 years old	August 26, 2021	3 Years	June 16, 2015	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Tamsui Vocational High School Director, Zippy Materials Science Inc. Chairman, Betterment Co., Ltd.	The Company's independent director Director, Zippy Materials Science Inc. Chairman, Betterment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Lai,Ling- Ming	Female 51~60 years old	August 26, 2021	3 Years	June 19, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, University of Liège, Belgium General Manager, Chinese Business, AON RISK SERVICES AUSTRALIA (SYDNEY) Director, AON RISK SERVICES HK Chairman and CEO, AON RISK SERVICES TW	The Company's independent director Chairman, Toro Biotech Co., Ltd.	-	-	-	-

Note 1: The name of corporate shareholders and the representatives of corporate shareholders should be listed separately (the representatives of corporate shareholders shall indicate the name of the corporate shareholders).

Note 2: Please list the actual ages. Indication by age groups allowed, such as 41~50 years old or 51~60 years old.

Note 3: First-time service as the Company's director or supervisor. Details required in case of gaps.

\* Director Chin-Tsung Lu was elected as a supervisor of the Company for the first time on June 12, 2003; his term as a supervisor was finished on June 15, 2018 and he was re-elected as a director of the Company at the regular shareholders' meeting on June 18, 2019.

Note 4: Experience relevant to the current role. The positions and responsible tasks should be provided if previously working for the external auditing firm or its affiliates.

Note 5: If Chairman and President or the holder of an equivalent position (the highest level manager) are the same person, spouses or first-degree relative to each other, it is necessary to explain the reason, reasonableness, necessity and countermeasures (e.g., increase of independent directors and over half of the directors not serving as employees or managers).



## 1.2 Major Shareholders of the Corporate Shareholders (all of the directors of the Company are natural persons)

## 1.3 Professional qualifications of directors and supervisors and independence of independent directors

April 17, 2022

Criteria Full name	Professional qualification and experience (Note 1)	Independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hsu,Kun-tai	Work experience of over five years in business, law, finance or banking and no circumstances described in Article 30 of the Company Act	-	None
Tsai,Ming-Hsien	Work experience of over five years in business, law, finance or banking and no circumstances described in Article 30 of the Company Act	-	None
Lu,Jin-Zong	Work experience of over five years in business, law, finance or banking and no circumstances described in Article 30 of the Company Act	-	None
Chien,Yih-Long	Work experience of over five years in business, law, finance or banking and no circumstances described in Article 30 of the Company Act	-	None
Chou,Po-Chiao (Independent Director)	Work experience of over five years in business, law, finance or banking and no circumstances described in Article 30 of the Company Act Work experience: Executive Director and President of First Commercial Bank; Director and Vice President of First Financial Holding Co., Ltd.(P12)	(Note 3)	1
Chen,Tsung-Ming (Independent Director)	Work experience of over five years in business, law, finance or banking and no circumstances described in Article 30 of the Company Act Work experience: Chairman of Betterment Co., Ltd.; Director of Zippy Materials Science Inc. (P12)	(Note 3)	None
Lai,Ling-Ming (Independent Director)	Work experience of over five years in business, law, finance or banking and no circumstances described in Article 30 of the Company Act Work experience: General Manager, Chinese Business, AON RISK SERVICES AUSTRALIA (SYDNEY) Director of AON RISK SERVICES HK, Chairman and CEO of AON RISK SERVICES TW (P12)	(Note 3)	None

Note 1: Professional qualification and experience: Please describe the professional qualifications and experience of each director and supervisor. It is necessary to describe accounting or financial background and work experience if in the Audit Committee and equipped with accounting or financial expertise. Please also explain whether there are circumstances described in Article 30 of the Company Act.

Note 2: It is required to describe the compliance of independence for independent directors. This includes but not limits to whether the director, the director's spouse or any relative within two degrees serves as a director, supervisor or employee of the Company or its affiliated enterprises; the number of shares and the percentage of shareholdings owned by the director, the director's spouse or any relative within two degrees (or under other people's names); whether the director, the director's spouse or any relative within two degrees serves as a director, supervisor or employee of the enterprises with specific relations with the Company (in reference to the fifth to the eighth paragraphs of Article 3-1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) and whether any business, legal, financial or accounting services were provided to the Company and its affiliated enterprises during the most recent two years and if so, the amount of compensations obtained.

Note 3: Compliance of independence is as follows:

- (1) None of the director, the director's spouse or any relative within two degrees serves as a director, supervisor or employee of the Company or affiliated enterprises.
- (2) None of the director, the director's spouse or any relative within two degrees held the Company's shares as of April 17, 2022.
- (3) Not serving as a director, supervisor or employee of any enterprise with specific relations with the Company.
- (4) No rendering of services in business, law, finance or accounting to the Company or its affiliated enterprises during the most recent two years and hence no amount obtained as compensations.

## 1.4 Board diversity and independence

### I. Board diversity

1. Article 20 of the Company's Practical Guidelines on Corporate Governance stipulates the board diversity policy. The nomination and the election of board members are in accordance with the Company's Articles of Incorporation. The candidate nomination system is adopted. In addition to the assessment of each candidate's education, experience and qualifications, the Company also refers to

the feedback from stakeholders. The Procedures for Election of Directors and the Practical Guidelines on Corporate Governance are observed in order to the board diversity and independence.

All the current directors are Taiwanese citizens. In 2021, the directors who were also the Company's employees accounted for 29% of the board. Independent directors accounted also for 43% of the board. Two independent directors have a tenure of 3 to 6 years, one with a tenure of 6 to 9 years. One director is aged above 70 years old, four between 61 and 70 years old, two below 60 years old. The Company emphasizes gender equality in the board composition. Female directors account for 14% of the board. Going forward, we plan to recruit one or two high-caliber female professionals to serve as our directors. The table below summarizes the realization of board diversity:

Name of Director	Nationality	Sex	Age	Independent director's tenure	Aspect I: Experiences Background					Aspect II: Overall Capability						
					Professional Background	Professional Techniques	Industrial Experiences	Capability for judging the business.	Capability for analyzing accounting and finance.	Capability for business management.	Capability for dealing with risks.	Industrial knowledge.	International market viewpoint.	Capability of leadership.	Capability of decision-making.	Qualifications via national exams Required for the company operations
Hsu,Kun-tai	R.O.C.	Male	61~70		V	V	V	V	V	V	V	V	V	V	V	
Tsai,Ming-Hsien	R.O.C.	Male	61~70		V	V	V	V	V	V	V	V	V	V	V	
Lu,Jin-Zong	R.O.C.	Male	61~70		V	V	V	V	V	V	V	V	V	V	V	
Chien,Yih-Long	R.O.C.	Male	51~60		V	V	V	V	V	V	V	V	V	V	V	
Chou,Po-Chiao (Independent Director)	R.O.C.	Male	61~70	3~6 years	V	V	V	V	V	V	V	V	V	V	V	V
Chen,Tsung-Ming (Independent Director)	R.O.C.	Male	71~80	6~9 years	V	V	V	V	V	V	V	V	V	V	V	
Lai,Ling-Ming (Independent Director)	R.O.C.	Female	51~60	3~6 years	V	V	V	V	V	V	V	V	V	V	V	V

Note: All of the Company's seven directors have the aforesaid background, experience and professional expertise. Among the directors, Hsu,Kun-tai , Tsai,Ming-Hsien, Lu,Jin-Zong and Chien,Yih-Long are equipped with IT industry knowledge and international market perspectives. Chou,Po-Chiao has expertise in audit and experience with the financial industry. Chen,Tsung-Ming's deep understanding about the Japan helps the Company to promote business there. As an expert in corporate governance and risk management, Lai,Ling-Ming helps to enhance the decision-making quality of the Company and the board.

2.The management targets and achievements to date of the Company's diversity policy:

- (1) Management targets: At least two directors on the board should be equipped with one of the above capabilities. An individual director should have at least four of the above capabilities.
- (2) Achievements to date: The current board composition has achieved the diversity policy targets.

## II. Board independence

Among the Company's seven directors, three are independent (43%). None of the directors (including independent directors) is the spouse or relative within two degrees to each other. There is no government agency or legal person or its subsidiaries accounting for at least one third of the Company's board seats.

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

April 17, 2022

Title (Note 1)	Nationality	Name	Sex	Date Elected (Assumed)	Shareholding		Shareholding of Spouse & Minor Children		Shareholding Under Other Persons' Names		Education and Experience (Note 2)	Current Other Position Concurrently	Managers Who are Spouses or Within Second-Degrees of Kinship			Remark (Note 3)
					Number of Share	Shareholding %	Number of Share	Shareholding %	Number of Share	Shareholding %			Title	Full name	Relationship	
Vice Chairperson and President	R.O.C.	Tsai,Ming-Hsien	Male	January 1999	10,084,224	1.57%	3,054,593	0.48%	0	0.00%	Executives Program, Graduate School of Business Administration, National Cheng-Chi University Department of Electronic Engineering, National Taipei Institute of Technology Vice Chairman and President, Clevo Co. President, the Buynow Group	Director, Clevo Investment Co., Ltd. Director and President, Kapok Computer Co., Ltd. Chairman, Kapok Computer (Kunshan) Co., Ltd. President, the Buynow Group Chicony Plaza Department Store Vice Chairman Taipei Twin Towers Limited Vice Chairman	-	-	-	-
Executive Vice President	R.O.C.	Chien,Yih-Long	Male	August 2003	1,673,376	0.26%	0	0.00%	0	0.00%	MBA, Phillips University, USA Director, Clevo Co. Executive Vice President, Notebook Business Group, Clevo Co.	President, Kapok Computer (Kunshan) Co., Ltd.	-	-	-	-
Senior Vice President	R.O.C.	Zhang, Fu-Ming	Male	August 2003	640,226	0.10%	0	0.00%	0	0.00%	Department of Computer Science & Information Engineering, National Taiwan University Assistant manager, Chaplet Vice President of Research and Development Center, Clevo Co.	None	-	-	-	-
Vice President, Chief of Finance/Accounting and Officer of Corporate Governance	R.O.C.	Wu,Mai	Female	November 2007	118,809	0.02%	0	0.00%	0	0.00%	Department of Business Administration, Chung Yuan Christian University Guang-Nan Enterprise, Igee Technology Vice President of Finance and Accounting Office, Clevo Co.	None	-	-	-	-
Vice President	R.O.C.	Li,Wen-Hua	Male	December 2004	154,538	0.02%	0	0.00%	0	0.00%	Department of Industrial Design, Tatung Institute of Technology Section Head, Yuanxing Technology Corp Director of Planning Office, Buynow Vice President, Buynow Asset Management Center	None	-	-	-	-
Vice President	R.O.C.	Chen,Hsueh-Wen	Male	April 2010	238,040	0.04%	0	0.00%	0	0.00%	Master, School of Management, National Central University Sales Engineer, Jinyi Co., Ltd. Sales Assistant Manager, Xusheng Technology President of Business Division, Synnex Technology International Corporation Vice President, Buynow Malls Operation Center	None	-	-	-	-
Vice President	R.O.C.	Lin, Nan-Sheng	Male	September 2013	95,000	0.01%	0	0.00%	0	0.00%	Master of Computer Science and Information Engineering, Fu Jen Catholic University Formal Engineer, Chaplet Manager, Zhi-Sheng Computer Senior Manager, Elitegroup Computer Senior Assistant Vice President of Sales Center, Clevo Co.	None	-	-	-	-
Vice President	R.O.C.	Lin,Guan-Yen	Male	September 2011	184,338	0.03%	50	0.00%	0	0.00%	Department of Mass Communications, Private Chinese Culture University Engineer, Phihong Technology Senior Assistant Vice President, Kunshan factory, CLEVO CO.	None	-	-	-	-
Senior Assistant Vice President	R.O.C.	Wang,Feng-Zhu	Female	May 2005	260,311	0.04%	19,324	0.002%	0	0.00%	EMBA, National Cheng-Chi University Section Manager of Sales, Acer Section Manager of Sales, Ligitek Assistant Vice President of Sales Center, Clevo Co.	None	-	-	-	-

Title (Note 1)	Nationality	Name	Sex	Date Elected (Assumed)	Shareholding		Shareholding of Spouse & Minor Children		Shareholding Under Other Persons' Names		Education and Experience (Note 2)	Current Other Position Concurrently	Managers Who are Spouses or Within Second-Degrees of Kinship			Remark (Note 3)
					Number of Share	Shareholding %	Number of Share	Shareholding %	Number of Share	Shareholding %			Title	Full name	Relationship	
Senior Assistant Vice President	R.O.C.	Zhang, Wen-Song	Male	September 2003	251,236	0.04%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan Ocean College Supervisor, Wei-Lu Assistant Vice President of the Procurement Office, Clevo Co.	None	-	-	-	-
Senior Assistant Vice President	R.O.C.	Chung, Wen-Chin	Male	October 2009	0	0.00%	0	0.00%	0	0.00%	Department of Industrial Engineering, Feng Chia University Director, Quanta Computer Assistant Vice President, Clevo Co.	None	-	-	-	-
Senior Assistant Vice President	R.O.C.	Cheng, Yu-Ming	Male	August 2003	20,000	0.003%	0	0.00%	0	0.00%	Master of Industrial Management, National Taiwan University of Science and Technology Senior Manager, Getac Senior Manager, American Megatrends Incorporated Assistant Vice President of Research and Development Center, Clevo Co.	None	-	-	-	-
Senior Assistant Vice President	R.O.C.	Lin, Sheng-Hsiang	Male	November 2007	228,716	0.04%	0	0.00%	0	0.00%	Two-Year of Nanya Industrial and Technological Junior College Deai Enterprise Ltd. Zhanxin Electric Ltd. Assistant Vice President of Research and Development Center, Clevo Co.	None	-	-	-	-
Senior Assistant Vice President	R.O.C.	Lin, Liang-Shih	Male	September 2012	50,825	0.01%	0	0.00%	0	0.00%	Department of Electronic Engineering, Lien Ho Industrial and Technological Junior College Senior Engineer, First International Computer Yuan Yi Technology Taiteng Company Jixin Computer Assistant Vice President of Research and Development Center, Clevo Co.	None	-	-	-	-
Senior Assistant Vice President	R.O.C.	Chen, Tsung-Chih	Male	October 2009	139,965	0.02%	0	0.00%	0	0.00%	Department of Electrical Engineering, Chinese Culture University Assistant Manager, Hexing Technology Manager, HTC Corporation Assistant Vice President of Research and Development Center, Clevo Co.	None	-	-	-	-

Note 1: It should include the general manager, deputy general manager, assistant vice president, supervisors of all departments and divisions, and the information for any position that is equivalent to the general manager, deputy general manager or assistant vice president should also be disclosed.

Note 2: For experience related to the current position, if the person had worked in a CPA accounting firm or its associated company during the aforesaid period, the position title and responsibility of the person shall be stated.

Note 3: Where the general manager and the chairman or person of an equivalent position (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response (such as increasing the number of independent directors and more than half of the directors shall not serve as employees or managers, etc.) thereto.

### III. Remuneration to directors, supervisors, President and vice presidents during the most recent year

#### (I) Remuneration of general directors and independent directors (names are disclosed by the way of gathering the amount together and tie-in with the range of remuneration)

Unit: NTD 1,000

Unit: NT\$ 1,000

Title	Full name	Remuneration of Directors								Sum of A, B, C and D and as % of net income (Note 10)	
		Base Compensation (A)(Note 2)		Severance Pay (B)		Bonus to Directors (C)(Note 3)		Business Allowances (C)(Note 4)			
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)
Chairman	Hsu,Kun-tai	0	0	0	0	19,800	19,800	600	600	20,400 1.14%	20,400 1.14%
Vice Chairman and President	Tsai,Ming-Hsien										
Director	Lu,Jin-Zong										
Director and Executive Vice President	Chien,Yih-Long										
Independent Director	Chou,Po-Chiao	0		0	0	2,400	2,400	1,440	1,440	3,840 0.21%	3,840 0.21%
Independent Director	Chen,Tsung-Ming										
Independent Director	Lai,Ling-Ming										

Title	Full name	Relevant Remuneration Received by Directors Who are Also Employees								Sum of A, B, C, D, E, F and G and as % of net income (Note 10)	Compensation from an invested company other than the Company's subsidiaries or from its parent company (Note 11)	
		Salary, Bonuses, and Special Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)(Note 6)						
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company		All companies in the consolidated financial statements (Note 7)		The Company		All companies in the consolidated financial statements (Note 7)
						Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
Chairman	Hsu,Kun-tai	12,445	52,553	201	201	13,052	0	13,052	0	46,098 2.57%	86,206 4.80%	None
Vice Chairman and President	Tsai,Ming-Hsien											
Director	Lu,Jin-Zong											
Director and Executive Vice President	Chien,Yih-Long											
Independent Director	Chou,Po-Chiao	0	0	0	0	0	0	0	0	3,840 0.21%	3,840 0.21%	None
Independent Director	Chen,Tsung-Ming											
Independent Director	Lai,Ling-Ming											

1. Please state the policies, systems, standards and structure of the remuneration for independent directors, and describe the relevance for the amount of payment based on factors such as responsibilities, risks, and dedicated time: According to Article 5 of the "Rules for Duties and responsibilities of Independent Directors" of the Company, "the remuneration of independent directors of the Company shall be stipulated in the articles of incorporation upon the resolution in the shareholders' meeting and their remuneration may be different from general directors and supervisors that is in a reasonable range. On the basis of relevant legal procedures, the independent director's remuneration may also be determined as a fixed amount of monthly remuneration and not to join the Company's appropriation of earnings. " Taking into consideration that responsibilities, risks, and dedicated time for independent directors are higher than that for general directors, and thus they should be given a reasonable annual remuneration. However, in addition to the supervisory duty as well as independent and external perspectives, the independent directors are also expected to fulfill the duties of strategic advice and performance enhancement as other board members. Therefore, the independent directors' performance will be taken into consideration for their remuneration as other general directors. The Company's independent directors also serve as members of the Audit Committee, the Remuneration Committee, and the Corporate Governance Committee. Attendance fees are set up for each meeting attended in person, depending on the responsibilities, risks, time commitments assigned by committee charters.
2. Other than the above disclosed, any compensations received by the Company's directors by rendering services (e.g., consulting not in an employee's capacity for the parent, any companies/investees included in the financial statements) during the most recent year: none

\*Relevant information on directors (non-independent) and independent directors to be separately listed

Range Table for Remuneration:

Range of Remuneration Paid to The Company's Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
Under NTD 1,000,000				
NTD 1,000,000 ~ NTD 1,999,999	Chou,Po-Chiao /Chen,Tsung-Ming/Lai,Ling-Ming	Chou,Po-Chiao /Chen,Tsung-Ming/Lai,Ling-Ming	Chou,Po-Chiao /Chen,Tsung-Ming/Lai,Ling-Ming	Chou,Po-Chiao /Chen,Tsung-Ming/Lai,Ling-Ming
NTD 2,000,000 ~ NTD 3,499,999	Lu,Jin-Zong	Lu,Jin-Zong	Lu,Jin-Zong	Lu,Jin-Zong
NTD 3,500,000 ~ NTD 4,999,999	Chien,Yih-Long	Chien,Yih-Long		
NTD 5,000,000 ~ NTD 9,999,999	Hsu,Kun-tai/Tsai,Ming-Hsien	Hsu,Kun-tai/Tsai,Ming-Hsien		
NTD 10,000,000 ~ NTD 14,999,999			Hsu,Kun-tai/Chien,Yih-Long	Hsu,Kun-tai
NTD 15,000,000 ~ NTD 29,999,999			Tsai,Ming-Hsien	Chien,Yih-Long
NTD 30,000,000 ~ NTD 49,999,999				Tsai,Ming-Hsien
NTD 50,000,000 ~ NTD 99,999,999				
Over NTD 100,000,000				
Total	7 Persons	7 Persons	7 Persons	7 Persons

Note1: The names of the directors shall be listed individually (the corporate shareholders shall list the names of the corporate shareholders and their representatives individually). The general directors and independent directors shall be listed separately and the payment of each item shall be disclosed in an accumulated amount. If a director has also served as a president or vice president, this table and the following table (3-1), or (3-2-1) and (3-2-2) shall be filled in.

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

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

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

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

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

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

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

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

Note 10: The net income shall refer to the net income stated in the parent or individual financial statement in the most recent year.

Note 11: a. This column shall specifically fill in the related compensation of directors of the Company which was received from an invested company other than the Company's subsidiary or from its parent company (please fill in "None" if it is not applicable).

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

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

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

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

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

Unit: NTD 1,000

Title	Full name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Special Allowances (C) (Note 3)		Total Employee Remuneration (Note 4)				Sum of A, B, C and D and as % of net income (Note 8)		Compensation from an invested company other than the Company's subsidiaries or from its parent company (Note 9)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
Vice Chairman and President	Tsai,Ming-Hsien	15,334	25,187	1,244	1,244	5,286	47,335	23,823	0	23,823	0	45,687 2.54%	97,589 5.43%	None
Executive Vice President	Chien,Yih-Long													
Senior Vice President	Zhang, Fu-Ming													
Vice President, Chief of Finance/Accounting and Officer of Corporate Governance	Wu,Mai													
Vice President	Li,Wen-Hua													
Vice President	Chen,Hsueh-Wen													
Vice President	Lin, Nan-Sheng													
Vice President	Lin,Guan-Yen													

Range Table of Remuneration:

Range of Remuneration Paid to the Company's Presidents and Vice President	Name of President and Vice Presidents	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Under NTD 1,000,000		
NTD 1,000,000 ~ NTD 1,999,999		
NTD 2,000,000 ~ NTD 3,499,999	Wu,Mai/ Lin, Nan-Sheng / Lin,Guan-Yen / Li,Wen-Hua	
NTD 3,500,000 ~ NTD 4,999,999	Chen,Hsueh-Wen	Wu,Mai/ Lin, Nan-Sheng / Lin,Guan-Yen /
NTD 5,000,000 ~ NTD 9,999,999	Zhang, Fu-Ming / Chien,Yih-Long	Li,Wen-Hua/ Chen,Hsueh-Wen
NTD 10,000,000 ~ NTD 14,999,999	Tsai,Ming-Hsien	Zhang, Fu-Ming
NTD 15,000,000~ NTD 29,999,999		Chien,Yih-Long
NTD 30,000,000 ~ NTD 49,999,999		Tsai,Ming-Hsien
NTD 50,000,000 ~ NTD 99,999,999		
Over NTD 100,000,000		
Total	8 people	8 people

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

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

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

Note 4: Fill in the amount of the employee's compensation of presidents and vice presidents passed by the board of director in the most recent year. If it is unable to estimate, the amount to which will be proposed to distribute this year shall be calculated upon the percentage of last year's actual distributed amount, and shall fill in Appendix 1-3 additionally.

Note 5: Total amounts of all remunerations to the Company's president and vice presidents paid by all companies (including the Company) in the consolidated statements should be disclosed.

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

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

Note 8: Net income refers to the net income of the parent or individual financial reports during the most recent year.

Note 9: a. This column is for the amount of remunerations to the Company's president and vice presidents paid by non-subsidiary investees or the parent company. (Please indicate "none" if there isn't any.)

b. If the related compensation of the Company's presidents and vice presidents was received from the parent company or an invested company other than the Company's subsidiary, such compensation received by the Company's presidents and vice presidents from the parent company or an invested company other than the Company's subsidiary shall be combined into the "E" column of the range table of remuneration, and the name of column shall be renamed as "The parent company and all invested businesses."

c. Remunerations refer to rewards, compensations (including those paid to employees, directors and supervisors) and business execution expenses, etc. paid to the Company's president and vice presidents as directors, supervisors, or managers for non-subsidiary investees or the parent company.

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

(IV) According to the Regulations Governing Information to be Published in Annual Reports of Public Companies, it is necessary to disclose the remuneration to the top five highest paid executives in event of the following circumstances: not applicable to the Company

(1) It is necessary to disclose the remuneration to each director and supervisor in case of net losses in individual or unconsolidated financial statements during the most recent three years. However, this does not apply to the circumstances where net incomes have been reported in individual or unconsolidated financial statements during the most recent year and such net incomes are sufficient to offset accumulated losses.

(2) If the TWSE/TPEX listed company fell into the bottom range in the corporate governance evaluation during the most recent year or the trading method was changed, suspended or delisted during the most recent year and as of the publication date of the annual report, or was not accepted by the Corporate Governance Evaluation Committee.



## (V) Names of managers who received compensations as employees

Unit: NTD 1,000

December 31, 2021

	Title (Note 1)	Full name (Note 1)	Amount of Stock	Amount of Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Vice Chairman and President	Tsai,Ming-Hsien	0	31,772	31,772	1.77%
	Executive Vice President	Chien,Yih-Long				
	Senior Vice President	Zhang, Fu-Ming				
	Vice President	Li,Wen-Hua Chen,Hsueh-Wen Wu,Mai Lin,Nan-Sheng Lin,Guan-Yen				
	Senior Assistant Vice President	Zhang,Wen-Song Wang,Feng-Zhu Cheng,Yu-Ming Lin,Sheng-Hsiang Chung,Wen-Chin Lin,Liang-Shih Chen,Tsung-Chih				

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

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

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

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

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

(VI) Analysis on the total remuneration paid by the Company and all companies in the consolidated financial statements to the Company's directors, supervisors, President and vice presidents during the most recent two years as a percentage of net incomes in individual or unconsolidated financial statements and explanation of the remuneration policy, standard and combination, the procedure of determining the remuneration and the relation with operating performance and future risks:

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

Title	2020				2021			
	Total Remuneration (NTD 1,000)		Ratio to Net Income (%)		Total Remuneration (NTD 1,000)		Ratio to Net Income (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director (Note 1)	9,435	9,435	1.41%	1.41%	24,240	24,240	1.35%	1.35%
Presidents and Vice Presidents (Note 2)	32,651	71,637	4.90%	10.75%	50,535	104,517	2.81%	5.82%
Total	42,086	81,072	6.31%	12.16%	74,775	128,757	4.16%	7.17%

Expense of Share-Based Payment (Note 3)	0	0	0%	0%	0	0	0%	0%
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Note 1: The remuneration of directors has deducted the related compensation received by the directors for serving as the Company's internal managers concurrently.

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

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

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risk:
  - (1) The remuneration of directors and managers shall be paid according to Article 23 and Article 26 of the Company's Article of Incorporation. The Company's earnings, based on final accounts of the period, shall be reserved first for payable income tax according to laws and for offsetting of losses from previous years. The remaining amount shall be set aside 10% for legal reserve, and reserve or reverse the special reserve as required by law or the competent authority. The remaining earnings, if any, shall be reserved at 5%-15% as remuneration to the employees (including managers) and no more than 1% as remuneration to directors.
  - (2) The evaluation of the remuneration of the Chairman, vice Chairman, directors and supervisors shall be based on the Company's Regulations Governing the Board Performance assessment.
  - (3) The compensation of the president shall be paid upon Article 29 of the Company Act and Article 24 of the Company's Article of Incorporation.
  - (4) The compensation of vice presidents shall be paid according to the Company's personnel rules, employment rules and performance assessment guidelines and based on overall contribution to the Company.
  - (5) The regular assessment of salaries and remunerations to directors and managers is based on the participation in the Company's operations, the individual's performance, target achievement rates, profit margins, and contributions, as well as indicators in legal compliance and operational risks. The percentage of remunerations is determined after all factors considered, in order to provide reasonable compensations. The review of the remuneration system for directors and managers also involves a constant and timely process of evaluating the operational status and relevant laws, in order to balance between sustainable operations and risk control. The amount of remuneration for directors and managers in 2021 will be reviewed by the Remuneration Committee and submitted to the Board of Directors.

IV. Implementation of Corporate Governance

(I) Information of the Board of Directors Operation

Nine board meetings (A) in 2021. Attendance by directors and supervisors as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remark
Chairman	Hsu,Kun-tai	9	0	100%	Reelected on August 26, 2021
Director	Tsai,Ming-Hsien	9	0	100%	Reelected on August 26, 2021
Director	Chien,Yih-Long	9	0	100%	Reelected on August 26, 2021
Director	Lu,Jin-Zong	9	0	100%	Reelected on August 26, 2021
Independent Director	Chou,Po-Chiao	9	0	100%	Reelected on August 26, 2021
Independent Director	Chen,Tsung-Ming	8	0	89%	Reelected on August 26, 2021
Independent Director	Lai,Ling-Ming	9	0	100%	Reelected on August 26, 2021

Other mentionable items:

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

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

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

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

◆ Board meeting date: March 26, 2021

Directors: Hsu,Kun-tai , Tsai,Ming-Hsien, Lu,Jin-Zong, Chien,Yih-Long

Proposal: List of candidates nominated and reviewed by the board of directors

Reason for recusal due to conflict of interest:

Chairman Hsu,Kun-tai , Vice Chairman Chairman Tsai,Ming-Hsien, and directors Lu,Jin-Zong and Chien,Yih-Long were interested parties and recused themselves. The independent director Chou,Po-Chiao was elected to chair this proposal.

Voting: Directors Mr. Hsu,Kun-tai , Mr. Tsai,Ming-Hsien, Mr. Lu,Jin-Zong and Mr. Chien,Yih-Long did not participate in voting due to conflict of interest. All the other directors approved the proposal without objection.

◆ Board meeting date: 2021.03.26

Directors: Chou,Po-Chiao , Chen,Tsung-Ming, Lai,Ling-Ming

Proposal: List of candidates nominated and reviewed by the board of directors

Reason for recusal due to conflict of interest:

Independent directors Chou,Po-Chiao , Chen,Tsung-Ming, Lai,Ling-Ming were interested parties and hence recused themselves. They did not participate in the voting.

Voting: Independent directors Mr. Chou,Po-Chiao , Mr. Chen,Tsung-Ming and Ms. Lai,Ling-Ming were interested parties and hence recused themselves from the discussion and the voting.

◆ Board meeting date: 2021.07.05

Directors: Hsu,Kun-tai , Tsai,Ming-Hsien, Lu,Jin-Zong, Chien,Yih-Long

Proposal: Distribution of 2020 remuneration to directors

Reason for recusal due to conflict of interest:

Chairman Hsu,Kun-tai , Vice Chairman Chairman Tsai,Ming-Hsien, and directors Lu,Jin-Zong and Chien,Yih-Long were interested parties and recused themselves. The independent director Chou,Po-Chiao was elected to chair this proposal.

Voting: Directors Mr. Hsu,Kun-tai , Mr. Tsai,Ming-Hsien, Mr. Lu,Jin-Zong and Mr. Chien,Yih-Long did not participate in voting due to conflict of interest. All the other directors approved the proposal without objection.

◆ Board meeting date: 2021.07.05

Directors: Chou,Po-Chiao , Chen,Tsung-Ming, Lai,Ling-Ming

Proposal: Distribution of 2020 remuneration to independent directors

Reason for recusal due to conflict of interest:

Independent directors Chou,Po-Chiao , Chen,Tsung-Ming, Lai,Ling-Ming were interested parties and hence recused themselves. They did not participate in the voting.

Voting: Independent directors Mr. Chou,Po-Chiao , Mr. Chen,Tsung-Ming and Ms. Lai,Ling-Ming were interested parties and hence recused themselves from the discussion and the voting. All the other directors approved the proposal without objection.

- ◆ Board meeting date: 2021.08.04  
Director: Tsai,Ming-Hsien, Chien,Yih-Long  
Proposal: Distribution of 2020 remuneration to employees  
Reason for recusal due to conflict of interest:  
Vice Chairman Tsai,Ming-Hsien and Director Chien,Yih-Long are the Company's managers and hence recused from voting as interested parties.  
Voting: Except the directors (Mr. Tsai,Ming-Hsien and Chien,Yih-Long) did not participate in or represent the discussion and voting due to avoidance of conflict of interest, all other directors agreed with the proposal without any objection.
- ◆ Board meeting date: 2021.08.26  
Directors: Chou,Po-Chiao , Chen,Tsung-Ming, Lai,Ling-Ming  
Proposal: Recruitment of the Remuneration Committee members  
Reason for recusal due to conflict of interest:  
Independent directors Chou,Po-Chiao , Chen,Tsung-Ming and Ling-Ming La were interested parties and hence recused themselves from the voting.  
Voting: Independent directors Mr. Chou,Po-Chiao , Mr. Chen,Tsung-Ming and Ms. Lai,Ling-Ming were interested parties and hence recused themselves from the discussion and the voting. All the other directors approved the proposal without objection.
- ◆ Board meeting date: 2021.08.26  
Directors: Tsai,Ming-Hsien, Chien,Yih-Long,Chou,Po-Chiao , Chen,Tsung-Ming, Lai,Ling-Ming  
Proposal: Recruitment of the Corporate Governance Committee members  
Reason for recusal due to conflict of interest:  
Directors Tsai,Ming-Hsien and Chien,Yih-Long and independent directors Chou,Po-Chiao , Chen,Tsung-Ming and Ling-Ming La were interested parties and hence recused themselves from the voting.  
Voting: Directors Mr. Tsai,Ming-Hsien and Mr. Chien,Yih-Long and independent directors Mr. Chou,Po-Chiao , Mr. Chen,Tsung-Ming and Ms. Ling-Ming La were interested parties and hence recused themselves from the discussion and the voting. All the other directors approved the proposal without objection.

III. The exchange-listed and OTC-listed companies shall disclose the information on the evaluation period and duration, evaluation scope, evaluation method and evaluation content from the self (or peer) evaluation of the Board of Directors, and the following table for the board's evaluation status shall be filled out.

- (1) To implement the corporate governance and functional committees, the performance assessment for the Board of Directors and functional committees are conducted in accordance with the Company's "Regulations Governing the Board Performance assessment" as follows:

Evaluation period	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conduct once a year	From January 1, 2021 To December 31, 2021	Board of Directors	Internal self-assessment of the Board of Directors	(1) Participating level for the Company's business. (2) Enhancing the decision quality for the board. (3) Composition and structure of the Board of Directors. (4) Directors' election and continuous education. (5) Internal control.
Conduct once a year	From January 1, 2021 To December 31, 2021	Individual board members	Self-assessment by directors	(1) Mastery of company goals and tasks (2) Acknowledgement of directors' duties and responsibilities (3) Participation level for the Company's operations (4) Management and communication of internal relations (5) Professionalism and continued education of directors (6) Internal control
Conduct once a year	From January 1, 2021 To December 31, 2021	Functional Committees (Audit Committee, Remuneration Committee, and Corporate Governance	Internal self-assessment of the functional committee	(1) Participating level for the Company's business. (2) Understanding of the functional committee's responsibilities. (3) Improvement of decision-making quality of functional committees.

- (2) The Company's board, individual directors and functional committees have completed the self-assessments for 2021. The assessment results were presented to the board of directors on March 28, 2022 as shown on pages 38-39.

IV. Targets for the enhancement of the board's functioning during the year and the most recent year and assessment of implementations:

- (I) Establishment of Corporate Governance Committee

To enhance the performance of corporate governance and the image of company operations, the board of directors approved the Corporate Governance Committee Charter on November 12, 2020 and established the Corporate Governance Committee accordingly. Directors Mr. Tsai,Ming-Hsien and Mr. Chien,Yih-Long and independent directors Mr. Chou,Po-Chiao , Mr. Chen,Tsung-Ming and Ms. Ling-Ming La serve as the committee members. The Corporate Governance Committee submitted its 2022 implementation plan for the board's approval on November 12, 2021. The overall functioning was healthy and effective in the contribution to the board's performance.

- (II) Effectiveness assessment of the board and functional committees

The Company has completed the performance review of the board for 2021. The assessment results were presented to

the board of directors on March 28, 2022 in order to enhance the board's effectiveness. The board's overall functioning was robust. The assessment results are available on pages 38-39.

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

Note 2: (1) If a director or a supervisor resigns before the end of year, the date of resignation shall be noted in the column of remark. The ratio of the attendance in person (%) shall be counted by the number of the board's meeting in the period of service and such person's actual number of attendance in person.

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

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

### **1. Operation of the Audit Committee:**

The Company's Audit Committee consists of three independent directors. One independent director is elected by all the members as the convener and meeting chair. The operational methods are carried out in accordance with the Company's "Audit Committee Charter." The Audit Committee aims to assist the Board of Directors in the quality and level of integrity when implementing the supervision in regards to accounting, auditing, financial report process and financial control for the Company. The matters for review and resolution include: The company's financial statements, auditing and accounting policies and procedures, internal control systems, transaction of major asset or derivative commodities, raising or issuing securities, and appointment, dismissal or remuneration of CPAs, as well as finance and accounting or the appointment and dismissal of internal audit officers.

### **2021 Task Highlights**

#### **(1) Review the financial report**

The Company's 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 Han-Chi Wu and CPA Eileen Liang with PwC Taiwan and the audit report has been duly issued. The Audit Committee has reviewed the Business Report, the financial statements and the proposal for earnings distributions mentioned above and found non-conformity.

#### **(2) Evaluate the effectiveness of internal control system**

The Audit Committee evaluates the effectiveness of the Company's internal control policies and procedures (including financials, operations, risk management, information security, outsourcing and compliance) and reviews the regular reports (including those on risk management and compliance) by the Company's audit department, CPAs and the management. The online evaluation for the design and implementation of the Company's internal control system should be effective.

#### **(3) Independence and suitability of CPAs**

In accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and in order to ensure the independence of the CPA firm, the Audit Committee has designed an independence assessment form by referring to Article 47 of the Certified Public Accountant Act and Article 10 of the Norm of Professional Ethics for Certified Public Accountants regarding integrity, objectivity and independence. The purpose is to evaluate the independence, professionalism and suitability of CPAs and examine whether CPAs are related parties or have business or financial interest with the Company. The 14<sup>th</sup> meeting of the first Audit Committee on March 26, 2021 reviewed and approved that both CPA Han-Chi Wu and CPA Eileen Liang with PwC Taiwan meet the independence standard and are qualified to serve as the Company's financial and tax attestation auditors.

Six meetings convened by the Audit Committee (A) in 2021. Attendance by independent directors as follows:

Title	Full name	No. of attendances (B)	By Proxy	Attendance rate (%) (B/A) (Note 1, Note 2)	Remark
Independent Director (Convener of the Audit Committee)	Chou,Po-Chiao	6	0	100%	Reelected on August 26, 2021
Independent Director (Member of the Audit Committee)	Chen,Tsung-Ming	6	0	100%	Reelected on August 26, 2021
Independent Director (Member of the Audit Committee)	Lai,Ling-Ming	5	0	83%	Reelected on August 26, 2021

Other mentionable items:

I. In case of any of the following circumstances with the Audit Committee's functioning, it is necessary to describe the date, session, discussions of the Audit Committee meeting, opposition or reservation from independent directors, or contents of important suggestions, decisions by the Audit Committee and the Company's handling of the Audit Committee's opinions.

(I) The matters listed in Article 14-5 of the Securities and Exchange Act:

1) The matters listed in Article 14-5 of the Securities and Exchange Act.

Board of Directors	Contents of motion and the follow-up measures	Matters listed by Article 14-5 of the Securities and Exchange Act	Matters not approved by the Audit Committee But agreed and resolved by two third of all directors
2021.03.26 (2 <sup>nd</sup> of 2021)	1. Approved the Company's financial statements and business report for the year of 2020.	V	None
	2. Passed the appropriation of the Company's 2020 earnings.	V	
	3. Passed the evaluation for the independence and professional qualifications of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."	V	
	4. Passed the amendment of the Company's Audit Committee Charter.	V	
	5. Passed the Company's 2020 internal control system, and the statement of internal control system issued upon the result of self-assessment.	V	
	Resolution from the Audit Committee: All the attending members agreed on March 26, 2021		
	The Company's handling process on the opinions of the Audit Committee: it was passed by all the directors present.		
2021.05.11 (3 <sup>rd</sup> of 2021)	Approved the Company's finalized account for the first quarter of 2021	V	None
	Resolution from the Audit Committee: All the attending members agreed on May 11, 2021		
	The Company's handling process on the opinions of the Audit Committee: it was passed by all the directors present.		
2021.08.12 (6 <sup>th</sup> of 2021)	Approved the Company's finalized account for the second quarter of 2021	V	None
	Resolution from the Audit Committee: All the attending members agreed on August 12, 2021		
	The Company's handling process on the opinions of the Audit Committee: it was passed by all the directors present.		
2021.10.15 (8 <sup>th</sup> of 2021)	Approved the planned disposal of Clevo building and the land	V	None
	Resolution from the Audit Committee: All the attending members agreed on October 15, 2021		
	The Company's handling process on the opinions of the Audit Committee: it was passed by all the directors present.		
2021.11.12 (9 <sup>th</sup> of 2021)	1. Approved the Company's consolidated financial statements for the third quarter of 2021	V	None
	2. Approved the Company's 2021 audit plan.	V	
	Resolution from the Audit Committee: All the attending members agreed on November 12, 2020		
	The Company's handling process on the opinions of the Audit Committee: it was passed by all the directors present.		

Please refer to page 28 for all the proposals deliberated by the Audit Committee in 2021

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

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

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

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

To intensify the practical communication between the independent directors and the internal audit officer, the Company conducts comprehensive communication on the main internal auditing opinions through the Audit Committee or other meetings at least twice a year.

(II) Communication between independent directors and CPAs:

CPAs report to the independent directors on the Audit Committee at least twice a year regarding the Company's financials, the financials and overall functioning of domestic and overseas subsidiaries, and the inspection on internal control. Full

communication is carried out on whether there are major adjustments to accounting entries and whether regulatory amendments affect accounts.  
(3) Please refer to page 29 for the communication among independent directors, internal auditors and CPAs in 2021.

Note1: In case of departure of any independent director before the year end, it is necessary to provide the departure date in "Remark" column. The attendance rate (%) is calculated with the number of Audit Committee meetings and the number of attendances during the tenure.

Note2: In case of an election of the independent directors before the year end, it is necessary to provide the details of both new and incumbent independent directors. Please note in "Remark" column whether an independent director is incumbent, newly elected or reelected and the date of the election. The attendance rate (%) is calculated with the number of Audit Committee meetings and the number of attendances during the tenure.

2. Supervisors' participation in the operation of the Board of Directors: The Company has established the Audit Committee in 2018, so this is not applicable.

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

## **First Audit Committee**

Attendance of each independent director: V = attendance

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Independent Director			Attendance Without Voting Rights
					Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
1	14	2021.03.18	2021.03.26	1. Resolutions from the 13th meeting of the 1st Audit Committee of the Company. 2. Report on internal audit of business. 3. Approved the Company's financial statements and business report for the year of 2020. 4. Passed the appropriation of the Company's 2020 earnings. 5. Passed the evaluation for the independence and professional qualifications of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." 6. Passed the amendment of the Company's Audit Committee Charter. 7. Passed the Company's 2020 internal control system, and the statement of internal control system issued upon the result of self-assessment.	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
2	15	2021.05.03	2021.05.11	1. Resolutions from the 14th meeting of the 1st Audit Committee of the Company. 2. Report on internal audit of business. 3. Approved the Company's finalized account for the first quarter of 2021	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
3	16	2021.08.04	2021.08.12	1. Implementation of the matters decided by the 15 <sup>th</sup> meeting of the first Audit Committee 2. Report on internal audit of business. 3. Approved the Company's consolidated financial statements for the second quarter of 2021	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan

## **Second Audit Committee**

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Independent Director			Attendance Without Voting Rights
					Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
4	1	2021.08.18	2021.08.26	1. Approved of the appointment of the Audit Committee convener	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
5	2	2021.10.15	2021.10.15	1. Approved the planned disposal of Clevo building and the land	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
6	3	2021.11.04	2021.11.12	1. Implementation of the matters decided by the 16 <sup>th</sup> meeting of the first Audit Committee and the 1 <sup>st</sup> and 2 <sup>nd</sup> meetings of the second Audit Committee 2. Report on internal audit of business. 3. Approved the Company's consolidated financial statements for the third quarter of 2021 4. Approved the Company's 2022 audit plan	V	Absent	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
7	4	2022.02.16	2022.02.25	1. Approved the Company's planned cooperation with Epoque Corporation 2. Approved the planned leasing of office buildings from the related party Epoque Corporation	V	Absent	V	Wu,Mai Chiu,Shu-juan Lin,Bo-Wei
8	5	2022.03.17	2022.03.28	1. Implementation of the matters decided by the 3 <sup>rd</sup> and 4 <sup>th</sup> meetings of the second Audit Committee 2. Report on internal audit of business. 3. Approved the Company's finalized account and business report for 2021 4. Approved the Company's distribution of 2021 earnings 5. Passed the evaluation for the independence and professional qualifications of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." 6. Passed the amendment to the Company's "Procedure for the Acquisition or Disposal of Assets." 7. Adoption of amendments to the Corporate Governance Best Practice Principles of the Company. 8. Approved the establishment of the Company's Management and Operating Procedures for Preparation of Financial Statements 9. Approved the establishment of the Company's Management and Operating Procedures for Related Party Transactions 10. Approved the establishment of the Company's Operational Regulations Governing Financials and Businesses Among Affiliates 11. Approved the 2021 self-assessment results on the Company's internal control system and the issuance of the statement on the internal control system	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
9	6	2022.05.03	2022.05.11	1. Implementation of the matters decided by the 5 <sup>th</sup> meetings of the second Audit Committee 2. Report on internal audit of business. 3. Approved the Company's consolidated financial statements for the first quarter of 2022	V	V	V	Wu,Mai Liu,Yi-Mei Lin,Chun-Jun Chiu,Shu-juan



**Summary of meetings among independent directors, internal auditors and CPAs in 2021**

Date	Subject	Communication matters	Independent directors in attendance	Communicati on personnel	Communicate results
<b>2021/3/26 The Audit Committee</b>	1. The internal auditors described the implementation from November 2020 to February 2021 according to the audit plan and followed up with the results of suggested improvements until the end of the first quarter.  2. Directors, supervisors and internal auditors shared thoughts and reviewed the reported matters.	1. It is necessary to enhance the oversight of the operational effectiveness and target achievements at the Company's business units and to continue the advocacy of corporate governance.  2. At the next meeting, the internal auditor Ming-Chih Hung (洪明智) will report about the implementation of audits at the Company's investees property business and Quality Trust Property Management in China.	Independent Director Chou,Po-Chiao Independent Director Chen,Tsung-Ming Independent Director Lai,Ling-Ming	Auditor Liu,Yi-Mei	All the attending independent directors reviewed, agreed and reported to the board.
	1. The Company's finalized account and business report for 2021	1. CPAs explained about the report on financial audits and discussed and communicated the questions raised by directors.	Independent Director Chou,Po-Chiao Independent Director Chen,Tsung-Ming Independent Director Lai,Ling-Ming	CPA Wu,Han-Qi	All the attending independent directors reviewed, agreed and reported to the board.
<b>2021/5/11 The Audit Committee</b>	1. The Company's finalized account for the first quarter of 2021	1. CPAs explained about the report on financial audits and discussed and communicated the questions raised by directors.	Independent Director Chou,Po-Chiao Independent Director Chen,Tsung-Ming Independent Director Lai,Ling-Ming	CPA Wu,Han-Qi	All the attending independent directors reviewed, agreed and reported to the board.
<b>2021/8/12 The Audit Committee</b>	1. The internal auditors reported on the implementation in accordance with the annual audit plan and followed up on the suggested improvements until the end of July. The originally scheduled in-person reporting on "Inspection on Investment in China – property development and Quality Trust Property Management in 2021" was changed into a document presentation, as the auditors were unable to return to Taiwan due to COVID-19. In-person meetings would be scheduled for communication and discussion.  2. Directors and internal auditors exchanged thoughts on the above reported items.	1. Management units were urged to enhance implementation of internal control and internal audits of investees.  2. Due to COVID-19, the Company implemented staggered and home working for two months according to the government's policy in 2021. There was no breach of internal control during this short period of time. However, auditors must review beforehand whether the internal control operation needs to be modified for special circumstances to mitigate risks due to this type of sudden events. This is included in the future planning for internal audit adjustments.	Independent Director Chou,Po-Chiao Independent Director Chen,Tsung-Ming Independent Director Lai,Ling-Ming	Auditor Liu,Yi-Mei	All the attending independent directors reviewed, agreed and reported to the board.
<b>2021/11/12 The Audit Committee</b>	1. Internal auditors presented the implementation of the audit plan and follow-ups of improvement measures until the end of the second quarter. 2. Submission of 2022 audit plan 3. Directors and internal auditors exchanged thoughts on the above reported items.	1. The audit unit submitted the 2022 audit plan for the Company. The audit items were determined on the basis of the risk assessments and considerations conducted in accordance with internal audit standards required by official letters from the competent authority. In addition to the annual audit highlights as regulated, the plan is to enhance the advocacy of compliance with newly promulgated laws, the oversight and management of investees and the inspection on the operating efficacy and efficiency.  2. 2022 audit plan to be submitted to the board of directors for approval and reporting scheduled for the end of December	Independent Director Chou,Po-Chiao Independent Director Lai,Ling-Ming	Auditor Liu,Yi-Mei	All the attending independent directors reviewed, agreed and reported to the board.
	1. The Company's finalized account for the third quarter of 2021	1. CPAs explained about the report on financial audits and discussed and communicated the questions raised by directors.	Independent Director Chou,Po-Chiao Independent Director Lai,Ling-Ming	CPA Wu,Han-Qi	All the attending independent directors reviewed, agreed and reported to the board.

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

Evaluation Item	Implementation Status (Note)			The difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The board of the Company has discussed and approved the “Corporate Governance Best Practice Principles” of the Company on March 27, 2015 in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." To keep up with the international trend in corporate governance and to respond the development of topical social and global issues during recent years, these principles were amended four times in 2015-2022 by the board of directors and disclosed via the Market Observation Post System and the Company’s website.	The Company has currently executed according to “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” without any difference.
II. The Company’s shareholding structure & shareholders’ rights/benefits (I) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (II) Does the Company possess the list of its major shareholders who control the Company in reality as well as the ultimate owners of those shares?	V		(I) The Company has designated a professional agency to handle the stock affairs and has established the spokesperson, deputy spokesperson and dedicated persons to take charge of the shareholders' suggestions or disputes etc.	The Company has currently executed according to “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” without any difference.
(III) Does the Company establish and execute the risk control/management and firewall system with its affiliates?	V		(II) Most of the Company’s major shareholders are the management team and the shareholders with long-term shareholding. The stock office will obtain the list of the shareholders from the Taiwan Depository & Clearing Corporation through the stock agency designated by the Company within next two days from book closure date for the shareholders' meeting and dividend distribution upon the regulations, then will summarize the shareholding information of the major shareholders immediately and report to the senior management team. The Company can grasp the list of the major shareholders at any time to assure the stability of the management rights.	
(IV) Does the company establish internal rules against the Company's insiders trading of the securities with undisclosed information in the market ?	V		(III) Each affiliate operates independently, and establishes various rules according to the regulations of the competent authority. The transactions with affiliates shall be conducted according to the relevant rules. (IV) To empower the Company’s directors and managers to comply with the ethical standards and allow the Company’s stakeholders to better understand the Company’s ethical standards, the Company has established the "Codes of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" to follow up. The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading" to prevent the occurrence of insider trading.	
III. Composition and Responsibilities of the Board of Director (I) Does the Board of Directors formulate a board diversity policy, management target and implement accordingly?	V		(I) In accordance with Article 20 of “Corporate Governance Best Practice Principles," the Company has stipulated a diverse policy in regards to the	The Company has currently executed according to “Corporate Governance Best

Evaluation Item	Implementation Status (Note)			The difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee pursuant to the laws?	V		<p>composition of the Board of Directors as follows: The diverse composition of the Board of Directors should be considered and appropriate and diversified policies with regard to its business operations, operational type and development requirement shall be stipulated, which should include but not limited to the standards of the following two major aspects:</p> <p>I. Basic criteria and value: gender, age, nationality and culture. II. Professional knowhow and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and experience in the industry, etc. In general, the members of the Board of Directors should possess the knowledge, skills, and qualities required for the implementation of their job duties. The Board of Directors should have the following capabilities in order to achieve the goal of corporate governance: (I) Capability for judging the business. (II) Capability for analyzing accounting and finance. (III) Capability for business management. (IV) Capability for dealing with risks. (V) Industrial knowledge. (VI) International market viewpoint. (VII) Capability of leadership. (VIII) Capability of decision-making. Please refer to page 13-14 of the annual report for implementation of board diversity.</p> <p>(II) The Company has established the Remuneration Committee and the Audit Committee according to laws. To enhance the performance of corporate governance and the image of company operations, the board of directors also approved the Corporate Governance Committee Charter on November 12, 2020 and established the Corporate Governance Committee accordingly. Directors Mr. Tsai, Ming-Hsien and Mr. Chien, Yih-Long and independent directors Mr. Chou, Po-Chiao, Mr. Chen, Tsung-Ming and Ms. Ling-Ming La serve as the committee members. The Corporate Governance Committee submitted its 2022 implementation plan for the board's approval on November 12, 2021. Please refer to page 37 for the committee's implementation. (Note 1) To strengthen the organizational structure of information security, the Company established the Information Security Committee in December 2020. Regular meetings are convened once every six months and ad-hoc cross-function meetings are organized in response to information security events. The purpose is to understand, prevent and process all types of information security issues.</p>	Practice Principles for TWSE/TPEX Listed Companies" without any difference.

Evaluation Item	Implementation Status (Note)			The difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
(III) Does the Company establish the "Regulations Governing the Board Performance assessment" and its methods of evaluation, and conduct the regular performance assessment annually and report the results of the performance assessment to the Board of Directors for the reference of individual directors' salary and renewal nomination?	V		<p>The Information Security Committee convenes meetings in June and December each year.</p> <p>The meeting minutes of the Information Security Committee are presented to President and the Board of Directors for approval and decision-making on relevant issues.</p> <p>(III) To fulfill corporate governance, the Company referred to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and established its Regulations Governing the Board Performance Assessment with the resolution by the Board of Directors on November 14, 2017. Annual performance assessments are conducted internally. External and independent professional organizations or experts and scholars are commissioned every three years to carry out evaluations. The assessment methods, standard and results are disclosed at the Company's website. The Board of Directors, individual directors and functional committees conducted self-assessments in 2021. The assessments covered five aspects. The results were presented to the Board of Directors on March 28, 2022. Please refer to pages 38-39 for the assessment details (Note 2). The results of the annual board performance assessment will be reported to the Board of Directors and Remuneration Committee as a reference for individual directors' remuneration and nomination for renewal.</p>	
(IV) Does the Company evaluate the independence of the CPAs regularly?	V		<p>(IV) The Company has appointed the PWC Taiwan as the certificated accounting firm, who has its professionalism and independence for its certification. The Company also changes the CPAs regularly according to laws to strengthen its independence.</p> <p>The Company's Audit Committee reviews and approves the independence of external accountants each year before submitting the findings to the board for discussion. The assessment covers whether there is breach of No. 10 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China and Article 47 of the Certified Public Accountant Act. It seeks to confirm whether the external accountants are involved in financial benefits or business relations other than the auditing of the Company's financial statements and tax filings. The assessment also inspects whether the external accountants have conflict of interest by serving as the Company's directors, managers or shareholders or receiving salaries from the</p>	

Evaluation Item	Implementation Status (Note)			The difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			Company. The Company's assessment confirmed the independence of external accountants. The Company's Board of Directors conducts periodical assessments (one per annum) on the suitability and independence of CPAs. (Please refer to page 40 for the assessment standards) (Note 3). The assessment result was reviewed and approved by the Board of Directors on March 28, 2022, to ensure the capacity and independence of CPAs.	
IV. Does the TWSE/TPEX Company have qualified and suitable number of corporate governance personnel and appointed corporate governance officers to take charge of the corporate governance related affairs (including but not limited to providing the information required by the directors and supervisors to perform their duties, assisting directors and supervisors to be in compliance with laws, conducting the board and shareholders' meeting related matters according to laws, and preparing the meeting minutes for the board and the shareholders' meeting etc.)?	V		The Company has established the corporate governance taskforce so that Finance Department can take charge of corporate governance related matters. On March 27, 2019 the Board of Directors resolved to appoint Wu, Mai, Vice President of Financial Management Center, to serve as Officer of Corporate Governance. She has more than three years of management experience with public companies in law, finance or shareholder services and has selected and completed 12 hours of training relevant to tasks and responsibilities required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies. Please refer to page 41 for the primary responsibilities, functioning and continuing education in 2021. (Note 4)	The Company has currently executed according to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" without any difference.
V. Does the Company establish a communication channel and build a dedicated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		Both the Company and the stakeholders have a dedicated department to take charge of collecting the relevant information and communicate to each other. We have constructed a website at <a href="https://www.clevo.com.tw/">https://www.clevo.com.tw/</a> and established the investor relations and stakeholders section. The contents include company news and activities, corporate governance (such as practical guidelines on corporate social responsibilities), financial/shareholder service information, and company contact details. Dedicated personnel from relevant departments respond to pertinent issues.	The Company has currently executed according to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" without any difference.
VI. Does the Company appoint a professional stock agency to deal with shareholders' meeting affairs?	V		The Company's stock affairs have appointed a professional stock agency, Transfer Agency Department of CTBC Bank, to handle the Company's shareholders' meeting affairs.	The Company has currently executed according to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" without any difference.
VII. Information Disclosure (I) Does the Company have a corporate website to disclose the financial activities and the information of corporate governance?	V		(I) We have constructed a website at <a href="https://www.clevo.com.tw/">https://www.clevo.com.tw/</a> and established the investor relations section. The contents include company news and activities, corporate governance information, the Company's	The Company has currently executed according to "Corporate Governance Best Practice Principles for

Evaluation Item	Implementation Status (Note)			The difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
<p>(II) Does the Company adopt other ways of information disclosure (e.g. building an English website, appointing a dedicated person to collect and disclose the Company's information, implementing the spokesperson system and putting the course of investor conferences on the Company's website etc.)?</p> <p>(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation early within the prescribed period?</p>	V	V	<p>(II) management guidelines and financial/ shareholder service information. In addition to the spokesperson and the deputy spokesperson system, the Company has designated personnel to collect and disclose company information. Disclosure of financial and business information to the investing public is made via the Market Observation Post System, analyst meetings, the Company's website, magazines and newspapers. Please visit our website at <a href="https://www.clevo.com.tw/">https://www.clevo.com.tw/</a>.</p> <p>(III) The Company had announced and declared the annual financial report (within three months) and the first, second and third quarter financial reports (within 45 days) as well as the monthly operating report (before the 10th of each month) before the deadline specified in Article 36 of the Securities and Exchange Act. Due to the fact that the group has merged more than one hundred of individual business entities, its annual financial report cannot be announced and declared within two months after the end of the fiscal year. The 2021 financial statements were published and filed on March 28, 2022.</p>	TWSE/TPEX Listed Companies" without any difference.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights/benefits, employee caring, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and purchasing liabilities insurance for directors and supervisors)?	V		<p>(I) Employee Rights/Benefits: Upon the governmental laws and the Company's human resources management rules, the Company provides various labors' basic conditions, including working hours mechanism and comprehensive leaves system, and also renders a stable and safe working environment, as well as reserves the basic welfares of labor insurance, health insurance and pension fund. Besides, the employees also possess the regular health examination, group insurance and complete employee retirement measures.</p> <p>(II) Employee Care: The Company has established the Occupational Safety &amp; Health Committee according to laws. The committee formulates the safety and health rules in order to ensure the safety and health of employees. The Occupational Safety &amp; Health Policy has been put in place. Regular seminars and workshops are organized and medical doctors are invited to provide consultations. A diversity of channels are available for employees to express opinions and seek advice. This creates a good sense of participation and the two-day smooth communication.</p> <p>(III) Investor Relations: The Company spares no effort in the protection of shareholders' interest. We treat all shareholders equally. Material information on financials, businesses and change of insiders' holdings is immediately published according to relevant requirements via the Market</p>	The Company has currently executed according to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" without any difference.

Evaluation Item	Implementation Status (Note)			The difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			<p>Observation Post System.</p> <p>(IV) Suppliers Relations: In addition to the establishment of the "Codes of Ethical Conduct," the new suppliers of the Company shall possess good goodwill and meet the Company's ethical demand upon the requirement of the internal control system. Before trading, it is required to sign the "Supplier Honesty Commitment" to forbid other beneficial acts other than normal transactions. The Company expects to set a good example to lead more of our supply partners to jointly enhance the awareness of environmental protection and aptly fulfill the corporate social responsibilities.</p> <p>(V) Rights of Stakeholder: The Company complies with the "Corporate Governance Best-Practice Principles" to implement and set up a dedicated section on its website for stakeholders.</p> <p>(VI) Implementation of Risk Management Policies and Risk Measurement Standards: Through the audit office and internal control system, the Company has appropriately identified, assessed and reduced various business risks. In addition to controlling the day-to-day operational procedure, the audit office and management team always supervise the risk control's implementation. Besides, the Company has established the internal and external reporting system to reduce the unfavorable influences on the Company's business.</p> <p>(VII) Implementation of Customer Policies: The Company has established the appropriate customer policies and business targets, and will timely adjust the business strategies to achieve the targets.</p> <p>(VIII) Purchase of liability insurance for directors: We have purchased relevant liability insurance coverage for directors up to May 15, 2022. The sum insured, coverage and premiums of the liability insurance for directors have been reported to the Board of Directors. The new insurance policy for the period from May 15, 2022 to May 15, 2023 has been established and will be presented to the Board of Directors.</p> <p>(IX) Board meeting attendance by directors: Board meetings were convened as scheduled. All directors were actively involved. The overall attendance of all directors (including independent directors) in 2021 was 98.4%. The Company has filed online the attendance of directors on a timely basis. Please refer to page 23 for the attendance status.</p> <p>(X) Trainings of the Directors and Managers: The Company's directors and independent directors have considerably understood the directors' power and functions, and they have a plentiful</p>	

Evaluation Item	Implementation Status (Note)			The difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			<p>background of education and experiences as well as understanding of the industry to sufficiently undertake the directors' responsibilities. The Company's directors and independent directors participate in external training classes on corporate governance, securities laws and taxations each year. In addition, the Company has dedicated personnel for the collation of relevant legal and regulatory information and such information is summarized and submitted to the directors and the Audit Committee. Please refer to page 42 for the continuing education of the Company's directors and managers in 2021 (Note 5).</p> <p>The Company discloses the board meeting attendance of directors and independent directors and the ongoing education of directors via the Market Observation Post System as required at <a href="https://mops.twse.com.tw/mops/web/index">https://mops.twse.com.tw/mops/web/index</a>.</p>	
<p>IX. For the result of the corporate governance evaluation announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, please explain the circumstances of the improvement; and if the items have not yet been improved, please provide those items that shall be strengthened first and its measures.</p> <p>(1) The Company's total score in the 2021 corporate governance evaluation: 93.51, an improvement by 3 points from the previous year. Ranking among the top 6%-20% among TWSE-listed companies for two consecutive years. The improvements in 2021 are as follows:</p> <ol style="list-style-type: none"> <li>1. A clear dividend policy has been disclosed in the annual report.</li> <li>2. The link between the performance assessment and the remuneration of directors and managers has been disclosed in the annual report.</li> </ol> <p>(2) Improvements in the non-conformity identified in the 2021 corporate governance evaluation:</p> <ol style="list-style-type: none"> <li>1. The Company has been issuing major announcements in English at the same time starting in 2022.</li> </ol> <p>(3) Priority improvements and measures proposed to address outstanding issues:</p> <ol style="list-style-type: none"> <li>1. The Board of Directors intends to formulate risk management policies and procedures, and to disclose the scope, organizational structure and functioning of risk management.</li> <li>2. Planning of the Company's intellectual property management system. Certification from the Taiwan Intellectual Property Management System (TIPS) expected in June 2022.</li> </ol>				

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



**Note 1: Implementation by the Corporate Governance Committee:**

I. To enhance its corporate governance and the board's effectiveness, the Company has established the Corporate Governance Committee according to Article 27-3 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. As resolved by the Board of Directors, the Corporate Governance Committee consists of five directors, than half being independent directors. One (independent) director is elected by all the members as the convener and meeting chair. According to the Corporate Governance Committee Charter, the Corporate Governance Committee has the following responsibilities:

- (1) Formulation of the Company's Corporate Governance Best-Practice Principles
- (2) Planning and regular review of continuing education for directors
- (3) Planning of corporate governance directions, annual implementation plans and the progress
- (4) Review, suggestion and follow-up of the effectiveness of the corporate governance system, annual implementation plans and the progress
- (5) Review, suggestion and follow-up of the Company's information disclosure and implementation status
- (6) Other matters according to the charters, the Company's internal regulations, resolutions by the Board of Directors or instructions from Chairman

**II. Members of the Corporate Governance Committee:**

Title	Full name	Resume
Independent Director Convener of the Corporate Governance Committee	Chou,Po-Chiao	The Company's independent director Former executive director and President of First Commercial Bank
Vice Chairman (Member of the Corporate Governance Committee)	Tsai,Ming-Hsien	The Company's Vice Chairman and President
Director (Member of the Corporate Governance Committee)	Chien,Yih-Long	Executive Vice President, Notebook Business Group, the Company
Independent Director (Member of the Corporate Governance Committee)	Chen,Tsung-Ming	Chairman, Betterment Co., Ltd. The Company's independent director
Independent Director (Member of the Corporate Governance Committee)	Lai,Ling-Ming	Chairman, Toro Biotech Co., Ltd. The Company's independent director

Note: Among the committee members, the convener and independent director Chou,Po-Chiao has expertise in audit and experience with the financial industry. Directors Tsai,Ming-Hsien, Chien,Yih-Long and Chen,Tsung-Ming have management expertise. The independent director Lai,Ling-Ming is equipped with expertise in corporate governance and management. Committee members possess the relevant professionalism to assist the strengthening of corporate governance and enhancement of the board's effectiveness.

**III. In 2021 and as of the publication date of this annual report, the Corporate Governance Committee convened three meetings. The attendances and the resolutions are as follows:**

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director		Independent Director			Attendance Without Voting Rights
					Tsai,Ming-Hsien	Chien,Yih-Long	Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
1	2	2021.02.09	2021.02.19	1. Reported on the implementation of corporate governance in 2020. 2. Approved the committee's 2021 implementation plan	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan
2	1	2021.08.18	2021.08.26	1. Approved the appointment of the Corporate Governance Committee's convener	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan
3	2	2021.11.04	2021.11.12	1. Report on the Company's 2022 audit plan 2. Approved the committee's 2021 implementation plan	V	V	V	Absent	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan
4	1	2022.03.17	2022.03.28	1. Reported on the implementation of corporate governance in 2021. 2. Adoption of amendments to the Corporate Governance Best Practice Principles of the Company. 3. Approved the establishment of the Company's Management and Operating Procedures for Preparation of Financial Statements 4. Approved the establishment of the Company's Management and Operating Procedures for Related Party Transactions 5. Approved the establishment of the Company's Operational Regulations Governing Financials and Businesses Among Affiliates 6. Approved the 2021 self-assessment results on the Company's internal control system and the issuance of the statement on the internal control system	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan

**Note 2: 2021 performance assessments of the Board of Directors and functional committees****CLEVO CO.****2021 self-assessments of the Board of Directors and functional committees and the results**

According to the Company's "Regulations Governing the Board Performance Assessment," the Company's Board of Directors and functional committees should conduct internal performance assessment at least once a year; an external professional and independent institution or a team of experts and scholars will be commissioned to conduct assessment at least once every three years. The 2021 internal performance assessments and results are as follows:

**I. Assessment scope and method:**

Assessment scope: performance assessments on the board, individual directors and functional committees

Assessment method: self-assessments by the board, individual directors and functional committees. Each performance indicator is divided into five levels: Excellent (5), Good (4), Medium (3), Poor (2), Extremely Poor (1).

**II. Assessment procedures**

The members of the board and functional committees under the board make self-assessments, with Self-Assessment Questionnaire on Board's Performance, Self-Assessment Questionnaire on Director's Performance, and Self-Assessment Questionnaire on Functional Committee's Performance.

**III. Assessment results:****(1) Self-assessment on the operating performance of the Board of Directors:**

The performance assessment of the Board of Directors covers five aspects with 45 indicators. The assessment results were Excellent (5) for 42 indicators and Good (4) for three indicator. The average attendance of directors in 2021 was 98.4%. All the directors have a clear understanding of the Company and the industries where the Company operates. They assessed and supervised the Company's operation and corporate governance and interacted well with management by fully utilizing their expertise. The average performance score of the Board of Directors in 2021 was 4.95 (out of the perfect score of 5). The Board of Directors functioned well in general, in line with corporate governance requirements.

Five major self-assessments	Assessment subjects	Assessment results
A. Participation level for the Company's operations	12 Items	4.92
B. Enhancing the decision quality for the board	12 Items	5.00
C. Composition and structure of the Board of Directors	7	5.00
D. Directors' election and continuous education	7	4.86
E. Internal control	7	5.00

**(2) Self-assessment by individual directors:**

The assessment of board members covers six aspects and 23 indicators. Seven directors currently in service filled in the self-assessment questionnaires. All the seven questionnaires were recovered. The scores were averaged between Excellent (5 points) and Good (4 points). This indicates that directors viewed positively the performance of each indicator. To further strengthen the functions of the Board of Directors, the directors provided the opinions and suggestions as follows:

Director Chien, Yih-Long: All directors have been doing their jobs.

Independent director Lai, Ling-Ming: More discussions can be conducted regarding sustainable development of the Company. The communication among directors has been efficient and conducive to experience sharing.

Six aspects for self-assessments	Assessment subjects	Assessment results
A. Mastery of company goals and tasks	3	5.00
B. Acknowledgement of directors' duties and responsibilities	3	5.00
C. Participation level for the Company's operations	8	4.88
D. Management and communication of internal relations	3	5.00
E. Professionalism and continued education of directors	3	5.00
F. Internal control	3	5.00

**(3) Self-assessment on the operating performance of the Audit Committee:**

The performance assessment of the Audit Committee covers five aspects with 22 indicators. The assessment results

were Excellent (5) for 21 indicators and Good (4) for one indicator. The average score in 2021 was 4.95 (out of a total score of 5.0). This indicates the healthy functioning of the Audit Committee, in line with corporate government requirements and beneficial to the purposes of the Board of Directors.

Five major self-assessments	Assessment subjects	Assessment results
A. Participation level for the Company's operations	4	4.75
B. Understanding of the functional committee's responsibilities.	5	5.00
C. Improvement of decision-making quality of functional committees.	7	5.00
D. Composition of the functional committee and selection of members	3	5.00
E. Internal control	3	5.00

**(4) Self-assessment on the operating performance of the Remuneration Committee:**

The performance assessment of the Remuneration Committee covers four aspects with 19 indicators. The assessment results were Excellent (5) for 18 indicators and Good (4) for one indicator. The average score in 2021 was 4.95 (out of a total score of 5.0). This indicates the healthy functioning of the Remuneration Committee, in line with corporate government requirements and beneficial to the purposes of the Board of Directors.

Five major self-assessments	Assessment subjects	Assessment results
A. Participation level for the Company's operations	4	5.00
B. Understanding of the functional committee's responsibilities.	5	4.80
C. Improvement of decision-making quality of functional committees.	7	5.00
D. Composition of the functional committee and selection of members	3	5.00

**(5) Self-assessment on the operating performance of the Corporate Governance Committee:**

The performance assessment of the Corporate Governance Committee covers four aspects with 18 indicators. The assessment results were Excellent (5) for 17 indicators and Good (4) for one indicator. The average score in 2021 was 4.94 (out of a total score of 5.0). This indicates the healthy functioning of the Corporate Governance Committee, in line with corporate government requirements and beneficial to the purposes of the Board of Directors.

Five major self-assessments	Assessment subjects	Assessment results
A. Participation level for the Company's operations	4	4.75
B. Understanding of the functional committee's responsibilities.	5	5.00
C. Improvement of decision-making quality of functional committees.	7	5.00
D. Composition of the functional committee and selection of members	3	5.00

IV. The Company's Board of Directors and functional committees under the board performed well in 2021. They properly assessed and supervised the Company operations and corporate governance. All directors kept good attendance and fully exercised their expertise. To enhance the board's functions and extend the board's policies, an initiative on the board's success planning was started under the abovementioned aspect of "directors' election and continuous education". There will be continued efforts to augment the professional capabilities of board members with a diversity of curricula. The board incorporated the suggestions from individual directors in order to formulate improvement measures or relevant plans.

V. The aforesaid performance assessments of the Board of Directors, individual directors and functional committees for 2021 were presented to the Board of Directors on March 28, 2021.

**Note 3: Assessment items on the suitability and independence of CPAs**

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

**Note 4: Implementation status of the corporate governance officer:**

The Company has established a corporate governance taskforce so that Finance Department can take charge of corporate governance related matters. On March 27, 2019 the board resolved to appoint Wu,Mai, Vice President of Financial Management Center, to serve as Officer of Corporate Governance. Vice President Wu,Mai has more than three years of management experience with public companies in law, finance or shareholder services and has selected and completed training relevant to jobs and responsibilities required by listing rules for continuing education program of directors and supervisors. Her main duties and responsibilities and continued education are detailed below:

**I. Main responsibilities:**

1. Conduct matters in regard to the Board of Directors meeting, functional committees and shareholders' meetings in accordance with laws.
2. Responsible for the meeting minutes and meeting related affairs for the Board of Directors meeting, functional committees and shareholders' meeting.
3. Assist directors and managerial officers for matters regarding onboard and continuous training, and provide them with the required information and materials.
4. Assist directors and managerial officers to be in compliance with laws and regulations.
5. Assist in the implementation of job responsibilities of the Board of Directors or board members that are stipulated in laws or the Company's articles of incorporation.

**II. 2021 implementations**

1. Assisted in the independent directors and general directors to perform their duties, provided the necessary information as well as arranged the trainings for the directors:
  - (1) Provide the members of the Board of Directors with the information regarding the amendment and development of laws and regulations related to corporate governance.
  - (2) Provide organized and sufficient meeting materials for meeting members, as well as provide them with suitable and timely information and administrative assistance.
  - (3) Arrange meetings for independent directors and certified accountants to help the directors understand the Company's financial status; assist in arranging meetings for directors (including independent directors) and internal audit officers, if necessary, to discuss matters regarding internal control.
2. Assist in meeting procedures for the Board of Directors meeting and shareholders' meeting as well as resolution for legal compliance:
  - (1) Report to the Board of Directors, independent directors, the Audit Committee and the Corporate Governance Committee regarding the functioning of corporate governance issues.
  - (2) Verify that the Company's shareholders' meeting and board meeting are in compliance with relevant laws, regulations, and corporate governance rules.
  - (3) Assist and remind the directors of the laws and regulations to be aware of during the business implementation or making a formal resolution in the Board of Directors meeting.
  - (4) Inspect the post-meeting release of major information on key decisions by the Board of Directors to ensure the legality and accuracy of the contents and to protect the information symmetry for investors.
3. Organize and summarize the discussion issues for the board meeting and send out the meeting notice and required materials seven days prior to the meeting. If the discussion case is required to be avoided, a notice shall be given in advance and the meeting minutes of the board meeting shall be completed within 20 days after the meeting.
4. Supervise the registration date of the shareholders' meeting in advance, the preparation of meeting notices, the meeting manual, the meeting minutes within the statutory deadline, and conduct the matters and registration regarding amendment to the articles of incorporation.

**III. Continuing education in 2021**

In adherence to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, Vice President Wu,Mai completed 15 hours of training in 2021 in relation to job functions and met the statutory requirements for 12 hours per year. Her continuing education is as follows:

Date of Education		Host Institution	Name of Course	Hours of Training
From	To			
2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
2021/12/10	2021/12/10	Securities & Futures Institute	Global Risk Perception: Opportunities and Challenges of the Next Decade	3
2021/12/22	2021/12/22	Taiwan Corporate Governance Association	17 <sup>th</sup> (2021) Corporate Governance Summit Forum: ESG Realization and Sustainable Development	6

**Note 5: The directors' and supervisors' trainings as well as managers' participation in the education and trainings of corporate governance are as follows:**

Title	Full name	Date of Education		Host Institution	Name of Course	Hours of Training
		From	To			
Chairman	Hsu,Kun-tai	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
Vice Chairman and President	Tsai,Ming-Hsien	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
Director	Lu,Jin-Zong	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
Director and Executive Vice President	Chien,Yih-Long	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
Independent Director	Chou,Po-Chiao	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
		2021/12/07	2021/12/07	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Chen,Tsung-Ming	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
Independent Director	Lai,Ling-Ming	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
Vice President, Chief of Finance/Accounting and Officer of Corporate Governance	Wu,Mai	2021/10/15	2021/10/15	HR Department of CLEVO CO.	Most Updated Economic Analysis and Financial Situations	2
		2021/11/12	2021/11/12	Corporate Organization Association	Business and M&A Strategy for Taiwanese Companies in the Global Political and Economic Contexts	4
		2021/12/10	2021/12/10	Securities & Futures Institute	Global Risk Perception: Opportunities and Challenges of the Next Decade	3
		2021/12/22	2021/12/22	Taiwan Corporate Governance Association	17 <sup>th</sup> (2021) Corporate Governance Summit Forum: ESG Realization and Sustainable Development	6

- (IV) If the Remuneration Committee or the Nomination Committee is in place, it is necessary to disclose the composition, responsibility and functioning:

1. Information for Members of Remuneration Committee:

Date:2021/12/31

Position (note 1) Full name		Criteria	Professional qualifications and experiences (Note 2)	Independence (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Remuneration Committee convener)	Chou,Po-Chiao		Work experience of over five years in business, law, finance or banking Work experience: Executive Director and President of First Commercial Bank; Director and Vice President of First Financial Holding Co., Ltd. page 12)	(Note 4)	1
Independent Director (Remuneration Committee member)	Chen,Tsung-Ming		Work experience of over five years in business, law, finance or banking Work experience: Chairman of Betterment Co., Ltd.; Director of Zippy Materials Science Inc. ( page 12)	(Note 4)	None
Independent Director (Remuneration Committee member)	Lai,Ling-Ming		Work experience of over five years in business, law, finance or banking Work experience: General Manager, Chinese Business, AON RISK SERVICES AUSTRALIA (SYDNEY); Director, AON RISK SERVICES HK ; Chairman and CEO of AON RISK SERVICES TW (page 12)	(Note 4)	None

Note 1: Please provide the relevant work tenure in years, professional qualifications, experience and independence of each member of the Remuneration Committee. For independent directors, the reference can be made to the table on page OO for the data of directors and supervisors. Please note whether the member is an independent director or the convener in the column "Position".

Note 2: Professional qualifications and experience: Professional qualifications and experience of each member of the Remuneration Committee.

Note 3: Compliance of independence: Please describe the compliance of independence for the Remuneration Committee members. This includes but not limits to whether the director, the director's spouse or any relative within two degrees serves as a director, supervisor or employee of the Company or its affiliates; the number of shares and the percentage of shareholdings owned by the director, the director's spouse or any relative within two degrees (or under other people's names); whether the director, the director's spouse or any relative within two degrees serves as a director, supervisor or employee of the enterprises with specific relations with the Company (in reference to the fifth to the eighth paragraphs of Article 6-1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); whether any business, legal, financial or accounting services were provided to the Company and its affiliates during the most recent two years and if so, the amount of compensations obtained.

Note 4: Compliance of independence is as follows:

- (1) None of the director, the director's spouse or any relative within two degrees serves as a director, supervisor or employee of the Company or affiliated enterprises.
- (2) None of the director, the director's spouse or any relative within two degrees held the Company's shares as of April 17, 2022.
- (3) Not serving as a director, supervisor or employee of any enterprise with specific relations with the Company.
- (4) No rendering of services in business, law, finance or accounting to the Company or its affiliated enterprises during the most recent two years and hence no amount obtained as compensations.

2. Responsibilities of Remuneration Committee

I. It shall be based on the care of a prudent administrator to faithfully fulfill the following duties, and shall submit its suggestions to the board of director for discussion:

- (I) Regularly review the "Remuneration Committee Charter" and provide the recommendation of the amendment.
- (II) Establish and regularly review the annual and long-term performance goals of the Company's directors and managers, as well as the policies, systems, standards and structure of the remuneration.
- (III) Regularly evaluate the achievement status for the performance goals of the Company's directors and managers, and set up its individual contents and amounts of the remuneration.

II. While fulfilling the duties stated in the preceding paragraph, the following principles shall be followed:

- (I) Ensure the arrangement of the Company's remuneration complies with the relevant laws and it is sufficient to attract the excellent talents.
- (II) The performance assessment and remuneration of the directors and managers shall refer to the normal standards of remuneration in the same industry, and consider the person's time involved, duties taken,

achievement of personal goal, expression of other positions taken, the same positions' remuneration paid by the Company in the recent years, as well as the achievement of the Company's short-term and long-term goals and financial conditions etc., to evaluate the correlative reasonableness for the personal expression, the Company's business performance and future risks.

- (III) The Committee shall not lead the directors and managers to pursue the remuneration by engaging the acts which have the risks that the Company is unable to bear.
- (IV) The ratio of bonus for the short-term performance of the directors and senior managers and the time to pay for partial variable remuneration shall be determined upon the characteristics of the industry and the nature of the Company's business.
- (V) The committee members shall not be involved in the discussing and voting the determination of their personal remuneration.

III. The remuneration stated in the preceding two paragraphs includes cash remuneration, stock options, profit sharing and stock ownership, retirement benefits or severance pay, variance allowances and other substantive incentive measures; its scope shall be consistent with the regulations for the remunerations of the directors and managers stipulated in Regulations Governing Information to be Published in Annual Reports of Public Companies.

IV. If the decision-making and handling of the remuneration for the directors and managers of the Company's subsidiaries are delegated to the subsidiary but required the ratification of the Company's board, the Remuneration Committee shall be asked to provide the suggestion first, and then submit to the board for discussion.

### 3. Operation of the Remuneration Committee

- (1) There are 3 members in the Company's Remuneration Committee.
- (2) Tenure of the current committee members: from August 26, 2021 to August 25, 2024. Five meetings convened by the Remuneration Committee (A) in 2021. Attendance by committee members as follows:

Title	Full name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Convener	Chou, Po-Chiao	5	0	100%	Reelected on August 26, 2021
Member	Chen, Tsung-Ming	5	0	100%	Reelected on August 26, 2021
Member	Lai, Ling-Ming	5	0	100%	Reelected on August 26, 2021

#### Other mentionable items:

- I. If the board of director declines to adopt or modifies the suggestions of the Remuneration Committee, it should specify the date of the board, session, contents of motion, resolution of the board of director, and actions taken by the Company for the Remuneration Committee's opinions (e.g. the remuneration passed by the Board of Director is better than the suggestions of the Remuneration Committee, the circumstances and causes for the difference shall be specified): No such circumstance in the year.
- II. If any resolution of the Remuneration Committee was objected by or subject to a qualified opinion from any member with record or written statement, the date of the meeting of the Remuneration Committee, session, contents of motion, all members' opinions and actions taken for the members' opinions shall be specified: No such circumstance in the year.
- III. The Board of Directors passed the Remuneration Committee Charter on December 13, 2011. On August 26, 2021, the recruitment of the members for the Company's fifth Remuneration Committee was approved.
- IV. The content of the Charter has been put on the Company's website and the Market Observation Post System for reference. The Company's website is [https://www.clevo.com.tw/group\\_company.asp?id=50&lang=tw](https://www.clevo.com.tw/group_company.asp?id=50&lang=tw)

#### Note:

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



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

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Description of the case	Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	Resolution results	The company's process on the remuneration committee	Attendance Without Voting Rights
1	8	2021.01.07.	2021.01.26.	Review of year-end bonuses to managers for 2020	V	V	V	It was passed by all the members of the Audit Committee.	It was passed by all the directors present.	Lan,Bo-Yu
2	9	2021.03.18	2021.03.26	1. Amendment of the Company's Remuneration Committee Charter 2. Review of the amount of remunerations to directors and employees for 2020	V	V	V	It was passed by all the members of the Audit Committee.	It was passed by all the directors present.	Lan,Bo-Yu
3	10	2021.06.25	2021.07.05	1. Review of the Company's 2020 remuneration to directors 2. Review of the Company's 2020 remuneration to the independent director [Chou,Po-Chiao ] 3. Review of the Company's 2020 remuneration to the independent director [Chen,Tsung-Ming] 4. Review of the Company's 2020 remuneration to the independent director [Lai,Ling-Ming] 5. Review of the Company's 2020 remuneration to the independent director [Kuang-Sung Fan]	V	V	V	It was passed by all the members of the Audit Committee.	It was passed by all the directors present.	Lan,Bo-Yu
4	11	2021.07.27	2021.08.04	Review of the Company's 2020 remuneration to managers and employees	V	V	V	It was passed by all the members of the Audit Committee.	It was passed by all the directors present.	Lan,Bo-Yu
5	1	2021.08.18	2021.08.26	Appointment of the Remuneration Committee convener	V	V	V	It was passed by all the members of the Audit Committee.	It was passed by all the directors present.	Lan,Bo-Yu

**4. Composition, responsibility and functioning of the Nomination Committee:**

As of the publication date of this annual report, the Company has not set up the Nomination Committee.

The establishment is expected for completion in 2022. Its composition, responsibility and functioning will be disclosed on the Company's website.

(V) Difference in the drive for sustainability development from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
1. Does the Company establish a governance structure for sustainable development, put in place a dedicated (part-time) unit to drive sustainable development, have the Board of Directors to authorize senior management for handling and to supervise accordingly?	V		<p>The Company established the CSR working group in 2016, with President serving as the convener. The working group formulates corporate social responsibility strategy and policy, develops the system and design of relevant management guidelines. As the dedicated unit for Clevo's sustainable development, It leads taskforces in the implementation across different departments in the Company. The Board of Directors also authorizes the high management to handle related matters and they regularly report the implementation status to the Board of Directors every year. The CSR working group includes 5 groups based on the work domains, including the corporate governance , employee care, social care, product and environment, customer care group; the members and supervisor of each group are selected from relevant units and suitable employees of the Company. The CSR working group conducts regular meetings, plans and coordinates the management, and discusses with each group for the implementation methods and goals of CSR-related projects in the future. In addition, the team is responsible for preparing the annual CSR report and matters regarding publishing.</p> <p>(1) Corporate Governance Team: Take charge of the Company's operation governance and finance related matters, including corporate governance, ethical management and compliance with laws etc.</p> <p>(2) Employee Care Team: Take charge of the employees' rights/benefits, education/training and compliance with labor laws.</p> <p>(3) Social Caring Team: Take charge of the corporate images, community participation and dealing with appeal.</p> <p>(4) Product Environment Team: Take charge of product lash, research/develop the green products and plan the policies and activities relating to environmental management for Clevo Co.</p> <p>(5) Customer Caring Team: Take charge of product responsibilities, maintaining the customer relationship and protecting the consumers' rights/benefits.</p> <p>The Company plans to rename the CSR working group "Sustainable Development Committee" in the second half of 2022. The committee will be responsible for ESG matters, preparation and publication of ESG reports. Relevant information will be disclosed on the Company's website.</p>	No deviation.
2. Does the Company apply the materiality principle to the assessment of environmental, social and corporate governance issues regarding its operations and formulate	V		<p>The Company adheres to the materiality principle for corporate social responsibility and analyzes major issues each year by referring to internationally accepted reporting guidelines. The contents and priority of issues are determined in accordance with research reports, literature and communication with internal/external stakeholders. Risk assessments are conducted and countermeasures are developed for annual work plans. Risk management policies or strategies are established on the basis of</p>	No deviation.

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference												
	Yes	No	Abstract Illustration													
relevant risk management policies or strategies accordingly? (Note 2)			<div>assessed risks. The following major issue management policies are disclosed in the corporate social responsibility reports.</div> <table><tr><th>Major issues</th><th>Risk assessment</th><th>Risk management policy or strategy</th></tr><tr><td>Economic performance</td><td>Economic performance</td><td>The Company establishes operational targets each year for the next five years and amends these targets year-over-year according to the global economic growth. This facilitates the strategic planning and action plans for the future in order to achieve gradual and stable growth. By regularly convening operational management meetings and quarterly meetings by the Audit Committee and the Board of Directors at the headquarters, quarterly operational status and market changes are reviewed and adjusted, in order to mitigate risks and achieve annual targets.</td></tr><tr><td>Corporate governance</td><td>Corporate governance</td><td>We have stayed true to the principles of corporate governance to ensure the effective operation of the Board of Directors and protect the rights and interests of stakeholders, with a high standard of corporate governance policy, professional background and gender equality policy of director election.</td></tr><tr><td>Ethical corporate management and legal compliance</td><td>·Anti-corruption ·Anti-competitive practices ·Socioeconomic compliance</td><td>We have stayed true to the highest ethical standard for our business operations and we have stipulated regulations for ethical corporate management and requested new employees to sign relevant documents in order to ensure that all of our business practices comply with the relevant legal requirements. We adopt a zero-tolerance policy for any misconduct that violates business ethics. With the regular reminders and internal propaganda by the auditing unit, we are committed to reinforcing our employees' concept of ethical management and legal compliance, to prevent misconduct.</td></tr></table>	Major issues	Risk assessment	Risk management policy or strategy	Economic performance	Economic performance	The Company establishes operational targets each year for the next five years and amends these targets year-over-year according to the global economic growth. This facilitates the strategic planning and action plans for the future in order to achieve gradual and stable growth. By regularly convening operational management meetings and quarterly meetings by the Audit Committee and the Board of Directors at the headquarters, quarterly operational status and market changes are reviewed and adjusted, in order to mitigate risks and achieve annual targets.	Corporate governance	Corporate governance	We have stayed true to the principles of corporate governance to ensure the effective operation of the Board of Directors and protect the rights and interests of stakeholders, with a high standard of corporate governance policy, professional background and gender equality policy of director election.	Ethical corporate management and legal compliance	·Anti-corruption ·Anti-competitive practices ·Socioeconomic compliance	We have stayed true to the highest ethical standard for our business operations and we have stipulated regulations for ethical corporate management and requested new employees to sign relevant documents in order to ensure that all of our business practices comply with the relevant legal requirements. We adopt a zero-tolerance policy for any misconduct that violates business ethics. With the regular reminders and internal propaganda by the auditing unit, we are committed to reinforcing our employees' concept of ethical management and legal compliance, to prevent misconduct.	
Major issues	Risk assessment	Risk management policy or strategy														
Economic performance	Economic performance	The Company establishes operational targets each year for the next five years and amends these targets year-over-year according to the global economic growth. This facilitates the strategic planning and action plans for the future in order to achieve gradual and stable growth. By regularly convening operational management meetings and quarterly meetings by the Audit Committee and the Board of Directors at the headquarters, quarterly operational status and market changes are reviewed and adjusted, in order to mitigate risks and achieve annual targets.														
Corporate governance	Corporate governance	We have stayed true to the principles of corporate governance to ensure the effective operation of the Board of Directors and protect the rights and interests of stakeholders, with a high standard of corporate governance policy, professional background and gender equality policy of director election.														
Ethical corporate management and legal compliance	·Anti-corruption ·Anti-competitive practices ·Socioeconomic compliance	We have stayed true to the highest ethical standard for our business operations and we have stipulated regulations for ethical corporate management and requested new employees to sign relevant documents in order to ensure that all of our business practices comply with the relevant legal requirements. We adopt a zero-tolerance policy for any misconduct that violates business ethics. With the regular reminders and internal propaganda by the auditing unit, we are committed to reinforcing our employees' concept of ethical management and legal compliance, to prevent misconduct.														

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
			<p>Legal compliance regarding environmental protection regulations</p> <p>We proactively stipulate environmental management policies and setting goals and indicators for the management, to be used as a standard of practices for environmental management system and operation. The management policy is stipulated by the general manager and the importance of environmental management is promoted to employees through different channels. Our employees are required to implement the management policy into daily business operations and constantly review and improve the environmental management system to facilitate their performance and practices, to continuously fulfill the objective of environmentally friendly. The environmental management policy includes:</p> <ul style="list-style-type: none"> <li>· Comply with environmental protection laws and regulations and avoid any violations</li> <li>· Take preventive measures for pollution prevention to reduce the impact on the environment.</li> <li>· Continuously improve the environmental management program and fulfill the responsibility of earth protection.</li> <li>· Proactively sort and recycle waste generated by the operations of the Company.</li> <li>· Establish communication and propaganda channels for the environmental management system and keep external communication on a frequent basis.</li> </ul> <p>Note: There was no violation of environmental protection regulations in 2021.</p>	
			<p>Product safety</p> <p>Customers' health and safety</p> <p>To achieve the production processes with product safety and environmentally friendly, the specifications of ISO system are adopted in the design stage. It is deemed as an important objective to be in accordance with international specifications and standard requirements, so that our products can maintain their functionalities competitiveness on the market. To effectively comply with regulations, our procurement and sales departments work with suppliers to evaluate relevant laws and regulations domestic and overseas and proactively follow relevant laws and regulations.</p>	
			<p>Market image</p> <p>Customer's</p> <p>· Stipulate the "customer services management" and "control procedures for</p>	

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
			<div> <div></div> <div>privacy</div> <div> <p>unqualified products" procedures as well as the handling methods and procedures for customer complaints to serve customers with a standardized service mode.</p> <ul style="list-style-type: none"> <li>· Integrate the customer service offices, Customer Quality Service (CQS), R&amp;D and sales departments to formulate a common approach in order to respond to consumers' needs with comprehensive services.</li> <li>· Create a positive market image in order to enhance customer loyalty and satisfaction and boost operating performance and competitiveness.</li> </ul> <p>Note: There was no breach of customer's privacy or loss of customer's data in 2021.</p> </div> </div>	
			<div> <div>Occupational safety and health</div> <div>Occupational safety and health</div> <div> <p>A safe and healthy working environment empowers the employees to demonstrate a high-efficiency and high-quality work performance as well as ensure their safety and health at the workplace.</p> <p>The emphasis on environmental safety and health is ingrained in the Company's corporate culture. We aim for zero occupational accidents. With regular audits on environmental safety and health and assessment by the Safety and Health Committee, we continue to improve, review and enhance the management performance of environmental safety and health, provide a comfortable workplace and rectify any unsafe environment.</p> </div> </div>	
			<div> <div>Labor Relations</div> <div>           ·Labor Relations            ·Labor/management relations:         </div> <div> <p>The Company is people-centric and employees are important partners to us. We believe that a positive and active workplace culture is only possible with happy and healthy employees, and this enhances work efficiency and retain suitable talents.</p> </div> </div>	

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
III. Environmental issues				No deviation.
(I) Does the Company establish the suitable environmental management systems upon its industrial characteristics?	V		(I) The Company's main production and manufacturing factory is the Kunshan factory. Therefore, the relevant management systems and standards only created in the Kunshan factory and it had obtained the new version of certification ISO 14001: 2015 environmental management system on April 16, 2020 and the certification is valid until April 7, 2023.	
(II) Does the Company seek to enhance the efficiency of energy utilization and the use of recycled materials with a low environmental burden?	V		(II) Every year, the Company continues to invest funds and resources for various operations such as implementation of water resources management, energy saving and carbon reduction, waste disposal and treatment, treatment of waste gas emissions and remedial measures, pollution prevention, and environmental management. The total invested amount in 2021 is NT\$ 5,984,095. The Company is also in accordance with the trend of environmentally friendly products and relevant environmental protection directives by the European Union such as WEEE (Waste Electrical and Electronic Equipment) Directives and Restriction of Hazardous Substances (RoHS) Directive, to develop environmentally friendly green electronic products in response to the changes in the consumer electronics market worldwide as well as consumers' focus on manufacturers' environmental protection subject.	
(III) Does the Company assess the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and take responsive measures related to climate issues.	V		(III) The potential risks due to climate change to the Company are primarily related to the environment and the operations. For example, resource scarcity, rising raw material costs, disability of transportation requirements, the threat to employees' safety due to extreme climate can all have direct and impact effects on the Company's operations. In response to the impact of GHG emissions on the global climate change and the environment, the Company has established Operational Procedures for Energy and Resources Management as the guideline for operational requirements, energy efficiency and carbon reduction in the use of energy resources. We have also introduced the environmental management system to regularly monitor and improve the utilization of energy resources. This mitigates the environmental impact and prevents environmental pollutions.	
(IV) Does the Company measure the annual greenhouse gas emissions, water consumption and gross weight of waste for the past two years, and stipulate policies for energy conservation and carbon reduction,	V		(IV) The Company has formulated the Operational Procedures for Energy and Resources Management, tracks its greenhouse gas emissions each year and targets for sustainability by reducing 10% carbon emissions over a 10-year period. Energy efficiency measures are put in place at production sites and the headquarters. Details of energy savings, greenhouse gas reductions and emissions, water consumption and waste weights are disclosed in corporate sustainable development reports and on the website.	

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
greenhouse gas reduction, reduction of water consumption or management of other waste?				
IV. Social issues				No deviation.
(I) Does the Company establish the relevant management policies and procedures according to relevant regulations and International Bill of Human Rights?	V		(I) The Company is in compliance with internationally recognized human rights standards such as the "Universal Declaration of Human Rights," "The United Nations Global Compact" and "International Labor Organization." The Company has stipulated and implemented its human rights policies and the implementation principles include providing a safe and healthy working environment, eliminating illegalness and discrimination to ensure equal work opportunities, prohibiting forced labor, prohibiting child labor, assisting employees to maintain physical and mental health as well as work-life balance, reviewing and evaluating related systems and practices on a regular basis.	
(II) Does the Company stipulate and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and adequately reflects the operating performance or results to the remuneration to employees ?	V		(II) The Company proposes the standard and concept for talent recruitment and appointment based on the requirements of government regulations and policies, which is "kindred spirits, suitable talents at suitable workplaces." The recruitment of new employees is not based on the factors such as gender or religion, and we aim to provide a fair and open way for employee recruitment. The Company has been actively planning various welfare programs for employees over the past many years, to create a fun life other than work, improve quality of life, enable employees to achieve a work-life balance, and facilitate the interaction between employees amongst various departments to make the culture of the working environment better and comprehensive. We also enhance good teamwork spirit and employee loyalty, to improve the work efficiency of our employees. Please refer to PP. 95~P96 of the annual report for our welfare measures and subsidies.  The employee's assessment and promotion methods are based on the Company's performance assessment, and all employees will cooperate with the Company's performance assessment schedule and conduct regular performance assessment. According to the practical operating status in the year, the evaluation items in the annual KPI and work plan form will be flexibly adjusted. The assessment result will be taken into consideration for the employee's future	

Tasks	Implementation status (Note 1)				Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference													
	Yes	No	Abstract Illustration															
(III) Does the Company provide the employees a safe and healthy working environment, and arrange the regular training relating to safety and health?	V		<p>promotion and salary adjustment. To emphasize two-way communication, we encourage managers and colleagues to discuss face-to-face and formulate tangible action plans for the performance results and task priorities of employees. This is to enhance the competitiveness of each colleague.</p> <p>The following are the average salary adjustment for employees in 2021:</p> <table><tr><th>Salary adjustment</th><th>Remark</th><th>Salary adjustment for non-managerial employees</th><th>Remark</th><th>Salary adjustment of managerial employees</th><th>Remark</th></tr><tr><td>0%~6.0%</td><td>None</td><td>0%~8.0%</td><td>The salary adjustment is based on employees' job responsibility and performance, and the promoted employees will be given a salary adjustment for promotion.</td><td>0~5.0%</td><td>The salary adjustment will be given based on the performance of managerial officers , and their bonuses are based on the Company's overall business operations and individual performance .</td></tr></table>			Salary adjustment	Remark	Salary adjustment for non-managerial employees	Remark	Salary adjustment of managerial employees	Remark	0%~6.0%	None	0%~8.0%	The salary adjustment is based on employees' job responsibility and performance, and the promoted employees will be given a salary adjustment for promotion.	0~5.0%	The salary adjustment will be given based on the performance of managerial officers , and their bonuses are based on the Company's overall business operations and individual performance .	(III) 1.Arrange the health promotion activities to increase the colleagues' healthiness and prevent the diseases. 2. Arrange the courses of the health lectures regularly to enhance the colleagues' healthy awareness and healthy behaviors. 3. Implement anti-COVID measures and install equipment to combat the virus, to protect the health and work quality of all employees. 4. Arrange the safety and health training for new and existing laborers to teach the colleagues to prevent occupational
Salary adjustment	Remark	Salary adjustment for non-managerial employees	Remark	Salary adjustment of managerial employees	Remark													
0%~6.0%	None	0%~8.0%	The salary adjustment is based on employees' job responsibility and performance, and the promoted employees will be given a salary adjustment for promotion.	0~5.0%	The salary adjustment will be given based on the performance of managerial officers , and their bonuses are based on the Company's overall business operations and individual performance .													



Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
(IV) Does the Company establish the effective training programs of the career capability development for its employees?	V		<p>diseases and have the awareness of safety.</p> <p>5. Arrange the training for firefighting and first aid regularly to enhance the general sense of the fire-fighting and the ability to deal with emergencies.</p> <p>6. Enhance the quality of the working environment for employees, carry out 5S training, and arrange the factory's self-assessment and auditing activities for 5S.</p> <p>7. Arrange the propagation to inform the injury and promote the safety for the contractor, maintain the quality of construction and enhance the safety of the operational places for colleagues.</p> <p>(IV) The Company values the importance of education and training for employees and designs training related to job duties at various levels based on the "Systematic Diagram for Education and Training Development." The training is expected to gradually enhance the personal competitiveness of trainees. Every year, the human resources department will make a course plan based on the Company's strategic objectives for the year and the training demands proposed by each of the departments.</p>	
(V) Does the Company comply with relevant laws and international standards and establish policies and complaint procedures to protect the rights of consumers or customers when it comes to customers' health and safety, privacy, marketing and labeling of products and services?	V		<p>(V) For the marketing and labeling of the products and services, the Company complies with the relevant regulations and international standards. A dedicated after-sales service department is also established to provide customer services. There are standard procedures in product repair and maintenance in order to strengthen customer relations and satisfy the customers' needs. The Company comprehensively implements and complies with the regulations for the protection of the consumers' rights/interests, and satisfaction of the customers is one of the Company's important strategies.</p>	
(VI) Has the Company formulated a suppliers management policy and asked suppliers to abide by relevant regulations in environmental protection, occupational safety & health and labor rights and provide details of implementation?	V		<p>(VI) The Company has stipulated the "GP operation management procedures" for suppliers, which standardizes the procurement procedures for raw materials and parts. We also request our suppliers and outsourced vendors to sign "hazardous substance guarantee form" and "environment protection declaration," and attach the chemical substance analysis report by a qualified laboratory or third-party notary agency, to ensure that their provided parts and components meet the Company's current environmental requirements. In addition, we also conduct green factory assessment for our suppliers/outsourced vendors to verify whether the suppliers have obtained (or expected to obtain)</p>	

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
			the ISO14001 environmental management system certification and understand their implementation and management status.	
V. Does the Company prepare sustainability reports to disclose non-financial information by referring to international reporting standards or guidelines? Did the preceding report obtain the verification or assurance opinion from a third-party notary agency?	V		The Company prepares corporate sustainable development reports according to the internally accepted GRI (Global Reporting Initiative) Standards and commissions Ernst & Young as an independent and credible third-party verification provider to provide limited assurance based on No. 1, Standard on Assurance Engagements of the Republic of China (Taiwan) regarding assurance engagements of non-historical financial information reviews or inspections. This is published at the Company's website at <a href="https://www.clevo.com.tw">https://www.clevo.com.tw</a> .	No deviation.
VI. If the Company has established its own guidelines on sustainable development in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the functioning and the difference of these guidelines: The Company has established the Corporate Social Responsibilities Best Practice Principles, passed by the Board of Directors on March 27, 2015 and amended by the Board of Directors on March 31, 2020. All the department heads and colleagues are actively complying with these principles to drive corporate governance, develop the sustainable environment and safeguard the society's public welfare. There is no deviation from its principles established.				
VII. Other important information that helps to understand the implementation and the drive for sustainable development: 1. Significant natural disasters and other donations during the past three years				
	Year	Note	Amount Put In (Unit: NTD)	
	2019	Public Welfare Activities in 2019 - Warmth in the Winter, Care for the Underprivileged (Sanchong District Office)	38,610	
		Sponsored the Modern HuaTuo Charity Seminar in 2019	100,000	
		The meal for the underprivileged - A year end dinner for solitary elderly, underprivileged, and underprivileged single mother	10,000	
		The Society of Wilderness	10,000	
		Jia-yi Charitable Group in Chiayi City	20,000	

Tasks		Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
		Yes	No	Abstract Illustration	
		The home waiting babies association - employees parent-child family day -pick vegetables and fruits to donate to underprivileged groups			30,507
		Social Welfare and Public Welfare Trust, Clevo Co.			2,000,000
		New Taipei City Autism Service Association (employee's voluntary donation and it will not be listed in the accounting books)			15,514
		Public Welfare Activities in 2019 - Warmth in the Winter, Care for the Underprivileged (Sanchong District Office)			38,610
		Sponsored the Modern HuaTuo Charity Seminar in 2019			100,000
	2020	The meal for the underprivileged - A year end dinner for solitary elderly, underprivileged, and underprivileged single mother			\$10,000
		Jia-yi Charitable Group in Chiayi City			\$20,000
		Group purchasing with charities - Taiwan Foundation for the Blind and Syin-Lu Social Welfare Foundation			\$32,845
		New Taipei City Association of Visual Impaired (Daan Sheltered Farm Of New Taipei City) (donations from employees, not recognized on the Company's account)			\$12,630
		Events for students and art & cultural development - sponsorship to the ocean documentary in Taiwan (Whale Island)			\$60,000
		Social Welfare and Public Welfare Trust, Clevo Co.			\$2,000,000
		Fire Department, New Taipei City Government - donation of fire alarms			\$150,000
		Development Center for the Spinal Cord Injured - donation of preowned books			\$1,500
	2021	The meal for the underprivileged - A year end dinner for solitary elderly, underprivileged, and underprivileged single mother			\$10,000
		Jia-yi Charitable Group in Chiayi City			\$20,000
		Group purchasing with charities - Syin-Lu Social Welfare Foundation			\$25,112
		Social Welfare and Public Welfare Trust, Clevo Co.			\$1,740,000

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference									
	Yes	No	Abstract Illustration										
			<table><tr><td></td><td>Donation - Sunshine Social Welfare Foundation</td><td>\$998</td></tr><tr><td></td><td>World Vision Taiwan</td><td>\$2,800</td></tr><tr><td>Total</td><td></td><td>\$6,449,126</td></tr></table>		Donation - Sunshine Social Welfare Foundation	\$998		World Vision Taiwan	\$2,800	Total		\$6,449,126	
	Donation - Sunshine Social Welfare Foundation	\$998											
	World Vision Taiwan	\$2,800											
Total		\$6,449,126											
<p>2. Upon the spirit of putting itself in other's position, the Company cooperated with the Land Bank of Taiwan to sign a Public Welfare Trust Account of NT\$ 10 million on December 12, 2018. Starting in 2019, the amount of approx NT\$ 2 million will be dedicated to various public welfare activities every year.</p> <p>3. Society Co-Prosperity</p> <p>(1) Clevo Building Ubike Operation Station: 2021 statistics - 59,942 in the number of uses to reduce carbon emissions by 5,994 kg/CO2, equivalent to the planting of 6,660 trees</p> <p>(2) Blood Donation: Join Clevo to give blood - Taipei Blood Donation Center invited Clevo to participate in a blood donation event in 2021.A total of 61 people joined and donated a total of 21,250ml of blood in 85 bags of blood.</p> <p>(3) Love Earth By Using Eco-Friendly Cutlery: Since December 2017, every employee has received environmentally-friendly cutlery sets and 333 sports mugs. All new hires in 2021 have received the environmentally-friendly cutlery sets and 333 sports mugs when they came onboard.</p> <p>(4) Recycling Rubbish: In response to the government's spirit for classifying rubbish, the Clevo usually uses the slogans and bulletins to remind the colleagues to classify the rubbish. Every floor of Taipei headquarters sets up the dedicated area for recycling the resources. The Buddhist Compassion Relief Tzu Chi Foundation will bi-weekly collect the papers, plastics containers, waste batteries and packaging materials for recycling in order to reduce the rubbish. And the Tzu Chi will transform the recycled rubbish into resources. The Clevo's income from selling the recycled resources will be fully donated to the Tzu Chi for the purpose of charitable public welfare.</p> <p>4. 2021 Highlight Projects and Performances:</p> <p>(1) Public-private joint efforts: To give back to the local neighborhoods, we continued our cooperation with Sanchong District, New Taipei City in 2021 in the outreach to disadvantaged children in Sanchong. In the winter camp “Big Hands Holding Small Hands”, we served as the lecture in earthquake disaster prevention. We interacted with children in a fun and easy-to-understand way and by offering prizes for pop quizzes, in order to convey the knowledge in earthquake disaster control and emergency escape.</p> <p>(2) Support for local small farmers: Starting in November 2019, we have been using fresh milk from a single farm, and small farmers without artificially blending and based on fair trade for our coffee machines. The average monthly cost was about 34,000 dollars in 2021. We hope to support and help on the long-term basis the development of local farmers in Taiwan.</p> <p>(3) Clevo Charity Trust subsidized a total of NT\$1,740,000 for the disadvantaged families in Tainan in 2021. To maximize our contribution to a better society, the Company donated NT\$1,798,910 in total in 2021 on a variety of pro bono events and government-led social initiatives. Our involvement is mainly for the prosperity of communities and awareness in environmental protection. We strive to help every corner in Taiwan in need, so as to create a harmonious society and promote sustainable development.</p> <p>(4) Awarded as the top performing company in disaster prevention in New Taipei City</p> <p>(5) To implement COVID-safe measures in the Taipei headquarters building, we spent NT\$560,000 on the purchase of anti-virus equipment (e.g., anti-COVID packs, infrared thermometers, sterilizers), to protect the health and work quality of all employees.</p>													

Tasks	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference
	Yes	No	Abstract Illustration	
The aforesaid matters and results in relation to sustainable development are regularly disclosed on the Company’s website and sustainability reports.				

Note 1: If “Yes” is ticked for implementation, please describe the key policies, strategies, measures and actions adopted. If “No” is ticked for implementation, please explain the difference, the reason for such difference and the relevant policies, strategies, measures and plans to be adopted going forward in the column “Difference in the drive for sustainability development from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for this difference”.

Note 2: The principle of major issues refers to the subjects regarding environmental, social and corporate governance issues that have a significant impact on the Company's investors and other interested parties.

Note 3: Please refer to the best practice available on the website of Taiwan Stock Exchange's Corporate Governance Center for disclosure methods.

(VI) The difference from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Evaluation Criteria	Implementation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
I. Develop the Policies and Programs for Ethical Corporate Management				No deviation.
(I) Has the Company stipulated the ethical corporate management policy approved by the Board of Directors and expressed the policies and practices for ethical corporate management in its regulations and external documents, as well as the commitment of the Board of Directors and high management to actively implement ethical corporate management?	V		(I) In order to align the Company's directors and managers with ethical standards, and to make the Company's stakeholders more aware of its ethical standards, the Company has formulated the Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct. According to the systems for director's avoidance of conflict of interest set out in the Procedural Rules of the Board of Directors Meetings, for matters that are of interest to a director or the legal person he/she represents, and that are harmful to the interests of the Company, the director shall not participate in the discussions for and voting on those matters.	
(II) Does the company create an assessment mechanism for the risk of misconduct, regularly analyze and assess business activities with high risks of misconduct, and stipulate a plan to prevent misconduct which includes all of the preventive measures stipulated in the second paragraph of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The Board of Directors of the Company had passed the "Ethical Corporate Management Best Practice Principles" in 2015 and Article 7 of the principles clearly define that "the Company should create an assessment mechanism for the risk of misconduct, regularly analyze and assess business activities with high risks of misconduct, stipulate a prevention program, and regularly review the appropriateness and effectiveness of the prevention program" according to the requirements of the competent authority. And prevent misconduct based on the Company's "Procedures for Ethical Management and Guidelines for Conduct." The operating procedures and guidelines for conduct have included all of the preventive measures stipulated in the second paragraph of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."	
(III) Has the Company stipulated a plan to prevent misconduct, and specify operating procedures, behavioral guidelines, disciplinary and grievance systems for violations in each program, and put them in place? And regularly review and revise the preceding plan?	V		(III) The precautionary measures against offering and accepting bribes, and providing illegal political donations have stipulated in the Company's Procedures for Ethical Management and Guidelines for Conduct. The Company's administrative management center, in addition to amending the Procedures for Ethical Management and Guidelines for Conduct, is put in charge of supervising the implementation thereof.	
II. Implementation of Ethical Corporate Management				No deviation.
(I) Has the Company assessed the track records of business ethics of counterparties and incorporated code of conduct in the contracts with counterparties?	V		(I) In addition to complying with the Company's Procedures for Ethical Management and Guidelines for Conduct, when entering into a commercial contract with other parties, in addition to fully understanding their status about ethical corporate management, the contract shall be performed in good faith; Before signing a contract, ethical corporate management will be included in the terms of	

Evaluation Criteria	Implementation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
(II) Has the Company set up a dedicated unit under the Board of Directors that promotes ethical corporate management and reports its ethical corporate management policy and plan for the prevention of misconduct as well as the implementation status to the Board of Directors on a regular basis (at least once a year)?	V		<p>the contract if the Company deems it necessary subject to amendments thereto in light of the type of the contract.</p> <p>(II) The Company's administrative management center is the dedicated unit for ethical corporate management and working with the audit office to develop relevant regulations. President serves as the convener for the formulation, amendment, implementation, interpretation and consultation of the Procedures for Ethical Management and Guidelines for Conduct, as well as the operation and monitoring of registered contents reporting and filing. The responsible unit reports to the Board of Directors each year about the implementation progress. Appropriate channels for statements are provided to avoid conflict of interest. Meanwhile, the Board of Directors has approved on March 27, 2015 the formulation of the Company's Ethical Corporate Management Best Practice and Procedures for Ethical Management and Guidelines for Conduct.</p> <p>The implementation of the policies for ethical corporate management in 2021 was reported to the Board of Directors on March 28, 2022.</p>	
(III) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?	V		<p>(III) The Company's Board of Directors shall exercise due care of a good administrator in supervising the Company to prevent dishonesty, and review the implementation effectiveness and continuous improvement at any time to ensure that ethical corporate management policy is put into effect. The Company has stipulated the "Codes of Ethical Conduct," "Rules for Ethical Business operations" and "Procedures for Ethical Management and Guidelines for Conduct" which have clearly stated the policy for preventing the conflicts of interest, so that directors should be highly self-disciplined, and account for any proposed matter for consideration at the meeting of the Board of Directors if he/she or the legal person he/she represents may be interested therein. A director shall not participate in the discussions and voting, nor shall he/she exercise his/her own vote or by proxy on behalf of another director if the aforesaid conflicts of interest impair the interest of the Company. If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouses, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both their immediate supervisors and the Company's dedicated unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use the Company's resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other</p>	

Evaluation Criteria	Implementation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
(IV) Has the Company established an effective accounting system and internal control system for the ethical corporate management, assigned internal auditing unit to stipulate relevant audit plan according to the assessment results for the risk of misconduct, as well as use it as reference for auditing and preventing on the compliance status of misconduct, or entrust CPAs to conduct the auditing	V		than those of the Company.  (IV) The Company has established a complete and effective internal control system, relevant management regulations, accounting systems, Ethical Corporate Management Best Practice Principles, etc., which are implemented and reviewed at any time to ensure that the design and implementation of the systems are effective. Internal auditors regularly inspect operating activities each year. In case of any dishonest behavior identified, audit reports will be produced and submitted to the Board of Directors. No dishonest behavior occurred in 2021.	
(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?	V		(V) The administrative management center that is the ethical management unit of the Company organizes education and training for new employees (including the concept of ethical corporate management) on a regular basis. The Company's 2021 implementation was as follows: 1. When the Company provides training and education to new hires to advocate the regulations governing ethical businesses, the employees who have completed the curriculum are asked to sign documents concerning ethics and code of conduct such as confidentiality agreements, commitment to ethics and self-discipline, employee's self-regulation pact, and employee's declaration statement. In 2021, a total of 80 new hires signed these documents, at 100% sign-up ratio. 2. The Company started to offer training and education via e-learning to employees about ethical corporate management. The title of the two-hour curriculum is " <u>Cherish not Jewelry but Integrity - Ethical Corporate Management</u> ". As of the end of 2021, a total of 371 visitors clicked on the curriculum. There was no reporting of illegal behavior in 2021 via the hot line or emails. 3. Employees may flag or report illegal behaviors via multiple channels to management and the human resources department. The Company discloses and declares its ethical corporate management policies and implementations at its website and annual reports.	
III. Operation of the Company's Whistle-blowing System (I) Has the Company put in place the specific whistle-	V		(I) When a director or manager violates the Codes of Ethical Conduct, he/she shall be reported to the	No deviation.



Evaluation Criteria	Implementation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?			<p>Board of Directors for treatment. The Board of Directors shall appoint one or more persons to investigate his/her behavior. In case of any violation, the Board of Directors may punish him/her depending on the seriousness of the case. Information such as the title, name, date of violation, cause, the guidelines which have been violated, and punishment about the person who has violated the Codes of Ethical Conduct should be disclosed immediately on the Market Observation Post System if such violation is material. Those who violate ethical standards may appeal to the Board of Directors.</p> <p>The Company encourages internal and external personnel to report on unfaithful behavior or misconduct, and pay bonuses to them at its own discretion depending on the seriousness of the case. Any internal personnel who are found to have fraudulently reported or made malicious allegations, should be subject to disciplinary punishment, up to and including termination.</p> <p>The Company has established and announced internal independent mailboxes or special lines for complaints on the Company's website and the Intranet, or has other external independent agencies to provide such mailboxes and special lines for use by internal and external personnel.</p>	
(II) Has the Company set the investigation standards, operating procedures, follow-up measures after the investigation and related confidentiality mechanisms for the reported complaints?	V		(II) The mechanisms for operations and confidentiality have been stipulated in accordance with the "Codes of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct" and the compliant system. The Company shall keep confidentiality of information on whistleblowers or the personnel involved in the investigation as well as the investigation content.	
(III) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?	V		(III) The company has created a complaint system which aims to maintain the Company's reputation, safeguard the property, prevention of corruption, theft, embezzlement or other violations of laws and regulation that affect the rights and interests of shareholders, employees and business partners, and protect the safety of whistleblowers. The company will also keep the identity of whistleblowers and reports in confidentiality. When discovering or receiving reports on dishonest acts of the Company's personnel, the Company should immediately find out the truth. If the violators can produce any evidence indicating that they have not violated the Company's regulations, they can immediately appeal to the Administrative Management Center. If it is confirmed that the violators are in violation of the relevant laws or the Company's policies and regulations for ethical corporate management, they are required to immediately stop the relevant act, and subject to disciplinary actions; a claim for damages will be made by the Company if necessary through legal proceedings to maintain the Company's reputation and interests.	

Evaluation Criteria	Implementation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Abstract Illustration	
			<p>60. The Company guarantees that the identity of the individual and the information provided for complaints and reporting shall be held in absolute confidentiality according to the Personal Data Protection Act. Whistle-blowers will not be penalized.</p> <p>Contact information:</p> <p>Reporting mailboxes</p> <p>Chinese: 24199 三重郵局第 3-96 號信箱</p> <p>English: P.O.BOX 3-96 Sanchong New Taipei City 24199 Taiwan (R.O.C.)</p> <p>E-Mail address : audit@clevo.com.tw</p> <p>Special line: (02)2995-0299</p>	
<p>IV. Enhancing Information Disclosure</p> <p>(I) Has the Company disclosed the contents and implementation effectiveness of the Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?</p>	V		<p>The Company had disclosed the contents of the Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System. The status of implementation effectiveness is also disclosed in the annual report and corporate social responsibility report.</p> <p>Please visit the Company's website for details at <a href="https://www.clevo.com.tw">https://www.clevo.com.tw</a>.</p>	No deviation.
<p>V. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the stipulated principles: No difference.</p>				
<p>VI. Other important information helpful for better understanding of ethical corporate management: (such as the review of and amendments to the Ethical Corporate Management Best Practice Principles, etc. ):</p> <ol style="list-style-type: none"> <li>1. The Company's Board of Directors on March 27, 2015 approved the formulation of the Ethical Corporate Management Best Practice and Procedures for Ethical Management and Guidelines for Conduct. Amendments were made on March 27, 2018 and March 31, 2020 and reported to the shareholders' meetings during the respective years.</li> <li>2. The Company complies with the Company Act, Securities and Exchange Act, the relevant laws and regulations related to listing or other codes of business conduct as the basis for the implementation of ethical corporate management.</li> <li>3. According to the systems for director's avoidance of conflict of interest set out in the Procedural Rules of the Board of Directors Meetings, for proposals submitted to a meeting of the Board of Directors that are of interest to a director or the legal person he/she represents, the director may express his/her opinions and answer questions, but he/she shall not participate in the discussions for and voting on those proposals, nor shall he/she exercise his/her own vote or by proxy on behalf of another director if the aforesaid conflicts of interest impair the interest of the Company.</li> <li>4. The "Procedures for Handling Major Internal Information Operation and Preventing Insider Trading" developed by the Company specifically stipulate that directors, managers and servants are not allowed to disclose the major internal information they are aware of to others, and may not inquire about or collect the unrevealed and major internal information irrelevant to personal duties from those who are aware of the major internal information within the Company. No unrevealed and major internal information acquired not through conduct of business shall be disclosed to others.</li> </ol>				

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

1. To establish a robust corporate governance system, the Company has formulated the Corporate Governance Best-Practice Principles.
  2. In order to align the Company's directors and managers with ethical standards, and to make the Company's stakeholders more aware of its ethical standards, the Company has stipulated the "Codes of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," and the "Procedures for Ethical Management and Guidelines for Conduct."
  3. In order to establish a good mechanism for handling and disclosing major internal information of the Company, to avoid improper disclosure of information, to ensure the consistency and correctness of the information made publicly available by the Company, and to strengthen the prevention and management of insider trading, the Company has established the Operating Procedures for Handling Major Internal Information and Prevention of Insider Trading which shall be followed by all the employees.
  4. Please visit <https://www.clevo.com.tw> for the related codes or management procedures.
- (VIII) Other important information that is useful to better understand the corporate governance operations shall also be disclosed:  
The information about corporate governance on the Company's website can be assessed at [https://www.clevo.com.tw/group\\_company.asp?id=51&lang=tw](https://www.clevo.com.tw/group_company.asp?id=51&lang=tw).

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

CLEVO CO.

Statement of Internal Control System

Date: March 28, 2022

Based on self-assessment of its internal control system for 2021, the Company makes the following statement:

- I. The establishment, implementation and maintenance of an internal control system are the responsibility of the Company's Board of Directors and management. The Company has established such a system, designed to provide reasonable assurance with respect to the effectiveness and efficiency of business operations (including profitability, performance and safeguarding of assets), the preparation of reliable, timely and transparent financial statements, and their compliance with the relevant rules and regulations.
- II. An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above goals. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the Company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified.
- III. The Company examined the design and effective implementation of its internal control system according to the criteria prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (called the Regulations below). The "Regulations" divide internal control into five constituents in line with the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervision. Each constituent contains several criteria. Please refer to the "Regulations" for details.
- IV. The Company has evaluated the effectiveness of design and implementation of its internal control system in accordance with the above criteria.
- V. Based on the aforesaid assessment results, the Company believes that its internal control system (including the oversight and management of subsidiaries) as of December 31, 2021 was effective in design and implementation to reasonably assure the understanding of the target achievement for operational effectiveness and efficiency; reliability, timeliness and transparency of reporting; and compliance with relevant laws and regulations.
- VI. This Statement will be a major part of the Company's annual report and prospectus, and will be made publicly available. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Company's Board of Directors on March 28, 2022. Among the seven attending directors, no director raised objection and all the directors agreed with the contents of this statement.

CLEVO CO.

Chairman: Hsu, Kun-tai      Seal

General Manager: Tsai, Ming-Hsien      Seal

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

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

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

(X) In the most recent year and up to the date of publication of the annual report, if the Company and its internal personnel have been punished according to the laws, or the punishment has been imposed on internal personnel by the Company for violation of the internal control systems, if the result of the punishment may have a significant impact on shareholders' rights and interests or securities prices, the content of the punishment, major defects and improvement shall be listed: Not applicable.

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

1. Key resolutions and implementations by the general shareholders' meeting on August 26, 2021:

(1) Reports on Company Affairs

Item 1 The 2020 Business Report.

Item 2 Review by the Audit Committee of the Company's financial statements and business report for 2020.

Item 3 Report on distribution of remunerations to employees and directors for 2020.

Item 4 Report on the earnings distribution and cash dividends for 2020.

(2) Matters to be Ratified

Subject 1: Approved the Company's financial statements and business report for the year of 2020.

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

Subject 2: Passed the appropriation of the Company's 2020 earnings.

Progress: The Company's undistributed earnings at the beginning of 2020 post statutory adjustment was NT\$451,923,851. According to Article 26 of the Company's Articles of Incorporation, the earnings available for distribution was NT\$533,931,070. The issuance of cash dividends from earnings for 2020 was NT\$373,357,800, or NT\$0.6 per share. The distribution was completed on August 18, 2021.

(3) Discussions

Proposal 1: To approve the amendment of the Company's Rules and Procedures of Shareholders' Meetings

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

Proposal 2: To approve the amendment of the Company's Procedures for Election of Directors

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

(4) Election matters

Subject: Election of the Company's directors (including independent directors)

The election results are as follows:

4 directors:

Shareholder's account No. or GUI No.	Full name	Votes for election
1	Hsu,Kun-tai	463,140,888
13	Tsai,Ming-Hsien	462,974,888
F1229XXXXX	Lu,Jin-Zong	461,799,000
20204	Chien,Yih-Long	461,799,000

3 independent directors:

Shareholder's account No. or GUI No.	Full name	Votes for election
D1011XXXXX	Chou,Po-Chiao	462,168,386
D1003XXXXX	Chen,Tsung-Ming	461,799,000
N2226XXXXX	Lai,Ling-Ming	461,799,000

(5) Other Motions

Subject: Release of the non-compete prohibition on the Company's new directors and representatives

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

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

Attendance of individual directors and supervisors: V = attendance

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director				Independent Director			Remark
					Hsu,Kun-tai	Tsai,Ming-Hsien	Lu,Jin-Zong	Chien,Yih-Long	Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
1	21	2021.02.09	2021.02.19	1. Reported on the implementation of corporate governance in 2020. 2. Reported on the management plan and implementation by the Company's Information Management Committee 3. Passed the base date for the capital reduction by the cancellation of treasury shares. 4. Approved the Corporate Governance Committee's 2021 implementation plan 5. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chun-Jun Lin Chiu,Shu-juan
2	22	2021.03.18	2021.03.26	1. Report on the implementation of the resolutions passed at the sixth meeting of the Board of Directors in 2020 and the first meeting of the Board of Directors in 2021. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Report on performance assessment results on the board and functional committee in 2020. 5. Report on implementation of the ethical corporate management policy in 2020. 6. Approved the Company's financial statements and business report for the year of 2020. 7. Approved the review by the Audit Committee on remunerations to employees and directors in 2020. 8. Passed the appropriation of the Company's 2020 earnings. 9. Approved the appropriation of the Company's 2020 earnings via cash dividends. 10. Approved the re-election of the Company's directors (including independent directors). 11. Adoption of a list of candidates for the directors nominated and review of the nominations by the Board of Directors. 12. Adoption of a list of candidates for the independent directors nominated and review of the nominations by the Board of Directors. 13. Passed the evaluation for the independence and professional qualifications of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." 14. Adoption of amendments to the Rules and Procedures of Shareholders' Meetings. 15. Adoption of amendments to the Procedures for Election of Directors. 16. Adoption of amendments to the Rules and Procedures of Board Meetings. 17. Adoption of amendments to the Procedures for Appraisal of Performance of the Board of Directors. 18. Adoption of amendments to the Rules for Duties and Responsibilities of Independent Directors. 19. Passed the amendment of the Company's Audit Committee Charter. 20. Adoption of amendments to the Compensation Committee Charter. 21. Passed the Company's 2020 internal control system, and the statement of internal control system issued upon the result of self-assessment. 22. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions. 23. Adoption of the agenda for convening the general meeting for 2021, and the discussion for relevant operations.	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director				Independent Director			Remark
					Hsu,Kun-tai	Tsai,Ming-Hsien	Lu,Jin-Zong	Chien,Yih-Long	Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
3	23	2021.05.03	2021.05.11	1. Report on the implementation of the resolutions passed at the second meeting of the Board of Directors in 2021. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Report on the Company's results in the 2020 corporate governance evaluation. 5. Approved the Company's finalized account for the first quarter of 2021 6. Passed the base date for the capital reduction by the cancellation of treasury shares. 7. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
4	24	2021.06.24	2021.07.05	1. Approved the proposal to postpone the Company's 2022 shareholders' meeting 2. Adoption of the proposed ex dividend date for 2021. 3. Adoption of the proposed purchase of liability insurance for the Company's directors and important staff. 4. Approval of the distribution of 2020 remunerations to directors. 5. Approval of the distribution of 2020 remunerations to independent directors. 6. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	Wu,Mai Chiu,Shu-juan
5	25	2021.08.02	2021.08.04	1. The distribution of 2020 remunerations to employees.	V	V	V	V	V	V	V	Wu,Mai Chiu,Shu-juan
6	26	2021.08.04	2021.08.12	1. Report on the implementation of the resolutions passed at the third to fifth meeting of the Board of Directors in 2021. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Approved the Company's consolidated financial statements for the second quarter of 2021 5. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan

After 2021.08.26 election

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director				Independent Director			Remark
					Hsu,Kun-tai	Tsai,Ming-Hsien	Lu,Jin-Zong	Chien,Yih-Long	Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
7	1	2021.08.18	2021.08.26	1. Approval of the appointment of the Company's Chairman and Vice Chairman. 2. Adoption of the proposed appointment of the members of the Remuneration Committee. 3. Approval of the recruitment of the Corporate Governance Committee members.	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi
8	2	2021.10.15	2021.10.15	1. Approved the planned disposal of Clevo building and the land	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi

Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director				Independent Director			Remark
					Hsu,Kun-tai	Tsai,Ming-Hsien	Lu,Jin-Zong	Chien,Yih-Long	Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
9	3	2021.11.04	2021.11.12	1. Report on the implementation of the resolutions passed at the sixth to eighth meeting of the Board of Directors in 2021. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Approved the Company's finalized account for the third quarter of 2021 5. Passed the base date for the capital reduction by the cancellation of treasury shares. 6. Approved the 2022 action plan for the Corporate Governance Committee 7. Approved the Company's 2022 audit plan 8. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	Absent	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Lin,Bo-Wei Wu,Han-Qi
10	4	2022.02.16	2022.02.25	1. Approved the Company's planned cooperation with Epoque Corporation 2. Approved the planned leasing of office buildings from the related party Hon Hui Si Yuan CO., LTD.	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Lin,Bo-Wei
11	5	2022.03.17	2022.03.28	1. Report on the implementation of the resolutions passed at the ninth meeting in 2021 and the first meeting of the Board of Directors in 2022. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Report on issuance and transfer of treasury shares. 5. Report on performance assessment results on the board and functional committee in 2021. 6. Report on implementation of the ethical corporate management policy in 2021. 7. Reported on the implementation of corporate governance in 2021. 8. Approved the Company's finalized account and business report for 2021 9. Approved the review by the Audit Committee on remunerations to employees and directors in 2021. 10. Approved the Company's distribution of 2021 earnings 11. Approved the appropriation of the Company's 2021 earnings via cash dividends. 12. Approved the change of the Company's business address. 13. Passed the evaluation for the independence and professional qualifications of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." 14. Adoption of amendments to the Articles of Association of the Company. 15. Passed the amendment to the Company's "Procedure for the Acquisition or Disposal of Assets." 16. Adoption of amendments to the Rules and Procedures of Shareholders' Meetings. 17. Adoption of amendments to the Corporate Governance Best Practice Principles of the Company. 18. Approved the establishment of the Company's Management and Operating Procedures for Preparation of Financial Statements 19. Approved the establishment of the Company's Management and Operating Procedures for Related Party Transactions 20. Approved the establishment of the Company's Operational Regulations Governing Financials and Businesses Among Affiliates 21. Approved the 2021 self-assessment results on the Company's internal control system and the issuance of the statement on the internal control system	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chiu,Shu-juan Wu,Han-Qi



Number of Meetings	Number of Meetings This Term	Date of Notification	Date of Meeting	Explanation of Subject	Director				Independent Director			Remark
					Hsu,Kun-tai	Tsai,Ming-Hsien	Lu,Jin-Zong	Chien,Yih-Long	Chou,Po-Chiao	Chen,Tsung-Ming	Lai,Ling-Ming	
				22. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions. 23. Adoption of the agenda for convening the general meeting for 2022, and the discussion for relevant operations								
12	6	2022.05.03	2022.05.11	1. Report on the implementation of the resolutions passed at the second meeting of the Board of Directors in 2022. 2. Report on internal audit of business. 3. Report on memorandum book for the Company's derivative commodity transactions. 4. Report on the implementation by the Company's Information Security Management Committee. 5. Report on the Company's corporate governance evaluation results in 2021. 6. Approved the Company's consolidated financial statements for the first quarter of 2022 7. Adoption of the application for credit extension, and trade credit for transactions in derivative financial products to financial institutions.	V	V	V	V	V	V	V	Wu,Mai Liu,Yi-Mei Chun-Jun Lin Chiu,Shu-juan
13	7	2022.05.18	2022.05.20	1. Approved the Company's planned cooperation with Hua Tai Investment Corporation	V	V	V	V	V	V	V	Wu,Mai Chiu,Shu-juan

- (XII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition expressed by directors or supervisors about the significant resolutions passed by the Board of Directors that has been noted in the records or declared in writing: None.
- (XIII) Summary of resignations and dismissals of Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, and R&D Head during the most recent year and as of the print date of the annual report: None.

V. Information about Certification Fees for CPAs

Unit: NTD 1,000

Name of accounting firms	Name of CPAs		Audit period	Audit fees	Non-audit fees	Total	Remark
PwC Taiwan	Wu,Han-Qi	Liang,Hua-ling	2021.01.01~2021.12.31	4,100	100	4,200	Explanation on non-audit fees: NT\$100 thousand for business registration

Note: If the Company changes CPAs or accounting firms during the year, it is necessary to provide the audit periods and the reason for the change in the Remark column and disclose the audit fees and non-audit fees paid. The details of the services for non-audit fees should be provided.

- (I) If the non-audit fees paid to the CPAs, the accounting firms the CPAs work for and their affiliated companies accounting for more than one fourth of the audit fees, the amount of audit and non-audit fees, and non-audit services shall be disclosed: None.
- (II) If the audit fees paid during the year when the accounting firm is replaced are less than the previous year, the amount of the audit fees before and after the replacement, and the reasons for reduction shall be disclosed: None.
- (III) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: None.

# VI.Information about Replacement of CPAs:

## (I) Former CPAs

(1) Former CPAs				
Replacement date		2020.03.31		
Reasons for Replacement		ue to the rotation policy of PwC Taiwan, the Company has replaced the former CPA, Feng, Min-Juan, with the CPA, Liang,Hua-ling, from the first quarter of 2020		
The term of office for the appointer or accountant is terminated or he/she does not accept the appointment	Parties		CPAs	Appointer
	Situation			
	Voluntary termination of appointment			V
No further acceptance (continuation) of appointment				
Comments and reasons for review reports without qualified opinions issued within the period of most recent two years		No such circumstances		
Is there any disagreement with the issuer?	Yes		Accounting principles or practices	
			Disclosure of financial reports	
			Verification scope or steps	
			Others	
	None	V		
		Description: not applicable		
Other disclosures (The matters referred to in Articles 10.6(1)-4 to 7 of these Principles shall be disclosed)		(1) If the former CPA has informed the Company that a lack of a sound internal control system rendered its financial reports untrusted: None. (2) If the former CPA has informed the Company that he/she could not rely on the Company’s statement or was unwilling to have any connection with the Company’s financial reports: Non. (3) If the former CPA has informed the Company that it was necessary to expand the scope of audit, or the information indicated that the expansion of the scope of the audit would impair the credibility of the previously issued or forthcoming financial reports, however, the former CPA did not expand the scope of the audit due to replacement or other reasons: No. (4) If the former CPA has informed the Company that the credibility of the previously issued or forthcoming financial reports may be impaired based on the information gathered, however, the former CPA did not deal with such matters due to replacement or other reasons: No.		

## (II)Successive CPAs

Name of accounting firm	PwC Taiwan
Name of CPAs	CPA, Wu,Han-Qi and CPA, Liang,Hua-ling
Date of appointment	2020.03.31
Accounting treatment methods or accounting principles for specific transactions, and advisory matters and results that may be issued for financial reporting prior to appointment	None
Written opinions of the successive accountants different from those of the former accountants	None

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

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

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

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

Title (Note 1)	Full name	2021		As of April 17 for the current year	
		Increase/decrease number of shares held	Increase/decrease number of shares pledged	Increase/decrease number of shares held	Increase/decrease number of shares pledged
Chairman	Hsu, Kun-tai	- (5,000,000)	-	-	-
Vice Chairman and President	Tsai, Ming-Hsien	-	-	-	-
Director and Executive Vice President	Chien, Yih-Long	-	-	-	-
Director	Lu, Jin-Zong	-	-	-	-
Independent Director	Chou, Po-Chiao	-	-	-	-
Independent Director	Chen, Tsung-Ming	-	-	-	-
Independent Director	Lai, Ling-Ming	-	-	-	-
Senior Vice President	Zhang, Fu-Ming	-	-	-	-
Vice President, Chief of Finance/Accounting and Officer of Corporate Governance	Wu, Mai	-	-	-	-
Vice President	Li, Wen-Hua	- (4,000)	-	- (6,000)	-
Vice President	Chen, Hsueh-Wen	-	-	-	-
Vice President	Lin, Nan-Sheng	1,000	-	-	-
Vice President	Lin, Guan-Yen	-	-	-	-
Senior Assistant Vice President	Zhang, Wen-Song	-	-	- (10,000)	-
Senior Assistant Vice President	Wang, Feng-Zhu	-	-	-	-
Senior Assistant Vice President	Cheng, Yu-Ming	-	-	-	-
Senior Assistant Vice President	Lin, Sheng-Hsiang	-	-	-	-

Title (Note 1)	Full name	2021		As of April 17 for the current year	
		Increase/decrease number of shares held	Increase/decrease number of shares pledged	Increase/decrease number of shares held	Increase/decrease number of shares pledged
Senior Assistant Vice President	Chung, Wen-Chin	-	-	-	-
Senior Assistant Vice President	Lin, Liang-Shih	(10,000)	-	(13,000)	-
Senior Assistant Vice President	Chen, Tsung-Chih	-	-	-	-

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

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

(II) Information about share transferring: None.

Full name (Note 1)	Reasonable for the share transfer (Note 2)	Trade date	Counter parties	Relation between the counterparty with the Company's directors, managers and shareholders with at least 10% stakes	Number of Shares	Transaction price
Hsu, Kun-tai	Bestowal	2021.11.15	Lin, Feng-Chu	Spouse	5,000,000	34.45

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

Note 2: acquisition or disposal of.

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

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

April 17, 2022

Name (Note 1)	Number of shares held in person		Shares held by spouse and minor children		Total number of shares held in the name of others		Name of a related party, spouse or second-grade relative, and relationships among top ten shareholders (Note 3).		Remark
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name	Relationship	
Hsu,Kun-tai	46,701,335	7.27%	21,371,784	3.33%	0	0%	Lin,Feng-Chu Hsu,Fu-Chia Hsu,Li-Hsin Hsu,Cheng-Hsin Hsu,Yueh-Sen	Spouse First-degree relative First-degree relative First-degree relative Second-degree relative	-
Huatai Investment Co., Ltd. Person in charge: Hsu Kun Tai	37,326,144	5.81%	0	0%	0	0%	Hsu,Kun-tai Lin,Feng-Chu Hsu,Fu-Chia Hsu,Li-Hsin Hsu,Cheng-Hsin Hsu,Yueh-Sen	Person in charge of the Company Spouse of the Company's representative First-degree relatives of the Company's representative First-degree relatives of the Company's representative First-degree relatives of the Company's representative Second-degree relatives of the Company's representative	-
Hongwell Co., Ltd. Person in charge: Hsu Kun Tai	33,567,888	5.23%	0	0%	0	0%	Hsu,Kun-tai Lin,Feng-Chu Hsu,Fu-Chia Hsu,Li-Hsin Hsu,Cheng-Hsin Hsu,Yueh-Sen	Person in charge of the Company Spouse of the Company's representative First-degree relatives of the Company's representative First-degree relatives of the Company's representative First-degree relatives of the Company's representative Second-degree relatives of the Company's representative	-
Hsu,Fu-Chia	32,176,454	5.01%	4,424,196	0.69%	0	0%	Hsu,Kun-tai Hsu,Yueh-Sen Lin,Feng-Chu Hsu,Li-Hsin Hsu,Cheng-Hsin	First-degree relative First-degree relative First-degree relative Second-degree relative Second-degree relative	-
Lin,Feng-Chu	21,371,784	3.33%	46,701,335	7.27%	0	0%	Hsu,Kun-tai Hsu,Fu-Chia Hsu,Li-Hsin Hsu,Cheng-Hsin Hsu,Yueh-Sen	Spouse First-degree relative First-degree relative First-degree relative Second-degree relative	-
Hsu,Li-Hsin	19,556,568	3.04%	0	0%	0	0%	Hsu,Kun-tai Lin,Feng-Chu Hsu,Fu-Chia Hsu,Cheng-Hsin	First-degree relative First-degree relative Second-degree relative Second-degree relative	-
KAPOK COMPUTER Person in charge: Hsu Kun Tai	16,966,596	2.64%	0	0%	0	0%	Hsu,Kun-tai Lin,Feng-Chu Hsu,Fu-Chia Hsu,Li-Hsin Hsu,Cheng-Hsin Hsu,Yueh-Sen	Person in charge of the Company Spouse of the Company's representative First-degree relatives of the Company's representative First-degree relatives of the Company's representative First-degree relatives of the Company's representative Second-degree relatives of the Company's representative	-
Youkang Electronics Co., Ltd. Person in charge: Lu,Jin-Zong	16,730,000	2.60%	0	0%	0	0%	-	-	-
Hsu,Yueh-Sen	16,624,373	2.59%	623	0%	0	0%	Hsu,Kun-tai Hsu,Fu-Chia Lin,Feng-Chu	Second-degree relative First-degree relative Second-degree relative	-
Hsu,Cheng-Hsin	15,547,156	2.42%	0	0%	0	0%	Hsu,Kun-tai Lin,Feng-Chu Hsu,Fu-Chia Hsu,Li-Hsin	First-degree relative First-degree relative Second-degree relative Second-degree relative	-

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

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

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

X. Number of the shares in the same investees held by the Company and its directors, supervisors, managers and the enterprises directly or indirectly controlled by the Company, and calculation of the combined shareholding percentage.

Unit: number of shares; %

March 31, 2022

Investees (Note)	Investment made by the Company		Invested by directors, supervisors, managers and the enterprises directly or indirectly controlled		Comprehensive investment	
	Number of shares	% of shareholding	Number of shares	% of shareholding	Number of shares	% of shareholding
1. KAPOK COMPUTER	8,000,000	100%	0	0 %	8,000,000	100%
2.CLEVO Investment Co., Ltd.	14,000,000	100%	0	0 %	14,000,000	100%
3. CLEVO COMPUTER SINGAPORE PTE LTD.	22,325,453	100%	0	0 %	22,325,453	100%
4. CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	369,370,000	100%	0	0 %	369,370,000	100%
5. KAPOK COMPUTER(SAMOA) CORPORATION	16,000,000	100%	0	0 %	16,000,000	100%
6.BUYNOW ON-LINE HOLDING CORPORATION	1,100,000	100%	0	0 %	1,100,000	100%

## IV. Capital overview

### I. Capital and shares

#### (I) Source of share capital

##### 1. Capital increase and decrease during the most recent year

Year and Month	Issue price	Authorized Share Capital		Paid-in Capital		Remark		
		Number of shares (Thousand shares)	Amount (NTD 1,000)	Number of shares (Thousand shares)	Amount (NTD 1,000)	Source of share capital	Property other than cash contributed as equity capital	Others
2002.07.29	Par value: 10	500,000	5,000,000	481,976	4,819,757	Capital increase out of capital reserves Capital increase of 21,684,850 shares Amount: 216,848,500 Capital increase out of earnings Capital increase of 26,593,850 shares Amount: 265,938,500	None	Note 1
2003.08.22	Par value: 10	500,000	5,000,000	498,209	4,982,093	Capital increase out of capital reserves Capital increase of 14,348,901 shares Amount: 143,489,010 Capital increase out of earnings Capital increase of 1,884,700 shares Amount: 18,847,000	None	Note 2
2004.07.20	Par value: 10	618,000	6,180,000	529,695	5,296,950	Capital increase out of capital reserves Capital increase of 14,946,279 shares Amount: 149,462,790 Capital increase out of earnings Capital increase of 16,539,420 shares Amount: 165,394,200	None	Note 3
2005.08.08	Par value: 10	618,000	6,180,000	558,227	5,582,273	Capital increase out of capital reserves Capital increase of 10,393,900 shares Amount: 103,939,000 Capital increase out of earnings Capital increase of 18,138,400 shares Amount: 181,384,000	None	Note 4
2007.08.20	Par value: 10	618,000	6,180,000	582,520	5,825,204	Capital increase out of capital reserves Capital increase of 11,064,546 shares Amount: 110,645,460 Capital increase out of earnings Capital increase of 13,228,546 shares Amount: 132,285,460	None	Note 5
2008.08.11	Par value: 10	750,000	7,500,000	624,600	6,246,000	Capital increase out of earnings Capital increase of 42,079,608 shares Amount: 420,796,080	None	Note 6
2009.07.31	Par value: 10	750,000	7,500,000	655,600	6,556,000	Capital increase out of earnings Capital increase of 31,000,000 shares Amount: 310,000,000	None	Note 7
2010.06.21	Par value: 10	750,000	7,500,000	638,467	6,384,670	Decrease in capital of treasury shares Capital decrease of 17,133,000 shares Amount: 171,330,000	None	Note 8
2012.01.04	Par value: 32	750,000	7,500,000	700,967	7,009,670	Capital increased by cash Capital increase of 62,500,000 shares Amount: 625,000,000	None	Note 9
2013.12.10	Par value: 10	750,000	7,500,000	689,163	6,891,630	Decrease in capital of treasury shares Capital decrease of 11,804,000 shares Amount: 118,040,000	None	Note 10
2014.06.09	Par value: 10	750,000	7,500,000	683,163	6,831,630	Decrease in capital of treasury shares Capital decrease of 6,000,000 shares Amount: 60,000,000	None	Note 11
2018.10.05	Par value: 10	750,000	7,500,000	679,763	6,797,630	Decrease in capital of treasury shares Capital decrease of 3,400,000 shares Amount: 34,000,000	None	Note 12
2019.02.22	Par value: 10	750,000	7,500,000	669,763	6,697,630	Decrease in capital of treasury shares Capital decrease of 10,000,000 shares Amount: 100,000,000	None	Note 13



Year and Month	Issue price	Authorized Share Capital		Paid-in Capital		Remark		
		Number of shares (Thousand shares)	Amount (NTD 1,000)	Number of shares (Thousand shares)	Amount (NTD 1,000)	Source of share capital	Property other than cash contributed as equity capital	Others
2021.04.16	Par value: 10	900,000	9,000,000	659,763	6,597,630	Decrease in capital of treasury shares Capital decrease of 10,000,000 shares Amount: 100,000,000	None	Note 14
2021.06.29	Par value: 10	900,000	9,000,000	649,763	6,497,630	Decrease in capital of treasury shares Capital decrease of 10,000,000 shares Amount: 100,000,000	None	Note 15
2022.01.25	Par value: 10	900,000	9,000,000	642,263	6,422,630	Decrease in capital of treasury shares Capital decrease of 7,500,000 shares Amount: 75,000,000	None	Note 16

Note 1: Approval date for capital increase and Reference Number June 24, 2002, Taiwan Finance Certificate (1) Zi No.0910233860, and July 29, 2002, Jing Shou Shang Zi No.09102295820

Note 2: Approval date for capital increase and Reference Number July 17, 2003, Taiwan Finance Certificate (1) Zi No.0920138676, and August 22, 2003, Jing Shou Shang Zi No.09201350101

Note 3: Approval date for capital increase and Reference Number June 4, 2004, Taiwan Finance Certificate (1) Zi No.0930124996, and July 20, 2004, Jing Shou Shang Zi No.09301127630

Note 4: Approval date for capital increase and Reference Number June 24, 2005, Taiwan Finance Certificate (1) Zi No.0940017241, and August 8, 2005, Jing Shou Shang Zi No.09401148140

Note 5: Approval date for capital increase and Reference Number July 3, 2007, FSC Certificate (1) Zi No.0960033645, and August 20, 2007, Jing Shou Shang Zi No.09601197760

Note 6: Approval date for capital increase and Reference Number July 7, 2008, FSC Certificate (1) Zi No.0970033850, and August 11, 2008, Jing Shou Shang Zi No.09701198910

Note 7: Approval date for capital increase and Reference Number July 1, 2009, FSC Certificate Fa Zi No.0980032785, and July 31, 2009, Jing Shou Shang Zi No.09801172330

Note 8: Approval date for capital decrease and Reference Number June 21, 2010, Jing Shou Shang Zi No.09901127450

Note 9: Approval date for capital increase and Reference Number November 20, 2012, FSC Certificate Fa Zi No.1010048919, and January 4, 2013, Jing Shou Shang Zi No.10201011010

Note 10: Approval date for capital decrease and Reference Number December 4, 2013, Jing Shou Shang Zi No.10201243530

Note 11: Approval date for capital decrease and Reference Number June 9, 2014, Jing Shou Shang Zi No.10301100130

Note 12: Approval date for capital decrease and Reference Number October 5, 2018, Jing Shou Shang Zi No.10701125500

Note 13: Approval date for capital decrease and Reference Number February 22, 2019, Jing Shou Shang Zi No.10801019350

Note 14: Approval date for capital decrease and Reference Number April 16, 2021, Jing Shou Shang Zi No. 11001066880

Note 15: Approval date for capital decrease and Reference Number June 29, 2021, Jing Shou Shang Zi No. 11001109100

Note 16: Approval date for capital decrease and Reference Number January 25, 2022, Jing Shou Shang Zi No. 11101012140

## 2. Class of the shares held up to the date of publication of the annual report

Class of shares	Authorized Share Capital			Remark
	Outstanding shares (listed stock)	Unissued shares	Total	
Common stock	642,263,000 shares	257,737,000 shares	900,000,000 shares	

## 3. Information on shelf registration: None.

## (II) Shareholder Structure

April 17, 2022

Shareholder Structure Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and individuals	Treasury Shares	Total
Headcount	5	6	57	161	24,891	1	25,121
Number of shares held	384	1,690,522	191,755,242	67,046,653	351,770,199	30,000,000	642,263,000
Shareholding %	0.00%	0.26%	29.86%	10.44%	54.77%	4.67%	100.00%

Note: The first TWSE/GTSM listed or emerging market companies shall disclose the proportions of their shares in Mainland Chinese investors; Mainland Chinese investors refer to the people, legal persons, groups, other institutions from Mainland Area or their organizations investing in third areas, as defined in Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area: Not applicable.

## (III) Shares Diversification

## 1. Ordinary shares

April 17, 2022

Shareholding grading	Number of shareholders	Number of shares held	% of shareholding
1-999	12,385	2,933,342	0.46%
1,000-5,000	9,243	19,894,405	3.10%
5,001-10,000	1,707	12,918,690	2.01%
10,001-15,000	500	6,316,208	0.98%
15,001-20,000	318	5,754,264	0.90%
20,001-30,000	296	7,530,403	1.17%
30,001-40,000	138	4,931,327	0.77%
40,001-50,000	98	4,504,194	0.70%
50,001-100,000	193	13,670,028	2.13%
100,001-200,000	92	13,576,569	2.11%
200,001-400,000	58	16,604,731	2.59%
400,001-600,000	18	8,617,033	1.34%
600,001-800,000	9	6,253,822	0.97%
800,001-1,000,000	8	7,156,285	1.11%
1,000,001 and more	58	511,601,699	79.66%
Total	25,121	642,263,000	100.00%

## 2. Preferred shares: None.

- (IV) List of major shareholders (Name, number of shares held by and shareholding ratio of the shareholders whose shareholding ratio is more than 5%; if there are less than ten shareholders on the list, the information of top ten shareholders should be disclosed).

April 17, 2022

Name of major shareholders/shares	Number of shares held	Shareholding %
Hsu,Kun-tai	46,701,335	7.27%
Huatai Investment Co., Ltd.	37,326,144	5.81%
EPOQUE CORPORATION	33,567,888	5.23%
Hsu,Fu-Chia	32,176,454	5.01%
Lin,Feng-Chu	21,371,784	3.33%
Hsu,Li-Hsin	19,556,568	3.04%
KAPOK COMPUTER	16,966,596	2.64%
Youkang Electronics Co., Ltd.	16,730,000	2.60%
Hsu,Yueh-Sen	16,624,373	2.59%
Hsu,Cheng-Hsin	15,547,156	2.42%

(V) Information about market value per share, net value per share, earnings per share, and dividends per share in the most recent two years

Unit: NTD

Item \ Year		2020	2021	As of March 31 for the current year (Note 8)
Market value per share (Note 1)	Maximum	37.05	35.7	33.15
	Minimum	24.55	27.4	29.45
	Average	30.52	30.45	31.59
Net value per share (Note 2)	Before distribution	59.54	63.58	66.26
	After distribution	59.54	61.60	Note 9
Earnings per share	Weighted average shares (thousand shares)	597,825	593,451	585,216
	Earnings per share (Note 3)	1.12	3.03	0.54
Dividends per share	Cash dividends	0.6	2.1	Note 9
	Bonus shares	Stock dividends from retained earnings	-	Note 9
		Allotment of shares out of capital surplus (dollars)	-	Note 9
	Retained dividends (Note 4)		-	Note 9
Analysis of return on investment	Price-to-earning ratio (Note 5)		28.41	10.05
	Price to dividend ratio (Note 6)		53.03	14.50
	Cash dividend yield (%) (Note 7)		1.89%	6.90%

\*If stock dividends are allocated with capital increase out of earnings or capital reserves, the information on market price and cash dividends adjusted retrospectively based on the amount of stock dividends to be allocated should be disclosed.

- Note 1: The highest and lowest market prices for common shares for each year should be listed, and the average market price for each year should be calculated based on the annual transaction value and volume.
- Note 2: Please use the number of issued shares at the end of the year end and provide the distribution resolved by the Board of Directors or the shareholders' meeting for the following year.
- Note 3: If retrospective adjustments are required due to circumstances such as free-gratis dividends, the earnings per share before and after such adjustments should be presented.
- Note 4: If according to the conditions for issuance of equity securities, the dividends that are not issued in the current year shall be transferred to the year when there are earnings, the accumulated unpaid dividends for the year ended shall be disclosed.
- Note 5: Price-to-earning ratio = average closing price per share/earnings per share for the year.
- Note 6: Price to dividend ratio = average closing price per share/cash dividends per share for the year.
- Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the year.
- Note 8: The net value per share and earnings per share should be filled out with the information audited (reviewed) by accountants in the most recent quarter up to the date of publication of the annual report. The remaining fields should be filled out with the information for the year up to the date of publication of the annual report.
- Note 9: There is no statement for distribution of earnings resolved at the shareholders' meeting and Board of Directors meeting.

(VI) The Company's dividend policy and implementation status:

1. Dividend policy as set out in Article 27 of the Articles of Association:

The Company is engaged in the electronic high-tech industry. Based on the industrial development vision, capital expenditure needs, sound financial planning and protection of investors' rights and interests, the Company's dividends shall be allocated by taking capital reserves, retained earnings, financial structure and operating conditions into comprehensive consideration. To achieve the goal of maintaining stable dividends, cash dividends must not be less than 10% of the total dividends. 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. 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. The dividend distribution shall not be less than 10% of earnings of the year.

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.

Allocation of dividends is as follows:

<b>Allocation of Dividends by KAPOK (2362)</b>						
						Unit: Yuan
Year	Cash dividends	Stock dividends from retained earnings	Stock dividends from capital reserves	Stock dividends	Total	Employee stock bonus%
2021	2.1000	0	0	0	2.1000	0
2020	0.6000	0	0	0	0.6000	0
2019	0	0	0.4000	0	0.4000	0
2018	0.2000	0	0.8000	0	1.0000	0
2017	0.0000	0	0.8000	0	0.8000	0

Note: Distribution of dividends for 2021 to be reported to the 2022 shareholders' meeting.

2. 2022 General Shareholders' Meeting discussion on the distribution of dividends for 2021
  - (1) Cash dividends: The Board of Directors on March 28, 2022 approved the distribution of cash dividends to shareholders for NTD 1,285,752,300 in total or NTD 2.1 per share. This will be proposed to the shareholder's meeting in 2021.
  - (2) Stock dividends: Nil.
  - (3) Expected changes in the dividend policy: Nil.
- (VII) Impact of the proposed free-gratis dividends on the Company's business performance and earnings per share at the meeting of the shareholders' meeting: Not applicable.
- (VIII) Remuneration for employees, directors and supervisors: (Unit: NTD 1,000)
  1. Percentage or scope of remunerations to employees, directors and supervisors stated on the Company's Articles of Association
 

According to the Company's Articles of Association, if there is a balance calculated by deducting the accumulated losses in light of the profitability of the current year, 5%~15% of such balance shall be set aside as employee's remuneration, and the remuneration for directors shall not be higher than 1% of such balance.
  2. The amount of remuneration for employees, directors and supervisors estimated and presented in the current period shall be calculated based on the number of shares distributed to employees as remuneration, or actual amount paid to employees if different from the estimated amount.
    - (1) Basis for estimation of the remuneration for employees, remuneration for directors and supervisors in the current period:
 

The Company estimates and recognizes the remuneration to employee to be NTD 181,800 thousand and NTD 93,500 thousand and the remuneration to directors and supervisors to be NTD 22,200 thousand and NTD 7,700 thousand for 2021 and 2020, respectively. The remunerations to employees, directors and supervisors were estimated and recognized at 5%~15 and no more than 1% of the annual profit in 2020. The estimated and recognized amounts are consistent with the amounts resolved by the Board of Directors. The above employee's remuneration will be paid in cash.
    - (2) The accounting treatment for the difference between the calculation basis of the number of shares for which the dividends are allotted and the actual allotment amount, and estimated amount: the Company has not allocated stock dividends or remuneration for employees and directors in 2020.
    - (3) Any difference between the actual allotment amount and the estimated amount shall be handled based on the changes in accounting estimates, and included in the profit and loss of the next year.
  3. Distribution of remuneration adopted by the Board of Directors:
    - (1) Amount of the remuneration paid to employees, directors and supervisors in cash or stock. If there is a difference between the estimated amount and the amount of recognized expenses, the difference, cause and treatment should be disclosed:
 

The Board of Directors on March 28, 2022 approved the distribution of remuneration to employees for 2021 at NTD \$181,800 thousand for employees and NTD 22,200 thousand for

directors. These amounts are consistent with the recognized amounts for 2021 financial statements.

- (2) The proportion of employee remuneration paid in the form of shares to the net profits after tax shown in the individual financial report plus the total amount of employee remuneration in the current period: not applicable because no free-gratis dividends are allocated in the current year.
- 4. The actual payment of remuneration to employees, directors and supervisors in the previous year (including the number of shares, amount and share prices), and the difference from the recognition of remuneration for employees, directors and supervisors (if any), reasons and how to deal with such difference:

The remunerations to employees, directors and supervisors for 2020 were based on net incomes generated and special reserve appropriated for the year and estimated and recognized at 5%~15 and no more than 1% of the 2020 annual profit, respectively. The Board of Directors decided to distribute a total of NTD 93,500 thousand as remuneration to employees and NTD 7,700 thousand as remuneration to directors and supervisors. These amounts are consistent with the amounts recognized on the 2020 financial report.

(IX) Repurchase of shares by the Company

1. Stock repurchases (completed):

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	NTD 320,067,979	NTD 296,649,520	NTD329,062,566
Repurchased shares as % of expected number of repurchased shares	100%	100%	100%
Average unit price of repurchased shares	NTD 32.01	NTD 29.66	NTD 32.91
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%

2. Share repurchases (still implementing): none

## II. Information on Corporate Bonds:

Type of Corporate Bonds (Note 2)		1st Secured Corporate Bonds in 2019 (Note 5)
Issuance Date		2019.08.26
Face value		NTD 1000,000
Place of issuance and transaction (Note 3)		Taipei Exchange
Issue price		100 percent of the denomination (NTD 1 million)
Total amount		NTD 5 billion
Interest rate		0.8% of annual interest at fixed rate
Period		5-Year period expiring on: 2024.08.26
Guarantor		Taiwan Cooperative Bank
Trustee		JihSun International Commercial Bank Co., Ltd.
Underwriter		Taiwan Cooperative Securities
Certified lawyers		Ya-Wen Chiu from Far East Law Offices
CPAs		PwC Taiwan CPA, Feng, Min-Juan and CPA, Wu, Han-Qi
Repayment method		Principal payable at maturity
No principal repaid		NTD 5 billion
Clauses for redemptions or early repayments		None
Restricted conditions (Note 4)		None
Name of the credit rating agency, evaluation date, evaluation of corporate bonds, etc.		Taiwan Ratings twAAA 2022.5.6
Other rights attached	Number of the converted (exchanged or subscribed) common shares, overseas depositary receipts or other securities up to the date of publication of the annual report	Not applicable
	Measures for issuance and conversion (exchange or subscription)	Not applicable
Impact on issuance and conversion, exchange or subscription method, and issuance conditions on possible dilution of equity, and the existing shareholders' equity		Not applicable
Name of the institution that holds the subject matter for exchange in escrow		None

Note 1: The corporate bonds issued include the corporate bonds issued by the publicly listed and privately held companies. The corporate bonds to be issued by a public offering company refer to those that have entered into force after approved at the meeting; the corporate bonds to be issued by a private offering company refer to those approved by a resolution passed by the Board of Directors.

Note 2: The number of fields depends on the actual number of issuance.

Note 3: Applicable for overseas corporate bonds.

Note 4: such as limitation on the issuance of cash dividends, foreign investments or the requirements for maintaining a certain proportion of assets.

Note 5: Private placement bonds should be marked obviously.

Note 6: For the conversion, exchange of, and the general declaration about issuance of corporate bonds or the corporate bonds attached with stock warrants, the information on the corporate bonds converted, exchanged and generally declared for issuance, and the corporate bonds attached with stock warrants should be disclosed in the form of a table.

- III. Disposal of preferred shares: the Company is exempt from disclosure under no such circumstances.
  - IV. Information on Overseas Depositary Receipts: the Company is exempt from disclosure under no such circumstances.
  - V. Information on Employee Stock Options and Restricted Stocks: the Company is exempt from disclosure under no such circumstances.
  - VI. Status of New Share Issuance in Connection with Mergers and Acquisitions or Transferred Company Shares: the Company is exempt from disclosure under no such circumstances.
  - VII. The implementation of the fund utilization plan : the Company is exempt from disclosure under no such circumstances.
- (I) The details of the plan: Up to the first quarter before the publication of the annual report, if the previous issuance or private placement of securities has not been completed, or has been completed in the last three years without remarkable achievements, the plan for previous issuance or private placement of securities should be explained in detail, including previous changes thereto, the source

- and application of funds, the reasons for changes, the benefits before and after the changes, and the date when such changes thereto were reported at the shareholders meeting, and the date of entry of the plan into the information reporting website designated by the meeting shall be published: the Company is exempt from disclosure under no such circumstances.
- (II) Implementation status: For the purpose of the plan described in the preceding paragraph, the implementation status and the comparison with the originally expected benefits shall be analyzed item by item up to the first quarter before the publication date of the annual report, if the implementation progress or the benefits fail to reach the expected target, the reasons for failure, the impact on shareholders' equity and the improvement plan shall be specified: the Company is exempt from disclosure under no such circumstances.



# V. Operational Highlights

## I. Business Overview

### (I) Business Scope

#### 1. Principal business activities:

(1) PC Business Unit: R&D, design, production, sales and after-sales services of portable computers and borderline products.

(2) China's Distribution Division: The deployment and leasing of domestic sales channels in the Buynow Malls in China.

#### 2. Sales breakdown: 85% of the consolidated revenue from PC Business Unit and 15% from Buynow Malls in China in 2021

#### 3. The Company's current goods (services): the PC Business Unit is engaged in manufacturing and sales of notebooks; and rental income is primarily earned from the Buynow Malls.

#### 4. New goods and services that the PC Business Unit plans to develop:

(1) **Gaming/Entertainment Notebooks:** In 2022, the Company's product roadmap for enthusiastic gamers involves the adoption of Intel's processors Alder Lake and Raptor Lake platforms, AMD's processors Rembrandt and Phoenix and Nvidia's next-generation GPU • Ada Lovelace. Our full-range high-performance gaming/entertainment notebooks also incorporates features such as real-time-ray-tracing, artificial intelligence (AI), deep learning super sampling (DLSS), programmable shaders, high dynamic range (HDR), 3D display processing chips, kinetic sensors, virtual reality (VR), augmented reality (AR), mixed reality (MR), eye tracking and smart voice assistants.

(2) **Commercial Notebooks:** The Company plans its commercial models to address the corporate replacement demand in the mature segment, the demand from governments and first-time corporate buyers in emerging markets, and special commercial applications. The Company's products for 2022 will continue to focus on light, slim and compact designs and adoption of high-performance batteries. We will launch commercial notebook models on Intel's Alder Lake, Raptor Lake platforms such as H45 and P28 and integrated with Intel's PTT, TPM 2.x, fingerprint identification, facial authentication, anti-splash design, Intel EVO 3.0 specifications and MIL-STD- 810G or MIL-STD- 810H military standards.

(3) **Mainstream Notebooks:** In addition to the new lineup for high-end gaming and commercial segments, the Company also offers a full range of mainstream models. In 2022, the Company's mainstream products are targeting at the replacement demand from government agencies and educational institutions in both developed and emerging markets, as well as the demand from large corporations and SMEs and first-time buyers and the families in the emerging markets. These models are equipped with Intel's Alder Lake H45/P28/U15 and Raptor Lake H45/P28/U15, or AMD's Rembrandt, Phoenix, Barcelo and Dali processors, as well as graphic cards from Intel or NVIDIA. Our full-range mainstream models come from 14" to 17".

(4) **Creator Notebooks:** The reports from market survey companies suggest that 50% of the users of gaming notebooks are YouTubers, photographers, animators and concept artists. In addition to game playing, they also install software such as Photoshop, AutoCAD and 3ds Max for digital creative activities. Hence, Intel and Nvidia has been offering Creator PC and Nvidia Studio products since 2018. The Company's first creator notebook was the 14" NV4 in 2020. As the market gradually matured over the past two years, we launched 14", 15" and 17" models in 2021 and 2022 on Intel's Alder Lake H45 and Raptor Lake H45 processors, Nvidia's GPUs such as Ampere and • Ada Lovelace and Pantone Color Calibrator to cater to the needs of creators.

(5) **Energy-efficient, long-life and environmental-friendly notebooks:** All of the Company's current notebook models meet with the newest regulations in energy efficiency and environmental protection. On one hand, we increase the ratio of recyclable materials in products by complying with environmental requirements in different countries, as we fulfill our obligations for the green environment. On the other hand, we follow the newest electricity in product design, to meet the

customers' need for long battery life. This maintains our competitive advantage and enhances profitability.

5. Projects for China Distribution Business Group:

- (1) Asset Business Unit: The construction of all the projects on hand has been completed. The current inventory of office buildings is CNY 320 million and is expected to be sold out over the next two years. We continue to optimize and dispose assets by adjusting operational strategies. Underperforming shops will be sold or leased out for cash inflows.
- (2) Buynow Malls: Currently, the 18 Buynow Malls combines six elements (technology, smartness, trendiness, creativity, fun and experience) and introduces 5G and Big Data to create a consumers-oriented plaza of people, products and stores. Buynow Malls offers online-offline multichannel convergence, one-stop shopping and experience of professional and smart technology. In face of the change in shopping pattern post COVID-19, Buynow Malls continues to promote "discovery consumption" by further integrating online and offline and working with international names such as Asus, Dell and Lenovo. New entertainments in combination with short videos and streaming are pushed to consumers to entice spending. The path of interest-needs-purchase attracts customers to the malls. An immersive experience is created for consumers by continuing with shopping mall revamps and business model consolidation. This enhances customers' satisfaction and loyalty and generates flows of traffic and money.

(II) Industry Overview

● Industry overview of the PC Business Unit

1. The current situation and prospect of the industry

The macroeconomy in 2021 remained troubled. Whilst the U.S.-China trade war eased off, the variants of COVID-19 ran rampant. Fortunately, the increasing vaccination in different countries has effectively reduced the death rates. It seems the virus becomes flu-like and the world is learning to live with it. The IMF report indicates that the global real GDP growth was 5.9% in 2021.

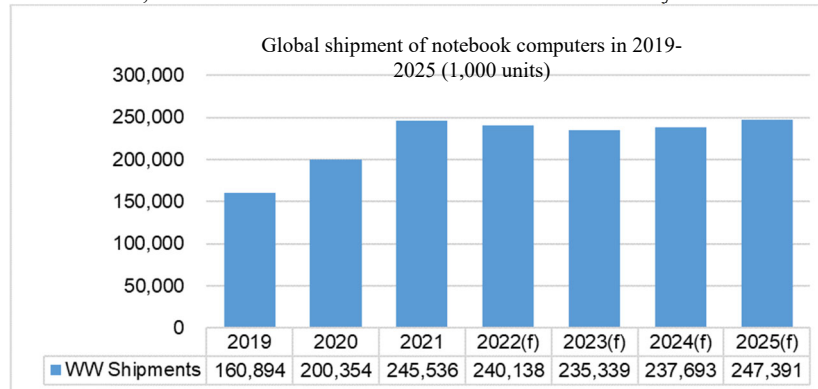
In 2020, industry players in electric vehicles, 5G equipment and smartphones, artificial intelligence, high performance computing (HPC) and Internet of Things (IoT) misjudged the pandemic impact and cut and canceled orders with suppliers as a response. As a result, component and chip manufacturers in the upstream and midstream reduced manpower and lowered capex. To the industry's surprise, the demand turned out to be strong. The notebook computer market previously expected to be gloomy benefited from home working, long-distance teaching, the stay-at-home economy, ecommerce and online gaming. However, the industry was unable to expand or transfer capacities in a timely manner due to labor insufficiency in the pandemic and shortage of components and chips. In the end, the key components of all industries were in scarcity due to capacity squeeze, although this should not have been the case. With the lesson in mind, all the manufacturers booked capacities and signed long-term contracts in 2021 to ensure shipments. However, it was not possible to expand the up-and-mid stream capacities within a short period of time to meet the demand from multiple industries. As a result of the capacity squeeze, key components were in shortage. This includes microprocessors from Intel and AMD, LCDs (driver ICs, polarizers, glass substrates and TCON), MOSFET, PMIC, Codec ICs, LAN ICs, and USB control ICs. Meanwhile, the prices of VRAM, DRAM, NAND Flash and MLCCs and battery materials went up. Fortunately, the majority of demand was met. A report by the Market Intelligence & Consulting Institute (MIC) indicates that the global shipment of notebooks totaled 245 million units in 2021, up 22.6% year-over-year. The Company has long been dedicated to the R&D, design, manufacturing and assembly of notebook computers. In 2021, we also benefited from the change in the ecosystem of the overall personal computer industry. The demand for business notebooks, educational notebooks and gaming notebooks exploded and contributed to our record shipment of 2.074 million units in 2021.

Whilst the spread of COVID-19 variants continues into 2022, most countries in the world are gradually living with the virus and removing self-isolation restrictions in the second half of the year, due higher vaccination coverage and the creation of oral vaccines. Life and the economy should return to the pre-pandemic status. That said, the energy crisis and the inflation caused by the Russia-Ukraine war and the definite cycle of interest rate hikes and quantitative tightening in the U.S. to suppress record-high stagflation in 2022 may lead to a strong U.S. dollars and affect the emerging markets and export-oriented countries. The IMF's World Economic Outlook report has just revised downward the 2022 global economic growth from 4.9% to 4.4%. There seems to be hidden risks to the worldwide economy.

In 2022, the shortage and price increases of notebook computer components are expected to persist due to capacity squeeze as a result of high demand from electric vehicles, IoT, AI, HPC, low-earth-orbit satellites and 5G and the difficulty in semiconductor capacity expansions and transfers. Many research firms predict the shortage of key components to be eased in the second half of the

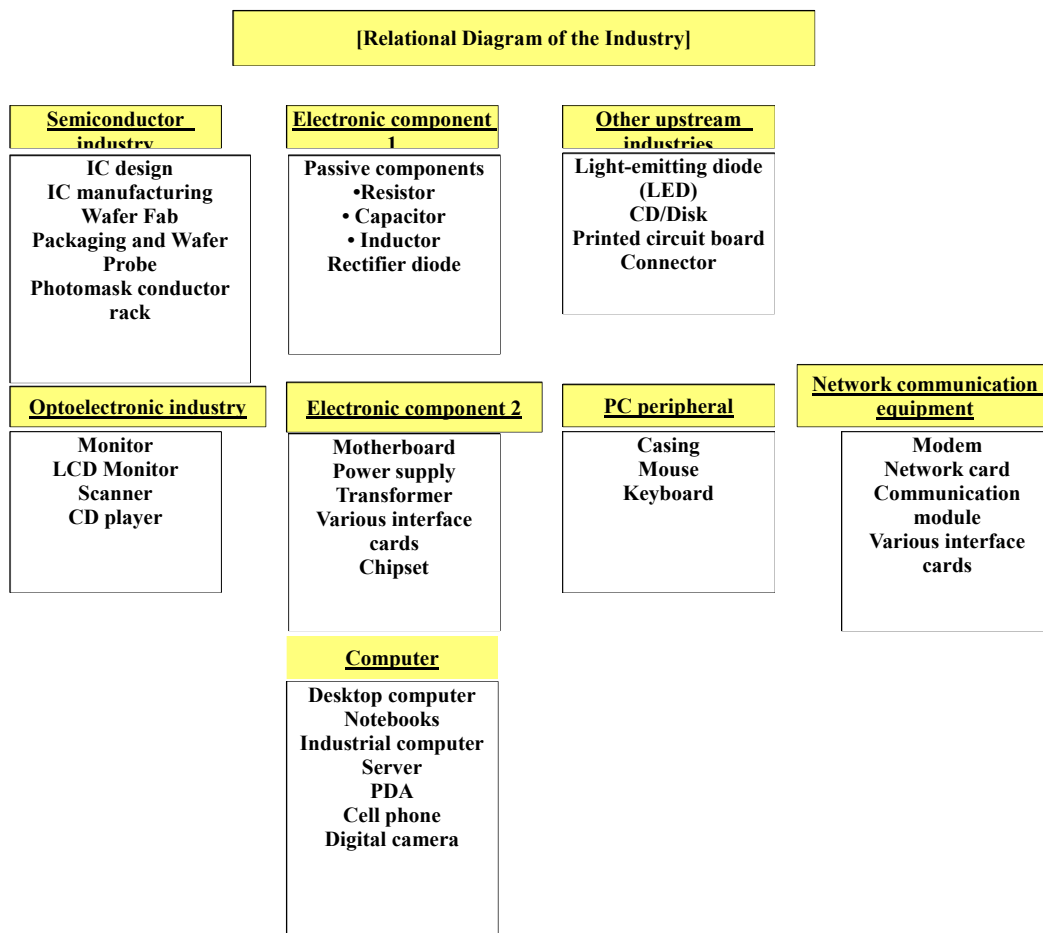
year and to be resolved in 2023 at the earliest. The demand is set to rise further with the adoption of Intel's Alder Lake and Raptor Lake microprocessors on Intel 7 manufacturing process, AMD's new platforms Phoenix and Rembrandt, Nvidia's GN40 GPU on the Ada Lovelace architecture with enhanced rendering, graphic, artificial intelligence and computing load functions.

When it comes to brands and products, the personal computer market has changed due to the pandemic. Notebooks will maintain as over 70% of the entire market. Whilst the demand for educational notebooks (particularly Chromebooks) will fall back to the normal level, the e-sports ecosystem is maturing and the metaverse is rising from the fusion of the virtual world and the real world. Flagship gaming models are launched each year with features such as AR/VR/MR/xR, AI, deep learning super sampling (DLSS) and real-time-ray-tracing. This is expected to push up further the global shipment of e-sport notebooks. In addition, the demand enters a rapid growth stage for convertible, detachable and ultra-light and ultra-slim notebooks and the demand for commercial notebooks is expected to hold steady after COVID-19. In the context of the order delays since the third quarter of 2021 due to components shortage, the launch of new platforms by Intel and AMD and GN40 GPU by Nvidia in 2022, the MIC projects the global shipment of notebooks to be 240 million in 2022, above the 200m mark for the third consecutive year.



Source: MIC , 12/2021

## 2. Relationship with upstream, middle-stream, and downstream companies:



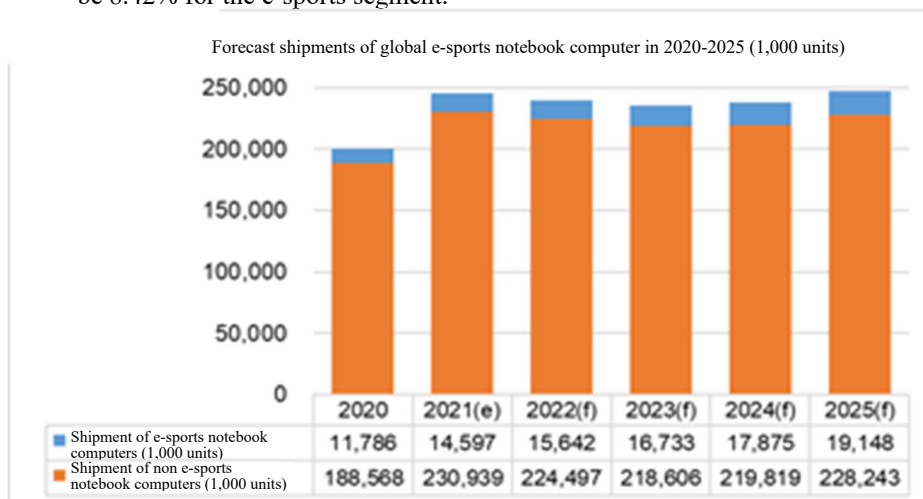
- (1) The upstream industry of notebooks covers a wide range of industries, including CPUs, chipsets, GPUs, memory modules, passive components, rectifier diodes, printed circuit boards, connectors, and other industries. The product launch of the two CPUs suppliers Intel (Alder Lake and Raptor Lake by Intel) and AMD (Lucienne, Rembrandt, Barcelo and Phoenix) and the next generation GPUs by Nvidia (GN40) will continue to dictate the development of notebook computer functions in 2022. The specifications defined by vendors are also the reference of product development for upstream players. The final designs and prices of notebook computers depends on the trend and pricing of DRAM modules such as DDR4/LPDDR4 and DDR4/LPDDR4, the die development and pricing of video RAM (VRAM) GDDR6 and GDDR7 and the adoption of new processors and GPUs.
- (2) The midstream of the notebook industry also covers a wide range of verticals: displays, optical lens modules, cases, keyboards, power supplies, battery modules, interface cards, mainboards, wireless modules (e.g., Bluetooth and 802.11X), communications modules (e.g., 4G/LTE and 5G) and storage media (e.g., hard-disks, SSD and eMMC). Moreover, the pricing trend of key components such as displays (e.g., refresh rate, response rate, 3D, wide viewing angle, curve, color calibration, HDR and blue blocker), communication modules and battery modules will also influence the final designs and prices of notebook computers.
- (3) The downstream manufacturers of notebooks include the vendors of system design, manufacturing and sales. The Company is a professional designer and manufacturer of notebooks. The downstream manufacturers can be classified into OEM/ODMs, EMS and clones. The key OEM/ODM players in the world are Quanta, Compal, Wistron, Inventec and Pegatron. An MIC report suggests that the top five players manufacture for the global top ten brands and account for over 82% of the global shipments. EMS players also serve the global top ten brands but at a smaller volume and variety compared to OEM/ODM companies. Different from those mentioned above, our notebook computers are primarily sold to regional distributors or regional brands. We are a clone specialist.

### 3. Product trends and competition:

#### (1) Development trend of notebook products

##### a 、E-sports notebooks: a new blue ocean market of high unit prices and profit margins

An MIC report indicates that the global e-sports shipment exceeded 10 million for the first time in 2019 and enjoyed double-digit growth for two consecutive years because of the stay-at-home economy during the pandemic. The global shipment totaled 11.79 million and 14.60 million in 2020 and 2021, respectively. E-sports and commercials are the only two segments that continued to grow since the COVID-19 outbreak. The CAGR in 2020-2025 is forecasted to be 8.42% for the e-sports segment.



Source: MIC , 12/2021

##### b 、Integrating AI, DLSS and RTRT makes e-sports applications hotter

In 2021, Nvidia articulated its forward-looking forecast of artificial intelligence and real-time-ray-tracing in computer graphics. Its Ampere architecture is built upon the SM multi-core processors of the predecessor Volta and with built-in Tensor Core and the real-time-ray-tracing overhead. RTX Core GPU provides 8K real-time video coding capability and supports transmission interfaces such as USB Type-C and Nvidia's newest developed VR interface standards VirtualLink. This is the first real-time-ray- tracing introduced in the evolution of GPUs. For the gaming market, Nvidia also uses deep learning super sampling (DLSS) to create finer images for gamers and CGs (character generators). Deep learning as a new method to

enhance image quality for gaming enhances low-resolution images and blocky effects so that images are finer and more realistic. Since September 2018, NVIDIA has cooperated with development teams, such as 4A Games, Electronic Arts, Epic Games, Remedy Entertainment, and Unity, and has introduced new technologies of RTX instant light and shadow tracking. The advent of games that support real-time light and shadow tracking technology and DLSS has driven a new trend in the game industry. It is expected that in 2022, with the resumption of large-scale physical e-sports events, and the metaverse with VR, as well as several popular masterpieces, it is bound to be launched one after another. Set off a new wave of gaming laptop replacement.

- c 、 The notebooks below 1.3 kilograms and less than 20mm in thickness will be the new trend in the market.

At present, the overall notebook market is divided into three segments. "Mainstream affordable notebooks" have the largest market size. Long-lasting and portable "ultra-light and thin notebooks" are the future development trends of the market. Performance-based gaming "e-sports notebooks" are stable year by year. growing up. According to the observation of a number of international market research institutions, the overall notebook market has significantly developed towards the M-type in the past three years, which means that gaming notebooks and ultra-thin notebooks continue to show an upward growth trend. As for the traditional heavy mainstream affordable notebooks, it is expected that will be gradually replaced. Ultra-thin and light notebooks have gone through the embryonic stage in 2019 and the initial stage of growth in 2020, and have entered a stage of rapid growth since 2021; as for e-sports notebooks, driven by the boom in the e-sports market, and the concept of a metaverse integrating virtual and real Germination, different from mainstream and ultra-thin notebooks, is developing with a steady growth trend.

In recent years, the e-sports notebooks, e-sports events, booming live broadcast industry, and the cool appearance of notebooks have become the focus of the notebook market. At the same time, has delivered remarkable sales performance. For the vast majority of demand groups in the market, since Intel introduced the design of Ultrabook, various manufacturers have introduced various design forms, such as Convertible and Detachable light notebooks weighing less than 1.3 kg or even 1 kg, fast charging (with battery life of up to 20 hours), with narrow frame, and multiple safety certification (even in line with US military regulations MIL-STD 810G protection standards), and made from aerospace grade materials. According to the MIC research report, it is estimated that the shipment of ultra-light and thin (e-sports) notebooks will reach 117 million units in 2021, and it is estimated that it will challenge the scale of 142 million units in 2025. It is expected that major brand manufacturers will still actively launch in 2022. Ultra-thin (e-sports) notebooks with a thickness of less than 19 mm and a weight of less than 1.3 kg, the company has launched the L14 series of ultra-thin notebooks less than 1 kg in 2019, and will launch a series of products in 2022. meet market demand.

- d 、 Creator laptops has become the next e-sports market.

In recent years, digital content has become the focus of people's access to information and entertainment, so "digital content creation" has also become the most popular industry. The scope of creators is not limited to audio-visual creation, including media content creation, live broadcast types, and applications that can be positioned in 2D and 3D creation and engineering, such as computer-aided design and manufacturing (CAD), building information modeling (BIM) ) and so on, with the rise of this market, creator laptops have become a battleground for military strategists.

According to the survey, up to 50% of users who buy gaming laptops actually install software for creative functions such as Photoshop, AutoCAD or 3ds Max in addition to playing games; If they don't play games, these groups are only forced to choose high-priced gaming laptops because of their high performance requirements at work, and they have no choice but to buy high-priced gaming laptops. There are about 210 million people in the world, and the potential target group seems to be not to be underestimated. Therefore, from 2020, heavyweight manufacturers such as Intel, Microsoft and NVIDIA have joined forces to promote the Creator Laptop, and with the support of various brands, not only will users have more choices, but they can also win back the "Creator Laptop" from Apple. Creators Market". It is expected that the glorious era of "Creator" will officially set sail. Since 2020, the company has successively launched a series of creator notebooks including 14-inch, 15-inch and 17-inch to meet the needs of the new era of "digital content creation".

- e 、 **New system platform**

2022 is a new beginning for the notebook industry. The notebook platform is more efficient than the previous generation, covering standard notebooks, ultra-lightweight notebooks, 2-in-1 notebooks, Creator's notebook, notebooks that import smart voice assistants, and e-sports

notebooks that integrate AR/VR/MR/xR, instant light and shadow tracking, and OLED/mini LED and HDR screens which will evolve comprehensively. In addition to the Intel 7 advanced semiconductor process design and manufacturing, the new generation of processors will increase the production capacity, and reduce the waste heat, exploding powerful computing performance and improving IC integration. CPU major manufacturers continue to lead the evolution of the system architecture, and promote the transformation of the notebook industry.

(a) The new platform launched by Intel in 2022 is summarized as follows:

In 2022, Intel plans to use the Intel 7 process to develop a platform codenamed Alder Lake (Gen 12 Processors) in terms of notebook computer hardware platforms, replacing the old Tiger Lake (Gen 11 Processors) platform. The entire Alder Lake series continues to use the market names of the Core i9, i7, i5, i3, Pentium and Celeron series, the new generation of mobile platforms has significantly improved the performance of processor and graphics.

Alder Lake S (125W/65W) Built-in USB 3.2 Gen1/2, Thunderbolt 4.0 Technology, Intel Turbo Boost 3.x, HDMI 2.x, Gigabit Wi-Fi 802.11AX(Wi-Fi 6/6E), WiGig, Bluetooth 5.x, Intel® Wireless Display 6.x, SDXC 3.x and Display Port 1.4, mainly used in high-end gaming laptops.

Alder Lake H (45W) Built-in USB 3.2 Gen1/2, Thunderbolt 4.0 Technology, Intel Turbo Boost 3.0, HDMI 2.x, Gigabit Wi-Fi 802.11ax(Wi-Fi 6/6E), WiGig, Bluetooth 5.x, Intel® Wireless Display 6.x, SDXC 3.0 and Display Port 1.4 are mainly used in entry-level to high-end gaming laptops, tablets and 2-in-1 (Detachable and Convertible) laptops.

Alder Lake P comes in the P series and the U series. The Tiger Lake H series comes in the standard CPU+PCH platform, the same as Intel's current architecture. It is a ten-core, eight-core, six-core, quad-core, or dual-core processor accompanied with a 500-series PCH (platform controller hub) and an Intel GPU. The Tiger Lake H series is suitable for high-end and high-performance notebooks. The Alder Lake P series is the CPU+PCH packaged together to reduce the difficulty of connector patterns planning on PCB for notebooks. It also leaves more space and allows for larger capacity batteries to accommodate ultra-light and ultra-slim notebooks, tablets, and two-in-one (detachable/convertible) models to achieve low power consumption and long standbys.

(b) The new platform launched by AMD in 2022 is summarized as follows:

Faster speed has been seen in the development and the launching of AMD process during the past two years. Its purpose is to launch full-scale approaches in order to suppress Intel so as to gain more market share by maintaining the competitiveness of the AMD Processor in terms of workmanship, performance and price continuously.

By its plan, AMD is to launch the Desktop CPU model coded with "Vermeer" and "Raphael" one after another by 2022 and 2023 in order to replace the "Matisse" Desktop CPU being developed during the period between 2019 and 2020. Although "Vermeer" will be configured in Zen 3 architecture through the "7nm++" fabrication process, it still maintains AM4 packing and 12nm I/O based next generation desktop "Ryzen 5000/Ryzen 5000X" series of processors. It is designed to replace the old generation of Matisse CPU. In design, the "16-core" and 32 Threads architecture will be used by the "Ryzen 5000/Ryzen 5000X" series of highest grade processor while maintaining the newly developed AM4 packing series of processor. In terms of efficacy, it achieves higher efficacy by 17% for each IPC (Instruction-Per-Clock) and increases the computation speed for up to 50%. By the plan, the "Raphael" will be launched by the end of 2022. Currently, it is learned that "Raphael" will be upgraded to Zen-4 architecture and will be fabricated by the latest 6nm process. Through the use of AM5 packing technologies, it can support the processor up to 24 cores.

As far as the mobile processor is concerned, AMD is to launch two versions of SoC-based Mobile APU coded with "Cezanne" and "Rembrandt" and they are developed to replace "Renoir" and "Lucienne" Mobile APU being launched in 2020 and 2021 respectively. In design, "Cezanne" is the slightly upgraded version of previous Ryzen APU but still maintains "7nm process" and "Zen 3" architecture in order to ramp up the efficacy more prominently. Being provided with the graphics processing chip (iGPU), it could be used as the RDNA2 architecture to provide up to 8 cores/16 threads by which, 15W U Series and 45W H Series options are provided. Not only this, it can also be upgraded to the newer generation of Vega 7 graphics core with more appreciable efficacy provided for APU and GPU when compared with the previous versions. In the meantime, "Rembrandt" uses the "Zen+3" architecture as well as the latest 6nm process and FP7 packing technology. Likewise, the GPU graphics core is developed according to the Vega (composed by 3 to 4 units of CUs mini iGPU) theory. In design, the

“Rembrandt CPU” is developed for the entry-level notebook PC, AIO and tablet market sectors in order to satisfy the demands of consumers with lower watt and more affordable price.

f、Next-generation graphics chip processors

Nvidia is planning to launch in January and March 2022 the next generation GPUs on the Ampere architecture. Ampere is Nvidia’s new GPU architecture, with enhanced performances compared with the predecessor Turing. This new generation of gaming processors overcome many most complex challenges in visual processing such as ray tracing and raster graphics.

In the Amp architecture, the block originally designed for the integer computation is modified to the one used for the floating-point operation according to actual need and situation and such floating-point operation is faster than the previous version for 2 times. In addition to 33% more of L1 cache capacity, the capacity of its bandwidth and cache block is also 2 times higher than the previous version. In the “RT Core”, its Ampere architecture has been evolved to the second generation in order to intensify the performance of motion blurring operation. In conventional market, the filter effect is designed for the motion blurring operation; but the presented picture is somewhat distorted. The ray tracing type of motion blurring allows the system to calculate the position changing status and the ray interaction effect when the object is covered by the time block. But lots of burdens are also created instead. During the ray and object interaction computing process, it allows the 2nd Generation RT Core to execute the object positioning computation. In result, the overall motion blurring computation speed is 8 times quicker than the “Turing” architecture when computing the object position synchronously. In Ampere architecture, the “Tensor Core” has been evolved to the 3rd generation. It is designed with the brand new codes for converting the dense matrix data to sparse matrix so that the data will be distributed to the Tensor Core more efficiently. With the Ampere architecture, the computation efficiency of each individual core in the 3rd Generation Tensor Core can be increased for 2 times over the “Turing” architecture. With DLSS, it achieves much better efficacy in presenting the resolution. By dyeing the core for rendering the WQHD resolution picture, it can be easily expanded to 8K resolution through the use of brand-new AI module in the DLSS. In operation, the data can be processed by sequential order when executed under Turing architecture. In comparison, the Ampere architecture allows the simultaneous computation for the dyeing, ray tracing and in-depth learning. In result, the computation efficiency is remarkably increased. Based on the official comparison charts, the performance is almost doubled under DSLR and 4K resolution - not only with RTX games, but also with games not supporting real-time-ray-tracing. The performance can also reach 1.6x under the WQHD resolution.

(2) Competition of notebook products

Based on the report proposed by Newzoo, a research institute, it pointed out that due to the restricted social activities during the pandemic isolation period, the video games are used as the recreation tool as well as the interaction mode with others, friends and family members. Being spurred by the reinstated plays of physical eSports, the global video game market income has been ramped up to US\$180.3 billion in 2021. The global revenues are forecasted to be US\$194.3 billion in 2022 and US\$218.8 billion in 2024. The CAGR is projected to be 8.7% from 2019 to 2024.

The report proposed by IDC, a research institute, indicated that when compared to 3 to 5 years of turnover cycle as seen in the consumer and commercial notebook PC market, the average turnover cycle lasting for 2 to 3 years of the eSports notebook PC is the main source of growing enjoyed by the brand manufacturers. The reasons contributing to the turnover are mainly the hardware factors such as newer generation of graphics chips, active promotion of newly-structured processor and the publication of game masterpieces. Being driven by this, the primary purchase price of the eSports notebook PC is ranging from US\$1,000 to 1,500 on the average. By adding up the peripherals, the price of the overall eSports notebook PC is about US\$350~500 higher than the consumer notebook PC. As estimated by Newzoo, the hardware takes about 20~25% in the overall game production value. In 2021, the revenue of the global game hardware is estimated at US\$73.2 billion and this number could be over US\$100 billion by 2024 and the compound yearly growth rate will be 16.41% from 2019 to 2024. As such, its market performance is far superior to consumer and commercial notebook PC. Over the past 30 more years, we have been engaging in the design, manufacturing and assembly of the eSports notebook PC and we are also the leader of the industry. With the eSports industrial ecology getting more matures, higher income will be envisaged in our revenue in the future.

As pointed out by Newzoo in its “2022 Global eSports Market Report”, the production value of the eSports market estimated for the PAN-Pacific Region will be US\$87.3 billion by 2022, taking about 46.1% of the global eSports market value. In this regard, China market has yielded for up to US\$48.9 billion and it is not only the biggest single market all over the world but is also the country that has the most eSports population in this world. Being proactively promoted by the government and the private vendors, several rounds of national and international eSports

tournament games have been launched in the China market in recent years and it has contributed to the rapid growing of the eSports industry in China. During the past 3 years, we have delivered our eSports notebook PC to the China market and it takes about 35%~45% of the overall output. As such, China is the area where we enjoyed the quickest growth in our business operation. In addition to the China market, our business in the North America and the Europe accounts for 24.1% (US\$45.64 billion) and 17.3% (US\$32.76 billion) respectively as far as the production value of the eSports market is concerned. Under the preconditions of balancing the regional development risks as being planned, we have taken active moves in developing North American and European customers in recent years with satisfactory effect enjoyed accordingly.

### (III) Technology and R&D Overview

1. As of March 31, 2022, the Company's R&D expenditures during the quarter totaled NT\$154,076 thousand, or 2.8% of PC Business Unit's revenues.

2020: NT\$547,461 thousand, or 3.4% of PC Business Unit's revenues.

2021: NT\$632,583 thousand, or 2.8% of PC Business Unit's revenues.

In each year, we used to spend considerable amount of budget in the research and development programs and over NT\$500 million of expenditures have been spent on the R&D in recent years. It is the sheer evidence proving that we are endeavoring in ramping up the quality of the new products that will be developed and the technological product that will be manufactured. During the past two years, the percentage of the model granted with the R&D-related tax credit has been increased to 80% and nearly 70% in 2019 and 2020 respectively from the original 40%. As such, it is the sheer proof supporting the remarkable ramp-up of effectiveness in our R&D investment.

2. Technologies or products successfully developed in 2021 and as of April 30, 2022

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:

- (1) Based on the demand for energy conservation and environmental protection, the Company continues to develop new energy-saving products by dint of energy-saving innovative technologies, in addition to Energy Star 8.x certification, it meets various international environmentally-friendly standards, such as Restriction on Hazardous Substances (RoHS), Waste Electrical and Electronic Equipment (WEEE) and ErP (Energy-related Product), etc., by effectively reducing the generation and emission of toxic substances in the production process, and promoting environmental protection and green technology. The purpose is to enable consumers to identify energy-efficient products through energy labels on electronic or electrical products, thereby reducing the greenhouse effect. Currently, the Company's Energy Star 8.x certified models are as follows:
  - X170KM-G series, X270PTA series, PD70PNx(-G/-D) series, PD50PNx(-G/-D) series, NH50JNx series, V170PNx series, V150PNx series, NP70PNx series, NP60PNx series, NP50PNx series, NV40PNx(-D) series, NS70MU/PU series, NS50MU/PU series, L140PU, NJ70MU, NJ50MU, NL50MU, NL40Mux, NJ50GU, NL50GU1 and NL40GU1, etc.
- (2) In the high-end gaming market, the Company cooperates with Intel for processors with enhanced performances. We also work with the GPU supplier Nvidia to accelerate product development and design timetable, in order to continue the creation of high-performance products catering to demanding gamers.
  - X170KM-G(G-Sync) : 17.3" 16:9 UHD (3840 x 2160) screen, provided with Intel Rocket Lake/Refresh Core i9/i7 11xxx and 10xxx processors and Intel XTU Over-Clocking technologies. It is also equipped with GeForce RTX 3080 /3070/3060 display card. The memory can support up to 128G DDR4 3200MHz (supporting XMP). It supports up to 4 cells of SATA /PCIe interface for configuring the SSD in matrix RAID 0/1/5.
  - X270PTA : 17.3" 16:9 Mini LED UHD(3840 x 2160) screen is provided with Intel Alder Lake Core i9/i7 12xxx processor and Intel DG2-Sku1 display card. The memory can support up to 64G DDR5 4800MHz. It supports up to 2 cells of PCIe interface for configuring the SSD in matrix RAID 0/1.



- PD70PNx (G-Sync/Pantone) and PD50PNx (G-Sync/Pantone): 17.3"/15.6" 16:9 UHD (3840 x 2160) screen. It is provided with Intel Alder Lake Core i9/i7 12xxx processor and supports XTU Over-Clocking technologies. It is also equipped with GeForce RTX 308Ti/3070Ti/ 3070/3060. The memory can support up to 64G DDR4 3200MHz (supporting XMP). It supports up to 2 cells of PCIe interface for configuring the SSD in matrix RAID 0/1.
- (3) During the international "CES Virtual Link" and "Computex 2021 Link" held in 2022, the commercial model series of 2020 and 2021 are also exhibited in order to introduce the data security and the protection security based product series that will be suitable for the commercial applications. The items exhibited are the models that can support Intel PTT or TPM 2.0 and that are designed with fingerprint identification function as well as 14" model designed for supporting NVIDIA RTX level of graphics card NV40PNx(-D) series and Intel Iris™ Xe graphics card L140MU series.
- NV40PNx/-D(Pantone): Designed for satisfying the demand of commercial and creator market (3D graphics and scientific research). 14" 16:9 UHD (3840 x 216) screen is provided with Intel Core i7/i5/i3 28W process and NVIDIA RTX 3050 Ti/305 graphics card. The memory can support up to 64G DDR4 3200MHz and the product thickness is 17.6mm. It also supports the color calibration specifications for option in order to satisfy the demand of commercial creator market.
  - L140MU: Designed for satisfying the demand (3D graphics and scientific research) of commercial market. It is provided with 4" 16:9 FHD (1920 x 1080) screen, Intel Core i7/i5/i3 28W processor and Intel® Iris™ Xe level of graphic card. The memory can support up to 64G DDR4 3200MHz and the product thickness is 16.5mm in minimum weight down to 990g. The battery can last for 20 hours of operation. Being thin, slim and longer in life, the batter is perfect for the commercial market.
- (4) By now, we have launched the Intel Alder Lake Platform as well as S, H, P and U series of processors that can be used with all of the series. We also integrated the wireless transmission bandwidth 801.11 x/WiGi, Bluetooth 5.x and LTE 4G/5G wireless communication functions. It is also added with HDMI 2.x, eSATA 3.0, Thunderbolt 4 and USB-A/C 3.2 Gen1/Gen2. It combines with super long performance battery and most-efficient power-saving design and is provided with the Secure Pad that can be used to identify the fingerprint. We also provide the optional face identification Hello Camera in serving as the mobile computation platform that provides high-quality video/audio effect and is easier for supporting the plug-in device.
- eSports flag ship: X170KM-G(G-Sync) series, X270PTA series and PD70PNx series.
  - Digital entertainment device: NH50JNx series (AMD platform), V170PNx series, V150PNx series, NP70PNx series, NP60PNx series, NP5xPNx and NV40PNx.
  - Mainstream entry model: NV40PZ, NS50PU and S70PU.
  - Commercial working model: NV40PNx (-D) and L140PU, etc.
  - Fashionable compact model: NJ70MU, NJ50MU, NL50MU, NL40MU, NJ50GU and NJ40GU.
- (5) 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 when 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 experience.
- ### 3. R&D plan in the future
- (1) Gaming and Entertainment NB computers
- Gaming is the domain where tech companies showcase their R&D prowess. The Company has dedicated to this market for many years, accumulated substantial R&D strengths, and developed the most extensive models, from 15" to 17.3", from single graphic cards to dual graphic cards, from single storage media to multiple storage media and high-speed RAID, to meet all the requirements of top gamers. The models developed by the Company rank first in the test evaluation, superior to many competitors. In 2022, more investment will be spent in ramping up the performance of each model. The purpose is to launch the model that can be equipped with newer generation of Intel process and to integrate the latest NVIDIA graphic processor with a hope that we may maintain the leading role continuously with higher quality product.
- Flagship gaming NB

- ✓ 17.3" model: Lately launched flag ship X170KM-G succeeding model, PD70PNx-G/D (G-Sync/Color Calibration) and X270PTA series.
- ✓ 15.6" model: PD50PNx-G/D (G-Sync/Color Calibration) series, etc.
- Home multimedia entertainment NB
  - ✓ 17.3" model: NP70PNx and V170PNx series.
  - ✓ 16" model: NP60PNx series.
  - ✓ 15.6" model: NH50JNx, NP50PNx and V150PNx series.
  - ✓ 14" model: NV40PNx/-D series.

(2) Commercial NB

In 2022, the Company will deepen its efforts in the commercial product portfolio and increase the shipment percentage of commercial notebooks, in order to boost firm-wide shipment volumes and revenues. As far as the model size is concerned, the focus will be on 14", 15.6" and 17.3".

- NV4xMx series, L140PU, NS50PU and NS70PU model.

(3) Mainstream NB

For the mainstream segment in 2021, the Company will continue with the launch of a full range of models equipped with Intel's Alder Lake H/U i9/i7/i5/i3 ten-core/eight-core/six-core/quad-core/dual-core, Pentium or Celeron processors, as well as AMD's Rembrandt H/U and Barcelo U processors.

- 17.3": NS70PU and NJ70MU series.
- 15.6": NS50PU, NJ50MU and NL50MU series.
- 14.1": NV40PZ、L140PU and NL40MU series.

(4) Light, environmentally-friendly and energy-saving notebooks of small size

The new small-sized notebooks in 2021 will combine Intel's high-performance dual-core Gemini Lake; DDR4 designed for low power consumption; Wi-Fi AC, Bluetooth and 4G LTE; and a variety of optional features such as Video Camera, in order to address a wider market.

- NJ50GU, NL50GU1 and NL40GU1 series.

In 2022, the Company will invest more resources in the R&D of hardware and software and proactively cooperate with processor and GPU suppliers to meet the needs of different customer segments for a diversity of high-quality features and capitalize on market opportunities in the blue ocean market for notebook computers.

(5) 2022 R&D plans and expected expenses

(NTD 1,000)		
Item	R&D plan	2022 expected expenses
Notebooks	Line layout	568,988
	Cost of safety standard	
	Cost of parts	
	Cost of components	
	Other cost	
	Product test	
	Software design	
	Design outsourcing	

(IV) Long-term and short-term business development plans

1. Short-term business development plan

- (1) Strengthen cooperation with all customers, and provide comprehensive services in product planning, R&D, manufacturing, and after-sales services.
- (2) Meet the needs of customers with diversified products of high quality and small quantity, as well as provide customers with fast delivery and technical support, so that the source of customers can continue to grow steadily, and the market share of the Company in the Clone market will be increased.
- (3) Fully support the Mainland production base, increase production capacity, and reduce production costs.

2. Long-term business development plan

◆ NB Business Division

Based on MIC research report, it is learned that due to the COVID-19 in 2021 as well as the congested productivity of supply chain in electric vehicles, 5G, IT HPC and IoT, serious short supply of key parts still exists for the global notebook PC market. Despite the supply of notebook PC is affected by the shortage of key parts, the overall notebook PC market is experiencing boost demand trend that double-digit growth has been continuously seen in 2021 like that in 2020. In result, the overall output volume has reached 245 million units which is a number higher than 200 million units in the global notebook PC market, representing 22.6% of yearly growth.

Looking into 2022, even though the COVID-19 may become epidemic disease gradually as pointed out by WHO, it is estimated that most companies will continue the mixed type of working mode during the post-pandemic era and so the commercial market demand will continue to grow. With

the climbing of the covering rate for the third dosage vaccination, the demand for distance teaching will be dwindling quickly. Consequently, it will lead to the declining of the overall education-based notebook PC and most eminent tendency will be seen in the declined demand for Chromebook, which is the education-based notebook PC equipped with the Chrome OS system. However, the demand for the education-based notebook PC equipped with the Windows OS system will continue to grow. With the glowing home economy and the merging of metaverse eSports ecology, continuing growth is envisioned for thin-type eSports notebook PC and the overall eSports notebook PC market in the following years. To balance between shipment volumes and profits, the Company is targeting at a shipment of 2.32 million units in 2022, up by 12% year-over-year. The outlook for Notebook Business Group is optimistic.

CLEVO has years of experience in the design, manufacturing, distribution and services of notebook computers and has built a niche in the clone market. Without being distracted into the pursuit of rapid growth for sheer volumes, we focus on the development of products catering to customers' needs and the creation of win-wins for CLEVO and customers in the blue ocean market. In 2022, the Company will continue to enhance its share in this market, achieve win-wins with customers, and strengthen No. 1 position in the clone notebook segment.

#### ◆ China Distribution Business Group

With the rejuvenating consumer market in China, we are planning to cooperate with these 18 vendors that are running the business in the Buynow Plaza to secure the consuming business opportunities that will explode after the pandemic. In the meantime, we will also substantiate the expenditure reducing policy. The compound revenue is envisaged with the rental income resuming its normal status and the increase of consuming crowd that will bring about the increased profit for the Buynow Plaza. Although 10% of decrease is seen in the revenue of CHIPPER-TECK, the company operated under our 30% of reinvestment, in the first quarter of 2022 as compared to the same quarter last year due to the impact of the pandemic disease in China, we are able to achieve mild increased in the profit because of the effective expenditure control. For this reason, it allows us to stride forward steadily and confidently in the post-pandemic era.

The group continues to keep an eye on the inventory and operational efficiency of assets in China by carefully evaluating the operating efficiency and opportunity of each store. Proactive adjustments are continued with underperforming malls. Deleveraging is in progress to adjust the financial structure and push for transformation, in order to maximize the interest for the group.

## II. Overview of the Market and Production and Sales :

### (I) Market Analysis

#### 1. Territory of major products

The Company focuses on sales in the channel market mainly for export. The export regions for the past three years are as follows:

Region	2019	2020	2021
Europe	15.94%	25.11%	22.07%
America	6.94%	6.23%	9.85%
Asia Pacific (including domestic sales)	25.95%	35.39%	33.47%
China	51.12%	33.27%	34.61%
Total (thousand units)	1,405	1,518	2,074

The European market has been affected by the COVID-19, Due to drastic change of the white-collar working mode and the explosion of education market, the overall sales of the European market in 2021 takes over 22% from the overall shipment for two consecutive years. As usual, the North American market is the matured market for the notebook PC but over 90% is dominated by major international brands over the past years. Fortunately, significant growth is seen in the education market and the tendering contract for the entry-level commercial notebook PC, as experienced in the Central America region. In result, the overall American region takes 9.8% in the overall output. Being nurtured by the steady economy in the SE Asia and S. Asia new rising countries as well as the fervent demand of eSports notebook PC from Japanese and Korean marketplaces, the overall shipment is over 33% of overall output for two consecutive years. Despite the shipment of the China market is less than 35% for two consecutive years, it will be crucial to our operating objectives in maintaining the balanced regional development. In 2022, the Company will continue to develop the emerging markets in Asia Pacific and Latin America. For the markets with developed footprint, particularly in Southeast Asia and Africa, we will seek proactive expansion and adjustment in quality and quantity. Sales strategy will be modified to balance regional distributions and reduce the overconcentration risk in any single market.

## 2. Market shares

Based on the research conducted by MIC, it is learned that the shipment of the global notebook PC has reached 245 million units. As for the Clone notebook PC market, a foreign securities agency indicated in its research report that the market size in 2021 will be 18.65 million units and we have delivered 2,074,000 units in 2021, taking 11.1% of the Clone market. In terms of market share, we are still the leader in the regional brand market.

## 3. Future Market Supply and Demand, and Future Growth

With the increased covering rate of the third dosage vaccination in each country and even becoming epidemic disease by 2022, it is estimated that the mixed-type office working mode will continue and so its impact to the commercial market is contradictory lower. As for the education market, because that the effect of distance teaching is not as expected, that the underdeveloped countries can no longer provide the subsidies for purchasing the education notebook PC due to financial constraints and the terminating of subsidy policy of the matured and the new-rise countries, it is anticipated that the demand of the education notebook PC will dwindle rapidly after two years of explosive growth, especially the Chromebook equipped with the Chrome OS system. As for the eSports notebook PC, another wave of PC renewing trend is envisioned after the launching of Intel and AMD as well as the NVIDIA new generation GPU. Due to the COVID-19 over the past two years and the rapid growing of the Creator notebook PC, MIC anticipated that the global shipment of super-thin notebook PC (less than 1.3kg) will reach 240 million units. By considering about the operation objectives established for the shipment and the profit, we set our shipment target as 2.32 million units by 2022 and it represents 12% of yearly growth.

## 4. Competitive Niche, Favorable and Unfavorable Factors in Future Development, and Response Measures

### A. Competitive Niche

- (1) In terms of products, unlike other manufacturers, the Company strives to implement cost-effectiveness and provide customers with the affordable products of best performance, making the Company's products more competitive in the market. In line with the market demand for differentiated products, the Company provides a more flexible and efficient production management model, and meets customer needs with small-scale, diverse and customized production, and fast delivery, making distributors more competitive in the market.
- (2) In terms of technology, the Company emphasizes extraordinary core technology, keeps up with the current and future market trends, by providing a series of products with the best system performance, the best mobile and wireless access functions, and integrating application of the Internet and the digital home.
- (3) In terms of manufacturing, the Company provides a more flexible and efficient production management mode by small-scale but diverse production, and offering more flexible choices to customers so as to gain better market competitiveness.
- (4) In terms of services, the Company has service bases in key areas where customers are located around the world. In addition to providing customers with services quickly, it also uses local resources to provide market-oriented and value-added services to meet customer needs.

### B. Advantages

- (1) Rosy perspective is envisaged for the industry. In 2022, the notebook PC will continue maintaining over 200 million units in scale wise.

After the explosion of COVID-19 in 2020, the adverse impact has resulted in the following changes of the overall PC industry in 2021:

1. The desktop PC will decline continuously. The weight taken by the notebook PC in the overall PC will be over 70% and it would become a normal trend.
2. The demand for commercial notebooks surged due to better-than-expected efficiency of homeworking;
3. The demand for Chromebook exploded given the rise of long-distance education;
4. The demand for gaming and creator notebooks soared as a result of the booming stay-at-home economy;

The 2021 global notebook computers still continue riding high on the 2020 growth dynamic, again with a 22.6% growth, with the overall shipping volume again surpassing the 200mn unit scale to reach 245mn units.

With the semiconductor operators actively expanding production capacity or transferring production capacity in 2022, it is foreseeable that the pressure of key component shortages will gradually ease, despite the geopolitics of the Ukrainian-Russian war would impact the supply chain, energy and food, and in turn impact the global economic status. Despite the forecast indicating the 2022 notebook computer market still faces long- and short-term material shortages

on the supply aspect, the education market, as impacted by the pandemic turning into influenza, will be impacted first to result in a decline on the demand; nevertheless, thanks to the 2021's demand continuation and the 2022's new demand, the global notebook computer market is expected to continue to be red-hot.

In 2022, the company will still adopt the deep-rooting the blue sea niche models, by adopting a quantity-volume dual addressing shipping strategy, together with continuing with a stringent control cost, duly addressing the customers' demands, product strategy bracing for four major axis' planning: high gross profit ratio on (ultra) light, thin (computer gaming) models of notebook computers, mid- to high-end gaming type notebook computers, business type notebook computers and creator notebook computers. The products include: following the Intel platform launched in 2022, it is also coordinated with NVIDIA new-generation graphic sketching card's high-performance gaming flagship models; emphasizing safety and security, it caters to the mature market's replacement needs and the emerging market governments and small businesses' procurement needs on business models; in the meantime, focusing on the emerging markets' government procurements and the consumer market needs, the company will also plan the mainstream products that meet the consumers' needs, to satisfy the compact, lightweight, durable, rapid startup with graphic sketching performance of an ultra-light, thin gaming notebook computer, and the small-size, portable, long duration and all-time wireless access ultra-light, thin notebook computer (less than 1 kilo), and launching the creator-oriented notebook computer satisfying the digital content creators' post-A/V production, model production, AI graphic adjustment and related needs, with the serial products supporting 100% RGB wide color range, Delta E<2 color precision level and Pantone color alignment.

(2) Product strategy is correct

The Company's marketing strategy is to provide high-quality and multi-function notebooks. Therefore, it attaches great importance to research and development. It plans to cultivate technical R&D talents, and continues to develop new products and reduce costs in research and development to make products more competitive.

(3) Complete marketing channel network

The Company's products are exported to China, Europe, the United States and Canada, Latin America, Middle East and the Asia-Pacific region. Due to the scattered market customer base, the Company is not affected by changes in orders placed by single customers or regional economic downturn, exposed to limited operational risks.

(4) Improve service centers

There are maintenance centers in significant customer areas, by which we can grasp the market conditions in addition to providing perfect after-sales services.

C. Disadvantages and Response Measures

(1) Disadvantages:

a. Brand manufacturers continue to squeeze distribution channels, and regional market space

Over the past years, there have been alliances, acquisitions, privatizations, restructurings and spin-offs among top ten brands. Korean brands exited and subsequently re-entered the market. Emerging Chinese handset brands such as Huawei and Xiaomi made a foray into the ultra-light and ultra-slim notebook market. Meanwhile, international brands have been acquiring large regional or clone brands during recent years, to grab market shares. As a result, the market competition has intensified. The shipment of regional and clone brands has been on a decline for consecutive years since 2016 and is expected to be squeezed further in 2022 with international brands upping their game.

b. The dilemma between order concentration and low gross margin

With global brand manufacturers pillaging the mature markets' market share, feeding on the emerging markets' new demands, and the bloodshed price war for grabbing the regional and distribution leading brand market's process, the brand manufacturers' outsourcing strategy also see a drastic change concurrently, whereby the brand manufacturers will continue to outsource low-end computer assembly to Chinese manufacturers, such as OEM By TongfangPC, Bitland, Wingtech to name a few, resulting in five major Taiwan-based OEM plants to encounter loss of orders and a reshuffle, and at the current stage, they not only need to support the clients' bloodshed price war competing strategy, but are actively transforming to cloud computing, logistics, artificial intelligence, wearable devices, xR devices, Internet communication equipment, industrial computers and electric vehicle assembly, through which to mitigate the weighing on notebook computer OEM to remedy the lost production capacity and the dire situation of a low gross profit ratio, while the Taiwan-based OEM plants need to tackle a dual difficulty in the operating environment amid the steadily rising labor cost in the Mainland, rising risk on global exchange rate fluctuations, a supply chain disruption crises as triggered by geopolitics and the impact of shortages on some of the key components, and amid the brand manufacturers in pursuit of shipping

volume growth, rising market share and an increase to profitability, as well as the OEM manufacturers who pursue increasing the productivity utilization ratio, revenue growth and gross profit increase on their own.

c. Brand manufacturers turn to high-priced and high-margin e-sports notebooks

According to the report by the research firm IDC, the replacement cycle of e-sports notebooks will underpin the growth of global brands. This market segment is driven by e-sports events, new graphic cards and Intel processors and architectures. According to the e-sports report issued by the research firm Newzoo, hardware accounts for c. 20~25% of the gaming market value. The global market for e-sports hardware was about US\$73.2 billion in 2021 and is forecasted to exceed US\$90 billion in 2022. The CAGR is projected to be 16.7% for 2020-2025. In sum, the e-sports segment outperforms the mainstream market whose market size is set to shrink over the same period. Most e-sports buyers spend US\$1,000~1,500 on each machine. This pricing point combined with the purchase of peripherals means each e-sports notebook is worth US\$400 more compared with standard notebooks. This is why the global top ten brands continue to increase R&D on this high-unit-priced and high-margin segment to boost profits and product differentiation.

(2) Response Measures:

a. Adjust strategies for taking orders

A study by the 'Ericsson Consumer Lab' points out that as the pandemic trigger a new office mode, 70% of the operators have begun to rid of the tangible spaces, and who also generally reckon that remote, flexible work can be more efficient, can save the energy and reduce the carbon emission, and the business operations can be more efficiency, while 60% of the decision makers are rather satisfied with the reduced cost brought by remote work, which can further buoy the profitability, and thanks to the transformation of the business market work mode, it has brought a drastic turnaround to the over PC industry in the recent two years, a primary cause of a sharp surge on the demands of notebook computers. The electric vehicle, 5G communication equipment, 5G smart phone, artificial intelligence and high-speed computation and related industries, upon enduring 2020's erroneously estimated pandemic situation, have resulted in shrinking the overall electronics industry chain's capital expenditure and a drop in manpower requirement, which in turn hampered the supply of parts and components and the industry, and even if the semiconductor producers actively increasing the productivity or transferring the productivity in 2022, the circumstance of component shortages is expected to ease as early as by the end of the year; coupled with China's OEM plants undercutting the price for orders and the global PC brand makers' bloodshed competing scenario will continue to occur, the company, upon weighing the shipping volume and gross profit ratio, differing from China's OEM producers adopting a price cutting policy for orders, and the Taiwan-based OEM producers not fully cutting down the PC OEM weighing, still adopts a priority on productivity filling strategy, whereby the company adopts a selective (high price or high margin) order acceptance policy, with which to maintain the gross profit ratio as a priority consideration.

b. Adjust the proportion of high-end products

In addition to responding to the wave of new device buying by the large enterprises in mature markets and the procurement needs by the governments and SMEs in the emerging markets, the Company has been continuously and actively planning the high-priced and high-profit margin commercial, gaming and creator notebooks in the past few years. Meanwhile, the Company continues to strictly control costs, and control the ratio of shipments for low-price notebook computers. We will also continue to develop business models to increase overall revenue and profitability of the Company in 2022.

c. Continue to reduce costs, and continue competitive advantage

Under the intense competition from the domestic and international competitors, the Company not only has to design differentiable products, but also has to reduce the production cost. Firstly, R&D personnel are required to design products with the best cost structure, control the high quality and high efficiency, and further improve the yield from the existing manufacturing process to achieve cost reduction.

d. Control quality of components

In the external control, ensure the stability of the components to reduce the manufacturing defect rate and improve the quality of products.

e. Improve production efficiency

The Company introduced 6 Sigma quality improvement methods to improve production efficiency and manufacturing yield.

f. Innovative products are developed for different markets and customer needs, market differentiation is promoted, and affordable products of best performance are provided to customers. Different from other manufacturers, the Company's products have more competitive advantages in the market.

- g. In line with the market demand for differentiated products, the Company provides a more flexible and efficient production management model, and meets customer needs with small-scale, diverse and customized production, and fast delivery, making distributors more competitive in the market.
  - China Distribution Business Group:
 

CLEVO founded Buynow Malls in China in 1998. 24 years on, we currently own 31 commercial properties in China, all in prime locations. For years, Buynow Malls have been making constant adjustments in order to create an innovative shopping environment and atmosphere, with a focus on contents and services and increase of entertainment and restaurant options. To minimize the impact of ecommerce on brick-and-mortar, Buynow Malls work with ecommerce companies and integrating online and offline to capitalize on business opportunities online.

2021 sees China's economic growth rate reaching 8.1%, its final consumer expenditure to the economic growth's contribution ratio is at 65.%, with social consumption by retail in excess of CNY40 trillion in total amount, which highlights China's internal demand market remains rather enormous. Currently, 18 Buynow Malls combine six elements: technology, intelligence, fashion, creativity, fun and experience and introduce 5G and Big Data to create a consumers-oriented plaza of people, products and stores. Buynow Malls are a specialist technology plaza offering online-offline multichannel convergence and a one-stop shopping experience. In addition to working with vendors and merchants to capitalize on the recovery of the consumer market in China, Buynow Malls are also continue to reduce costs. To maintain the dominance in the tech and smart shopping center market in China, Buynow Malls have initiated the following important initiatives:

    - (1) To continue optimizing the malls and reengineering the Buynow brand:
 

By Continuing to induct the new retail model, itit mainly focuses on the 'experience economy, by creating an innovative shopping environment and content service, to provide a diverse operations project that streamlines the frontend sales to the backend repair, which will transcend the conventional electronics malls' rigid impression, and also adopt a one store, one strategy mode, by which to instill a befitting local operating mode, and through which to excel the physical store's customer adhesion. Buynow has accumulated 24 years of a brand culture, and when faced with the rapidly changing market environment in recent years, it has in 2022 relaunched a brand reengineering, by repositioning, repackaging, re-promoting the plan, by which to bestow Buynow a brand-new brand construct, by utilizing Buynow's IT brand maker and its merchants' professional advantage, combining the carefree and easy consumer trend, using a light asset operating mode, to create a new brand image for embarking into the shopping centers, be closer to the target young groups, readying for Buynow to embrace its 25<sup>th</sup> year.
    - (2) O2O two-way interaction among stream of people:
 

Buynow has been adjusting the operational structure of its malls during recent years by creating an innovative shopping environment and atmosphere, emphasizing contents and services, adding entertainment offerings and restaurants, and providing nation-wide coverage of computer repair services and memberships. We hope consumers enjoy one-stop shopping and have fun in this new style of shopping. By integrating multiple online and offline channels and leveraging the marketing strengths of physical distributions and ecommerce marketing, we seek to capitalize on the recovery of the consumer market in China.
    - (3) Industry-University Cooperation Program:
 

The Company signs a letter of intent for industry-university cooperation with NTU, NCCU, NCKU, and NTUT every year. In addition to providing Buynow Mall as a platform for research results to be published by the teachers and students of NTUT in the future, we also provide internship opportunities for talents, allowing postgraduates and doctoral students to work as interns for the Company's Buynow Malls, so as to connect Taiwan talents with the world, open another door for Taiwan's technical field, and pave a new way out.
    - (4) Business real estate management for revitalization of assets
 

We actively adjust the operating strategy for the commercial malls by selling the stores or leasing the entire building with low operating performance to increase cash inflow. After the revitalization of assets and removing the burden, the overall growth of operating profit is expected to be more significant.
2. Impact of the external competitive environment, regulatory environment and overall business environment:
- (1) All departments and legal offices of the Company will at all times pay attention to the changes in important policies and legal environment at home and abroad, and take appropriate measures to revise the Articles of Association and the related measures in accordance with the requirements of the competent authorities, and the operational needs of the Company.

- (2) Based on the demand for energy conservation and environmental protection, the Company continues to develop new energy-saving products by dint of energy-saving innovative technologies, effectively reduce the generation and emission of toxic substances in the production process, and promote environmental protection and green technology.
- (3) 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. All these factors are forcing the Fed to accelerate the normalization of monetary policies. Meanwhile, 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.
- (4) China, since 2022, has seen its market sales scenario improved apparently amid the lunar New Year spending and the Winter Olympics, as the growth has rebounded, where the January ~ February social consumption in total retail sales are up by 6.7%, and with China's consumer market expanding in scale, its consumption structure's upgrade status remains unchanged, and as buoyed by a continuing recovering economy, expanding employments, increase to the residents' income, and an expanded internal demand, all of which have bridge the consumption policy's ramifications to manifest steadily, and it is expectant that the consumer market will continue to recover to its normal state. 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.

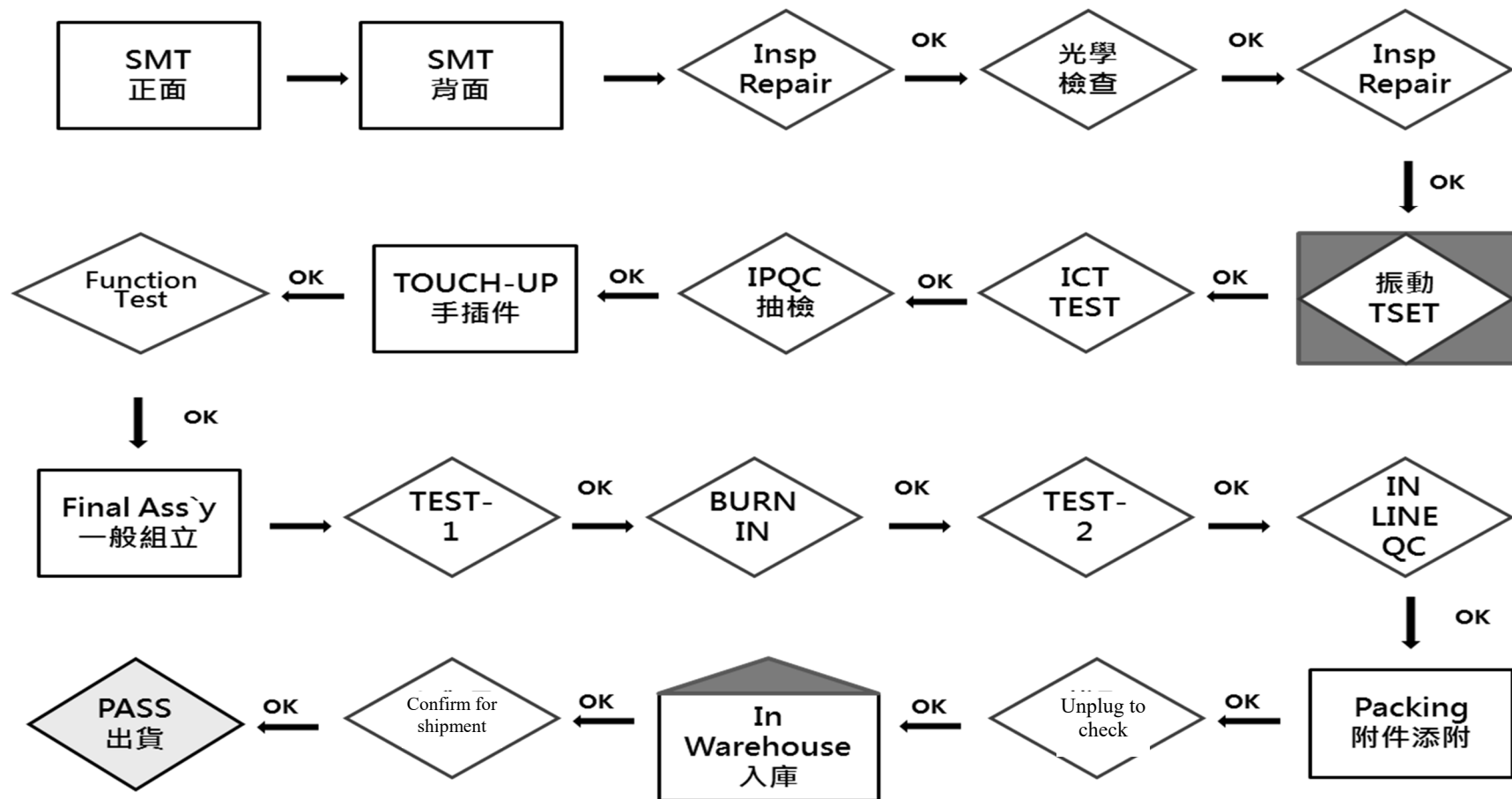


(II) Main Application and Production Procedures of Main Products

1. Important Applications of Major Products:

Processing, transmission, management and application of materials, documents, files and audio and video multimedia.

2. Production and manufacturing process of key products



(III) Supply Status of Main Materials

The main raw materials for notebooks include LCD, CPU, HDD, DRAM, DVD, PCB, BATTERY, etc. The main suppliers of the Company come from the United States, Japan, South Korea and Taiwan, and the supply situation is good.

(IV) Names of customers who contributed to more than 10% of total purchase (sales) amount in one of the most recent two years, and the corresponding purchase (sales) amounts and percentages, as well as reasons for changes (if applicable):

1. In the last two years, the list of suppliers who accounted for more than 10% of the total purchase amount of the Company: No such suppliers in Q1 of 2020 to 2022.
2. In the last two years, the list of customers who accounted for more than 10% of the total sales of the Company:

Unit: NTD 1,000

	2020				2021				As of the end of the first quarter in 2022 (Note 2)			
Item	Company name	Amount	Ratio to the net sales of the entire year (%)	Relationship with the issuer	Company name	Amount	Ratio to the net sales of the entire year (%)	Relationship with the issuer	Company name	Amount	Ratio to the net sales up to the last quarter of the current year (%)	Relationship with the issuer
1	Customer A	2,831,723	13.99%	None	Customer A	3,020,634	11.19%	None	Customer C	664,564	10.38%	None
2	Customer B	2,227,798	11.01%	None	Customer B	2,354,796	8.72%	None	Customer A	577,381	9.02%	None
3	Others	15,179,425	75.00%		Others	21,616,412	80.09%		Others	5,162,064	80.60%	
Total	Net sales	20,238,946	100%		Net sales	26,991,842	100%		Net sales	6,404,009	100%	

Note 1: Customers A and B and C are the Company's key customers in the PAN Asia Pacific region.

Note 2: List the name, the amount of sales and proportion of the sales for customers who have more than 10% of the total sales amount in the last two years ; however, the name of the customer shall not be disclosed according to the contract, or if the transaction counterparts are an individuals and not related to the interested party, a code can be used instead.

Note 3: As of the date of publication of the annual report, if the financial information of the most recent year has been verified by a certified accountant or reviewed by an accountant, for companies that are listed or whose stocks have been traded in the business premises of securities firms, such information should be disclosed.

(V) Table of Production Value and Volume in the Most Recent Two Years:

Unit: NTD 1,000

Production volume and value Principal products	Year	2020			2021		
		Production capacity (unit)	Production volume (unit)	Production value	Production capacity (unit)	Production volume (unit)	Production value
Notebooks		2,000,000	1,511,566	13,986,068	2,200,000	2,077,927	19,602,515
Total		2,000,000	1,511,566	13,986,068	2,200,000	2,077,927	19,602,515

(VI) Table of Sales Value in the Most Recent Two Years:

Unit: Units; NTD 1,000

Sales volume and value Principal products	Year	2020				2021			
		Volume and value of domestic sales		Volume and value of export sales		Volume and value of domestic sales		Volume and value of export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Notebooks		157	1,825	1,518,094	10,924,517	133	1,897	2,074,120	14,497,459
Others			9,399		5,273,350		8,935		8,330,717
Total			11,224		16,197,867		10,832		22,828,176

Rental income from Buynow Malls	2,425,737	2,561,967
Income from sales of buildings related to Buynow Malls	837,973	443,679
Hotel revenue	55,530	2,858
Others	707,075	1,138,516

III. Information on employees in the most recent two years up to the date of publication of this annual report:

Year		2020		2021		From the current fiscal year up to 4/30	
		The Company	Group	The Company	Group	The Company	Group
Number of employees	Office clerks	618	1,456	618	1,543	616	1,514
	Technical personnel	0	0	0	0	0	0
	Operators	0	984	0	1,042	0	1,030
	Total	618	2,440	618	2,585	616	2,544
Average age		44.29	33.64	44.14	32.41	44.51	33.48
Average years of service		11.09	4.56	12.09	4.13	12.31	4.09
Degree Distribution	Doctor	0.16%	0.00%	0.16%	0.00%	0.16%	0.00%
	Master	18.61%	0.25%	18.12%	0.23%	18.51%	0.35%
	Junior college	76.06%	45.74%	76.38%	42.75%	76.14%	42.18%
	Senior high school	4.85%	50.94%	5.02%	54.31%	4.87%	54.79%
	Below senior high school	0.32%	3.07%	0.32%	2.71%	0.32%	2.68%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

IV. Environmental Protection Expenditure:

- (I) The Company has not been involved in any pollution disputes in the most recent year and up to the date of publication of the annual report.
- (II) During the most recent year and as of the print date of the annual report, the Company did not incur losses due to environmental pollutions (including damages and regulatory breaches according to environmental protection audits).
- (III) No pollution has been caused in the production process of the Company, and there are no estimated major environmental capital expenditures for the next two years.

V. Labor Relations:

(I) The existing significant labor agreements and performance thereof

Item	Contents
Employee welfare policies and measures	<ol style="list-style-type: none"> <li>1. Welfare measures directly taken by the Company: <ol style="list-style-type: none"> <li>A. Subscription of shares by employees: If the Company increases capital out of cash, 10% to 15% of the capital shall be retained by the Company for subscription of shares by employees in accordance with the Company Act, so that employees participate in the operations, and labor and management become one.</li> <li>B. Labor insurance: Employees are covered by labor insurance from the date of employment.</li> <li>C. National Health Insurance: Employees are covered by national health insurance from the date of employment.</li> <li>D. Group Insurance: Employees are covered by group insurance (including life insurance, and accident insurance, cancer insurance, hospitalization, medical insurance, etc.) from the date of employment. Such insurance extends to their spouses and children.</li> <li>E. Regular health examination: External medical institutions are engaged to provide healthcare for employees, on a regular basis, the Company has increased the subsidy for supervisors to go through health examinations at special hospitals, to ensure the physical and mental health of employees.</li> <li>F. Set up a staff restaurant to provide meals, provide free overtime dinner. .</li> <li>G. Employees may apply for gifts or grants for marriage, funeral, happy events, and celebration.</li> <li>H. Training Courses: In line with the Company's long-term development, the Company provides an open and diverse learning environment, and organizes various training and workshops. Employees can continuously improve themselves through internal and external training, reading clubs, on-line learning websites and other resources. At the same time, plans for system of position, grades, work rotation, full-time assignment and overseas expatriation combine the life and careers of employees, so that they may enjoy the joy of growth and their functional qualities can be improved.</li> </ol> </li> <li>2. Welfare measures taken by the Company's Employee Welfare Committee (referred to as the "Welfare Committee"): <p>The welfare funds are derived from 0.6% of the Company's monthly operating revenue, and used for employee welfare activities. The major welfare measures are as follows:</p> <ol style="list-style-type: none"> <li>A. Tourism activities: The Welfare Committee plans and organizes various domestic and international trips funded in whole or in part during holidays.</li> <li>B. Club Activities: for the relaxation of body and mind, employees may set up various clubs, such as billiard club, badminton club, etc., subsidized by the Welfare Committee, with special competitions or activities funded separately.</li> <li>C. Festival activities: Gifts or cash gifts are given to employees for Labor Day, Dragon Boat Festival, Mid-Autumn Festival and other festivals. Year-end banquets and lucky draw activities are organized at the end of each year.</li> <li>D. Arrange employees to dine together from time to time.</li> <li>E. Birthday parties: Throw a birthday party every month and give gifts to celebrate the birthday(s) of employee(s).</li> <li>F. Employees may purchase the Company's products at a special price.</li> <li>G. Discounts are available for employees to purchase products from specific manufacturers.</li> </ol> </li> <li>3. Bonuses for employees: <p>According to the provisions of Article 26 of the Articles of Association of the Company, for any balance calculated by deducting the income taxes paid in accordance with the law, and the losses covered for the previous years from earnings on final accounts, 10% of the balance shall be set aside as statutory surplus reserves, plus a provision for or reversal of special surplus reserves. If there is balance, 5%-15% of the balance shall be set aside as employee bonuses.</p> </li> <li>4. Retirement system: The Company makes a provision for pensions according to law and the retirement regulations on a monthly basis.</li> <li>5. Flexible working hours system enable employees to achieve a better balance between work and personal life.</li> <li>6. Equal leave rights for men and women, and rolling adjustment in line with the Labor Standards Law.</li> </ol>
Protection of employee rights and benefits	The rights and interests of employees, such as salary, assessment, promotion, welfare, gender equality and work rules, are posted on the Intranet, and available for inquiry by employees at any time.
Labor dispute	The Company has suffered no losses as a result of labor disputes in the most recent year and up to the date of publication of the annual report.
Performance of Social Responsibility	The Company adheres to the concept of "labor and management united as one," and "coexistence and common prosperity," and focuses on rationalized and humanized management, establishing a smooth communication channel in an "open and honest manner," maintaining good relationship between the employer and employees to jointly create productivity, shares profits, and establish stable and harmonious labor relationship. In recent years, the Company has always adhered to the principle of "fairness and justice" and "reasonable and legal," and communicated and coordinated with employees by giving consideration to reason and sense. Therefore, the

Item	Contents																																													
	Company has never suffered losses due to labor disputes in the past three years, and has jointly worked with employees for professional development and labor welfare. The Company has appointed medical staff, and holds lectures on safety and health education, and physical and mental health on a regular basis to protect employees' physical and mental health.																																													
Specific improvement measures compared with the previous year	The Company has appointed two additional medical staff, and holds lectures on safety and health education, and physical and mental health on a regular basis to protect employees' physical and mental health. The Company provides bank-specific services every week, in case it is inconvenient for colleagues to go out. The Company has increased the group insurance coverage to maintain employees' physical and mental health. The Company has raised the amount of subsidies for health examinations for the benefit of supervisors to maintain their physical and mental health. The Company has put a high-quality coffee machine for free in the atrium to provide physical and mental relaxation for colleagues after work. The Company has U-bikes in place next to the arcade to increase the convenience of commuting to and from work by employees.																																													
Retirement system	According to the Labor Standards Act, employees are paid monthly according to their willingness to choose between the old and new system of labor and retirement. 1. New system:The employee's personal salary shall not be lower than 6% of the monthly salary grading table, and the labor pension shall be deposited in the labor pension personal account established by the Labor Insurance Bureau. 2. Old system: 2% to 15% of the total salary is withdrawn monthly and deposited in the Bank of Taiwan.																																													
Other significant agreements	Agreements for labor disputes The Company adheres to the concept of “labor and management united as one,” and “coexistence and common prosperity,” and focuses on rationalized and humanized management, establishing a smooth communication channel in an “open and honest manner,” maintaining good relationship between the employer and employees to jointly create productivity, shares profits, and establish stable and harmonious labor relationship. In recent years, the Company has always adhered to the principle of “fairness and justice” and “reasonable and legal,” and communicated and coordinated with employees by giving consideration to reason and sense. Therefore, the Company has never suffered losses due to labor disputes in the past three years, and has jointly worked with employees for professional development and labor welfare.																																													
Advanced studies and training courses	<p>In line with the Company’s long-term development, the Company provides an open and diverse learning environment, and organizes various training and workshops. Employees can continuously improve themselves through internal and external training, reading clubs, on-line learning websites and other resources. At the same time, plans for system of position, grades, work rotation, full-time assignment and overseas expatriation combine the life and careers of employees, so that they may enjoy the joy of growth and their functional qualities can be improved.</p> <p>The Company’s training and education results in 2021 are summarized in the table below:</p> <table><tr><th>Type of courses</th><th>Number of trainees</th><th>Number of classes</th><th>Total hours</th><th>Total costs</th></tr><tr><td>Professional knowledge</td><td>2,178</td><td>52</td><td>2,816</td><td>278,623</td></tr><tr><td>Labor safety and health</td><td>785</td><td>15</td><td>1008</td><td>16,480</td></tr><tr><td>Orientation training</td><td>79</td><td>1</td><td>780</td><td>0</td></tr><tr><td>Training in computer skills</td><td>244</td><td>10</td><td>337</td><td>0</td></tr><tr><td>Management training</td><td>1296</td><td>35</td><td>1,106.00</td><td>4,050</td></tr><tr><td>Language training</td><td>1</td><td>1</td><td>60</td><td>0</td></tr><tr><td>Lectures/activities</td><td>117</td><td>4</td><td>125</td><td>0</td></tr><tr><td>Total</td><td>4,700</td><td>118</td><td>6,232</td><td>299,153</td></tr></table>	Type of courses	Number of trainees	Number of classes	Total hours	Total costs	Professional knowledge	2,178	52	2,816	278,623	Labor safety and health	785	15	1008	16,480	Orientation training	79	1	780	0	Training in computer skills	244	10	337	0	Management training	1296	35	1,106.00	4,050	Language training	1	1	60	0	Lectures/activities	117	4	125	0	Total	4,700	118	6,232	299,153
Type of courses	Number of trainees	Number of classes	Total hours	Total costs																																										
Professional knowledge	2,178	52	2,816	278,623																																										
Labor safety and health	785	15	1008	16,480																																										
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Language training	1	1	60	0																																										
Lectures/activities	117	4	125	0																																										
Total	4,700	118	6,232	299,153																																										

(II) The Company has suffered no losses as a result of labor disputes in the most recent year and up to the date of publication of the annual report.

## VI. Information on security management:

- (1) Describe the information security risk management structure, the information security policy, the specific management plan and the resources invested in the information security management, etc.:
  1. In order to strengthen the organizational structure of information security, the company established an information security management committee in December 2019, with the general manager as the convener, and held cross-departmental meetings on information security and related operations through regular semi-annual and dynamic events to understand, Prevent and deal with various information security needs, and establish information security policies as follows:
    - Formulate effective practices to protect information in accordance with relevant government and company regulations to ensure the privacy and confidentiality of information.
    - Evaluate and establish contingency norms and procedures that keep pace with the times to prevent various loopholes and risks that may cause information loss, theft and damage, and ensure the integrity of data.
    - Classified storage, backup and backup of information, maintaining the operation of related equipment and media to ensure the long-term availability of information.
  2. Information Security Management Items:
    - Import software asset management.
    - Trend Micro antivirus upgrade.
    - System backup and restoration drills.
    - Outbreak Response WFH.
    - Phishing email simulation exercise.
    - External application system permission control.
    - Review all information systems and evaluate the possible practices of mobile phone two-step password authentication.
- (2) List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None

## VII. Important Contracts:

As of the print date of the annual report, the important contracts remaining in force are as follows:

April 30, 2022

No.	Nature of Contract	Parties	Contract start date	Main content	Restricted conditions
I.	Lease	TransGlobe Life Insurance Inc.	2022.10.15~ 2026.11.28	The company leases the plant at 1/F, 9/F, 11 <sup>th</sup> to 13 <sup>th</sup> floors and the basement carpark spaces at 129, Xingde Road, Sanchong District.	None
II.	Lease	Hon Hui Si Yuan Co., Ltd.	2022.04.15~ 2025.04.14	The company leases the property at 31 <sup>st</sup> to 35 <sup>th</sup> floors, 36/F~1 at 555, Si Yuan Road, Xinzhuang District, New Taipei City.	None

## VI. Financial Highlights

### I. Concise Balance Sheet, Statement of Comprehensive Income of the Recent 5 Years

(I) Information on the condensed balance sheet and consolidated income statement-prepared in accordance with International Financial Reporting Standards

1. Individual condensed balance sheet

Unit: NTD 1,000

Item \ Year		Five-year financial information (Note 1)				
		2017	2018	2019	2020	2021
Current assets		11,538,455	12,716,633	13,187,473	8,676,228	9,234,132
Property, plant and equipment (Note 2)		345,165	340,737	338,989	335,258	9,892
Intangible assets		9,323	4,972	10,933	10,385	4,562
Other assets (Note 3)		57,030,999	56,689,585	54,629,424	56,573,933	54,305,592
Total assets		68,923,942	69,751,927	68,166,819	65,595,804	63,554,178
Current liabilities	Before distribution	6,024,965	4,418,958	9,122,992	9,077,976	6,791,043
	After distribution	6,646,495	5,169,121	9,506,897	9,552,534	8,280,795
Non-current liabilities		20,614,840	23,493,127	19,248,566	16,638,690	15,452,711
Total liabilities	Before distribution	26,639,805	27,912,085	28,371,558	25,716,666	22,243,754
	After distribution	27,261,335	28,662,248	28,755,463	26,191,224	23,733,506
Equity attributable to owners of the parent		42,284,137	41,839,842	39,795,261	39,879,138	41,310,424
Capital Stock		6,831,630	6,797,630	6,697,630	6,697,630	6,497,630
Capital surplus		1,581,974	982,539	333,951	95,864	73,478
Retained earnings	Before distribution	36,516,069	38,063,584	38,956,743	39,667,346	40,742,938
	After distribution	36,441,069	37,827,231	38,821,743	39,192,788	39,253,186
Other equity		(2,020,190)	(2,720,683)	(4,836,021)	(4,928,011)	(4,628,787)
Treasury stock		(625,346)	(1,283,228)	(1,357,042)	(1,653,691)	(1,374,835)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	42,284,137	41,839,842	39,795,261	39,879,138	41,310,424
	After distribution	42,207,137	41,603,489	39,660,261	39,404,580	39,820,672

Note 1: The financial information shown above has been audited and certified by CPAs.

Note 2: No assets were revalued in the years above.

Note 3: The assets were not revalued from 2017 to 2021. The investment property was measured at fair value. The gains or losses arising from changes in fair value were recognized as profits or losses in the period when they were incurred.

Note 4: 2021 earnings distribution cash dividends have been motioned through a resolution voted before the 2022.3.28 board meeting, and there are also plans to present it at the 2022 scheduled shareholder's meeting report; 2022 Q1 has not had any distribution proposal presented for voting before the board meeting or the shareholders' meeting.

Note 5: If the financial information is required to be corrected or re-edited as notified by the competent authorities, it should be prepared and presented based on the corrected or re-edited number, and the circumstances and reasons should be indicated: None.

## 2. Individual condensed consolidated income statement

Unit: NTD 1,000

(Unless earnings per share are denominated in NTD)

Item \ Year	Five-year financial information (Note 1)				
	2017	2018	2019	2020	2021
Operating Revenue	14,131,684	14,560,392	15,372,546	16,209,091	23,839,008
Operating margin	1,079,680	1,008,868	1,134,027	1,656,910	2,458,467
Operation profits/losses	(203,438)	(229,724)	(45,080)	595,100	1,211,762
Non-operating income and expenses	1,065,887	1,780,378	1,254,632	78,868	863,678
Net profits before tax	862,449	1,550,654	1,209,552	673,968	2,075,440
Profits after tax from operations of continued segments for the current period	717,784	1,454,904	1,068,639	666,944	1,796,350
Losses from discontinued departments	-	-	-	-	-
Profits/losses after tax for the current period	717,784	1,454,904	1,068,639	666,944	1,796,350
Other comprehensive income for the current period (after tax)	(1,265,236)	(607,882)	(2,111,987)	(48,331)	320,146
Total comprehensive income for the current period	(547,452)	847,022	(1,043,348)	618,613	2,116,496
Net income attributable to owners of the parent	717,784	1,454,904	1,068,639	666,944	1,796,350
Net income attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	(547,452)	847,022	(1,043,348)	618,613	2,116,496
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.12	2.32	1.75	1.12	3.03

Note 1: The financial information shown above has been audited and certified by CPAs.

Note 2: If the financial information is required to be corrected or re-edited as notified by the competent authorities, it should be prepared and presented based on the corrected or re-edited number, and the circumstances and reasons should be indicated: None.



## 3. Consolidated condensed balance sheet

Unit: NTD 1,000

Unit: PTD 1,000

Year  Item		Five-Year Financial Analyses (Note 1)					Financial information up to March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		22,820,979	25,591,179	21,608,848	14,235,887	15,854,087	16,408,665
Property, plant and equipment (Note 2)		8,474,857	9,970,165	5,822,337	4,711,606	2,533,892	2,623,466
Intangible assets		31,042	21,311	29,926	30,705	18,423	16,831
Other assets (Note 3)		81,140,360	76,877,202	72,925,624	75,288,024	72,887,725	75,851,816
Total assets		112,467,238	112,459,857	100,386,735	94,266,222	91,294,127	94,900,778
Current liabilities	Before distribution	21,894,165	19,063,643	21,000,567	17,815,332	13,760,799	16,040,914
	After distribution	22,515,695	19,813,806	21,384,472	18,289,890	15,250,551	(Note 4)
Non-current liabilities		48,273,038	51,539,084	39,590,907	36,571,752	36,222,904	36,305,973
Total liabilities	Before distribution	70,167,203	70,602,727	60,591,474	54,387,084	49,983,703	52,346,887
	After distribution	70,788,733	71,352,890	60,975,379	54,861,642	51,473,455	(Note 4)
Equity attributable to owners of the parent		42,284,137	41,839,842	39,795,261	39,879,138	41,310,424	42,553,891
Capital Stock		6,831,630	6,797,630	6,697,630	6,697,630	6,497,630	6,422,630
Capital surplus		1,581,974	982,539	333,951	95,864	73,478	57,480
Retained earnings	Before distribution	36,516,069	38,063,584	38,956,743	39,667,346	40,742,938	39,916,960
	After distribution	36,441,069	37,827,231	38,821,743	39,192,788	39,253,186	(Note 4)
Other equity		(2,020,190)	(2,720,683)	(4,836,021)	(4,928,011)	(4,628,787)	(2,693,911)
Treasury stock		(625,346)	(1,283,228)	(1,357,042)	(1,653,691)	(1,374,835)	(1,149,268)
Non-controlling interest		15,898	17,288	0	0	0	0
Total equity	Before distribution	42,300,035	41,857,130	39,795,261	39,879,138	41,310,424	42,553,891
	After distribution	42,225,035	41,620,777	39,660,261	39,404,580	39,820,672	(Note 4)

Note 1: The financial information shown above has been audited and certified by CPAs; The financial information for the first quarter of 2022 has been reviewed by CPAs.

Note 2: No assets were revalued in the years above.

Note 3: The assets were not revalued from 2017 to 2021. The investment property was measured at fair value. The gains or losses arising from changes in fair value were recognized as profits or losses in the period when they were incurred.

Note 4: 2021 earnings distribution cash dividends have been motioned through a resolution voted before the 2022.3.28 board meeting, and there are also plans to present it at the 2022 scheduled shareholder's meeting report; 2022 Q1 has not had any distribution proposal presented for voting before the board meeting or the shareholders' meeting.

Note 5: If the financial information is required to be corrected or re-edited as notified by the competent authorities, it should be prepared and presented based on the corrected or re-edited number, and the circumstances and reasons should be indicated: None.

## 4. Condensed consolidated income statement

Unit: NTD 1,000

(Unless earnings per share are denominated in NTD)

Item \ Year	Five-year financial information (Note 1)					Financial information up to March 31, 2022
	2017	2018	2019	2020	2021	
Operating Revenue	20,876,980	19,796,072	21,900,662	20,238,946	26,991,842	6,404,009
Operating margin	4,778,596	5,280,363	5,050,925	4,356,119	5,315,576	1,348,368
Operation profits/losses	687,923	1,466,849	884,163	1,476,183	2,089,839	602,257
Non-operating income and expenses	815,033	888,826	875,469	(779,978)	161,007	176,797
Net profits before tax	1,502,956	2,355,675	1,759,632	696,205	2,250,846	779,054
Profits after tax from operations of continued segments for the current period	720,658	1,456,359	1,073,864	666,944	1,796,350	593,463
Losses from discontinued departments	-	-	-	-	-	-
Profits/losses after tax for the current period	720,658	1,456,359	1,073,864	666,944	1,796,350	593,463
Other comprehensive income for the current period (after tax)	(1,265,588)	(607,003)	(2,098,782)	(48,331)	320,146	1,934,879
Total comprehensive income for the current period	(544,930)	849,356	(1,024,918)	618,613	2,116,496	2,528,339
Net income attributable to owners of the parent	717,784	1,454,904	1,068,639	666,944	1,796,350	593,463
Net income attributable to non-controlling interest	2,874	1,455	5,225	-	-	-
Total comprehensive income attributable to owners of the parent	(547,452)	847,022	(1,043,348)	618,613	2,116,496	2,528,339
Total comprehensive income attributable to non-controlling interest	2,522	2,334	18,430	-	-	-
Earnings per share	1.12	2.32	1.75	1.12	3.03	1.01

Note 1: The financial information shown above has been audited and certified by CPAs; The financial information for the first quarter of 2022 has been reviewed by CPAs.

Note 2: If the financial information is required to be corrected or re-edited as notified by the competent authorities, it should be prepared and presented based on the corrected or re-edited number, and the circumstances and reasons should be indicated: None.

## (II) Names and the audited opinions of the certified public accountants for the most recent year:

Year	Name of accounting firm	Name of CPAs	Audited Opinions
2021	PwC Taiwan	Wu,Han-Qi; Liang,Hua-ling	Unqualified opinions
2020	PwC Taiwan	Wu,Han-Qi; Liang,Hua-ling	Unqualified opinions
2019	PwC Taiwan	Feng, Min-Juan and Wu,Han-Qi	Unqualified opinions
2018	PwC Taiwan	Feng, Min-Juan and Wu,Han-Qi	Unqualified opinions
2017	PwC Taiwan	Feng, Min-Juan and Dexter Chang	Unqualified opinions

## II. Financial Analysis of the Recent 5 Years

### (I) Analysis of financial ratios-in accordance with International Financial Reporting Standards

#### 1. Financial analyses-consolidated report

Analytic Item (Note III)		Year	Five-Year Financial Analyses (Note 1)					Description of increase or decrease in 2021 if the range of changes reaches 20% or more compared to 2020	As of March 31, 2022 (Note 1)
			2017	2018	2019	2020	2021		
Financial structure (%)	Ratio of liabilities to assets		62.39	62.78	60.36	57.70	54.75		55.16
	Ratio of long-term capital to property, plant and equipment (Note 2)		1,068.73	936.76	1,363.48	1,622.61	3,059.85	(1)	3,005.94
Solvency (%)	Current ratio		104.23	134.24	102.9	85.65	115.21	(2)	102.29
	Quick ratio		67.88	89.28	81.44	63.09	77.65	(2)	66.92
	Times interest earned ratio		2.45	3.68	2.59	1.77	4.52	(3)	6.12
Operating ability	Receivable turnover (times)		10.18	10.72	11.74	9.33	9.37		7.08
	Average collection period		35.84	34.04	31.09	39.12	38.95		51.58
	Inventory's turnover		1.85	1.86	2.75	3.88	4.83	(4)	3.80
	Payables turnover		6.53	7.25	8.91	7.89	8.91		7.38
	Average days in sales		197.12	196.23	132.72	94.07	75.56		95.97
	Turnover of property, plant and equipment		2.77	2.15	2.77	3.84	7.45	(5)	9.93
	Total assets turnover		0.19	0.18	0.21	0.21	0.29	(5)	0.28
Profitability	Return on assets (%)		1.40	1.94	1.84	1.43	2.49	(3)	0.77
	Return on equity (%)		1.68	3.46	2.62	1.67	4.43	(3)	1.42
	Ratio of net profit before tax to paid-in capital (%)		22.00	34.65	26.27	10.39	34.64	(3)	12.13
	Net profit margin (%)		3.45	7.36	4.88	3.30	6.66	(3)	9.27
	Earnings per share (NTD)		1.12	2.32	1.75	1.12	3.03	(3)	1.01
Cash flow	Cash flow ratio (%)		8.94	(0.27)	6.2	3.82	3.74		(6.27)
	Cash flow adequacy ratio (%)		33.05	23.41	34.66	81.95	66.02		25.85
	Cash reinvestment ratio (%)		10.27	(2.73)	5.19	4.89	1.12	(6)	(9.66)
Leverage	Operational leverage		1.28	1.12	1.22	1.20	1.13		1.11
	Financial leverage		(1.98)	2.49	(3.99)	2.60	1.44	(7)	1.34

Explanations for 20% or higher change in financial ratios from 2021 to 2020: (not required if change is below 20%)

- (1) This has been the result of liquidating the office building in the current period, resulting in a reduction to real estate, plant and equipment.  
(2) This has been the result of an increase to the current period's accounts receivable and the loss or gain of financial assets measured by fair value, and a reduction in short-term borrowing and loans maturing in one year.  
(3) This has been the result of an increase to the current period's pretax net earnings and after-tax net earnings when compared to the previous period.  
(4) This has been the result of an increase to the current period's revenue, and a relative increase to the sales cost  
(5) This has been the result of an increase to the current period's net sales amount and liquidating the office building, leading to a reduction in real estate, plant and equipment.  
(6) This has been a result of an increase to the current period's operating capital when compared with the previous period. (7) This has been the result of an increase to the current period's operating earnings when compared with the previous period.

Note 1: The financial information shown above in each year has been audited and certified by CPAs; The financial information for the first quarter of 2022 has been reviewed by CPAs.

Note 2: inclusive of the amount of property, plant and equipment only.

Note 3: Please refer to P112 of the Annual Report

## 2. Financial analyses-individual report

Analytic Item ( Note III)		Year	Five-Year Financial Analyses (Note 1)					Description of increase or decrease in 2021 if the range of changes reaches 20% or more compared to 2020
			2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of liabilities to assets		38.65	40.02	41.62	39.2	35.0	
	Ratio of long-term capital to property, plant and equipment (Note 2)		18,222.87	19,174.04	17,417.62	16,858.01	573,828.7	(1)
Solvency (%)	Current ratio		191.51	287.77	144.55	106.84	135.98	(2)
	Quick ratio		183.26	253.25	139.48	98.65	128.88	(2)
	Times interest earned ratio		3.20	4.97	3.94	2.76	8.43	(3)
Operating ability	Receivable turnover (times)		5.83	6.41	5.73	4.89	5.29	
	Average collection period		62.61	56.94	63.70	74.64	68.99	
	Inventory's turnover		27.66	36.25	42.43	27.83	36.83	(4)
	Payables turnover		22.36	36.38	73.50	58.19	57.16	
	Average days in sales		13.20	10.07	8.6	13.11	9.91	(4)
	Turnover of property, plant and equipment		40.33	42.46	45.23	48.08	132.34	(5)
	Total assets turnover		0.20	0.21	0.22	0.24	0.35	(5)
Profitability	Return on assets (%)		1.51	2.55	2.03	1.45	3.13	(3)
	Return on equity (%)		1.68	3.46	2.62	1.67	4.43	(3)
	Ratio of net profit before tax to paid-in capital (%)		12.62	22.81	18.06	10.06	31.94	(3)
	Net profit margin (%)		5.08	9.99	6.95	4.11	7.87	(3)
	Earnings per share (NTD)		1.12	2.32	1.75	1.12	3.03	(3)
Cash flow	Cash flow ratio (%)		18.56	(42.63)	9.09	(8.40)	(11.07)	(6)
	Cash flow adequacy ratio (%)		0.58	(36.15)	(20.20)	(5.30)	(49.55)	(7)
	Cash reinvestment ratio (%)		1.16	(4.10)	0.33	(1.86)	(1.98)	
Leverage	Operational leverage		0.90	0.93	0.65	1.03	1.01	
	Financial leverage		0.34	0.37	0.10	2.80	1.30	(8)

Explanations for 20% or higher change in financial ratios from 2021 to 2020: (not required if change is below 20%)

- (1) This has been due to the current period's liquidating the office building to result in a reduction in real estate, plant and equipment.
- (2) This has been the result of an increase to the current period's accounts receivable and the loss or gain of financial assets measured by fair value, and a reduction of short-term borrowing and loans maturing within one year.
- (3) This has been the result of an increase to the current period's pretax net earnings and after-tax net earnings when compared with the previous period.
- (4) This has been the result of an increase to the current period's revenue, and a relative increase to the sales cost.
- (5) This has been the result of an increase to the current period's net sales amount and liquidating the office building, leading to a decrease in real estate, plant and equipment.
- (6) This has been the result of a reduction to the current period's liquid liabilities when compared with the previous period.
- (7) This has been the result of a reduction to the average figure of the most recent five years' average business activities' net cash inflow when compared with the previous period.
- (8) This has been the result of an increase to the current period's operating earnings when compared with the previous period:

Note 1: The above listed various years' financial data have all been CPA-audited, -authenticated.

Note 2: inclusive of the amount of property, plant and equipment only.

Note 3: At the end of this Table attached to the annual report, the following formulas should be listed:

### 1 Financial structure

(1) Ratio of liabilities to assets = total liabilities/total assets.

(2) Ratio of long-term capital to property, plant and equipment = ( Total equity + non-current liabilities)/ net worth of property, plant and equipment .

### 2. Liquidity

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expense)/current liabilities.

(3) Times interest earned ratio = EBIT/interest expense for this period.

### 3. Operating ability

- (1) Receivables turnover (including account receivable and note receivable made from operations) = net sales income/remaining sum of average account receivable (including account payable and note payable made from operation) for every period.
- (2) Average collection period = 365/account receivables' turnover rate.
- (3) Inventory's turnover = cost of sales/average inventory.
- (4) Payables turnover (including account payable and note payable made from operations) = cost of sales/remaining sum of average account payable (including account payable and note payable made from operation) for every period.
- (5) Average days in sales = 365/Inventory's turnover rate.
- (6) Turnover of property, plant and equipment = net sales income/average net amount of property, plant and equipment.
- (7) Total assets turnover = net sales/average total assets.

#### 4. Profitability

- (1) Return on total assets = (loss after tax + interest expense x (1 - tax rate))/ average total assets.
- (2) Return on equity = profit or loss after tax/net average equity.
- (3) Profit ratio = loss after tax/net sales.
- (4) EPS = (profits attributable to owners of the parent - preference dividends)/weighted average number of the issued shares. (Note 4)

#### 5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Cash flow adequacy ratio = net cash flow of operating activities for most recent 5 years/(capital expenditure + addendum of inventory + cash dividend) for most recent 5 years.
- (3) Cash reinvestment ratio = (net cash flow of operating activities - cash dividend)/(gross property, plant and equipment + long-term investment + other non-current assets + operating capital). (Note 5)

#### 6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating cost and expense)/operating profit (Note 6).
- (2) Financial leverage = operating profit/(operating profit - interest expense).

Note 4: Special attention should be paid to the following matters related to the formula for calculating the earnings per share:

1. Based on the weighted average number of ordinary shares, instead of the number of shares issued at the end of the year.
2. In case of cash increase or treasury stock trading, the circulation period shall be taken into consideration, and the weighted average number of shares shall be calculated.
3. In case of capital increase out of earnings or capital reserves, when calculating earnings per share for the previous year and the half of the year, retrospective adjustments shall be made based on the proportion of capital increase, without taking the issue period of the capital increase into consideration.
4. If preferred shares are non-convertible cumulative preferred shares, the dividends on such shares for the year (whether paid or not) shall be exclusive of the net profits after tax, or plus the net losses after tax. If preferred shares are non-accumulative, and there is net profit after tax, the dividends on preferred shares shall be deducted from the net profits after tax; if there is loss, no adjustment is necessary.

Note 5: Special attention should be paid to the following items when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflows into operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflows of capital investment per year.
3. The increase in inventory is only included when the ending balance is greater than the opening balance. If the inventory is reduced at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and preferred shares.
5. Gross property, plant and equipment means the total amount of property, plant and equipment before accumulated depreciation is deducted.

Note 6: The issuer should classify operating costs and expenses into fixed and variable items based on the nature of such costs and expenses. If there are estimates or subjective judgments, attention should be paid to their rationality and consistency.

Note 7: If the shares of the company have no par value or the denomination per share is not NT\$10, the ratio of the paid-in capital previously stated shall be calculated as the ratio of equity attributable to the owners of the parent company on the balance sheet.

III. The report of supervisors or the Audit Committee on review of the financial report for the most recent year

## 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

IV. Audited consolidated financial report of the most recent year: Please refer to pages 143~304 of the annual report.

V. Audited individual financial report of the most recent year: Please refer to pages 305~370 of the annual report.

VI. The impact of difficulty in any financial turnover (if any) experienced by the Company and its affiliated enterprises for the most recent year and up to the date of publication of the annual report on the financial position of the Company should be listed: None.

## VII. Review and Analysis of Financial Position, Performance and Risks

### I. Analysis of Financial Position:

Main reasons for and effects of significant changes in the consolidated assets, liabilities and shareholders' equity for the most recent two years:

Unit: NTD 1,000

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	15,854,087	14,235,887	1,618,200	11.37
Non-current assets	75,440,040	80,030,335	(4,590,295)	(5.74)
Total assets	91,294,127	94,266,222	(2,972,095)	(3.15)
Current liabilities	13,760,799	17,815,332	(4,054,533)	(22.76)
Non-current liabilities	36,222,904	36,571,752	(348,848)	(0.95)
Total liabilities	49,983,703	54,387,084	(4,403,381)	(8.10)
Capital stock	6,497,630	6,697,630	(200,000)	(2.99)
Capital surplus	73,478	95,864	(22,386)	(23.35)
Retained earnings	40,742,938	39,667,346	1,075,592	2.71
Other equity	(4,628,787)	(4,928,011)	299,224	6.07
Equity attributable to owners of the parent	41,310,424	39,879,138	1,431,286	3.59
Total equity	41,310,424	39,879,138	1,431,286	3.59

#### Analysis and description of differences:

If the range of changes to items reaches 20% compared to the previous period equivalent to NTD 10,000,000, the main reasons for, effects of and response plan for such changes in the future shall be analyzed and described as follows:

1. Current liabilities: which are primarily the result of a reduction in bank loans.
2. Capital reserves: Mainly due to the cash dividends paid out of capital reserves by the Company.



## II. Analysis of Financial performance

### (I) Comparative analysis of the consolidated financial performance for the most recent two years

Unit: NTD 1,000

Item/Year	2021	2020	Increase/decrease	% of changes
Operating Revenue	26,991,842	20,238,946	6,752,896	33.37 Note 1
Operating costs	(21,676,266)	(15,882,827)	(5,793,439)	(36.48) Note 1
Operating margin	5,315,576	4,356,119	959,457	22.03 Note 1
Operating expenses	(3,225,737)	(2,879,936)	(345,801)	(12.01) Note 1
Operating profits	2,089,839	1,476,183	613,656	41.57 Note 1
Non-operating income and expenses	161,007	(779,978)	940,985	120.64 Note 2
Net profits before tax	2,250,846	696,205	1,554,641	223.30 Note 1&2
Income tax expenses	(454,496)	(29,261)	(425,235)	(1453.25) Note 3
Profits after tax from operations of continued segments for the current period	1,796,350	666,944	1,129,406	169.34 Note 1&2
Profits/losses after tax for the current period	1,796,350	666,944	1,129,406	169.34 Note 1&2
Other comprehensive income for the current period (after tax)	320,146	(48,331)	368,477	762.40 Note 4
Total comprehensive income for the current period	2,116,496	618,613	1,497,883	242.14 Note 4
Total comprehensive income attributable to owners of the parent	2,116,496	618,613	1,497,883	242.14 Note 4
Basic earnings per share (NTD) in total	3.03	1.12	1.91	170.54 Note 1&2&4

### (II) The main reasons for the increase or decrease in the items by more than 20% are analyzed as follows:

Note 1: Which has primarily been the result of sales income growth.

Note 2: It has primarily been the result of liquidating and redeeming gains and a lowering of the financial expenditures.

Note 3: It has primarily been the result of an increase to the pretax net earnings.

Note 4: Mainly due to the exchange rate impact caused by exchange rate changes.

### (III) Possible impact of the expected sales volume and its basis on the Company's future financial business, and response plan:

Based on the research conducted by MIC, it is learned that the shipment of the global notebook PC has reached 245 million units. As for the Clone notebook PC market, a foreign securities agency indicated in its research report that the market size in 2021 will be 18.65 million units and we have delivered 2,074,000 units in 2021, taking 11.1% of the Clone market. In terms of market share, we are still the leader in the regional brand market.

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 graphic cards. 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 company's 2022 Q1 shipping volume has surpassed 500,000 units, and the revenue has tipped over \$5bn, both rewriting Q1 history shipping new highs, with a yearly growth reaching 15%, and the company is optimistic of the 2022 NB enterprise to reaching a new height.

### III. Analysis of Cash flows

#### (I) Analysis and description of the changes in cash flows for the most recent year:

Item \ Year	2021/12/31	2020/12/31	Ratio of increase/decrease (%)
Cash flow ratio (%)	3.74	3.82	(2.09)
Cash flow adequacy ratio (%)	66.02	81.95	(19.44)
Cash reinvestment ratio (%)	1.12	4.89	(77.10)Note 1
Analysis of changes to the proportion of increase or decrease: (more than 20%)			
Note 1: it has primarily been the result of an increase to the current period's operating capital when compared with the previous period.			

(II) Improvement plan for insufficient liquidity: The current ratio is 115.21% and there is no doubt about insufficient liquidity.

#### (III) Analysis of cash liquidity in the coming year:

Unit: NTD Million

Opening cash balance①	Cash flow from operating activities②	Expected cash outflow for the year③	Estimated amount of cash surplus (shortfall) ①+②-③	Remedial measures for expected cash shortfalls	
				Investment plan	Wealth management plan
\$3,816	\$24,351	\$22,531	\$ 5,636	-	-

Description:

##### 1. Analysis of the changes in cash flows for the year:

- (1) Business activities: It is expected that the sales volume of notebooks will increase, and the revenue from sales of buildings by the China Business Division will increase, resulting in an increase in the net cash inflow of the Group's operations.
- (2) Investing activities: Going forward, the property business in China will focus on optimization and inventory work-through. Underperforming shops will be sold or let out, to boost cash inflows.
- (3) Financing and wealth management activities: It is expected that there will be dividend income from investment, and cash outflows are from payment of cash dividends. The Company will revitalize assets and capital in order to repay debts and reduce financial expenses.

##### 2. Remedial measures for expected cash shortfalls, and analysis of liquidity: None.

IV. Effect of Major Capital Expenditures in the most recent year on Financial Operations: None.

V. Investment Policy, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

(I) Reinvestment Policy

In addition to specializing in the development, production and sales of niche notebook products, the Company has been developing Buynow's business the information technology retail market in China during recent years. By leveraging years of experience in IT manufacturing and sales, the Company targets at niche shopping malls and maximizes synergy via selling notebooks in these channels. The NB's production and sales volume and value have reached the maximum overall profitability performance. Indeed, the sales of notebooks in China has increased to over 30% over past years. However, the physical shopping mall business in China has been affected by ecommerce and rental incomes dropped to 15% of sales recently. Given the market considerations, we have not increased investment in China. Instead, we seek to make best use of the 18 consumer electronics shopping malls currently in operation and activate assets by creating appropriate net cash inflows via leasing or selling underperforming properties.

(II) Main causes for profits or losses from reinvestment for the most recent year, and improvement plans:

Unit: NTD 1,000

Name of investees	Investment cost: unit (NTD 1,000)	Investment objective	Profits or losses from investment in 2021	Main causes for profits or losses	Improvement plan
CLEVO COMPUTER SINGAPORE PTE LTD (Singapore)	SGD 22,325	Investment in the establishment of Buynow IT Malls in Chengdu, Nanjing, Hefei, CLEVO CO.(Beijing) and Buynow (CHENGDU) CORP.	5,140 (Note 1)	In care of China's real estate's overall environment status, Buynow's assets have been reappraised in the current period, to itemize the deficit loss.	To continue progressing the asset optimization, reenergization policy.
CLEVO (CAYMAN ISLANDS) HOLDING COMPAY (Cayman Islands)	USD 369,370	Investment in the establishment of Buynow IT Malls in Shanghai, Nanchang, Changsha, Shenyang, Zhengzhou, Tianjin, Hangzhou, Guangzhou, Changchun, Pudong Shanghai, Xi'an and Harbin, Xiamen, Wuxi, Beijing, Xuhui, Qingdao, Changzhou, Chongqing, Daqing, Zibo, Taizhou, Suzhou, and Chicony Department Stores in Wuhan and Chengdu	(750,648) (Note 2)		
KAPOK COMPUTER (SAMOA) CORPORATION	USD 16,000	Investment in the establishment of Kaibo Computer (Kunshan), notebook production base	207,450	Revenue from the notebook business and profits increased. Currency gains increased due to the Chinese yuan's appreciation.	-
BUYNOW ON-LINE HOLDING CORPORATION	USD1,100	Investment was made in Shanghai Buynow Online Information Technology Co., Ltd., for the purpose of expanding online trading business via the Company's e-commerce in addition to physical stores.	(971)	The e-commerce business is inconsistent with the scale of economy, and suffers small losses.	Continuous improvements are made in combination with the commodities of thousands of merchants in the Buynow Mall, and the service guarantee of the physical Buynow chain stores to build the complete online sales and service platform, and embrace the new retail era of online and offline coverage.
CLEVO Investment Co., Ltd.	NTD 140,000		6,349	The securities are evaluated for benefits.	-
KAPOK COMPUTER	NTD 80,000		4,031	The securities are evaluated for benefits.	-
Taipei Twin Towers Limited	NTD1,000,000	The Company established a joint venture with Hongwell Group to participate in the tender for Taipei Twin Towers.	(19,841)	Currently, there is still no tangible operating income.	-

Note 1: Please refer to page 290 of the annual report for details.

Note 2: Please refer to page 290-293 of the annual report for details.

(III) Investment Plans for the Coming Year

In the future, the Company will remain focused on the transformation and adjustment of China's Distribution Division. The land acquisition and projects in construction that have been invested in Mainland for these years have been completed. {2. The office towers currently have a remaining volume at a mere CNY320 million, and which are expected to be sold in the next two years.

VI. Analysis and Assessment of Risk Issues: Analysis and evaluation in the most recent year and up to the date of publication of the annual report

(I) Effects of Changes in Interest Rate and Exchange Rate and Inflation on the Company's Finance, and Future Response Measures.

1. Analysis and Evaluation of Interest Rate Risks:

- (1) To fund working capital, the Company borrows primarily in the US dollars, the NT dollars and the Chinese yuan. The outstanding loan balance in the consolidated financials was NTD 26.42 billion as of December 31, 2021 and NTD 26.96 billion as of March 31, 2022. Assume the Company's borrowing amount to stay at NTD 27 billion, a 0.25% change (one markup) in interest rates will increase or decrease the Company's interest burden by NTD 67,500 thousand.

The U.S. Federal Reserve has since March 2020 been maintaining the interest rate at near zero and purchasing the government bonds, in order to support the economic and financial markets, yet when faced with the highest inflation in several decades, the U.S. Federal Reserve has in March announced raising the interest rate by one weighing, and also does not rule out raising the interest rate consistently each time in the future and would also be in March to begin shrinking the balance sheets, to recall the surplus market capital, marking a formal withdrawal of the easing monetary policy.

- (2) The consolidated net interest expense totaled NTD 638,943 thousand in 2021 and NTD 152,122 thousand in the first quarter of 2022. The Company keeps a close eye on the movement of interest rates and exchange rates, in order to adjust the mix of loans in different currencies, develop the most favorable financing strategies and reduce financing costs.

2. Risk analysis and assessment of exchange rate changes:

- (1) The Company's sales and material purchase costs are quoted in US dollars, and material costs account for about 85% of sales, so the fluctuation in the US dollar exchange rate will affect the Company's gross profit margin. In terms of net operating revenue minus purchase expenses, the net foreign exchange portion in the US dollars accounted for 15% of the operating revenue. Assuming a 1% change in the US dollar exchange rate, the impact on the Company's gross profit margin is 0.15%.
- (2) The company reinvested in the China Buynow business group, whose income and assets are denominated in RMB, and the group statement is expressed in NTD. It is beneficial to the company if RMB appreciates against the NTD.
- (3) Consolidated foreign currency exchange benefits of NTD82,282 thousand in 2021, and consolidated foreign currency exchange benefits of NTD288,670 thousand in Q1 2022; the company and its subsidiaries will pay attention to the international Considering the economic situation and the analysis report of the bank, moderately undertake foreign exchange transactions for hedging and reduce the impact of exchange rate fluctuations.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions.

1. The Company is not engaged in high-risk and highly leveraged investments. All investments have been carefully evaluated, and will not be made unless a resolution is passed by the Board of Directors.
2. The Company only lends funds and provides endorsements and guarantees to the subsidiaries in which it directly or indirectly holds more than 50% of the shares, or the companies for whom endorsements and guarantees are made in a joint investment relationship based on the proportion of shareholding. As the subsidiaries only maintain a small amount of capital, in order to meet the needs of the working capital of the invested subsidiaries, after the Board of Directors evaluates the necessity of and approves the funds and endorsement, the Company will provide support by lending funds or making endorsements and guarantees.

No other gains or losses are derived from the transactions of funds lending and endorsement & guarantee between the Company and its subsidiaries other than the interest income from funds lent.

3. The operation of the Company's derivative products is limited to foreign exchange transactions for exchange rate hedging, aimed at analysis and evaluation of the transactions undertaken based on the Company's net foreign exchange position, and the risks of changes in exchange rates. The profits or losses from such transactions will be included in the exchange income account for evaluation, and risks have been taken into consideration for all operations in accordance with the regulations

prescribed by the competent authorities.

(III) Future Research and Development Projects, and Corresponding budget.

1. Please refer to P93-P94 of the annual report for details on the Company's R&D projects for the next year.
2. It is estimated that the research and development expenses for the whole year will account for about 3-5% of the annual operating revenue. Year 2021 R&D expenditure is at NTD 632,583 thousand which accounts for 2.8% of the current year computer department's revenue, year 2021 Q1 R&D expenditure is at NTD >1 } 136,759,000, which accounts for 2.9% of the NB revenue.

(IV) Effects of and Response to Changes in Significant Policies and Regulations on the Financial Operations of the Company.

1. All departments and legal offices of the Company will pay attention to the changes in important policies and laws at home and abroad, and evaluate their impact on the Company.
2. Other recent changes in policies and laws at home and abroad have no significant impact on the Company's current financial business.

(V) Effects of and Response to Changes in Technology and in Industry on the Financial Operations of the Company.

1. The Company pays attention to the changes in the relevant technology in the industry at all times, and assigns special personnel or ad hoc groups to evaluate the impact of such changes on the Company's future development and financial business, and the corresponding measures if necessary.
2. The changes in the relevant technology for the most recent year have no significant impact on the Company's current financial business.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None.

(VII) Expected Benefits from, Risk Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected Benefits from, Risk Relating to and Response to Factory and Expansion Plans.

The production capacity of the Kunshan Plant is sufficient to meet the annual demand of about 2.2 million units. This year, there is no need for expansion of plants, and the Company is expected to replace old equipment, improve AI automation production, and improve production efficiency and quality.

(IX) Risks Relating to and Response to Excessive Concentration of Purchase and Sales.

1. The Company's procurement strategy is flexible with strong adaptability to the market. At the same time, it maintains good relationships with many suppliers. The current production base is concentrated in the Mainland Kaibo (Kunshan) Plant. To cut down costs of materials, more than 95% of materials are directly purchased from Taiwanese suppliers by the Kushan Plant at present. The delivery time, quality and prices will improve the production efficiency of Kunshan Plan, and effectively reduce inventory risks.
2. The Company's sales customer base is scattered. As we attract customers with product advantages, fast delivery and good services, and have established good relationships with many small and medium-sized distributors around the world, there are no risks from the concentration of single customers.

(X) Effects of, Risks Relating to and Response to Large Share Transfer or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholding of over 10%.

The number of shares held by the directors and supervisors of the Company is stable, free from mass transfer.

(XI) Effects of, Risks Relating to and Response to Changes in Control over the Company: None.

(XII) Litigation or Non-litigation Matters, list the finished or pending major lawsuits, non-litigation or administrative proceedings in which the Company and its directors, supervisors, general manager, actual controller, major shareholders holding more than 10% of the shares, and affiliated companies are involved; and disclose the facts, amount of subject matter, commencement date for litigation, parties to litigation, and treatment up to the date of publication of the annual report if the outcome thereof may have a significant impact on shareholders' equity or prices for securities.

1. Description of the major lawsuits, non-litigation or administrative proceedings which have been closed or pending in the most recent year and up to the date of publication of the annual report: The Company has not been involved in any lawsuits, non-litigation or administrative proceedings up to the date of publication of the annual report.
2. The Company's directors, supervisors, general managers and the affiliated companies in which the Company holds more than 10% of the shares have not been involved in any lawsuits, non-litigation or administrative proceedings in the most recent year and up to the date of publication of the annual report.

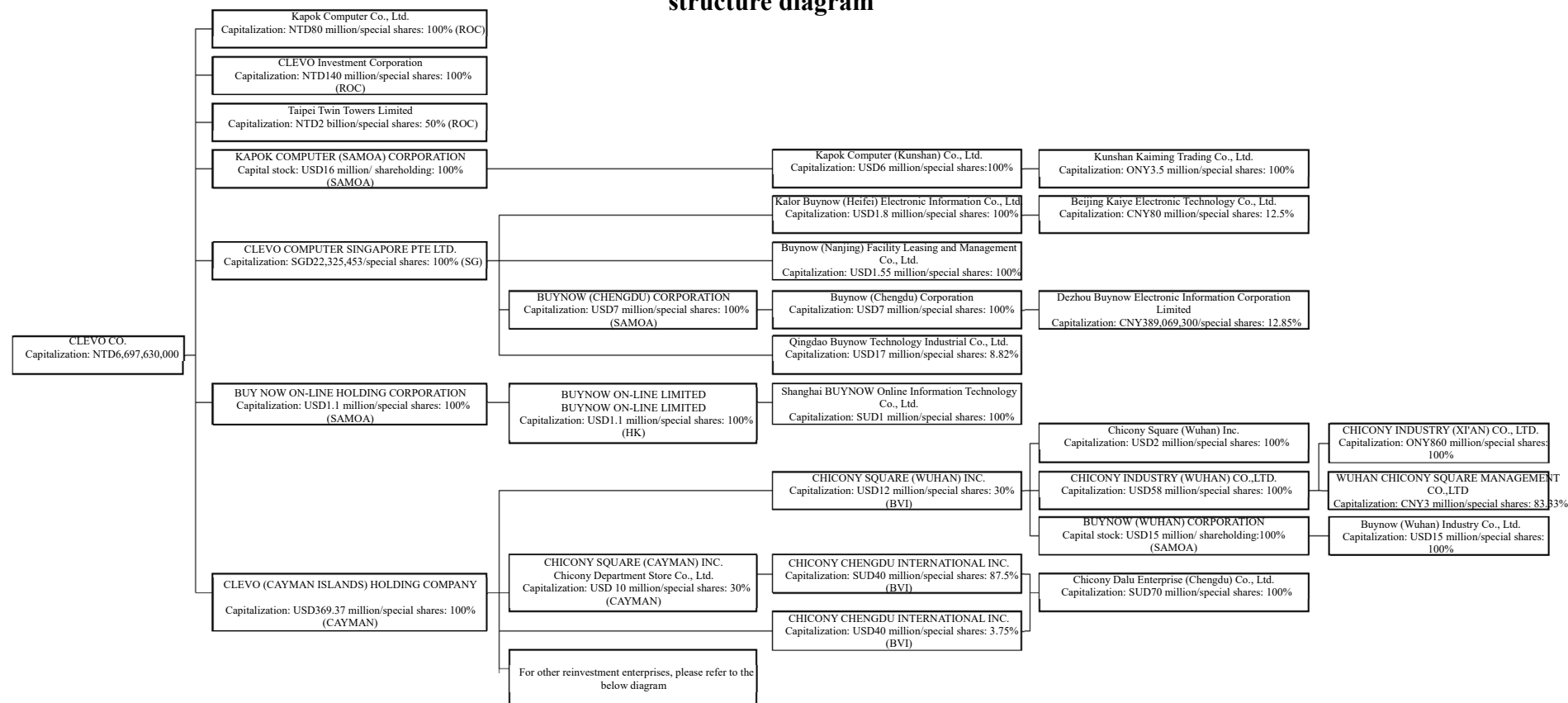
(XIII) Other significant risks and countermeasures: None.

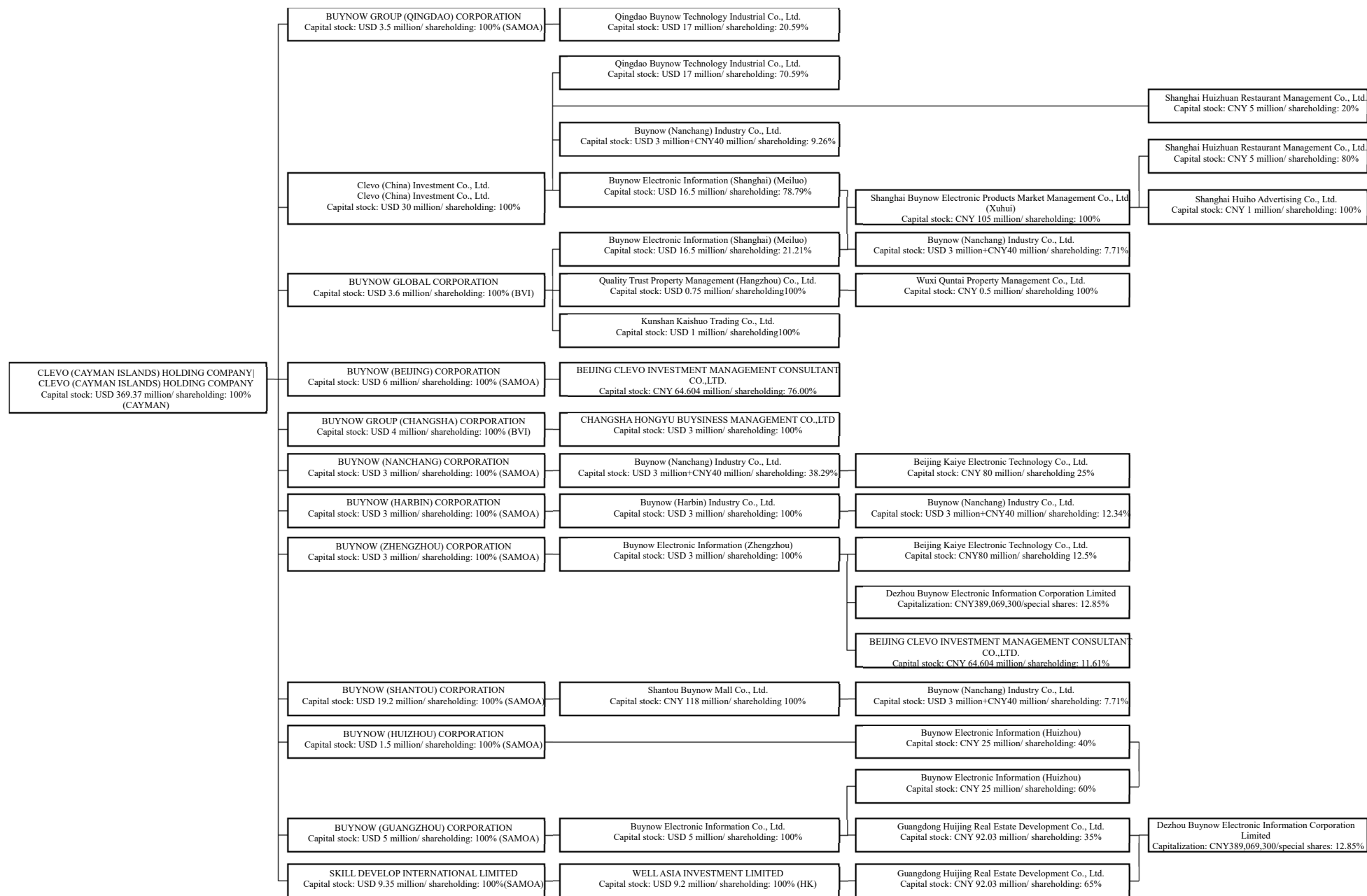
VII. Other significant matters: None.

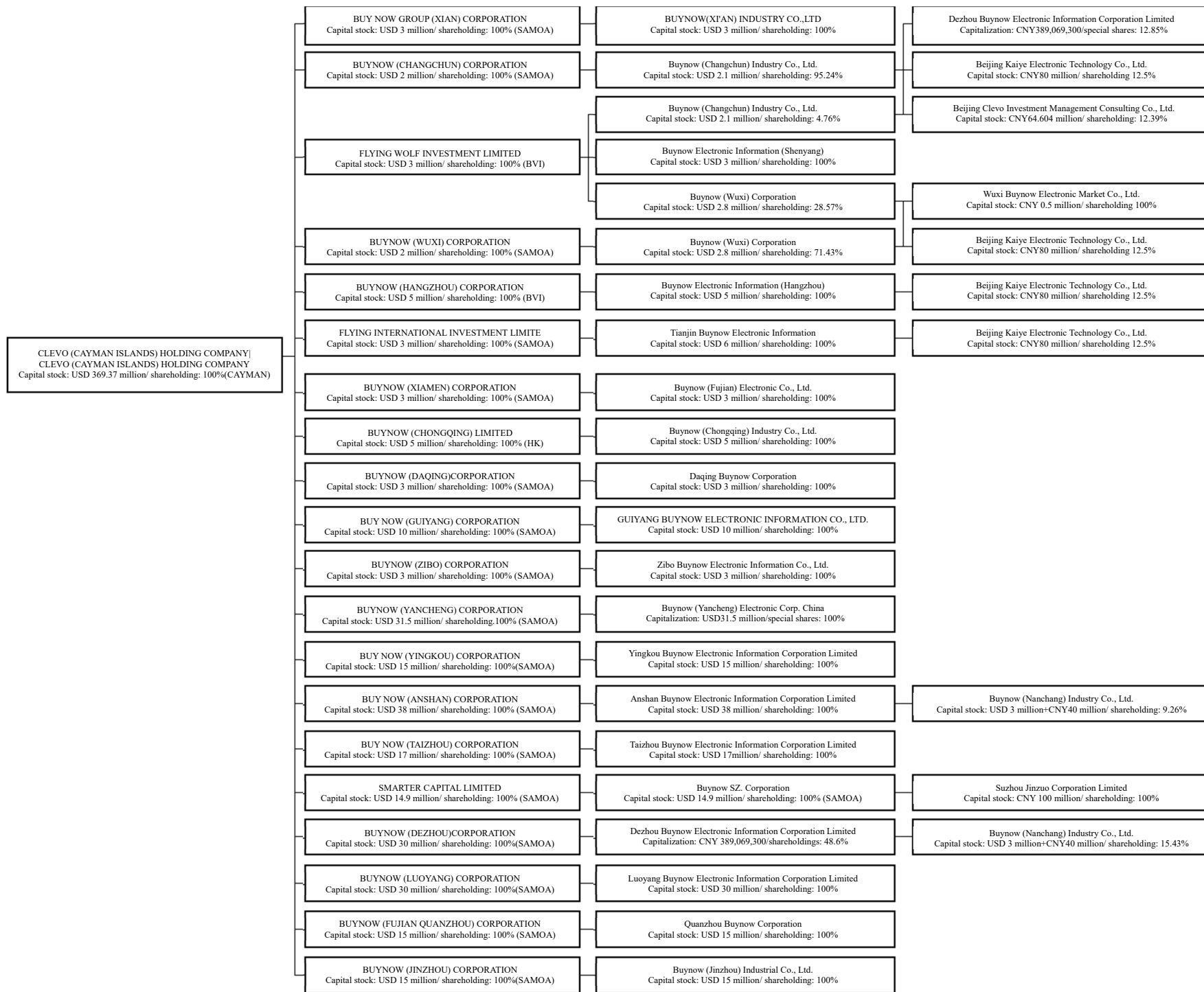
# VIII. Additional Information

## I. Summary of Affiliated Companies (I) Summary of Affiliated Companies

### CLEVO CO. 2021.12.31 Long-term investment and shareholding structure diagram









## (II) Basic information of affiliated companies

Unit: thousand in NTD and foreign currency

Company name	Establishment date	Registered address	Paid-in capital	Remark
Kapok Computer Co., Ltd.	1993/04/01	1F, No. 189 Yucheng Street, Nangang District, Taipei City	NTD 80,000	Design and sales of computers and computer peripherals
CLEVO Investment Corporation	1998/08/01	1F, No. 189 Yucheng Street, Nangang District, Taipei City	NTD 140,000	General investment business
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	2001/02/22	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD 369,370	General investment business
KAPOK COMPUTER (SAMOA) CORPORATION	2001/08/20	Grand Floor NPF Building, Beach Road, Apia, Samoa	USD 16,000	General investment business
CLEVO COMPUTER SINGAPORE PTE LTD.	1998/03/30	10 Anson Road, #12-15 International Plaza, Singapore 079903	SGD 22,325	General investment business
BUYNOW ON-LINE HOLDING CORPORATION	2009/04/03	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 1,100	General investment business
BUYNOW GLOBAL CORPORATION	2002/06/28	Palm Grove House, P.O. Box 438, Road Town, Tortola , British Virgin Islands	USD 3,600	General investment business
BUYNOW (HANGZHOU) CORPORATION	2002/08/28	Palm Grove House, P.O. Box 438, Road Town, Tortola , British Virgin Islands	USD 5,000	General investment business
BUYNOW (ZHENGZHOU) CORPORATION	2003/01/31	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business
BUYNOW GROUP (CHANGSHA) CORPORATION	2003/01/07	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	USD 4,000	General investment business
BUYNOW (NANCHANG) CORPORATION	2003/01/31	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business
BUYNOW (GUANGZHOU) CORPORATION	2004/09/28	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 5,000	General investment business
FLYING WOLF INVESTMENT LIMITED	2001/08/23	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 3,000	General investment business
BUYNOW (XIAMEN) CORPORATION	2005/07/28	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business
BUYNOW GROUP (XIAN) CORPORATION	2003/09/25	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business
FLYING INTERNATIONAL INVESTMENT LIMITED	2002/05/16	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business
BUYNOW (CHANGCHUN) CORPORATION	2004/01/19	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 2,000	General investment business
BUYNOW (WUXI) CORPORATION	2003/12/29	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 2,000	General investment business
BUYNOW GROUP (QINGDAO) CORPORATION	2003/09/08	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,500	General investment business
BUYNOW (HARBIN) CORPORATION	2004/03/03	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business
BUYNOW (CHENGDU) CORPORATION	2006/11/08	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 7,000	General investment business
BUYNOW (CHONGQING) LIMITED	2008/09/17	RM 2702-03 CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD 5,000	General investment business
BUYNOW ON-LINE LIMITED	2009/04/29	RM 2702-03, C. C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD 1,100	General investment business
BUYNOW (DAQING) CORPORATION	2009/12/29	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business
BUYNOW (ZIBO) CORPORATION	2010/04/16	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 3,000	General investment business

Company name	Establishment date	Registered address	Paid-in capital		Remark
BUYNOW (BEIJING) CORPORATION	2002/06/11	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	6,000	General investment business
SKILL DEVELOP INTERNATIONAL LIMITED	2004/08/23	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	9,350	General investment business
WELL ASIA INVESTMENT LIMITED	1992/10/29	28/F WING ON CENTRE 111 CONNAUGHT RD CENTRAL HK	USD	9,200	General investment business
BUYNOW (YANCHENG) CORPORATION	2010/08/16	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	31,500	General investment business
BUYNOW (HUIZHOU) CORPORATION	2010/08/30	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	1,500	General investment business
BUYNOW (GUIYANG) CORPORATION	2010/04/27	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	10,000	General investment business
BUYNOW (YINGKOU) CORPORATION	2011/04/13	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	15,000	General investment business
BUYNOW (ANSHAN) CORPORATION	2011/05/12	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	38,000	General investment business
BUYNOW SZ. CORPORATION	2010/07/07	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	14,900	General investment business
SMARTER CAPITAL LIMITED	2010/03/22	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	14,900	General investment business
BUYNOW (TAIZHOU) CORPORATION	2011/08/24	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	17,000	General investment business
BUYNOW (DEZHOU) CORPORATION	2011/08/24	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	30,000	General investment business
BUYNOW (LUOYANG) CORPORATION	2011/09/09	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	30,000	General investment business
BUYNOW (FUJIAN QUANZHOU) CORPORATION	2011/09/09	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	15,000	General investment business
BUYNOW (JINZHOU) CORPORATION	2011/12/19	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	15,000	General investment business
BUYNOW (SHANTOU) CORPORATION	2012/12/04	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	19,200	General investment business
CLEVO (HK) INVESTMENT HOLDING LIMITED	2014/01/17	31/F CHINACHEM CENTURY TOWER 178 GLOUCESTER RD WANCHAI HK	USD	100	General investment business
Buynow Electronic Information (Shanghai)	1998/05/11	No.1111 Zhaojiabin Road, Xuhui District, Shanghai City	USD	16,500	Showroom hires for computers and electronic products; information consultation; repair & maintenance services, and property management
Buynow Electronic Information (Hangzhou)	2002/09/26	No.23 Jiaogong Road, Xihu District, Hangzhou City	USD	5,000	R&D, production, sale and after-sale services of computer hardware and software; and property management
Buynow Electronic Information (Zhengzhou)	2003/04/16	No. 509 Buynow Building, No. 11 East Section of Dongfeng Road, Jinshui District, Zhengzhou City	USD	3,000	R&D, production, sale and after-sale services of computer hardware and software; and property management Business venue hires and ancillary services; preparation and sale of Chinese meals
CHANGSHA HONGYU BUYSINESS MANAGEMENT CO., LTD	2003/04/15	No.9 Renmin Road, Yuhua District, Changsha City	USD	3,000	Business venue hires and ancillary services in commercial properties internally developed
Buynow (Nanchang) Industry Co., Ltd.	2003/03/31	No.318 Zhongshan Road, Xihu District, Nanchang City, Jiangxi Province	CNY	64,830	R&D, production, sale and after-sale services of computer hardware and software; electronic digital technology products and maintenance services; retail & department stores; distribution of computers, software, electronics products, and communication equipment; Non-residential real estate lease.
Guangzhou Buynow Corporation	2004/11/22	IT4F-4A01, 4th Floor, Buynow Technology Building, 598 Tianhe Road, Tianhe District, Guangzhou	USD	5,000	R&D, production and sale of computer hardware and software; wholesale and retail of daily necessities and household items; after-sale services of the aforesaid products; and property management
Buynow Electronic Information (Shenyang)	2002/05/31	No.5, 90A, South Sanhao Street, Hoping District, Shenyang City	USD	3,000	R&D, production, sale and after-sale services of computer hardware and software; property management, venue hires and ancillary services

Company name	Establishment date	Registered address	Paid-in capital		Remark
Buynow (Fujian) Electronic Co., Ltd.	2005/01/14	No. 76, 78, 80 South Hubin Road, Siming District, Xiamen City	USD	3,000	R&D, wholesale and repair & maintenance services of computer hardware, software and electronic digital products; development and sale of Xiamen Buynow Technology Building; and property management
BUYNOW(XI'AN) INDUSTRY CO.,LTD	2004/02/27	No. 68, Middle Section of Yanta Road, Beilin District, Xian City	USD	3,000	R&D, production, sale and after-sale services of computer hardware and software; property management, venue hires and ancillary services
Tianjin Buynow Electronic Information	2002/08/16	No.336 Anshan West Road, Nankai District, Tianjin City	USD	6,000	R&D, production, sale and after-sale services of computer hardware and software; retail & department stores; wholesale and retail of electronics products and communication equipment; after-sale services of the aforesaid products; property management, venue hires and ancillary services
Buynow (Changchun) Industry Co., Ltd.	2005/06/23	6th Floor, Buynow Technology Building, 1313 Gongnongda Road, Chaoyang District, Changchun City	USD	2,100	R&D, production, sale and after-sale services of computer hardware and software; property management, venue hires and ancillary services
Buynow (Wuxi) Corporation	2006/01/12	No. 25 Renmin West Road, Wuxi City	USD	2,800	R&D, production and sale of computer hardware and software; retail & department stores; wholesale and retail of electronics products and communication equipment; after-sale services of the aforesaid products; property management, venue hires and ancillary services
Qingdao Buynow Technology Industrial Co., Ltd.	2004/05/19	No.147 Liaoning Road, North District, Qingdao City	USD	17,000	R&D, production and sale of computer hardware and software; retail & department stores; wholesale and retail of electronics products and communication equipment; after-sale services of the aforesaid products; property management, restaurant management, venue hires and ancillary services
Buynow (Harbin) Industry Co., Ltd.	2004/12/09	No. 87 Xidazhi Street, Nangang District, Harbin City, Heilongjiang Province	USD	3,000	R&D, production, sale and after-sale services of computer hardware and software; and property management
Kapok Computer (Kunshan) Co., Ltd.	2001/11/06	No. 200, Second Avenue, Kunshan Comprehensive Free Trade Area, Jiangsu Province	USD	6,000	R&D and manufacturing of notebooks, tablets, palmtops, communication information products, semi-finished products and relevant components; sale and repair & maintenance services for internally produced products
Buynow (Chengdu) Electronic Information Co., Ltd.	1998/06/18	No. 118 Xinnan Road, Wuhou District, Chengdu City, Sichuan Province	USD	7,000	R&D, production and sale of computer hardware and software; retail & department stores; wholesale and retail of electronics products and communication equipment; after-sale services of the aforesaid products; property management, restaurant management and venue hires
Buynow (Nanjing) Facility Leasing and Management Co., Ltd.	1999/09/19	No. 333 Zhujiang Road, Xuanwu District, Nanjing City	USD	1,550	Leasing and management of commercial facilities; ancillary services; internal management of buildings
Kalor Buynow (Hefei) Electronic Information Co., Ltd.	2007/10/24	Floor 1-3, Anhui International Business Center, 162 Jinzhai Road, Hefei City, Anhui Province	USD	1,800	R&D, production and sale of computer hardware and software; retail & department stores; wholesale and retail of electronics products; after-sale services of the aforesaid products
Quality Trust Property Management (Hangzhou) Co., Ltd.	2006/08/01	No.23 Jiaogong Road, Xihu District, Hangzhou City	USD	750	Property management; real estate information consultancy; property letting agency; housekeeping services; car park management; business services
Wuxi Quntai Property Management Co., Ltd.	2007/10/30	Room 501, Buynow Technology Building, No. 25 Renmin West Road, Wuxi City	CNY	500	Property management; real estate information consultancy; realtor agency services; housekeeping services; car park management; and other business services
Buynow (Chongqing) Industry Co., Ltd.	2008/12/02	No. 2 CQA4Z02, 4th Floor, No. 2, Keyuan First Road, Jiulongpo District, Chongqing City	USD	5,000	R&D, production and sale of computer hardware and software and electronics products; shopping mall management services; business management consulting; wholesale and retail of electronics products (excluding electronic publications); property management, car park services, and restaurant management

Company name	Establishment date	Registered address	Paid-in capital		Remark
Shanghai BUYNOW Online Information Technology Co., Ltd.	2009/07/08	Shop XHA3C02/XHA3C03 shop, 3rd Floor, No. 339 Caoxi North Road, Xuhui District, Shanghai City	USD	1,000	Wholesale, retail and after-sale services of home appliances, computers & peripherals, communication equipment, electric machinery, office suppliers & relevant products; technology development, transfer and supporting services for networking, computer hardware & software, and communication equipment; and property management
Daqing Buynow Corporation	2010/05/18	No. 25, Weiqi Road, Dongfeng New Village, Sartu District, Daqing City, Heilongjiang Province	USD	3,000	Showroom hires and ancillary services for computers and electronic products; information consultation; repair & maintenance services, and property management
Zibo Buynow Electronic Information Co., Ltd.	2010/08/03	No. 31 Liuquan Road, Zhangdian District, Zibo City	USD	3,000	R&D, production and sale of computer hardware and software; wholesale and retail of electronic digital technology products; after-sale services of the aforesaid products; and property management
BEIJING CLEVO INVESTMENT MANAGEMENT CONSULTANT CO.,LTD.	2003/01/02	Room 818, Clevo Hesheng Building, 32 Zhongguancun Street, Haidian District, Beijing City	CNY	64,604	Investment management consultancy; wholesale of electronics products; commission and agency services & consultancy; import/export of goods; and property management
Buynow (Yancheng) Electronic Corp. China	2010/10/29	No. 22, Huancheng North Road, Yancheng City	USD	31,500	R&D, production and sale of computer hardware and software; wholesale and retail of electronic digital technology products; after-sale services of the aforesaid products; and property development & management
Buynow Electronic Information (Huizhou)	2008/10/17	4th Floor, No. 20 Eling North Road, Huizhou City	CNY	25,000	R&D, production and sale of computer hardware and software; wholesale and retail of digital technology products; after-sale services of the aforesaid products; property development and restaurant management
Clevo (China) Investment Co., Ltd.	2010/09/21	20th Floor, No.1600 Zhongshan West Road, Xuhui District, Shanghai City	USD	30,000	Investment; R&D department establishment; consultation for import/export, wholesale, and commission agency
Suzhou Jinzuo Corporation Limited	2006/11/22	No.258 Guangji South Road, Gusu District, Suzhou City	CNY	100,000	Business management and property management services
GUIYANG BUYNOW ELECTRONIC INFORMATION CO., LTD.	2011/03/04	No. 87 Boai Road, Nanming District, Guiyang City	USD	10,000	R&D of computer hardware, software and relevant products; development, construction, sale, letting and management of own properties
Yingkou Buynow Electronic Information Corporation Limited	2011/06/10	No.18 Dongcheng Garden, Zhanqian District, Yingkou City	USD	15,000	R&D of computer hardware, software and relevant products; business management services; property development & management; property letting and sale; property management; and hotel management
Anshan Buynow Electronic Information Corporation Limited	2011/06/20	No. 38 (1st-10th floors), Shengli South Road, Tiedong District, Anshan City, Liaoning Province	USD	38,000	Computer hardware, software and digital electronic products; business management and consultancy; hotel and restaurant management; property management; real estate information consultancy
Taizhou Buynow Electronic Information Corporation Limited	2011/10/24	No. 51, Renmin East Road, Hailing District, Taizhou City	USD	17,000	Electronic products information consultancy; retail of computer hardware, software and electronic digital products; leasing and management of commercial facilities; and ancillary services
Dezhou Buynow Electronic Information Corporation Limited	2011/10/28	No. 500 Jiefang Middle Avenue, Decheng District, Dezhou City, Shandong Province	CNY	389,069	R&D, sale and repair & maintenance services of computer hardware, software and related electronics products; business management consulting; shopping mall management services; property management, restaurant services, distribution of different kinds of advertisements in the domestic market; imports/exports; entertainment services; education consultation
Luoyang Buynow Electronic Information Corporation Limited	2012/08/10	No. 300, Zhongzhou Middle Road, Xigong District, Luoyang City	USD	30,000	Wholesale, retail, and after-sale repair & maintenance services of computer hardware, software and digital electronic products; business management & consulting services; hotels and restaurant services; retail and department stores; shopping mall management and property management

Company name	Establishment date	Registered address	Paid-in capital		Remark
Quanzhou Buynow Corporation	2013/04/24	No.79 Jiuyi Road, Licheng District, Quanzhou City	USD	15,000	Property management; development, production, wholesale, retail, and repair & maintenance services of software and consumer electronic products; consultancy services in international economy, technology, and information
Buynow (Jinzhou) Industrial Co., Ltd.	2013/09/05	3-19A, Red Leaf Maple Scenery, Chrysanthemum Area in Lingho District, Jinzhou City	USD	15,000	Wholesale, retail, and after-sale repair & maintenance services of computer hardware, software and consumer electronic products; business management & consulting services; restaurant services; retail and department stores; shopping mall management and property management
Kunshan Kaishuo Trading Co., Ltd.	2014/01/26	Room 2603, No. 2, Zhongye Kunting, Kunshan Development Zone, Kunshan City, Jiangsu Province	USD	1,000	Wholesale and import/export of machinery & parts; cables & wires; refrigeration equipment, construction and decoration materials, firefighting facilities; compressors & parts, elevators & parts; and relevant consultancy services
Guangdong Huijing Real Estate Development Co., Ltd.	1997/07/09	IT1F-1C36, No. 598-101, Tianhe Road, Tianhe District, Guangzhou City	CNY	92,030	R&D, production and sale of computer hardware and software; wholesale, retail and after-sale repair & maintenance services of electronic digital technology products; retail & department stores; shopping mall management and property development
Shanghai Buynow Electronic Products Market Management Co., Ltd.	2005/12/16	Basement room 01, room 101, 2nd-5th Floor, No. 339 Caoxi North Road, Shanghai City	CNY	105,000	R&D, production and sale of computer hardware and software; wholesale, retail and after-sale repair & maintenance services of electronic digital technology products; retail & department stores; shopping mall management and property development
Kunshan Kaiming Trading Co., Ltd.	2007/07/01	Room 219, 220, No. 8, Weiye Road, Kunshan Development Zone	CNY	3,500	Sale and repair & maintenance services of notebooks, tablets, desktops, palmtops, communication products and relevant parts; export of goods and technologies
Wuxi Buynow Electronic Market Co., Ltd.	2009/01/05	No. 25 Renmin West Road, Nanchang District, Wuxi City	CNY	500	Letting and services of market venues and facilities; market management; restaurant management; property management and car park management
Beijing Kaiye Electronic Technology Co., Ltd.	2008/12/31	5B11, 4F, No. 78, East 4, Huanzhong Road, Chaoyang District, Beijing, 1013	CNY	80,000	Technology promotion services; computer repair & maintenance; motor vehicle parking space services; property management; business management & consultancy; letting of commercial properties; wholesale of computer hardware, software and peripherals; retail & department stores
Shantou Buynow Mall Co., Ltd.	2010/12/31	Room 609, North Tower, Buynow Plaza, No. 98, Changping Road, Longhu District, Shantou City	CNY	118,000	Own property management & operation services; retail & department stores; import/export of goods and technologies; R&D, production and repair & maintenance services of computer software and electronic digital technology products
Shanghai Huizhuan Restaurant Management Co., Ltd.	2016/07/04	Shop 1Y03, Section 101, No. 339 Caoxi North Road, Xuhui District, Shanghai	CNY	5,000	Restaurant management; sale of daily essentials
Shanghai Huiho Advertising Co., Ltd.	2014/04/01	Shop XHDF2B01-01, 2nd Floor, No. 339 Caoxi North Road, Xuhui District, Shanghai City	CNY	1,000	Advertising design, marketing

Note 1: The exchange rate of foreign currency to Taiwan dollar is as follows:

		USD	SGD	RMB	JPY
December 31, 2021	Exchange rate	27.675	20.491	4.3407	0.2407

(III) The information of same shareholder for those who are presumed to be in control and subordinate relation:  
Not applicable

(IV) Description of business relationship

1. The industries covered by the entire business operations of the Company: R&D, design, manufacturing, sales, after-sales service, business consultation, technical consultation, general investment, property management, production, sales of clothing, subsidiary food, and operations of cafe.
2. The businesses operated by the affiliated companies are related to each other, and the division of business operations:
  - (1) CLEVO (CAYMAN ISLANDS) HOLDING COMPANY、KAPOK COMPUTER (SAMOA) CORPORATION、CLEVO COMPUTER SINGAPORE PTE LTD、BUYNOW ON-LINE HOLDING CORPORATION、BUYNOW GLOBAL CORPORATION、BUYNOW (HANGZHOU) CORPORATION、BUYNOW (ZHENGZHOU) CORPORATION、BUYNOW GROUP (CHANGSHA) CORPORATION、BUYNOW (NANCHANG) CORPORATION、BUYNOW (GUANGZHOU) CORPORATION、FLYING WOLF INVESTMENT LIMITED、BUYNOW (XIAMEN) CORPORATION、BUYNOW GROUP (XIAN) CORPORATION、FLYING INTERNATIONAL INVESTMENT LIMITED、BUYNOW (CHANGCHUN) CORPORATION、BUYNOW (WUXI) CORPORATION、BUYNOW GROUP (QINGDAO) CORPORATION、BUYNOW (HARBIN) CORPORATION、BUYNOW (CHENGDU) CORPORATION、BUYNOW (CHONGQING) LIMITED、BUYNOW ON-LINE LIMITED、BUYNOW (DAQING) CORPORATION、BUYNOW (ZIBO) CORPORATION、BUYNOW (BEIJING) CORPORATION、SKILL DEVELOP INTERNATIONAL LIMITED、WELL ASIA INVESTMENT LIMITED、BUYNOW (YANCHENG) CORPORATION、BUYNOW (HUIZHOU) CORPORATION、BUYNOW (GUIYANG) CORPORATION、BUYNOW (YINGKOU) CORPORATION、BUYNOW (ANSHAN) CORPORATION、BUYNOW SZ. CORPORATION、SMARTER CAPITAL LIMITED、BUYNOW (TAIZHOU) CORPORATION、BUYNOW (DEZHOU) CORPORATION、BUYNOW (LUOYANG) CORPORATION、BUYNOW (FUJIAN QUANZHOU) CORPORATION、BUYNOW (JINZHOU) CORPORATION、BUYNOW (SHANTOU) CORPORATION: It is the holding company owned by CLEVO Co. for investments in China; CLEVO (HK) INVESTMENT HOLDING LIMITED is the holding company owned by CLEVO Co. for investments in Japan.
  - (2) Kapok Computer Co., Ltd. provides after-sales maintenance services for the products of Clevo.
  - (3) None of the following companies is involved in businesses directly related to Clevo Co.: CLEVO Investment Corporation; Buynow Electronic Information (Shanghai); Buynow Electronic Information (Hangzhou); Buynow Electronic Information (Zhengzhou); Changsha Hongyu Business Management Co., Ltd.; Buynow (Nanchang) Industry Co., Ltd.; Guangzhou Buynow Corporation; Buynow Electronic Information (Shenyang); Buynow (Fujian) Electronic Co., Ltd.; Buynow (Xian) Industry Ltd.; Tianjin Buynow Electronic Information; Buynow (Changchun) Industry Co., Ltd.; Buynow (Wuxi) Corporation; Qingdao Buynow Technology Industrial Co., Ltd.; Buynow (Harbin) Industry Co., Ltd.; Buynow (Chengdu) Electronic Information Co., Ltd.; Buynow (Nanjing) Facility Leasing and Management Co., Ltd.; Kalor Buynow (Heifei) Electronic Information Co., Ltd.; Quality Trust Property Management (Hangzhou) Co., Ltd.; Wuxi Quntai Property Management Co., Ltd.; Buynow (Chongqing) Industry Co., Ltd.; Shanghai BUYNOW Online Information Technology Co., Ltd.; Daqing Buynow Corporation; Zibo Buynow Electronic Information Co., Ltd.; Beijing CLEVO Investment Management Consultant Co., Ltd.; Buynow (Yancheng) Electronic Corp.; Buynow Electronic Information (Huizhou); Clevo (China) Investment Co., Ltd.; Suzhou Jinzuo Corporation Limited; Guiyang Buynow Electronic Information Corporation Limited; Yingkou Buynow Electronic Information Corporation Limited; Anshan Buynow Electronic Information Corporation Limited; Taizhou Buynow Electronic Information Corporation Limited; Dezhou Buynow Electronic Information Corporation Limited; Luoyang Buynow Electronic Information Corporation Limited; Quanzhou Buynow Corporation; Buynow (Jinzhou) Industrial Co., Ltd.; Kunshan Kaishuo Trading Co., Ltd.; Guangdong Huijing Real Estate Development Co., Ltd.; Shanghai Buynow Electronic Products Market Management Co., Ltd.; Wuxi Buynow Electronic Market Co., Ltd.; Beijing Kaiye Electronic Technology Co., Ltd.; Shantou Buynow Mall Co., Ltd.; Xiamen Lejing Internet Bar Co., Ltd.; Shanghai Huizhuan Restaurant Management Co., Ltd.; Shanghai Huiho Advertising Co., Ltd.; and Kunshan Kaiming Trading Co., Ltd.
  - (4) KAPOK COMPUTER (KUNSHAN) CO., LTD. provides processing services for Clevo, and is engaged in production and sales of self-made products.

## (V) Information of directors and supervisors of affiliated companies

Unit: Thousand shares; %

Company name	Title	Name or representative	Number of shares held	
			Number of Shares	% of shareholding
Kapok Computer Co., Ltd.	Chairman	Hsu,Kun-tai	8,000	100%
	Director	Yueh-Yuan Hsu		
	Director	Tsai,Ming-Hsien		
	Supervisor	Chien,Yih-Long		
CLEVO Investment Corporation	Chairman	Hsu,Kun-tai	14,000	100%
	Director	Tsai,Ming-Hsien		
	Director	Yueh-Yuan Hsu		
	Supervisor	Chien,Yih-Long		
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	Director	Hsu,Kun-tai	-	-
KAPOK COMPUTER (SAMOA) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
CLEVO COMPUTER SINGAPORE PTE LTD.	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW ON-LINE HOLDING CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW GLOBAL CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (HANGZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (ZHENGZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW GROUP (CHANGSHA) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (NANCHANG) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (GUANGZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
FLYING WOLF INVESTMENT LIMITED	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (XIAMEN) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW GROUP (XIAN) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-

Company name	Title	Name or representative	Number of shares held	
			Number of Shares	% of shareholding
FLYING INTERNATIONAL INVESTMENT LIMITED	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (CHANGCHUN) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (WUXI) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW GROUP (QINGDAO) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (HARBIN) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (CHENGDU) CORP.	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (CHONGQING) LIMITED	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW ON-LINE LIMITED	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (DAQING) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (ZIBO) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (BEIJING) CORPORATION	Director	Hsu,Kun-tai	-	-
SKILL DEVELOP INTERNATIONAL LIMITED	Director	Hsu,Kun-tai	-	-
WELL ASIA INVESTMENT LIMITED	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (YANCHENG) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (HUIZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (GUIYANG) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (YINGKOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-



Company name	Title	Name or representative	Number of shares held	
			Number of Shares	% of shareholding
BUYNOW (ANSHAN) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
Buynow SZ. Corporation	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
SMARTER CAPITAL LIMITED	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (TAIZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (DEZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (LUOYANG) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (FUJIAN QUANZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (JINZHOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
BUYNOW (SHANTOU) CORPORATION	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
CLEVO (HK) INVESTMENT HOLDING LIMITED	Director	Hsu,Kun-tai	-	-
Buynow Electronic Information (Shanghai)	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow Electronic Information (Hangzhou)	Chairman	Hsu,Kun-tai	-	-
	General manager and director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
Buynow Electronic Information (Zhengzhou)	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
CHANGSHA HONGYU BUYSINESS MANAGEMENT CO.,LTD	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Nanchang) Industry Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-

Company name	Title	Name or representative	Number of shares held	
			Number of Shares	% of shareholding
Guangzhou Buynow Corporation	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
Buynow Electronic Information (Shenyang)	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Fujian) Electronic Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
BUYNOW(XI'AN) INDUSTRY CO.,LTD	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Tianjin Buynow Electronic Information	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Changchun) Industry Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Wuxi) Corporation	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Qingdao Buynow Technology Industrial Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Harbin) Industry Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Kapok Computer (Kunshan) Co., Ltd.	Chairman	Tsai,Ming-Hsien	-	-
	Director	Hsu,Kun-tai	-	-
	Director	Chien,Yih-Long	-	-
	Supervisor	Guan-Yen Lin	-	-

Company name	Title	Name or representative	Number of shares held	
			Number of Shares	% of shareholding
Buynow (Chengdu) Electronic Information Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Nanjing) Facility Leasing and Management Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Quality Trust Property Management (Hangzhou) Co., Ltd.	Executive director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Wuxi Quntai Property Management Co., Ltd.	Executive director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Chongqing) Industry Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Shanghai BUYNOW Online Information Technology Co., Ltd.	Executive director	Tsai,Ming-Hsien	-	-
	Supervisor	Lin,Bi-tao	-	-
Daqing Buynow Corporation	Chairman	Hsu,Kun-tai	-	-
	Director	Chen,Hsueh-Wen	-	-
	Director	Tsai,Ming-Hsien	-	-
	Supervisor	Lin,Bi-tao	-	-
Zibo Buynow Electronic Information Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
BEIJING CLEVO INVESTMENT MANAGEMENT CONSULTANT CO.,LTD.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Yancheng) Electronic Corp. China	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Huang,Kun-Tai	-	-
	Supervisor	Yu,Tien-Jung	-	-

Company name	Title	Name or representative	Number of shares held	
			Number of Shares	% of shareholding
Buynow Electronic Information (Huizhou)	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Clevo (China) Investment Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Suzhou Jinzuo Corporation Limited	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
GUIYANG BUYNOW ELECTRONIC INFORMATION CO., LTD.	Chairman	Hsu,Kun-tai	-	-
	Supervisor	Lin,Bi-tao	-	-
Yingkou Buynow Electronic Information Corporation Limited	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Anshan Buynow Electronic Information Corporation Limited	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Taizhou Buynow Electronic Information Corporation Limited	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Dezhou Buynow Electronic Information Corporation Limited	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Luoyang Buynow Electronic Information Corporation Limited	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Quanzhou Buynow Corporation	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	General manager and director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Buynow (Jinzhou) Industrial Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-

Company name	Title	Name or representative	Number of shares held	
			Number of Shares	% of shareholding
Kunshan Kaishuo Trading Co., Ltd.	Director	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Guangdong Huijing Real Estate Development Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
Shanghai Buynow Electronic Products Market Management Co., Ltd.	Executive director	Hsu,Kun-tai	-	-
	Supervisor	Lin,Bi-tao	-	-
Kunshan Kaiming Trading Co., Ltd.	Executive director	Tsai,Ming-Hsien	-	-
	Supervisor	Yu,Tien-Jung	-	-
Wuxi Buynow Electronic Market Co., Ltd.	Executive director	Hsu,Kun-tai	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Beijing Kaiye Electronic Technology Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Shantou Buynow Mall Co., Ltd.	Chairman	Hsu,Kun-tai	-	-
	Director	Tsai,Ming-Hsien	-	-
	Director	Chen,Hsueh-Wen	-	-
	Supervisor	Lin,Bi-tao	-	-
Shanghai Huizhuan Restaurant Management Co., Ltd.	Executive director	Gao,Wei-Lun	-	-
	Supervisor	Li,Wen-Yuan	-	-
Shanghai Huiho Advertising Co., Ltd.	Executive director	Chen,Hsueh-Wen	-	-
	Supervisor	Chen,Si-kai	-	-

**(VI) Summary of Operating Performances of Affiliated Companies in 2021**

Unit: NTD /thousand dollars

Company name	Paid-in capital	Total assets	Total liabilities	Shareholders' equity	Operating Revenue	Operating profit (loss)	Net profit (net loss) after tax of the current period	Earnings per share
Kapok Computer Co., Ltd.	80,000	58,341	242	58,100	0	(128)	14,211	1.78
CLEVO Investment Corporation	140,000	74,915	134	74,781	0	(118)	12,398	0.89
KAPOK COMPUTER (SAMOA) CORPORATION	489,985	1,968,052	26,000	1,942,052	0	(41,617)	207,499	12.97
Kapok Computer (Kunshan) Co., Ltd.	238,599	8,406,962	6,477,705	1,929,256	15,967,573	926	249,732	5.03
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	15,754,974	43,121,606	418,150	42,703,456	0	(30,092)	(750,648)	(2.03)
BUYNOW (ANSHAN) CORPORATION	1,119,393	915,957	0	915,957	0	0	(141,656)	(3.73)
BUYNOW (BEIJING) CORPORATION	244,256	1,875,173	0	1,875,173	0	0	121,091	20.18
BUYNOW (CHANGCHUN) CORPORATION	64,064	2,907,504	0	2,907,504	0	0	33,147	16.57
BUYNOW (CHENGDU) CORPORATION	278,468	3,435,731	0	3,435,731	0	0	(44,468)	(6.35)
BUYNOW (CHONGQING) LIMITED	169,140	1,043,133	0	1,043,133	0	0	(31,201)	(6.24)
BUYNOW (DAQING) CORPORATION	96,894		121,778	(121,778)	0	0	(110,469)	(36.82)
BUYNOW (DEZHOU) CORPORATION	881,914	387,417	0	387,417	0	0	(372,341)	(12.41)
BUYNOW (GUANGZHOU) CORPORATION	161,745	2,276,751	0	2,276,751	0	0	(36,549)	(7.31)
BUYNOW (GUIYANG) CORPORATION	301,236	258,504	0	258,504	0	0	(945)	(0.09)
BUYNOW (HANGZHOU) CORPORATION	173,107	3,460,018	0	3,460,018	0	0	104,093	20.82
BUYNOW (HARBIN) CORPORATION	99,012	283,590	0	283,590	0	0	(181,851)	(60.62)
BUYNOW (HUIZHOU) CORPORATION	200,737		100,813	(100,813)	0	0	(13,070)	(8.71)
BUYNOW (LUOYANG) CORPORATION	894,346	180,034	0	180,034	0	0	(16,658)	(0.56)
BUYNOW (NANCHANG) CORPORATION	104,484	1,164,243	0	1,164,243	0	0	60,035	20.01
BUYNOW GROUP (QINGDAO) CORPORATION	115,648	89,238	0	89,238	0	0	(11,606)	(3.32)
BUYNOW (TAIZHOU) CORPORATION	505,786	279,646	0	279,646	0	0	(13,653)	(0.80)
BUYNOW (WUXI) CORPORATION	64,054	1,294,011	0	1,294,011	0	0	43,317	21.66
BUYNOW (XIAMEN) CORPORATION	95,502	1,920,158	0	1,920,158	0	0	38,835	12.95
BUYNOW (YANCHENG) CORPORATION	931,920	763,118	27,675	735,443	0	0	0	0.00
BUYNOW (YINGKOU) CORPORATION	434,082	412,324	0	412,324	0	0	(400)	(0.03)

Company name	Paid-in capital	Total assets	Total liabilities	Shareholders' equity	Operating Revenue	Operating profit (loss)	Net profit (net loss) after tax of the current period	Earnings per share
BUYNOW (ZHENGZHOU) CORPORATION	103,185	3,190,222	0	3,190,222	0	0	24,995	8.33
BUYNOW (ZIBO) CORPORATION	95,805		150,438	(150,438)	0	0	(72,850)	(24.28)
BUYNOW GLOBAL CORPORATION	118,490	945,762	0	945,762	0	0	5,830	1.62
BUYNOW GROUP (CHANGSHA) CORPORATION	136,180	222,803	0	222,803	0	0	215	0.05
BUYNOW GROUP (XIAN) CORPORATION	96,543	833,559	0	833,559	0	0	33,446	11.15
BUYNOW ON-LINE HOLDING CORPORATION	35,513		9,731	(9,731)	0	0	(971)	(0.88)
BUYNOW ON-LINE LIMITED	35,483		9,731	(9,731)	0	(34)	(971)	(0.88)
BUYNOW SZ. CORPORATION	452,081	1,006,214	0	1,006,214	0	0	2,319	0.16
BUYNOW (FUJIAN QUANZHOU) CORPORATION	446,195	309,482	0	309,482	0	0	(132,632)	(8.84)
BUYNOW (JINZHOU) CORPORATION	448,081	110,672	0	110,672	0	0	(205,766)	(13.72)
BUYNOW (SHANTOU) CORPORATION	578,224	457,479	0	457,479	0	0	(10,256)	(0.53)
CLEVO (HK) Investment Holding Limited	0	0	0	0	0	0	1,575	
CLEVO COMPUTER SINGAPORE PTE LTD.	420,061	7,469,393	163	7,469,230	0	(255)	5,140	0.23
FLYING INTERNATIONAL INVESTMENT LIMITED	178,968	2,315,852	0	2,315,852	0	0	(3,270)	(1.09)
FLYING WOLF INVESTMENT LIMITED	96,141	3,104,500	0	3,104,500	0	0	26,028	8.68
SKILL DEVELOP INTERNATIONAL LIMITED	581,916	5,083,342	0	5,083,342	0	0	(564)	(0.06)
SMARTER CAPITAL LIMITED	1,013,693	1,006,214	0	1,006,214	0	0	2,319	0.16
WELL ASIA INVESTMENT LIMITED	277,817	5,083,392	49	5,083,342	0	(105)	(564)	(0.06)
Shanghai BUYNOW Online Information Technology Co., Ltd.	32,630	926	13,301	(12,375)	5	(337)	(897)	(0.13)
Buynow Electronic Information (Shanghai)	521,418	4,970,780	1,840,924	3,129,856	0	(168)	(10,782)	(0.10)
Shanghai Buynow Electronic Products Market Management Co., Ltd.	504,484	6,777,032	2,062,704	4,714,328	236,935	107,837	42,701	0.41
Shanghai Huiho Advertising Co., Ltd.	4,850	4,750	223	4,527	0	(1,131)	(1,119)	(1.12)
Shanghai Huizhuan Restaurant Management Co., Ltd.	22,884	1,301	34,257	(32,956)	3,281	(4,047)	(5,657)	(1.13)
Daqing Buynow Corporation	98,158	501,594	623,372	(121,778)	65,969	27,434	(110,469)	(5.41)
Tianjin Buynow Electronic Information	224,794	2,844,112	540,117	2,303,995	63,986	14,388	(33)	0.00
Beijing Kaiye Electronic Technology Co., Ltd.	359,053	23,756	95,865	(72,109)	107,409	55,733	51,425	0.64

Company name	Paid-in capital	Total assets	Total liabilities	Shareholders' equity	Operating Revenue	Operating profit (loss)	Net profit (net loss) after tax of the current period	Earnings per share
BEIJING CLEVO INVESTMENT MANAGEMENT CONSULTANT CO.,LTD.	305,459	3,781,807	1,314,473	2,467,333	131,023	97,000	159,330	2.47
Shantou Buynow Mall Co., Ltd.	574,562	1,710,980	1,253,501	457,479	358,571	(47,731)	(10,256)	(0.09)
Clevo (China) Investment Co., Ltd.	897,135	3,160,672	548,839	2,611,832	166,217	(75,341)	(141,941)	(0.76)
BUYNOW(XI'AN) INDUSTRY CO.,LTD	116,528	2,667,788	1,834,228	833,559	115,691	58,650	33,446	1.38
Buynow (Changchun) Industry Co., Ltd.	81,539	3,784,028	731,210	3,052,818	178,178	105,041	34,804	2.05
Buynow (Nanjing) Facility Leasing and Management Co., Ltd.	58,159	2,332,129	379,770	1,952,359	56,320	21,034	(7,653)	(0.63)
Buynow (Nanchang) Industry Co., Ltd.	293,328	5,095,975	2,055,381	3,040,594	123,531	93,108	61,880	0.95
Buynow (Harbin) Industry Co., Ltd.	111,364	2,470,169	2,190,009	280,160	2,903	(16,099)	(181,800)	(7.84)
Buynow (Chongqing) Industry Co., Ltd.	164,167	1,814,849	771,717	1,043,132	82,491	23,787	(31,201)	(0.91)
Buynow Electronic Information (Huizhou)	120,115	485,083	737,115	(252,032)	5,032	(779)	(32,674)	(1.31)
Buynow (Wuxi) Corporation	106,622	2,454,313	642,734	1,811,579	134,537	71,803	60,643	2.73
Buynow (Fujian) Electronic Co., Ltd.	119,117	2,582,095	661,937	1,920,158	108,032	45,343	38,835	1.57
Buynow (Jinzhou) Industrial Co., Ltd.	448,342	1,502,378	1,391,706	110,672	9,965	(64,878)	(205,766)	(2.23)
Buynow (Yancheng) Electronic Corp. China	942,511	735,442	0	735,442	0	0	0	0.00
Buynow (Chengdu) Electronic Information Co., Ltd.	278,468	4,472,148	1,036,417	3,435,731	128,558	63,804	(44,468)	(0.77)
Buynow Electronic Information (Hangzhou)	198,848	5,446,484	1,986,466	3,460,018	245,567	155,073	104,093	2.52
Buynow Electronic Information (Zhengzhou)	119,123	3,948,997	758,774	3,190,222	175,450	101,478	24,995	1.01
Buynow Electronic Information (Shenyang)	119,298	2,992,391	550,774	2,441,617	108,951	46,341	11,623	0.47
Kunshan Kaiming Trading Co., Ltd.	17,746	5,710	1,862	3,847	12,067	1,220	1,224	0.35
Kunshan Kaishuo Trading Co., Ltd.	30,198	153,101	126,609	26,492	2,399	2,324	(1,277)	(0.21)
CHANGSHA HONGYU BUYSINESS MANAGEMENT CO.,LTD	119,297	851,226	628,423	222,803	20,994	15,205	215	0.01
Qingdao Buynow Technology Industrial Co., Ltd.	551,402	2,365,297	1,931,891	433,406	54,635	8,829	(56,369)	(0.50)
Quanzhou Buynow Corporation	446,195	734,477	424,995	309,482	31,015	19,034	(132,632)	(1.44)
Luoyang Buynow Electronic Information Corporation Limited	893,922	1,956,987	1,776,953	180,034	72,941	41,216	(16,658)	(0.09)
Taizhou Buynow Electronic Information Corporation Limited	507,871	881,275	601,630	279,644	35,635	15,925	(13,653)	(0.13)



Company name	Paid-in capital	Total assets	Total liabilities	Shareholders' equity	Operating Revenue	Operating profit (loss)	Net profit (net loss) after tax of the current period	Earnings per share
Zibo Buynow Electronic Information Co., Ltd.	98,012	504,708	655,146	(150,438)	39,705	12,314	(72,850)	(3.57)
Kalor Buynow (Heifei) Electronic Information Co., Ltd.	69,491	2,747,542	481,691	2,265,850	94,407	47,772	62,542	4.32
Wuxi Buynow Electronic Market Co., Ltd.	2,454	2,379	0	2,379	0	0	20	0.04
Wuxi Quntai Property Management Co., Ltd.	2,402	34,384	5,485	28,899	25,309	(1,696)	851	1.70
GUIYANG BUYNOW ELECTRONIC INFORMATION CO., LTD.	303,271	2,113,720	1,855,216	258,504	0	(949)	(945)	(0.01)
Quality Trust Property Management (Hangzhou) Co., Ltd.	24,975	329,850	103,802	226,048	233,304	13,596	15,636	3.01
Buynow Electronic Information Co., Ltd.	198,670	2,689,368	413,830	2,275,538	0	(12)	(32,146)	(0.78)
Guangdong Huijing Real Estate Development Co., Ltd.	442,167	11,107,766	3,287,932	7,819,834	314,056	164,539	(693)	(0.01)
Dezhou Buynow Electronic Information Corporation Limited	1,748,220	3,378,527	2,581,373	797,154	17,921	(178,432)	(662,327)	(1.70)
Anshan Buynow Electronic Information Corporation Limited	1,150,017	3,746,393	2,830,436	915,957	160,184	(44,176)	(141,656)	(0.60)
Yingkou Buynow Electronic Information Corporation Limited	464,194	807,371	395,048	412,323	0	(400)	(400)	0.00
Suzhou Jinzuo Corporation Limited	480,460	1,848,976	842,762	1,006,214	69,364	43,402	2,319	0.02

Note 1: If an affiliate is a foreign company, the relevant figures are converted into NTD at the exchange rate prevailing on the balance sheet date. Foreign currency to NTD exchange rate is as follows:

		USD	SGD	RMB	JPY
December 31, 2021	Exchange rate	27.675	20.491	4.3407	0.2407

II. Private placement of securities in the most recent year and up to the date of publication of the annual report: None.

III. The shares in the company held or disposed by subsidiaries in the most recent year and up to the date of publication of the annual report:

Unit: NTD thousand; number of shares; %

Subsidiary's name (Note 1)	Paid-in capital	Source of funds	% of shareholding by the Company	Date for acquisition or disposal of	Number of shares acquired and the amount (Note 2)	Number of shares disposed and the amount (Note 2)	Profits or losses from investment	Up to the date of publication of the annual report		Pledge s made	The amount of endorseme nts and guarantees made for subsidiarie s by the Company	Amount of funds lent to subsidiaries by the Company
								Number of shares held	Amount held (Note 3)			
CLEVO Investment Co., Ltd.	140,000	Self-owned funds	100%	2021	0	0	0	10,080,669	108,182	None (Note 4)	None	None
				From the year up to the date of publication of the annual report	0	0	0	10,080,669	108,182			
KAPOK COMPUTER	80,000	Self-owned funds	100%	2021	0	0	0	16,966,596	95,306	None (Note 4)	None	None
				From the year up to the date of publication of the annual report	0	0	0	16,966,596	95,306			

Note 1: Please list separately for subsidiaries.

Note 2: The amount is referred to the actual amount of gain or disposal. There is no gained or disposed amount of shares or fund in 2021.

Note 3: The information on holding and disposal should be separately listed, and the amount held is the originally acquired cost.

Note 4: Impact on the Company's financial performance and financial conditions: None.

IV. Other supplementary matters: none

Nine. Matters According to Article 36.3.2 of the Securities and Exchange Act of Taiwan in the Most Recent Year and up to the Date of Printing of this Annual Report Which Have Significant Impact on the Shareholders' Equity or Stock Price: None.

## 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 considered 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 considered 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 considered 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.

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Wu, Han-Chi

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Liang, Hua-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 28, 2022

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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		15,854,087	17	14,235,887	15
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		75,440,040	83	80,030,335	85
1XXX	Total assets		\$ 91,294,127	100	\$ 94,266,222	100

(Continued)

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

LIABILITIES AND EQUITY			December 31, 2021		December 31, 2020			
			Notes	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			13,760,799	15		17,815,332	19
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			36,222,904	40		36,571,752	39
2XXX	Total liabilities			49,983,703	55		54,387,084	58
Equity attributable to owners of parent								
	Share capital	6(19)						
3110	Ordinary share			6,497,630	7		6,697,630	7
	Capital surplus	6(20)						
3200	Capital surplus			73,478	-		95,864	-
	Retained earnings	6(21)						
3310	Legal reserve			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			41,310,424	45		39,879,138	42
3XXX	Total equity			41,310,424	45		39,879,138	42
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	TOTAL LIABILITIES AND EQUITY		\$	91,294,127	100	\$	94,266,222	100

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		5,315,576	20	4,356,119	21
	Operating expenses	6(28)(29)				
6100	Selling expenses		( 1,202,125)	( 5)	( 1,095,907)	( 5)
6200	General and administrative expenses		( 1,384,771)	( 5)	( 1,234,436)	( 6)
6300	Research and development expenses		( 632,583)	( 2)	( 547,461)	( 3)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	( 6,258)	-	( 2,132)	-
6000	Total operating expenses		( 3,225,737)	( 12)	( 2,879,936)	( 14)
6900	Operating profit		2,089,839	8	1,476,183	7
	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)	178,579	1	41,948	-
7000	Total non-operating income and expenses		161,007	1	( 779,978)	( 4)
7900	Profit before income tax		2,250,846	9	696,205	3
7950	Income tax expense	6(30)	( 454,496)	( 2)	( 29,261)	-
8200	Profit for the year		\$ 1,796,350	7	\$ 666,944	3

(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	%
	<b>Other comprehensive income</b>					
	<b>Components of other</b>					
	<b>comprehensive income that will</b>					
	<b>not be reclassified to profit or</b>					
	<b>loss</b>					
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	-
	<b>Components of other</b>					
	<b>comprehensive income that will</b>					
	<b>be reclassified to profit or loss</b>					
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	<b>Total other comprehensive income (loss) for the year</b>		<u>\$ 320,146</u>	<u>1</u>	<u>(\$ 48,331)</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 2,116,496</u>	<u>8</u>	<u>\$ 618,613</u>	<u>3</u>
	Profit 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>
	Earnings per share (in dollars)	6(31)				
9750	Basic earnings per share		<u>\$ 3.03</u>		<u>\$ 1.12</u>	
9850	Diluted earnings per share		<u>\$ 3.00</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)

		Equity attributable to owners of the parent									
		Capital Reserves				Retained Earnings			Other Equity Interest		
		Ordinary share	Total capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Capital surplus, donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Asset revaluation increment	Treasury shares
Notes											Total equity
<u>Year ended December 31, 2020</u>											
		\$ 6,697,630	\$ 306,904	\$ 27,047	\$ -	\$ 1,724,342	\$ 36,131,662	\$ 1,100,739	(\$ 4,856,943 )	\$ 20,922	(\$ 1,357,042 )
		-	-	-	-	-	-	666,944	-	-	-
		-	-	-	-	-	-	43,659	( 91,990 )	-	( 48,331 )
		-	-	-	-	-	-	710,603	( 91,990 )	-	618,613
Appropriations of 2019 earnings	6(21)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	106,864	-	( 106,864 )	-	-	-
Special reserve		-	-	-	-	-	993,875	( 993,875 )	-	-	-
Capital dividends	6(21)	-	( 248,906 )	-	-	-	-	-	-	-	( 248,906 )
Treasury stock acquired	6(19)	-	-	-	-	-	-	-	-	-	( 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		\$ 6,697,630	\$ 57,998	\$ 37,866	\$ -	\$ 1,831,206	\$ 36,717,272	\$ 1,118,868	(\$ 4,948,933 )	\$ 20,922	(\$ 1,653,691 )
<u>Year ended December 31, 2021</u>											
		\$ 6,697,630	\$ 57,998	\$ 37,866	\$ -	\$ 1,831,206	\$ 36,717,272	\$ 1,118,868	(\$ 4,948,933 )	\$ 20,922	(\$ 1,653,691 )
		-	-	-	-	-	-	1,796,350	-	-	1,796,350
		-	-	-	-	-	-	-	320,146	-	320,146
		-	-	-	-	-	-	1,796,350	320,146	-	2,116,496
Appropriations of 2020 earnings	6(21)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	77,323	-	( 77,323 )	-	-	-
Special reserve		-	-	-	-	-	507,614	( 507,614 )	-	-	-
Cash dividends		-	-	-	-	-	-	( 373,358 )	-	-	( 373,358 )
Treasury stock acquired	6(19)	-	-	-	-	-	-	-	-	-	( 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		\$ 6,497,630	\$ 56,267	\$ 16,228	\$ 983	\$ 1,908,529	\$ 35,684,459	\$ 3,149,950	(\$ 4,628,787 )	\$ -	(\$ 1,374,835 )

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)

		Year ended December 31	
	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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 measured at fair value through profit or loss	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 on 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
Gain arising from transfer of right in sale and lease-back transaction	6(26)	( 1,080,862 )	-
Gain 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 )
Notes 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)

		Year ended December 31	
	Notes	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) in financial assets at amortised cost - non-current		1,518	( 2,319 )
Increase in other non-current assets		( 376,736 )	( 315,745 )
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 payables - 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)	( 27,059 )	( 14,017 )
Net cash flows used in financing activities		( 5,991,341 )	( 4,802,902 )
Changes in exchange rates		<u>159,717</u>	( 103,344 )
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		\$ 3,816,041	\$ 4,918,051



CLEVO CO. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Clevo Co. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, manufacture and sales of VDUs, computers and peripheral devices, and the leasing business of Buynow.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 28, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRSs 2018-2020 cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

##### (2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Investment property measured at fair value.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
The Company	Clevo Computer Singapore Pte Ltd.	Management and advisory of computers	100	100	
The Company	Clevo (Cayman Islands) Holding Company	Investing	100	100	
The Company	Kapok Computer (Samoa) Corporation	Investing	100	100	
The Company	Kapok Computer Co., Ltd.	Design and sale of computers and computer peripherals	100	100	
The Company	Clevo Investment Co., Ltd.	Investing	100	100	
The Company	Buynow On-line Holding Corporation	Investing	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Clevo (Cayman Islands) Holding Company	Buynow Global Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Hangzhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Zhengzhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow Group (Changsha) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Nanchang) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Guangzhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Flying Wolf Investment Limited	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Xiamen) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow Group (Xian) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Changchun) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow Group (Qingdao) Corporation	Investing	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Clevo (Cayman Islands) Holding Company	Buynow (Wuxi) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Harbin) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Flying International Investment Limited	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Chongqing) Limited	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Daqing) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Zibo) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Beijing) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Yancheng) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Skill Develop International Limited	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Yingkou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Anshan) Corporation	Investing	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Clevo (Cayman Islands) Holding Company	Buynow (Huizhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Guiyang) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Taizhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Dezhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Luoyang) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Smarter Capital Limited	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Fujian Quanzhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Jinzhou) Corporation	Investing	100	100	
Clevo (Cayman Islands) Holding Company	Clevo (China) Investment Co., Ltd.	Investing in companies, setting up R&D department and consultation service	100	100	
Clevo (Cayman Islands) Holding Company	Buynow (Shantou) Corporation	Investing	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Clevo (Cayman Islands) Holding Company	Clevo (HK) Investment Holding Limited	Investing	-	100	(Note 4)
Buynow On-line Holding Corporation	Buynow On-line Limited	Investing	100	100	
Skill Develop International Limited	Well Asia Investment Limited	Investing	100	100	
Clevo Computer Singapore Pte Ltd.	Buynow (Chengdu) Corporation	Investing	100	100	
Clevo Computer Singapore Pte Ltd.	Buynow (Nanjing) Facility Leasing and Management Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals and services for related electronics products	100	100	
Clevo Computer Singapore Pte Ltd.	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals and services for related electronics products	100	100	



Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Clevo Computer Singapore Pte Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals; Display, advisory and after-sales service of digital products; Property management of self-owned buildings	8.82	8.82	(Note 1)
Buynow Group (Qingdao) Corporation	Qingdao Buynow Technology Industry Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals; Display, advisory and after-sales service of digital products; Property management of self-owned buildings	20.59	20.59	(Note 1)
Kapok Computer (Samoa) Corporation	Kapok Computer (Kunshan) Co., Ltd.	Manufacturing, sale, research and development and maintenance service of computers, notebooks, tablets, information and communication products and computer components	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow Global Corporation	Shanghai Buynow Electronic Information Co., Ltd.	Rental of exhibition, advisory, maintenance service and property management of computer and related electronics products	21.21	21.21	(Note 1)
Buynow Global Corporation	Quality Trust Property Management Co., Ltd.	Property management, advisory of real estate, building leasing, housekeeping service, parking lot service, car wash service and business service	100	100	
Buynow Global Corporation	Kunshan Kaishuo Trading Co., Ltd.	Mechanical equipment and accessories, wire and cable, air conditioning equipment, building and decoration material, lighting equipment, Kitchen appliance, water cleaner, pipeline and accessories, fire safety equipment, compressor and accessories, wholesale of elevators and appliances, import and export and advisory services	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Hangzhou) Corporation	Buynow (Hangzhou) Electronic Information Co., Ltd.	Manufacturing, sale, research and development and after-sales service of computers and computer peripherals; Property management of buildings	100	100	
Buynow Group (Xian) Corporation	Buynow (Xian) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	100	100	
Buynow Group (Changsha) Corporation	Buynow (Changsha) Industry Co., Ltd.	Manufacturing, sale, research and development and after-sales services of computers and computer peripherals; Property management of buildings	100	100	
Buynow (Zhengzhou) Corporation	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Nanchang) Corporation	Buynow (Nanchang) Industry Co., Ltd.	Manufacturing, sale, research and development and after-sales services of computers and computer peripherals; Property management of buildings	38.29	100	(Note 3)
Buynow (Guangzhou) Corporation	Buynow Electronic Information (Guangzhou) Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	100	100	
Buynow (Xiamen) Corporation	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	100	100	
Buynow (Changchun) Corporation	Buynow (Changchun) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals; Property management of buildings	95.24	95.24	(Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Flying Wolf Investment Limited	Buynow (Changchun) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals; Property management of buildings	4.76	4.76	(Note 1)
Flying Wolf Investment Limited	Buynow Electronic Information (Shenyang) Co., Ltd.	Research and development of computers and computer peripherals and electronic products; Advisory services of economic information	100	100	
Flying Wolf Investment Limited	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computer software and digital products	28.57	28.57	(Note 1)
Buynow (Wuxi) Corporation	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computer software and digital products	71.43	71.43	(Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Harbin) Corporation	Buynow (Harbin) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	100	100	
Buynow (Chengdu) Corporation	Buynow (Chengdu) Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals; Property management of buildings	100	100	
Flying International Investment Limited	Tianjin Buynow Electronic Information Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals and digital products	100	100	
Buynow (Chongqing) Limited	Buynow (Chongqing) Industry Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals (not including electronic publishing), shopping mall management, wholesale and retail of electronic products, property management and parking lot service	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow On-line Limited	Shanghai Buynow Online Information Technology Co., Ltd.	Wholesale and retail, import and export, and after-sales service of household appliances, computer and computer components, communication equipment, electrical devices, office supplies and complementary products; Development, technology transfer, advisory, service and training for internet, computer software and hardware and communication equipment	100	100	
Buynow (Daqing) Corporation	Daqing Buynow Electronic Information Co., Ltd.	Manufacturing, retail and wholesale of computers and computer peripherals; Electronic information shopping mall management	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Well Asia Investment Limited	Guangdong Buynow Real Estate Management Co., Ltd.	Self-owned property management and leasing; Manufacturing, research and development of computer software and hardware and digital products	65	65	(Note 1)
Buynow (Zibo) Corporation	Zibo Buynow Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products; Advisory services for business management; Leasing of self-owned buildings, parking lot management, shopping mall management and property management	100	100	
Buynow (Beijing) Corporation	Beijing Clevo Investment Management Consultant Co., Ltd.	Business advisory of investment management, wholesale agency of electronic products, import and export of goods and property management	76	76	(Note 1)



Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Yancheng) Corporation	Buynow (Yancheng) Electronic Information Technology Development Co. Ltd.	Manufacturing, maintenance service, research and development of computers and computer peripherals and digital products, and advisory of business management	100	100	
Buynow (Huizhou) Corporation	Buynow Electronic Information (Huizhou) Co., Ltd.	Industrial investment, management advisory of business, property management, computer network workshop and advertisement production	40	40	(Note 1)
Buynow (Yingkou) Corporation	Yingkou Buynow Electronic Information Co., Ltd.	Manufacturing, maintenance service, research and development of computers and computer peripherals and digital products, and business management advisory services	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Anshan) Corporation	Anshan Buynow Electronic Information Co., Ltd.	Manufacturing, maintenance service, research and development of computers and computer peripherals and digital products, and business management advisory services	100	100	
Buynow (Guiyang) Corporation	Guiyang Buynow Electronic Information Co., Ltd.	Research and development of computers and computer peripherals and electronic products, and business management advisory services	100	100	
Buynow (Taizhou) Corporation	Taizhou Buynow Electronic Information Co., Ltd.	Manufacturing, maintenance service, research and development of computers and computer peripherals and digital products, and business management advisory services	100	100	
Smarter Capital Limited	Buynow SZ. Corporation	Investing	100	100	
Buynow SZ. Corporation	Suzhou Jinzuo Industry Co., Ltd.	Business affairs and property management business	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Dezhou) Corporation	Dezhou Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; Business management advisory services and shopping mall management	48.6	100	(Note 2)
Buynow (Luoyang) Corporation	Luoyang Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; Business management advisory services and shopping mall management	100	100	
Buynow (Fujian Quanzhou) Corporation	Quanzhou Buynow Industry Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; Business management advisory services and shopping mall management	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Jinzhou) Corporation	Buynow (Jinzhou) Industry Co., Ltd.	Manufacturing of computer software and hardware and consumer electronic products; Business management advisory services and shopping mall management	100	100	
Buynow (Shantou) Corporation	Shantou Buynow Mall Co., Ltd.	Investment in companies primarily engaged in research and development and advisory services	100	100	
Kapok Computer (Kunshan) Co., Ltd.	Kunshan Kaiming Trading Co., Ltd.	Provide market management services for operators of laptop computers, tablets, desktop computers, palmtop computers, information and communication products and computer components	100	100	
Shanghai Buynow Electronic Information Co., Ltd.	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Provide market management services for operators of electronic products	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Shanghai Buynow Electronic Products Market Management Co., Ltd.	Shanghai Huihei Advertisement Co., Ltd.	Advertising design and marketing	100	100	
Shanghai Buynow Electronic Products Market Management Co., Ltd.	Shanghai Huizhuan Restaurant Management Co., Ltd.	Catering business management	80	80	(Note 1)
Quality Trust Property Management Co., Ltd.	Wuxi Quantai Property Management Co., Ltd.	Property management, real estate advisory services, building leasing, housekeeping service, parking lot service, car wash service and business service	100	100	
Buynow (Wuxi) Corporation	Wuxi Buynow Electronic Market Co., Ltd.	Leasing of facility, market management service, catering management, property management, parking lot management	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Wuxi) Corporation	Beijing Kaiye Electronic Technology Co., Ltd.	Technology extension services, computer maintenance, public parking lot service for motorcycle, property management, business management advisory services, business building leasing, wholesale of computer and computer peripherals, hardware electronic products and household appliances	12.5	12.5	(Note 1)
Buynow Electronic Information (Guangzhou) Co., Ltd.	Guandong Huijing Real Estate Development Co., Ltd.	Self-owned property management and leasing, manufacturing, sale, research and development of computer software and hardware and digital products	35	35	(Note 1)
Buynow Electronic Information (Guangzhou) Co., Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd.	Industrial investment, business management advisory services, property management, computer network workshop and advertisement production	60	60	(Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Clevo (China) Investment Co., Ltd.	Shanghai Huizhuan Restaurant Management Co., Ltd.	Catering business management	20	20	(Note 1)
Clevo (China) Investment Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Leasing of exhibition space for computer and electronic products, information advisory, maintenance service and property management	78.79	78.79	(Note 1)
Clevo (China) Investment Co., Ltd.	Qingdao Buynow Technology Industrial Co., Ltd.	Leasing of exhibition space for computer and electronic products, information advisory, maintenance service and property management	70.59	70.59	(Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Technology extension services, computer maintenance, public parking lot service for motorcycle, property management, business management advisory services, business building leasing, wholesale of computer and computer peripherals, hardware electronic products and household appliances	12.5	12.5	(Note 1)
Buynow Electronic Information (Zhengzhou)	Beijing Kaiye Electronic Technology Co., Ltd.	Technology extension services, computer maintenance, public parking lot service for motorcycle, property management, business management advisory services, business building leasing, wholesale of computer and computer peripherals, hardware electronic products and household appliances	12.5	12.5	(Note 1)



Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Changchun) Industry Co., Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Technology extension services, computer maintenance, public parking lot service for motorcycle, property management, business management advisory, and business building leasing, wholesale of computer and computer peripherals, hardware electronic products and household appliances	12.5	12.5	(Note 1)
Buynow (Nanchang) Industry Co., Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Technology extension services, computer maintenance, public parking lot service for motorcycle, property management, business management and advisory, business building leasing, wholesale of computer and computer peripherals, hardware electronic products and household appliances	25	25	(Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Hangzhou) Electronic Information Co., Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Technology extension services, computer maintenance, public parking lot service for motorcycle, property management, business management and advisory, business building leasing, wholesale of computer and computer peripherals, hardware electronic products and household appliances	12.5	12.5	(Note 1)
Tianjin Buynow Electronic Information Co., Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Technology extension services, computer maintenance, public parking lot service for motorcycle, property management, business management and advisory, business building leasing, wholesale of computer and computer peripherals, hardware electronic products and household appliances	12.5	12.5	(Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Changchun) Industry Co., Ltd.	Beijing Clevo Investment Management Consultant Co., Ltd.	Business advisory of investment management, wholesale agency of electronic products, import and export of goods and property management	12.39	12.39	(Note 1)
Buynow Electronic Information (Zhengzhou)	Beijing Clevo Investment Management Consultant Co., Ltd.	Business advisory of investment management, wholesale agency of electronic products, import and export of goods and property management	11.61	11.61	(Note 1)
Buynow (Chengdu) Electronic Information Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; Business management advisory services and shopping mall management	12.85	-	(Note 2)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Buynow (Zhengzhou) Electronic Information Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; Business management advisory services and shopping mall management	12.85	-	(Note 2)
Guangdong Buynow Real Estate Management Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; Business management advisory services and shopping mall management	12.85	-	(Note 2)
Buynow (Changchun) Industry Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; Business management advisory services and shopping mall management	12.85	-	(Note 2)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Dezhou Buynow Electronic Information Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Research and development, production, and sale of computer software and hardware; after-sales services for aforementioned products and property management	15.43	-	(Note 3)
Buynow (Harbin) Industry Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Research and development, production, and sale of computer software and hardware; after-sales services for aforementioned products and property management	12.34	-	(Note 3)
Clevo (China) Investment Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Research and development, production, and sale of computer software and hardware; after-sales services for aforementioned products and property management	9.26	-	(Note 3)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Anshan Buynow Electronic Information Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Research and development, production, and sale of computer software and hardware; after-sales services for aforementioned products and property management	9.26	-	(Note 3)
Shanghai Buynow Electronic Information Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Research and development, production, and sale of computer software and hardware; after-sales services for aforementioned products and property management	7.71	-	(Note 3)
Shantou Buynow Mall Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Research and development, production, and sale of computer software and hardware; after-sales services for aforementioned products and property management	7.71	-	(Note 3)

Note 1: The parent company of the Group held 100% of the shares in these subsidiaries, and the subsidiaries were included in the consolidated financial statements.

Note 2: On May 17, 2021, Dezhou Buynow Electronic Information Co., Ltd. increased its capital, and consequently, the ownership percentage held by Buynow (Dezhou) Corporation decreased from 100% to 48.6%; the ownership percentage held by Buynow (Chengdu) Electronic Information Co., Ltd., Buynow (Zhengzhou) Electronic Information Co., Ltd.,

Guangdong Buynow Real Estate Management Co., Ltd. and Buynow (Changchun) Industry Co., Ltd. increased from 0% to 12.85%. The parent company of the Group held 100% of the shares in the subsidiary, and the subsidiary was included in the consolidated financial statements.

Note 3: On November 19, 2021, Buynow (Nanchang) Industry Co., Ltd. increased its capital. Consequently, the equity interest held by Buynow (Nanchang) Corporation decreased from 100% to 38.29% as new shareholders subscribed to the capital increase as follows: Dezhou Buynow Electronic Information Co., Ltd. holding 15.43% equity interest, Buynow (Harbin) Industry Co., Ltd. holding 12.34% equity interest, Clevo (China) Investment Co., Ltd. and Anshan Buynow Electronic Information Co., Ltd. each holding 9.26% equity interest, and Shanghai Buynow Electronic Information Co., Ltd. and Shantou Buynow Mall Co., Ltd. each holding 7.71% equity interest. The parent company of the Group held 100% of the shares in the subsidiary, and the subsidiary was included in the consolidated financial statements.

Note 4: The registration of Clevo (HK) Investment Holding Limited was cancelled on July 30, 2021.

C. Subsidiaries not included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
The Company	Clevo France Sarl	Design and sale of computers and computer peripherals	100	100	(Note)

Note: As CLEVO FRANCE SARL has ceased operations, there was no outstanding balance in its balance sheet and income statement accounts as of and for the years ended December 31, 2021 and 2020.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars", which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.



(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.

- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

- A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost including accounts receivable that have a significant financing component and lease receivables, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

- A. Inventories, including construction in progress, buildings and land held for sale, are measured at acquired cost and capitalise borrowing costs incurred during the period of construction.

- B. The lands use rights of house construction and the superficies rights of acquiring specific lands the Group acquired for construction development and leasing are in accordance with paragraph 6 and 8 of IAS 2, therefore, the acquired costs of land use rights are recognised as inventories.
- C. The cost of the computers and peripheral products is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and relating production overheads (allocated based on normal operating capacity). It excludes borrowing costs.
- D. Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant

assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Investment accounted for using equity method - joint ventures

A. Investment in joint arrangements are classified as joint ventures based on its contractual rights and obligations.

B. Investment accounted for using equity method - joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(17) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant, and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 ~ 50 years
Machinery and equipment	3 ~ 5 years
Molding equipment	1 ~ 3 years
Computer and communication equipment	3 ~ 5 years

Transportation equipment	1 ~ 5 years
Office equipment	3 ~ 5 years
Other equipment	3 ~ 5 years
Leasehold improvements	5 ~30 years

(18) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(19) Investment property

A. The investment property is to earn rental revenue or for capital appreciation or both instead of non-owner-occupied property held by the Group.

B. The Group acquired the specific land superficies and its right to use of the constructed buildings on the land. Due to the development of the construction plans, the Group leased the land as the investing properties and recognised the acquired historical cost of the land use rights as the basis.

C. An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(20) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 10 years.

## B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

### (21) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

### (22) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

### (23) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(25) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortized to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(26) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(27) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(28) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(29) Provisions

Warranty provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(30) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as

expense in that period when the employees render service.

## B. Pensions

### (a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

### (b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

## C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

## (31) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional



tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(32) Share capital

- A. Ordinary shares are classified as equity.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(33) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends

are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(34) Revenue recognition

A. Sales of goods

- (a) The Group designs, manufactures and sells a range of video display devices, computers and peripheral products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) The computers are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts and sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 days to 120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Booth rental revenue

The Group held investment properties to earn rentals, and lease revenue is recognised on a straight-line basis over the lease term.

C. Land development and resale

- (a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at

a point in time when the legal title has passed to the customer.

- (b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred.

#### D. Hotel revenue

- (a) The main services the Group provides are food services and accommodations.
- (b) Food services revenue is recognised at a point in time when the products are sold to the customers and the payments are charged immediately. The Group's sales policy offers customers the rights of return within a certain time period. The estimate of sales return is evaluated with expected method based on historical experiences at the time of sale, and accumulated revenue the Group recognised shall not be reversed in the following years according to historical experiences. The validity of this assumption and estimated amount of returns are reassess at each reporting date.
- (c) The accommodations revenue is recognised on a straight-line basis throughout the period of stay of the customer. The customer pays at the time specified in the payment schedule.

#### E. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

#### (35) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

#### (36) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets

and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for an insignificant part of the property.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories was \$4,693,977.

B. Investment property measured at fair value

The Group assesses the fair value of investment property based on the professional judgement of appraiser, and determines the future cash flows of the investment property, discount rate and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material effect in the amount of investment property measured at fair value.

As of December 31, 2021, the carrying amount of investment property was \$62,408,602.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	\$ 3,089	\$ 1,684
Checking accounts and demand deposits	3,713,115	2,227,954
Time deposits	99,837	2,688,413
	<u>\$ 3,816,041</u>	<u>\$ 4,918,051</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Time deposits pledged to others as collateral for borrowings and those with maturity over three months totaling \$28,230 and \$839,949 were classified as financial assets at amortized cost as of December 31, 2021 and 2020, respectively.

C. Demand deposits pledged to others as collateral for borrowings amounting to \$65,397 and \$0 were classified as 'other current assets' as of December 31, 2021 and 2020, respectively.

D. Demand deposits pledged to others as collateral for bonds payable amounting to \$1,018,549 and \$1,022,720 were classified as 'other non-current assets' as of December 31, 2021 and 2020, respectively.

(2) Financial assets (liabilities) at fair value through profit or loss

<u>Assets items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 913,241	\$ 481,102
Beneficiary certificates	982,801	619,591
Derivative instruments	2,727	9,351
Valuation adjustment	631,304	499,423
	<u>\$ 2,530,073</u>	<u>\$ 1,609,467</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>

<u>Liabilities items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial liabilities designated as at fair value through profit or loss	\$ -	(\$ 15,781)
Forward foreign exchange contracts	\$ -	(\$ 15,781)

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Year ended</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 954)	(\$ 28,674)
Beneficiary certificates	133,955	211,300
Derivative instruments	9,157	9,351
	<u>142,158</u>	<u>191,977</u>
Financial liabilities designated as at fair value through profit or loss		
Forward foreign exchange contracts	-	( 15,781)
	<u>-</u>	<u>( 15,781)</u>
	<u>\$ 142,158</u>	<u>\$ 176,196</u>

B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

<u>December 31, 2021</u>		
	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
<u>Derivative financial liabilities</u>		
Current items:		
Forward foreign exchange contracts	<u>USD \$ 9,000</u>	2021/09/10~2022/09/14
<u>December 31, 2020</u>		
	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
<u>Derivative financial assets</u>		
Current items:		
Foreign exchange swap	<u>USD \$ 9,000</u>	2020/06/08~2021/06/10
<u>Derivative financial liabilities</u>		
Current items:		
Forward foreign exchange contracts	<u>USD \$ 27,000</u>	2020/06/08~2021/06/30

Forward foreign exchange contracts / Foreign exchange swaps

The Group entered into forward foreign exchange contracts and foreign exchange swaps to sell or buy foreign currency to hedge exchange rate risk of foreign currency and earn the exchange rate spread. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information on the fair value and price risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

(3) Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 3,470,290	\$ 2,288,178
Less: Allowance for uncollectible accounts	( 43,889)	( 39,268)
	<u>\$ 3,426,401</u>	<u>\$ 2,248,910</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 2,232,041	\$ 1,727,638
Up to 30 days	1,071,075	443,958
31 to 90 days	68,487	49,709
91 to 180 days	35,704	17,220
Over 180 days	62,983	49,653
	<u>\$ 3,470,290</u>	<u>\$ 2,288,178</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables from contracts with customers amounted to \$3,470,290, \$2,288,178, and \$2,045,675, respectively.

C. The Group has no accounts receivable pledged to others.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$3,246,401 and \$2,248,910, respectively.

E. The Group has taken out credit insurance on accounts receivable from some of the main clients. The Group will get compensation based on the agreements.

F. Information related to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 2,688,736	(\$ 70,557)	\$ 2,618,179
Semi-finished goods	133,279	( 5,035)	128,244
Finished goods	6,945	( 30)	6,915
Merchandise inventory	33,334	( 4,621)	28,713
	<u>2,862,294</u>	<u>( 80,243)</u>	<u>2,782,051</u>
Buildings and land held for sale	1,413,828	( 271,625)	1,142,203
Construction in progress	769,723	-	769,723
	<u>\$ 5,045,845</u>	<u>(\$ 351,868)</u>	<u>\$ 4,693,977</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,862,500	(\$ 56,773)	\$ 1,805,727
Semi-finished goods	108,348	( 3,449)	104,899
Finished goods	4,717	( 660)	4,057
Merchandise inventory	31,773	-	31,773
Inventory in transit	26,723	-	26,723
	<u>2,034,061</u>	<u>( 60,882)</u>	<u>1,973,179</u>
Buildings and land held for sale	<u>1,879,476</u>	<u>( 143,390)</u>	<u>1,736,086</u>
	<u>\$ 3,913,537</u>	<u>(\$ 204,272)</u>	<u>\$ 3,709,265</u>

A. The cost of inventories recognised as expense for the years ended December 31, 2021 and 2020 was \$21,676,266 and \$15,882,827, respectively, including the amount of \$26,183 and \$22,031, respectively, that the Group wrote down inventories from cost to net realisable value accounted for as cost of goods sold, and \$128,569 and \$114,292, respectively, that the Group wrote down building and land held for sale from cost to net realisable value accounted for as cost of goods sold.

B. The capitalised borrowing costs for the years ended December 31, 2021 and 2020 were \$32,107 and \$31,917, respectively, and the capitalised rates were 0%~5.03% and 3.00%~5.34%, respectively.

C. The Group has no inventory pledged to others.

(5) Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Associates:		
Chicony Square (Wuhan) Inc.	\$ 1,500,494	\$ 2,361,152
Chicony Square (Cayman) Inc.	121,505	50,181
Chicony Chengdu International Inc.	59,897	49,738
Joint ventures:		
TAIPEI TWIN CORPORATION	<u>967,296</u>	<u>987,137</u>
	<u>\$ 2,649,192</u>	<u>\$ 3,448,208</u>



A. Associates:

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
Chicony Square (Wuhan) Inc.	China (Note 2)	30%	30%	Significant influence associate	Equity method
Chicony Square (Cayman) Inc.	China (Note 3)	30%	30%	Significant influence associate	Equity method
Chicony Chengdu International Inc.	China (Note 2)	3.75% (Note 1)	3.75% (Note 1)	Significant influence associate	Equity method

Note 1: The Group held 30% of shares in these subsidiaries.

Note 2: The registration is British Virgin Islands, and the principal place of business is China.

Note 3: The registration is Cayman Islands, and the principal place of business is China.

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Chicony Square (Wuhan) Inc.	
	December 31, 2021	December 31, 2020
Current assets	\$ 1,996,774	\$ 386,488
Non-current assets	4,631,864	7,517,517
Current liabilities	(1,626,991)	(33,498)
Total net assets	<u>\$ 5,001,647</u>	<u>\$ 7,870,507</u>
Carrying amount of the associate	<u>\$ 1,500,494</u>	<u>\$ 2,361,152</u>

	Chicony Square (Cayman) Inc.	
	December 31, 2021	December 31, 2020
Current assets	\$ 1,888	\$ 2,072
Non-current assets	2,698,329	2,481,058
Current liabilities	(219,574)	(208,661)
Non-current liabilities	(2,075,625)	(2,107,200)
Total net assets	<u>\$ 405,018</u>	<u>\$ 167,269</u>
Carrying amount of the associate	<u>\$ 121,505</u>	<u>\$ 50,181</u>

	Chicony Chengdu International Inc.	
	December 31, 2021	December 31, 2020
Current assets	\$ 30	\$ 30
Non-current assets	1,597,232	1,326,308
Total net assets	<u>\$ 1,597,262</u>	<u>\$ 1,326,338</u>
Carrying amount of the associate	<u>\$ 59,897</u>	<u>\$ 49,738</u>

Statement of comprehensive income

	Chicony Square (Wuhan) Inc.	
	Year ended	
	December 31, 2021	December 31, 2020
Profit for the period from continuing operations	\$ 410,332	(\$ 88,661)
Other comprehensive income, net of tax	2,978	( 4,946)
Total comprehensive income	<u>\$ 413,310</u>	<u>(\$ 93,607)</u>
Dividends received from associates	<u>\$ 454,391</u>	<u>\$ -</u>

	Chicony Square (Cayman) Inc.	
	Year ended	
	December 31, 2021	December 31, 2020
Profit for the period from continuing operations	\$ 228,072	\$ 224,337
Other comprehensive income, net of tax	9,678	2,147
Total comprehensive income	<u>\$ 237,750</u>	<u>\$ 226,484</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

	Chicony Chengdu International Inc.	
	Year ended	
	December 31, 2021	December 31, 2020
Profit for the period from continuing operations	\$ 259,769	\$ 209,943
Other comprehensive income, net of tax	11,155	2,453
Total comprehensive income	<u>\$ 270,924</u>	<u>\$ 212,396</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

B. Joint ventures

(a) The basic information of the joint venture that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
TAIPEI TWIN CORPORATION	New Taipei City	50%	50%	Financial investment	Equity method

(b) The summarized financial information of the joint venture that is material to the Group is as follows:

Balance sheet

	TAIPEI TWIN CORPORATION	
	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 1,155,430	\$ 602,554
Other current assets	4,793	1,002,612
Current assets	1,160,223	1,605,166
Other non-current assets	954,743	384,876
Non-current assets	954,743	384,876
Total assets	<u>\$ 2,114,966</u>	<u>\$ 1,990,042</u>
Current liabilities	(\$ 180,375)	(\$ 15,768)
Total liabilities	( 180,375)	( 15,768)
Total net assets	<u>\$ 1,934,591</u>	<u>\$ 1,974,274</u>
Share in joint venture's net assets	\$ 967,296	\$ 987,137
Carrying amount of the joint venture	<u>\$ 967,296</u>	<u>\$ 987,137</u>

Statement of comprehensive income

		TAIPEI TWIN CORPORATION	
		Year ended	
		December 31, 2021	December 31, 2020
Other operating expenses	(\$	42,342)	(\$ 25,817)
Depreciation and amortisation	(	320)	-
Interest income		2,478	1,678
Other gains and losses		503	( 503)
Loss before income tax	(	39,681)	( 24,642)
Income tax expense		-	-
Loss, net of tax	(\$	39,681)	(\$ 24,642)
Total comprehensive loss	(\$	39,681)	(\$ 24,642)
Dividends received from joint venture	\$	-	\$ -

The Company and EPOQUE CORPORATION participated in the land development project of Taipei City Western District Gateway Project-Taipei Main Station Special Zone C1/D1 (Eastern Part) to jointly establish TAIPEI TWIN CORPORATION. The investments amounting to \$1 billion from both the Company and EPOQUE CORPORATION account for 50% of the total investment and the shareholding ratio is 50% for each. TAIPEI TWIN CORPORATION will be jointly controlled by both parties based on the joint venture agreement.

(6) Property, plant and equipment

2021

	Land	Buildings and structures	Machinery and equipment	Molding equipmen t	Computers and communication equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>											
Cost	\$ 186,563	\$ 3,111,643	\$ 660,477	\$ 10,903	\$ 68,864	\$ 24,165	\$ 163,013	\$ 47,857	\$ 42,435	\$ 1,589,075	\$ 5,904,995
Accumulated depreciation and impairment	- ( 801,151)	( 134,140)	( 8,751)	( 54,302)	( 19,362)	( 123,078)	( 34,191)	( 18,414)	-	( 1,193,389)	
	<u>\$ 186,563</u>	<u>\$ 2,310,492</u>	<u>\$ 526,337</u>	<u>\$ 2,152</u>	<u>\$ 14,562</u>	<u>\$ 4,803</u>	<u>\$ 39,935</u>	<u>\$ 13,666</u>	<u>\$ 24,021</u>	<u>\$ 1,589,075</u>	<u>\$ 4,711,606</u>
Opening net book amount as at January 1	\$ 186,563	\$ 2,310,492	\$ 526,337	\$ 2,152	\$ 14,562	\$ 4,803	\$ 39,935	\$ 13,666	\$ 24,021	\$ 1,589,075	\$ 4,711,606
Additions	-	1,771	6,382	9,343	8,084	2,768	1,772	21,737	2,708	11,398	65,963
Reclassifications	- ( 352,715)	( 97,754)	-	( 65)	-	( 19,349)	( 1,706)	( 14,300)	( 720,731)	( 1,206,620)	
Disposals	( 186,563)	( 130,449)	( 145)	-	( 466)	( 465)	( 4,827)	( 1,605)	( 1,794)	-	( 326,314)
Depreciation charge	- ( 120,931)	( 45,681)	( 2,788)	( 4,815)	( 1,512)	( 3,113)	( 9,657)	( 3,369)	-	( 191,866)	
Impairment loss	- ( 391,692)	-	-	-	-	-	-	-	-	( 164,881)	( 556,573)
Net exchange differences	-	19,169	4,200	18	104	39	322	110	166	13,568	37,696
Closing net book amount as at December 31	<u>\$ -</u>	<u>\$ 1,335,645</u>	<u>\$ 393,339</u>	<u>\$ 8,725</u>	<u>\$ 17,404</u>	<u>\$ 5,633</u>	<u>\$ 14,740</u>	<u>\$ 22,545</u>	<u>\$ 7,432</u>	<u>\$ 728,429</u>	<u>\$ 2,533,892</u>
<u>At December 31</u>											
Cost	\$ -	\$ 2,908,456	\$ 535,600	\$ 15,168	\$ 68,800	\$ 24,738	\$ 97,532	\$ 68,614	\$ 18,036	\$ 893,310	\$ 4,630,254
Accumulated depreciation and impairmt	- ( 1,572,811)	( 142,261)	( 6,443)	( 51,396)	( 19,105)	( 82,792)	( 46,069)	( 10,604)	( 164,881)	( 2,096,362)	
	<u>\$ -</u>	<u>\$ 1,335,645</u>	<u>\$ 393,339</u>	<u>\$ 8,725</u>	<u>\$ 17,404</u>	<u>\$ 5,633</u>	<u>\$ 14,740</u>	<u>\$ 22,545</u>	<u>\$ 7,432</u>	<u>\$ 728,429</u>	<u>\$ 2,533,892</u>

	2020										
	Land	Buildings and structures	Machinery and equipment	Molding equipment	Computers and communication equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>											
Cost	\$186,563	\$ 3,112,276	\$ 720,609	\$ 12,661	\$ 70,205	\$ 36,542	\$ 163,868	\$ 53,889	\$ 34,332	\$ 2,451,623	\$ 6,842,568
Accumulated depreciation and impairment	-	( 610,942)	( 155,545)	( 8,144)	( 57,432)	( 28,493)	( 115,343)	( 26,870)	( 17,462)	-	( 1,020,231)
	<u>\$186,563</u>	<u>\$ 2,501,334</u>	<u>\$ 565,064</u>	<u>\$ 4,517</u>	<u>\$ 12,773</u>	<u>\$ 8,049</u>	<u>\$ 48,525</u>	<u>\$ 27,019</u>	<u>\$ 16,870</u>	<u>\$ 2,451,623</u>	<u>\$ 5,822,337</u>
Opening net book amount as at January 1	\$186,563	\$ 2,501,334	\$ 565,064	\$ 4,517	\$ 12,773	\$ 8,049	\$ 48,525	\$ 27,019	\$ 16,870	\$ 2,451,623	\$ 5,822,337
Additions	-	5,395	25,228	-	7,263	-	2,087	3,097	3,479	-	46,549
Reclassifications	-	( 58,405)	( 4,063)	-	-	-	-	( 2,766)	-	( 858,426)	( 923,660)
Disposals	-	-	( 1,076)	-	( 1,036)	( 2,610)	( 398)	-	( 2,819)	-	( 7,939)
Depreciation charge	-	( 133,844)	( 57,875)	( 2,357)	( 4,350)	( 1,814)	( 10,200)	( 4,599)	( 4,501)	-	( 219,540)
Net exchange differences	-	( 3,988)	( 941)	( 8)	( 88)	1,178	( 79)	( 30)	1,957	( 4,142)	( 6,141)
Closing net book amount as at December 31	<u>\$186,563</u>	<u>\$ 2,310,492</u>	<u>\$ 526,337</u>	<u>\$ 2,152</u>	<u>\$ 14,562</u>	<u>\$ 4,803</u>	<u>\$ 39,935</u>	<u>\$ 22,721</u>	<u>\$ 14,986</u>	<u>\$ 1,589,055</u>	<u>\$ 4,711,606</u>
<u>At December 31</u>											
Cost	\$186,563	\$ 3,111,643	\$ 660,477	\$ 10,903	\$ 68,864	\$ 24,165	\$ 163,013	\$ 56,912	\$ 33,400	\$ 1,589,055	\$ 5,904,995
Accumulated depreciation and impairment	-	( 801,151)	( 134,140)	( 8,751)	( 54,302)	( 19,362)	( 123,078)	( 34,191)	( 18,414)	-	( 1,193,389)
	<u>\$186,563</u>	<u>\$ 2,310,492</u>	<u>\$ 526,337</u>	<u>\$ 2,152</u>	<u>\$ 14,562</u>	<u>\$ 4,803</u>	<u>\$ 39,935</u>	<u>\$ 22,721</u>	<u>\$ 14,986</u>	<u>\$ 1,589,055</u>	<u>\$ 4,711,606</u>

- A. Refer to Note 6(9) D for the amount of borrowing costs capitalized as part of unfinished construction and the range of the interest rates for the years ended December 31, 2021 and 2020.
- B. The significant components of the Group's buildings and structures, including main construction, steel structure, and related equipment of underground mezzanine are depreciated over 2 to 15 years.

- C. Impairment information about the property, plant and equipment is provided in Note 6(12).
- D. Information about the property, plant, and equipment that were pledged to others as collateral is provided in Note 8.
- E. To activate its assets, the Group entered into a sales and purchase agreement of land and buildings with the non-related party, TransGlobe Life Insurance Inc. (TransGlobe Life), as resolved by the Board of Directors on October 15, 2021, to sell the property, plant and equipment and investment property located on Xingde Rd., Sanchong Dist., New Taipei City in the amount of \$4,100,000. The above transaction was completed in the fourth quarter of 2021. The Group leased back certain levels of the sold building for its operational use for a lease term of 4 years. Refer to Note 6(7)F for details. After deducting the carry amount of the assets and related transaction costs from proceeds of the transaction, Gains arising from transfer of right in sale and lease-back transaction amounted to \$1,080,862, and gains on disposal of investment property amounted to \$222,594, shown as other gains and losses. All proceeds from the transaction have been collected in December 2021.

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(7) Leasing arrangements - lessee

- A. The Group leases various assets including land use right and office. Rental contracts are typically made for periods of 5 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 4,018,889	\$ 4,419,225
Office	139,782	108,420
	<u>\$ 4,158,671</u>	<u>\$ 4,527,645</u>

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 47,880	\$ 52,886
Office	26,188	17,810
	<u>\$ 74,068</u>	<u>\$ 70,696</u>

- C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$82,405 and \$58,873, respectively.
- D. The information on profit and loss accounts related to lease contracts is as follows:

	<u>Year ended</u>	<u>Year ended</u>
<u>Items affecting profit or loss</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest expense on lease liabilities	\$ 7,410	\$ 6,759
Expense on short-term lease contracts	\$ 12,493	\$ 11,525
Gains arising from lease modifications	\$ 2,747	\$ -

- E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$46,962 and \$39,059, respectively.
- F. The Group sold certain levels of the building located on No. 129, Xingde Rd., Sanchong Dist., New Taipei City in the amount of \$4,100,000 on November 29, 2021. The Group leased back the aforementioned sold assets for a lease term of 4 years, and the lease agreement does not include extension or purchase clauses. The rental payments for each year are \$47,500, \$47,500, \$48,925 and \$50,393, respectively.
- G. Buynow (Xian), Guiyang Buynow, Yinkou Buynow, Anshan Buynow, Dezhou Buynow, Luoyang Buynow, Buynow (Jinzhou) and Kapok (Kunshan) acquired the land use right from their respective local government agencies for a period of 40 to 50 years. Except for the land use right of Kapok (Kunshan) which is for factory land use (As of December 31, 2021, the amount was \$19,816), others are for shopping mall land use.



H. Guiyang Buynow and Yinkou Buynow entered into the state-owned construction land use right assignment contracts for the years ended December 31, 2014 and 2013 with their local government agencies. The total consideration was RMB 327,101, of which RMB 306,538 was paid and RMB 20,563 remains unpaid as of December 31, 2021. As of December 31, 2021, the transfer of property rights has not yet been completed.

(8) Leasing arrangements - lessor

- A. The Group leases various assets classified as investment property. Rental contracts are typically made for periods of 1 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2021 and 2020, the Group recognised rent income on investment property in the amount of \$2,625,452 and \$2,496,266, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021	December 31, 2020
2021	\$ -	\$ 469,125
2022	349,816	381,254
2023	353,397	355,924
2024	359,046	356,171
2025	368,193	365,417
2026	364,092	361,177
2027 and after	1,381,103	1,366,695
	<u>\$ 3,175,647</u>	<u>\$ 3,655,763</u>

(9) Investment property

	2021	2020
At January 1	\$ 63,638,847	\$ 63,013,015
Additions from subsequent expenditures	75,386	84,055
Disposals	( 2,229,634)	( 16,919)
Reclassifications	960,856	718,715
Net losses from fair value adjustment	( 538,288)	( 55,918)
Net exchange differences	501,435	( 104,101)
At December 31	<u>\$ 62,408,602</u>	<u>\$ 63,638,847</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended	
	December 31, 2021	December 31, 2020
Rental income from investment property	\$ 2,625,452	\$ 2,496,266
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 949,419	\$ 795,074
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ 71,776	\$ 113,922

B. Measurement of investment property at fair value

The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was \$62,408,602, \$63,638,847, respectively, which was valued by independent appraisers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

- (a) Investment property is mainly divided into Taiwan-computer segment and China-Buynow Plaza. Currently, the lease terms of investment property for different segments are: approximately 19 years (from 2007 to 2026) for Buynow (Changsha); 15 years (from 2007 to 2022) for Buynow (Nanchang); 20 years (from 2008 to 2028) for Beijing Clevo Investment; 18 years (from 2016 to 2034) for Buynow (Quanzhou); 10 years (from 2017 to 2027) for Suzhou Jinzuo; 6 to 20 years (from 2019 to 2040) for Buynow (Anshan); 15 years (from 2019 to 2034) for Luoyang Buynow, and 1 year for the remaining segments. The comparison information between local rent and similar objective property rent is provided in the ‘Summary of fair value disclosure on investment property’ (referred herein as “the following table”).
- (b) Movements of average occupancy rates in the prior year and earnings in prior years are provided in the following table.
- (c) The Group adopts the discounted cash flow analysis under income approach. The estimation process of the appraisal method is subject to the determination of the annual rent growth rate range using the comparison information between local rent and similar objective property rent, and takes into consideration vacancy loss to estimate net rent income over the next ten years as future cash inflow and discounted to the date of appraisal with the discount rate described in (d). In addition, considering the ending balance of disposal value of the objective property is calculated based on the operating revenue over the next year starting from the disposal date to estimated remaining lives of the use right at the disposal date, which will be capitalised based on the estimated discount rate and annual rent growth rate as well as discounted to the appraisal date. The market value is calculated based on the ending disposal value plus the present value of rent for each period.

Future cash outflow consists of expenses directly and necessarily related to leasing such as related fees, utilities and promotion costs; and operating expenses necessarily related to operations (i.e. repair expenses), taxes, insurance fees, and capital expenditures. The rates of changes used in the estimation of future movements are in accordance with the rent growth rate used in the imputed rent income.

- (d) The information on the range of discount rates is provided in the following table. The discount rates are determined to take into consideration the interest rate of time deposits or government bonds, as well as the Group's liquidity, risk, value-added and degree of difficulty of management.
- (e) The fair values of investment property under construction at the appraisal date and income estimation process were first determined by considering the growth of rent income under the forecast market conditions when the construction was completed, and were discounted using expected rental growth rate and vacancy loss to the appraisal date with a 10-year estimation period. Subsequently, the aforementioned discounted values reduced the necessary engineering costs and expenses incurred from appraisal date to expected completion date plus the discounted estimated salvage values.
- (f) The appraisal reports adopted by the Group are co-certified by the real estate appraisers, Charlie Yang and Jia-Hui Chen from Cushman & Wakefield Limited (referred herein as "Cushman & Wakefield") and Cushman & Wakefield Limited (HK). The appraisal dates are January 1, 2022 and 2021.

Summary of fair value disclosure on investment property:

Year ended	
<u>December 31, 2021</u>	<u>Buynow plaza</u>
Comparative information between local rent and similar objective property rent (dollar/square or square meter/month)	\$82~\$4,878
Movements of earnings in the prior year	\$5,621~\$253,399
Average occupancy rates	89%

Year ended December 31, 2020	Computer segment	Buynow plaza
Comparative information between local rent and similar objective property rent (dollar/square or square meter/month)	\$642~\$898	\$90~\$4,612
Movements of earnings in the prior year	\$70,608	\$3,922~\$271,777
Average occupancy rates	100%	85%
Discount rate	December 31, 2021	December 31, 2020
-Computer segment	-	3.10%
-Buynow plaza	4.75%~6.75%	4.75%~6.75%

C. The fair value information about the investment property is provided in Note 12(3).

D. Amount of borrowing costs capitalised as part of unfinished construction, investment property and long-term lease prepayments and the range of the interest rates for such capitalisation are as follows:

	Year ended	
	December 31, 2021	December 31, 2020
Amount capitalised	\$148,679	\$151,641
Range of the interest rates for capitalisation	3.00%~5.30%	3.00%~5.34%

E. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(10) Intangible assets

	2021		
	Software	Goodwill	Total
<u>At January 1</u>			
Cost	\$ 20,452	\$ 10,253	\$ 30,705
At January 1	\$ 20,452	\$ 10,253	\$ 30,705
Additions-acquired separately	1,442	-	1,442
Disposals	( 2,882)	-	( 2,882)
Amortisation charge	( 10,991)	-	( 10,991)
Net exchange differences	67	82	149
At December 31	\$ 8,088	\$ 10,335	\$ 18,423
<u>At December 31</u>			
Cost	\$ 8,088	\$ 10,335	\$ 18,423
	2020		
	Software	Goodwill	Total
<u>At January 1</u>			
Cost	\$ 19,656	\$ 10,270	\$ 29,926
At January 1	\$ 19,656	\$ 10,270	\$ 29,926
Additions-acquired separately	12,461	-	12,461
Amortisation charge	( 11,612)	-	( 11,612)
Net exchange differences	( 53)	( 17)	( 70)
At December 31	\$ 20,452	\$ 10,253	\$ 30,705
<u>At December 31</u>			
Cost	\$ 20,452	\$ 10,253	\$ 30,705

Goodwill arose from Buynow segment of the Group.

Details of amortization on intangible assets are as follows:

	Year ended	
	December 31, 2021	December 31, 2020
Administrative expenses	\$ 5,061	\$ 5,758
Research and development expenses	5,930	5,854
	\$ 10,991	\$ 11,612

(11) Other non-current assets

	December 31, 2021	December 31, 2020
Prepayments for construction	\$ 1,961,414	\$ 1,420,611
Restricted bank deposits	1,018,549	1,022,720
Guarantee deposits paid	43,161	45,211
Others	236,490	546,112
	<u>\$ 3,259,614</u>	<u>\$ 3,034,654</u>

(12) Impairment of non-financial assets

A. The Group recognised impairment loss for the years ended December 31, 2021 and 2020 were \$556,573 and \$0, respectively. Details of such loss are as follows:

	Year ended December 31, 2021 Recognised in profit or loss
Impairment loss	
— Buildings and structures	\$ 391,692
— Construction in progress and equipment to be inspected	164,881
	<u>\$ 556,573</u>

B. The impairment loss reported by operating segments is as follows:

	Year ended December 31, 2021 Recognised in profit or loss
Buynow plaza	<u>\$ 556,573</u>

C. In 2021, the current overall outlook for the real estate market in China resulted in an impairment in the Group's property. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$556,573 accordingly. The recoverable amount is the property's fair value less costs of disposal, estimated by reference to the transaction price of a property in similar location per square feet in accordance with the market approach and the professional appraisal report. The fair value is classified as a level 3 fair value.

(13) Non-current assets held for sale

A. The assets related to property, plant and equipment and right-of-use assets of Shantou Buynow Mall Co., Ltd. (part of Buynow plaza segment) have been reclassified as disposal group held for sale following the approval of the Group's Board of Directors on May 24, 2019 to sell property, plant and equipment and right-of-use assets to Chicony Industry (Wuhan) Co., Ltd. The transaction was completed in December 2020.

B. For the year ended December 31, 2020, impairment loss of \$54,627 was recognised in other gains and losses as a result of the remeasurement of the disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 129,787	4.15%	Investment property
Unsecured borrowings	4,616,636	0.57%~1.00%	Promissory note
	<u>\$ 4,746,423</u>		
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 306,757	4.15%~4.57%	Investment property
Secured borrowing	497,299	0.59%	Time deposits pledged
Unsecured borrowings	6,052,084	0.74%~1.00%	Promissory note
	<u>\$ 6,856,140</u>		

(15) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bonds payable	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

A. On August 22, 2019, Clevo Co. issued \$5,000,000 secured bonds, as approved by the regulatory authority. As of December 31, 2021, the outstanding bonds payable was \$5,000,000.

B. The terms of the secured bonds are as follows:

<u>Type of Bonds</u>	<u>Issuance date</u>	<u>Period</u>	<u>Amount</u>	<u>Coupon rate</u>	<u>Payment term</u>	<u>Security</u>
Secured bonds payable	2019/8/26	5 years	\$5,000,000	Not exceeding fixed rate of 0.8%	Principal is due at maturity. Interest is paid annually at simple interest rate.	Authorise Taiwan Cooperative Bank to execute corporate bond guarantee according to the guarantee agreement.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Unsecured borrowings	Borrowing period is from March 19, 2021 to December 17, 2026; interest is payable monthly, principal is payable at maturity date	0.52%~1.05%	Promissory note	\$6,750,000
Unsecured borrowings	Borrowing period is from December 28, 2018 to December 28, 2023; interest is payable monthly, principal is payable in installments	1.18%~1.797%	Promissory note	4,800,000
Unsecured borrowings	Borrowing period is from December 28, 2021 to December 28, 2023; interest is payable quarterly, principal is payable at maturity date	0.58%~0.67%	Promissory note	398,012
				<u>11,948,012</u>
Secured borrowings	Borrowing period is from June 22, 2020 to January 28, 2022; interest is payable monthly, principal is payable at maturity date	4.90%	Investment property	12,501
Secured borrowings	Borrowing period is from August 18, 2018 to August 17, 2028; interest is payable quarterly, principal is payable in installments	5.15%	Property, plant and equipment	1,367,325
Secured borrowings	Borrowing period is from June 8, 2015 to June 4, 2026; interest is payable monthly, principal is payable in installments	4.77%~5.32%	Investment property	3,574,919
Secured borrowings	Borrowing period is from October 31, 2019 to December 6, 2026; interest is payable quarterly, principal is payable in installments	4.70%~5.30%	Investment property	4,025,874
Secured borrowings	Borrowing period is from December 28, 2021 to December 28, 2023; interest is payable quarterly, principal is payable at maturity date	0.58%~0.67%	Investment property	646,553
Secured borrowings	Borrowing period is from December 28, 2021 to December 28, 2023; interest is payable quarterly, principal is payable at maturity date	0.67%	Long-term prepaid rent and property, plant and equipment	95,163
				<u>9,722,335</u>
				21,670,347
Less: Current portion of long-term loans				( <u>3,798,480</u> )
				<u>\$ 17,871,867</u>



Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Unsecured borrowings	Borrowing period is from December 20, 2019 to November 9, 2022; interest is payable monthly, principal is payable at maturity date	0.52%~1.13%	Promissory note	\$ 6,520,000
Unsecured borrowings	Borrowing period is from December 28, 2018 to December 28, 2023; interest is payable monthly, principal is payable in installments	1.03%~1.797%	Promissory note	6,028,571
Unsecured borrowings	Borrowing period is from April 17, 2020 to April 16, 2022; interest is payable quarterly, principal is payable at maturity date	0.87%~0.89%	Promissory note	237,507
				<hr/> 12,786,078
Secured borrowings	Borrowing period is from March 20, 2018 to March 20, 2023; interest is payable monthly, principal is payable at maturity date	1.05%	Property, plant and equipment and investment property	1,250,000
Secured borrowings	Borrowing period is from June 22, 2020 to August 19, 2021; interest is payable monthly, principal is payable at maturity date	5.22%	Investment property	13,780
Secured borrowings	Borrowing period is from August 18, 2018 to August 17, 2028; interest is payable quarterly, principal is payable in installments	5.30%	Property, plant and equipment	1,442,498
Secured borrowings	Borrowing period is from June 8, 2015 to May 20, 2025; interest is payable monthly, principal is payable in installments	4.83%~5.25%	Investment property	4,479,293
Secured borrowings	Borrowing period is from February 4, 2017 to December 6, 2026; interest is payable quarterly, principal is payable in installments	4.80%~5.45%	Investment property	3,803,149
Secured borrowings	Borrowing period is from April 17, 2020 to April 16, 2022; interest is payable quarterly, principal is payable at maturity date	0.86%~0.87%	Investment property	703,571
Secured borrowings	Borrowing period is from April 17, 2020 to April 16, 2022; interest is payable quarterly, principal is payable at maturity date	0.86%~0.89%	Long-term prepaid rent and property, plant and equipment	212,547
				<hr/> 11,904,838
				24,690,915
Less: Current portion of long-term loans				( 6,594,537)
				<u>\$ 18,096,378</u>

(17) Pensions

A. Defined benefit pension plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 322,555	\$ 323,696
Fair value of plan assets	( 322,555)	( 314,798)
Net defined benefit liability	<u>\$ -</u>	<u>\$ 8,898</u>

(Reminder of page intentionally left blank)

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 323,696	(\$ 314,798)	\$ 8,898
Current service cost	267	-	267
Interest expense (income)	1,327	(1,291)	36
	<u>325,290</u>	<u>(316,089)</u>	<u>9,201</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in demographic assumptions	6,466	-	6,466
Change in financial assumptions	7,159	-	7,159
Experience adjustments	(8,703)	(4,922)	(13,625)
	<u>4,922</u>	<u>(4,922)</u>	<u>-</u>
Pension fund contribution	-	(9,201)	(9,201)
Paid pension	(7,657)	7,657	-
Balance at December 31	<u>\$ 322,555</u>	<u>(\$ 322,555)</u>	<u>\$ -</u>
	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 387,480	(\$ 315,395)	\$ 72,085
Current service cost	521	-	521
Interest expense (income)	2,945	(2,397)	548
	<u>390,946</u>	<u>(317,792)</u>	<u>73,154</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in demographic assumptions	(1,697)	-	(1,697)
Change in financial assumptions	(27,621)	-	(27,621)
Experience adjustments	(14,312)	(10,944)	(25,256)
	<u>(43,630)</u>	<u>(10,944)</u>	<u>(54,574)</u>
Pension fund contribution	-	(9,682)	(9,682)
Paid pension	(23,620)	23,620	-
Balance at December 31	<u>\$ 323,696</u>	<u>(\$ 314,798)</u>	<u>\$ 8,898</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended	
	December 31, 2021	December 31, 2020
Discount rate	0.71%	0.41%
Future salary increases	2.00%	1.50%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 18,696)	\$ 20,141	\$ 19,776	(\$ 18,556)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 19,583)	\$ 21,370	\$ 21,024	(\$ 19,483)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$9,485.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 2 years	\$	259,779
2-5 years		22,072
Over 5 years		14,043
	\$	<u>295,894</u>

#### B. Defined contribution plans

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of the employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$35,360 and \$35,849, respectively.

#### (18) Provisions

	Warranty	
	2021	2020
At January 1	\$ 53,523	\$ 50,523
Additional provisions	95,207	77,481
Used during the year	( 90,207)	( 74,481)
At December 31	<u>\$ 58,523</u>	<u>\$ 53,523</u>

Analysis of total provisions:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	<u>\$ 58,523</u>	<u>\$ 53,523</u>

The Group provides warranties on computer products sold. Provision for warranty is estimated based on historical warranty data of computer products.

(19) Share capital

- A. As of December 31, 2021, the Company's authorised capital was \$9,000,000 and the paid-in capital was \$6,497,630, consisting of 649,763 thousand shares with a par value of \$10 (in dollars) per share. The foregoing includes 20 million shares reserved for employee stock options with a par value of \$10 (in dollars) per share, which the Board of Directors are authorised to issue depending on actual demand.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2021	2020
At January 1	595,216	605,216
Shares retired	(10,000)	(10,000)
At December 31	585,216	595,216

B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2021	
		Number of shares	Carrying amount
The Company	To be reissued to employees	37,500 thousand	\$ 1,171,347
Subsidiary-Kapok Computer	Long-term investment	16,966 thousand	95,306
Subsidiary-Clevo Investment	Long-term investment	10,081 thousand	108,182

Name of company holding the shares	Reason for reacquisition	December 31, 2020	
		Number of shares	Carrying amount
The Company	To be reissued to employees	47,500 thousand	\$ 1,450,204
Subsidiary-Kapok Computer	Long-term investment	16,966 thousand	95,306
Subsidiary-Clevo Investment	Long-term investment	10,081 thousand	108,182

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the

employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. However, when the legal reserve amounts to the authorised capital, this shall not apply. According to the law or the authority, the special surplus reserve shall be set or reversed. If there is still surplus, the Board of Directors shall draft the allocation resolved by the shareholders. The Board of Directors is authorised to distribute all or part of dividends, bonuses, legal reserve and capital surplus in the form of cash by approval of more than half of directors present at a meeting attended by more than two thirds of the directors, and such distribution shall also be reported at the shareholders' meeting.
- B. The Company belongs to high tech and electronics industry and as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans, based on vision of industrial development, capital expenditure demand, sound financial plan and to protect the rights and interests of investors. According to the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. Special reserve
  - (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- (c) According to Jin-Guan-Zheng-Fa-Zi Letter No. 1030006415, dated March 18, 2014, investment properties are initially and subsequently measured using the fair value model. Changes in value due to appreciation as of December 31, 2013 are reflected in the increase in Appropriated Retained Earnings. The Company will recognise the reversal of earnings if subsequently disposed or the investment properties decrease.
- E. The appropriations of 2020 and 2019 earnings as resolved by the shareholders on August 26, 2021 and June 19, 2020 are as follows:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 77,323		\$ 106,864	
Special reserve	507,614		993,875	
Cash dividends	373,358	\$ 0.6	-	\$ -
	<u>\$ 958,295</u>		<u>\$ 1,100,739</u>	

The Company appropriated cash from capital surplus as resolved by the stockholders during their meeting on June 19, 2020. The dividend per share is NTD 0.4 for a total amount of \$248,906.

The above appropriations of 2020 and 2019 earnings are the same with those approved by the Board of Directors on March 26, 2021 and March 31, 2020, respectively.

- F. The appropriations of 2021 net income were resolved by the Board of Directors during its meeting on March 28, 2022 as follows:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 302,123	
Reverse of special reserve	( 493,824)	
Cash dividends	1,285,752	\$2.1
	<u>\$ 1,094,051</u>	



(22) Other equity items

2021			
	Currency translation	Revaluation	Total
At January 1	(\$ 4,948,933)	\$ 20,922	(\$ 4,928,011)
Transferred to retained earnings	-	( 20,922)	( 20,922)
Currency translation differences:			
–Group	316,774	-	316,774
–Associates	4,215	-	4,215
–Tax on associates	( 843)	-	( 843)
At December 31	<u>(\$ 4,628,787)</u>	<u>\$ -</u>	<u>(\$ 4,628,787)</u>

2020			
	Currency translation	Revaluation	Total
At January 1	(\$ 4,856,943)	\$ 20,922	(\$ 4,836,021)
Currency translation differences:			
–Group	( 91,391)	-	( 91,391)
–Associates	( 748)	-	( 748)
–Tax on associates	149	-	149
At December 31	<u>(\$ 4,948,933)</u>	<u>\$ 20,922</u>	<u>(\$ 4,928,011)</u>

(23) Operating revenue

	Year ended	
	December 31, 2021	December 31, 2020
Revenue from contracts with customers		
-Sales of computer products	\$ 22,844,822	\$ 16,212,628
-Sales of computer peripherals	590,916	125,039
-Land development and resale	443,679	837,973
-Hotel revenue	2,858	55,530
-Other revenue	547,600	582,039
Others-rental revenue	2,561,967	2,425,737
	<u>\$ 26,991,842</u>	<u>\$ 20,238,946</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods over time and at a point in time in the following major product lines and geographical regions:

Year ended December 31, 2021	Computer Segment	Buynow Plaza				Total
	Computer products	Land development and resale	Hotel accommodations revenue	Computer peripherals	Others	
Total segment revenue	\$ 38,810,978	\$ 443,679	\$ 2,858	\$ 590,916	\$ 547,600	\$ 40,396,031
Inter-segment revenue	( 15,966,156)	-	-	-	-	( 15,966,156)
Revenue from external customer contracts	<u>\$ 22,844,822</u>	<u>\$ 443,679</u>	<u>\$ 2,858</u>	<u>\$ 590,916</u>	<u>\$ 547,600</u>	<u>\$ 24,429,875</u>
Timing of revenue recognition						
At a point in time	\$ 22,844,822	\$ 443,679	\$ -	\$ 590,916	\$ 547,600	\$ 24,427,017
Over time	-	-	2,858	-	-	2,858
	<u>\$ 22,844,822</u>	<u>\$ 443,679</u>	<u>\$ 2,858</u>	<u>\$ 590,916</u>	<u>\$ 547,600</u>	<u>\$ 24,429,875</u>

Year ended December 31, 2020	Computer Segment	Buynow Plaza				Total
	Computer products	Land development and resale	Hotel accommodations revenue	Computer peripherals	Others	
Total segment revenue	\$ 27,188,709	\$ 837,973	\$ 55,530	\$ 125,039	\$ 582,039	\$ 28,789,290
Inter-segment revenue	( 10,976,081)	-	-	-	-	( 10,976,081)
Revenue from external customer contracts	<u>\$ 16,212,628</u>	<u>\$ 837,973</u>	<u>\$ 55,530</u>	<u>\$ 125,039</u>	<u>\$ 582,039</u>	<u>\$ 17,813,209</u>
Timing of revenue recognition						
At a point in time	\$ 16,212,628	\$ 837,973	\$ -	\$ 125,039	\$ 582,039	\$ 17,757,679
Over time	-	-	55,530	-	-	55,530
	<u>\$ 16,212,628</u>	<u>\$ 837,973</u>	<u>\$ 55,530</u>	<u>\$ 125,039</u>	<u>\$ 582,039</u>	<u>\$ 17,813,209</u>

B. The Group derives hotel accommodations revenue from Hyatt Place Luoyang that was managed by Buynow (Zhengzhou) Electronic Information Co., Ltd. Luoyang branch. Hyatt Place Luoyang has ceased operations on January 31, 2021.

### C. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities:			
Contract liabilities –			
Advance			
real estate receipts	\$ 42,263	\$ 112,028	\$ 527,687
Contract liabilities –			
Advance			
sales receipts	<u>45,890</u>	<u>67,608</u>	<u>46,614</u>
	<u>\$ 88,153</u>	<u>\$ 179,636</u>	<u>\$ 574,301</u>

### D. Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Revenue recognised that was included		
in the contract liability balance at the		
beginning of the year		
Advance real estate receipts	\$ 69,118	\$ 383,418
Advance sales receipts	<u>67,068</u>	<u>34,360</u>
	<u>\$ 136,186</u>	<u>\$ 417,778</u>

### (24) Interest income

	<u>Year ended</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest income from bank deposits	\$ 18,191	\$ 67,743

### (25) Other income

	<u>Year ended</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Rent income	\$ 63,485	\$ 70,529
Dividend income	33,936	30,435
Other income	<u>134,205</u>	<u>147,853</u>
	<u>\$ 231,626</u>	<u>\$ 248,817</u>

(26) Other gains and losses

	Year ended	
	December 31, 2021	December 31, 2020
Gains arising from sale and leaseback transactions	\$ 1,080,862	\$ -
Gains (losses) on disposals of investment property	221,868 (	4,252)
Gains on financial assets (liabilities) at fair value through profit or loss	145,601	271,284
Foreign exchange gains (losses)	82,282 (	244,081)
Gains arising from lease modifications	2,747	-
Gains on disposals of property, plant and equipment	438	103
Losses on disposals of intangible assets	( 2,882)	-
Losses on disposals of investments	( 3,443) (	95,088)
Fee expense arising from financial liabilities not at fair value through profit or loss	( 7,213) (	4,702)
Losses on fair value adjustment, investment property	( 538,288) (	55,918)
Impairment loss:		
— Property, plant and equipment	( 556,573)	-
— Held for sale non-current assets	- (	54,627)
Other losses	( 53,845) (	42,574)
	<u>\$ 371,554</u>	<u>(\$ 229,855)</u>

(27) Finance costs

	Year ended	
	December 31, 2021	December 31, 2020
Bank borrowings	\$ 812,319	\$ 1,085,430
Less: Capitalisation of qualifying assets	( 180,786)	( 183,558)
	\$ 631,533	\$ 901,872
Interest expense on lease liabilities	7,410	6,759
Interest expense	<u>\$ 638,943</u>	<u>\$ 908,631</u>

(28) Expenses by nature

	Year ended	
	December 31, 2021	December 31, 2020
Employee benefit expense	\$ 2,355,365	\$ 1,944,575
Depreciation charges on property, plant and equipment	191,866	219,540
Depreciation charges on right-of-use assets	74,068	70,969
Amortisation charges on intangible assets	10,991	11,612
Operating costs and expenses	<u>\$ 2,632,290</u>	<u>\$ 2,246,696</u>

(29) Employee benefit expense

	Year ended	
	December 31, 2021	December 31, 2020
Wages and salaries	\$ 1,979,759	\$ 1,642,899
Labour and health insurance fees	57,069	53,773
Pension costs	35,663	36,918
Other personnel expenses	282,874	210,985
	<u>\$ 2,355,365</u>	<u>\$ 1,944,575</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation were accrued \$181,800 and \$93,500, respectively; while directors' and supervisors' remuneration were accrued \$22,200, \$7,700, respectively. The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2021, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5%~15% and not higher than 1% of distributable profit of current year, respectively.

Employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended	
	December 31, 2021	December 31, 2020
Current tax:		
Current tax on profits for the year	\$ 528,192	\$ 344,391
Tax on undistributed surplus earnings	6,895	-
Prior year income tax overestimation	( 6,842)	( 25,670)
Total current tax	528,245	318,721
Deferred tax:		
Origination and reversal of temporary differences	( 73,749)	( 289,460)
Total deferred tax	( 73,749)	( 289,460)
Income tax expense	\$ 454,496	\$ 29,261

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended	
	December 31, 2021	December 31, 2020
Currency translation differences	(\$ 843)	\$ 149
Remeasurement of defined benefit obligations	-	( 10,915)
	(\$ 843)	(\$ 10,766)

B. Reconciliation between income tax expense and accounting profit

Income/(Loss)	Year ended	
	December 31, 2021	December 31, 2020
Tax calculated based on profit before tax and statutory tax rate	\$ 278,861	\$ 327,449
Temporary differences not recognised as deferred tax assets	148,229	( 90,685)
Effect from expenses disallowed by tax regulation	( 292,678)	( 34,099)
Taxable loss not recognised as deferred tax assets	215,257	304,380
Change in assessment of realisation of deferred tax assets	104,774	( 452,114)
Tax on undistributed surplus earnings	6,895	-
Prior year income tax overestimation	( 6,842)	( 25,670)
Income tax expense	\$ 454,496	\$ 29,261

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
Temporary differences:					
Unrealised exchange losses	\$ 1,181	(\$ 1,181)	\$ -	\$ -	\$ -
Allowance for bad debts	8,916	( 5,307)	-	-	3,609
Allowance for spare valuation losses	1,581	2,191	-	-	3,772
Allowance for inventory valuation losses	39,015	31,879	-	-	70,894
Unused compensated absences	5,065	-	-	-	5,065
Accrued pension liability	1,781	( 1,781)	-	-	-
Currency translation differences	21,241	-	( 843)	-	20,398
Fair value adjustment, investment property	43,939	( 43,939)	-	-	-
Tax losses	<u>490,115</u>	<u>( 206,525)</u>	<u>-</u>	<u>-</u>	<u>283,590</u>
	<u>612,834</u>	<u>( 224,663)</u>	<u>( 843)</u>	<u>-</u>	<u>387,328</u>
Deferred tax liabilities:					
Temporary differences:					
Unrealised exchange gain	-	( 12,215)	-	-	( 12,215)
Foreign investment income using equity method	( 519,461)	( 40,252)	-	-	( 559,713)
Rent by straight -line method	( 76,731)	1,047	-	-	( 75,684)
Unrealised sales losses	( 548)	( 307)	-	-	( 855)
Increase in revaluation	( 4,285)	4,285	-	-	-
Accrued pension	-	( 23)	-	-	( 23)
Fair value adjustment, investment property	( 11,607,584)	345,877	-	( 92,710)	( 11,354,417)
	<u>( 12,208,609)</u>	<u>298,412</u>	<u>-</u>	<u>( 92,710)</u>	<u>( 12,002,907)</u>
	<u>(\$ 11,595,775)</u>	<u>\$ 73,749</u>	<u>(\$ 843)</u>	<u>(\$ 92,710)</u>	<u>(\$ 11,615,579)</u>

2020					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
Temporary differences:					
Unrealised exchange losses	\$ 58,125	(\$ 56,944)	\$ -	\$ -	\$ 1,181
Allowance for bad debts	11,677	( 2,761)	-	-	8,916
Allowance for spare valuation losses	1,526	55	-	-	1,581
Allowance for inventory valuation losses	38,894	121	-	-	39,015
Unused compensated absences	5,065	-	-	-	5,065
Accrued pension liability	14,418	( 1,722)	( 10,915)	-	1,781
Currency translation differences	-	-	21,241	-	21,241
Fair value adjustment, investment property	14,088	29,851	-	-	43,939
Tax losses	<u>38,001</u>	<u>452,114</u>	<u>-</u>	<u>-</u>	<u>490,115</u>
	<u>181,794</u>	<u>420,714</u>	<u>10,326</u>	<u>-</u>	<u>612,834</u>
Deferred tax liabilities:					
Temporary differences:					
Foreign investment income using equity method	( 509,746)	( 9,715)	-	-	( 519,461)
Difference from amortisation of long-term prepaid rent	( 79,003)	2,272	-	-	( 76,731)
Unrealised sales losses	( 542)	( 6)	-	-	( 548)
Currency translation differences	21,092	-	( 21,092)	-	-
Increase in revaluation	( 4,285)	-	-	-	( 4,285)
Fair value adjustment, investment property	( 11,502,198)	( 123,805)	-	18,419	( 11,607,584)
	( 12,074,682)	( 131,254)	( 21,092)	18,419	( 12,208,609)
	<u>(\$ 11,892,888)</u>	<u>\$ 289,460</u>	<u>(\$ 10,766)</u>	<u>\$ 18,419</u>	<u>(\$ 11,595,775)</u>



D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	\$ 144,741	\$ 35,244	\$ -	2026
2017	670,134	670,134	35,378	2027
2020	394,410	394,410	394,410	2030

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets from the Company's subsidiaries are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	\$ 738,745	\$ 696,032	\$ 322,165	2022
2018	1,121,542	852,018	634,220	2023
2019	1,333,961	1,327,027	1,168,192	2024
2020	962,655	962,651	778,869	2025
2021	1,061,101	1,061,101	861,026	2026

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	\$ 616,690	\$ 520,928	\$ 214,154	2021
2017	732,831	720,967	284,325	2022
2018	1,112,564	878,630	552,251	2023
2019	1,323,283	1,321,387	1,123,229	2024
2020	954,949	954,945	823,110	2025

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ -	\$ 6,160

G. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the temporary differences unrecognised as deferred tax liabilities were \$9,266,942 and \$10,007,234, respectively

H. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,796,350</u>	<u>593,451</u>	<u>\$ 3.03</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,796,350	593,451	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>6,236</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,796,350</u>	<u>599,687</u>	<u>\$ 3.00</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 666,944</u>	<u>597,825</u>	<u>\$ 1.12</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 666,944	597,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>4,167</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 666,944</u>	<u>601,992</u>	<u>\$ 1.11</u>

(32) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended	
	December 31, 2021	December 31, 2020
Purchase of property, plant and equipment	\$ 65,963	\$ 46,549
Add: Opening balance of payable	386,727	862,371
Ending balance of prepayment	3,896	3,139
Less: Ending balance of payable	( 263,725)	( 386,727)
Opening balance of prepayment	( 3,139)	( 103,138)
Capitalisation of interest	( 31,487)	( 43,337)
Cash paid during the year	<u>\$ 158,235</u>	<u>\$ 378,857</u>
Purchase of investment property	\$ 75,386	\$ 84,055
Add: Opening balance of payable	88,173	133,661
Less: Ending balance of payable	( 31,257)	( 88,173)
Cash paid during the year	<u>\$ 132,302</u>	<u>\$ 129,543</u>
Proceeds from disposal of property, plant and equipment	\$ 4,002,931	\$ 20,709
Add: Opening balance of receivable	-	14,622
Less: Ending balance of receivable	-	-
Cash received during the period	<u>\$ 4,002,931</u>	<u>\$ 35,331</u>
Proceeds from disposal of non-current asset held for sale	\$ -	\$ 3,875,368
Less: Opening balance of prepayment	215,298	-
Less: Ending balance of receivable	-	( 1,458,310)
Opening balance of prepayment	-	( 215,298)
Cash received during the year	<u>\$ 215,298</u>	<u>\$ 2,201,760</u>
Dividend income	\$ 33,936	\$ 30,435
Add: Dividends received from investments accounted for using the equity method	932,780	-
Less: Ending balance of receivable	( 478,389)	-
Cash received during the year	<u>\$ 488,327</u>	<u>\$ 30,435</u>

(33) Changes in liabilities from financing activities

2021					
	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$6,856,140	\$24,690,915	\$5,000,000	\$ 112,268	\$ 36,659,323
Changes in cash flow from financing activities	( 2,121,774)	( 3,108,463)	-	( 27,059)	( 5,257,296)
Impact of changes in foreign exchange rate	12,057	87,895	-	( 1,829)	98,123
Changes in other non-cash items	-	-	-	200,644	200,644
At December 31	<u>\$4,746,423</u>	<u>\$21,670,347</u>	<u>\$5,000,000</u>	<u>\$ 284,024</u>	<u>\$ 31,700,794</u>
2020					
	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 9,228,429	\$26,156,096	\$5,200,000	\$ 65,903	\$ 40,650,428
Changes in cash flow from financing activities	( 2,369,702)	( 1,444,966)	( 200,000)	( 14,017)	( 4,028,685)
Impact of changes in foreign exchange rate	( 2,587)	( 20,215)	-	( 5,250)	( 28,052)
Changes in other non-cash items	-	-	-	65,632	65,632
At December 31	<u>\$ 6,856,140</u>	<u>\$24,690,915</u>	<u>\$5,000,000</u>	<u>\$ 112,268</u>	<u>\$ 36,659,323</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Kent Hsu	Chairman
Chicony Electronics (Suzhou) Co., Ltd.	Other related party
Chicony Power Technology Co., Ltd.	Other related party
Honghui Real Estate Company	Other related party
Chicony Dalu Enterprise (Chengdu) Co., Ltd.	Associate
Chicony Square (Wuhan) Inc.	Associate
Chicony Industry (Wuhan) Co., Ltd.	Associate
Chicony Square (Wuhan) Inc.	Associate
Chicony Square (Cayman) Inc.	Associate
Epoque Corporation	Same chairman
Taipei Twin Corporation	Entity with joint control over this entity

### (2) Significant related party transactions

#### A. Operating revenue

	<u>Year ended</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Sales of goods:		
-Entity with joint control over this entity	\$ 466	\$ 374
	\$ 466	\$ 374
Sales of services:		
-Other related parties	4,781	-
-Associates	139	-
	<u>\$ 5,386</u>	<u>\$ 374</u>

The Group (Buynow (China)) offered the services to other related parties and associates.

#### B. Purchases

	<u>Year ended</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Sales of goods:		
-Other related parties	\$ 1,046,051	\$ 888,486

The purchases of the Group's subsidiary, Kapok Computer (Kunshan), from other related parties are unique. Accordingly, the purchase prices are incomparable and payment terms are the same with third parties, which are within 1 ~ 5 months.

C. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Chicony Electronics (Suzhou) Co., Ltd.	\$ 237,004	\$ 185,676
Chicony Power Technology Co., Ltd.	110,984	56,498
	<u>\$ 347,988</u>	<u>\$ 242,174</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

D. Other receivables from related parties (shown as other current assets)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables - dividends:		
— CHICONY SQUARE (WUHAN) INC.	\$ 478,389	\$ -
Other receivables - property transactions:		
Chicony Industry (Wuhan) Co., Ltd.	-	215,298
Chicony Dalu Enterprise (Chengdu) Co., Ltd.	-	15,310
	<u>\$ 478,389</u>	<u>\$ 230,608</u>

The receivables from related parties arise mainly from dividends distributed by an investee accounted for using the equity method and sales of property, plant and equipment and right-of-use assets. The receivables are unsecured in nature and bear no interest

E. Property transactions

Disposal of non-current asset held for sale:

	<u>Year ended December 31, 2020</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Chicony Industry (Wuhan) Co., Ltd.	<u>\$ 3,875,368</u>	<u>\$ -</u>

The transaction price of non-current asset held for sale was determined based on the professional appraisal report.

F. Loans from related parties

Loans from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Shown as other non-current liabilities - others:		
CHICONY SQUARE (CAYMAN) INC.	<u>\$ 390,218</u>	<u>\$ 396,154</u>

The loans from associates and other related parties are payable at maturity within 1~5 years after the loan is made and carry interest at 0%~5.68% and 0%~5.78% per annum for the years ended December 31, 2021 and 2020, respectively. The amount of interest payable (recognised as other payables) as of December 31, 2021 and 2020 were both \$0. Additionally, interest expense recognised for the years ended December 31, 2021 and 2020 were \$3,536 and \$6,518 respectively.

G. Lease transactions - lessee

(a) The Group leased buildings from Honghui Real Estate Company. Rental contracts are typically made for a period of 5 years. The lease is subject to IFRS 16 as the usage of lease was included in the operating plan. Rents are paid at the end of the month.

(b) Lease liabilities

(i) Outstanding balance:

	December 31, 2021	December 31, 2020
Other related parties	\$ 41,517	\$ 56,273

(ii) Interest expense

	Year ended	
	December 31, 2021	December 31, 2020
Other related parties	\$ 2,484	\$ 3,971

H. Others

(a) The joint guarantor and co-issuer of the guarantee notes of bank borrowings is Kent Hsu for the years ended December 31, 2021 and 2020.

(b) The Company and EPOQUE CORPORATION participated in the land development project of Taipei City Western District Gateway Project-Taipei Main Station Special Zone C1/D1 (Eastern Part) to jointly establish TAIPEI TWIN CORPORATION. The related information is provided in Note 6(5).

(3) Key management compensation

	Year ended	
	December 31, 2021	December 31, 2020
Salaries and other short-term employee benefits	\$ 127,513	\$ 79,839
Post-employment benefits	1,244	1,233
	\$ 128,757	\$ 81,072

## 8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Financial assets at amortised cost (current and non- current)	\$ 28,230	\$ 839,949	STANDBY L/C, long-term and short-term borrowings
Restricted bank deposits- current	65,397	-	Short-term borrowings
Restricted bank deposits - non-current	1,018,549	1,022,720	Corporate bonds payable and long term borrowings
Property, plant and equipment (non-depreciated balance)	1,195,560	2,731,419	Long-term borrowings
Investment property and right-of-use asset (long-term prepaid rents)	52,344,330	55,477,346	Long-term and short-term borrowings
	<u>\$ 54,652,066</u>	<u>\$ 60,071,434</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

- A. As of December 31, 2021 and 2020, the Company issued guarantee notes amounting to \$22,710,525, and \$25,673,888, respectively, for bank repayment and forward exchange trading.
- B. On December 28, 2018, the Company entered into a syndicated loan agreement with 9 banks including Taiwan Cooperative Bank amounting to \$6,000,000 and provided equal amount of guarantee notes. The Company and the Chairman of the Group are the joint guarantors and co-issuers of the guarantee notes.
- C. As of December 31, 2021 and 2020, the Group's total contract prices for signed construction contracts amounted to \$8,491,448 and \$8,031,345 of which \$7,667,993 and \$7,395,801 were paid and \$823,455 and \$635,544 remain unpaid, respectively.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) On February 25, 2022, the board of directors decided to lease the office of Honghui Si Yuan Plaza to Hon Hui Si Yuan Co., Ltd., a related party. Leasing period ranged from April 15, 2022 to April 14, 2025, a total of three years. Relevant information could be inquired at the Market Observation Post System..
- (2) The Board of Directors has resolved the appropriation of 2021 earnings on March 28, 2022. Details are provided in Note 6(21) F.



## 12. OTHERS

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2021, the Group's strategy, which was unchanged from 2020, was to maintain the gearing ratio within 40% to 60%. The gearing ratios at December 31, 2021 and 2020 were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total borrowings	\$ 31,416,770	\$ 36,547,055
Less: Cash and cash equivalents	( 3,816,041)	( 4,918,051)
Net debt	27,600,729	31,629,004
Total equity	41,310,424	39,879,138
Total capital	<u>\$ 68,911,153</u>	<u>\$ 71,508,142</u>
Gearing ratio	40%	44%

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 2,530,073	\$ 1,609,467
Financial assets at amortised cost	8,925,923	9,426,834
	<u>\$ 11,455,996</u>	<u>\$ 11,036,301</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ -	\$ 15,781
Financial liabilities at amortised cost	36,576,456	41,056,849
	<u>\$ 36,576,456</u>	<u>\$ 41,072,630</u>
Lease liability	<u>\$ 284,024</u>	<u>\$ 112,268</u>

Note: Financial assets at amortised cost include cash and cash equivalents, accounts receivable, other receivables, guarantee deposits paid, time deposits unqualified as cash equivalents and restricted bank deposits; financial liabilities at amortised cost include short-term borrowings, accounts payable (including related parties), notes payable, other payables (including related parties), corporate bonds payable, long-term borrowings (including current portion), guarantee deposits received and long-term accounts payable to related parties.

#### B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 279,233	27.68	\$ 7,729,169
USD:RMB	2,283	6.38	63,214
RMB:NTD	3,653	4.34	15,854
<u>Investments accounted for using the equity method</u>			
USD:NTD	60,762	27.68	1,681,896
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	26,043	27.68	720,870
USD:RMB	225,156	6.38	6,234,390

December 31, 2020			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 252,434	28.10	\$ 7,093,395
USD:RMB	448	6.52	12,589
RMB:NTD	28,169	4.31	121,408
<u>Investments accounted for using</u>			
USD:NTD	87,583	28.10	2,461,071
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	28,789	28.10	808,971
USD:RMB	197,474	6.52	5,549,256

- v. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to \$82,282 and (\$244,081), respectively.

- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 61,833	\$ -
USD:RMB	1%	506	-
RMB:NTD	1%	127	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	5,767	-
USD:RMB	1%	49,875	-
Year ended December 31, 2020			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 56,747	\$ -
USD:RMB	1%	101	-
RMB:NTD	1%	971	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	6,472	-
USD:RMB	1%	44,394	-

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due

to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$24,408 and \$15,168, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars, US dollars and RMB dollars.
- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$205,769 and \$246,183, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit department. The utilization of credit limits is regularly monitored.
- iv. For banks and financial institutions, only independently rated parties with a best rating are accepted.
- v. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

- vi. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - The disappearance of an active market for that financial asset because of financial difficulties;
  - Default or delinquency in interest or principal repayments;
  - Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using the provision matrix to estimate expected credit loss.
- ix. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2021 and 2020, the Group had no written-off financial assets that are still under recourse procedures.
- x. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

December 31, 2021	Not past due	1~90 days	91~180 days
		past due	past due
Expected loss rate	0.04%~6.83%	0.06%~38.38%	7.59%~57.31%
Total book value	\$ 2,232,041	\$ 1,139,562	\$ 35,704
Loss allowance	715	2,422	965
	181~270 days	Over 270 days	Total
	past due		
Expected loss rate	63.46%~100%	100%	
Total book value	\$ 27,646	\$ 35,337	\$ 3,470,290
Loss allowance	4,450	35,337	43,889

	Not past due	1~90 days past due	91~180 days past due
<u>December 31, 2020</u>			
Expected loss rate	0.04%~6.09%	0.08%~32.16%	10.28%~47.11%
Total book value	\$ 1,727,638	\$ 493,667	\$ 17,220
Loss allowance	685	355	1,105
	181~270 days past due	Over 270 days	Total
Expected loss rate	70.54%~100%	100%	
Total book value	\$ 18,866	\$ 30,787	\$ 2,288,178
Loss allowance	6,336	30,787	39,268

xi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2021	2020
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 39,268	\$ 48,704
Provision for impairment	6,258	2,132
Write-offs	-	( 11,211)
Effect of foreign exchange	( 1,637)	( 357)
At December 31	<u>\$ 43,889</u>	<u>\$ 39,268</u>

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>December 31, 2021</u>				
<u>Non-derivative financial liabilities</u>				
Lease liability	\$ 69,969	\$ 70,390	\$ 116,958	\$ 74,465
Bonds payable	40,000	40,000	5,025,973	-
Long-term borrowings (including current portion)	5,060,343	8,302,463	7,984,000	903,020
Guarantee deposits received	-	653,375	-	-
Long-term accounts payable to related parties	-	390,218	-	-

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Lease liability	\$ 21,234	\$ 21,234	\$ 37,903	\$ 77,913
Bonds payable	40,000	40,000	5,065,973	-
Long-term borrowings (including current portion)	6,756,454	5,387,367	11,377,894	1,836,279
Guarantee deposits received	-	679,593	-	-
Long-term accounts payable to related parties	-	-	396,154	-
<u>Derivative financial liabilities</u>				
Forward foreign exchange contracts	15,781	-	-	-

Except for the abovementioned, the non-derivative financial liabilities of the Group are all expiring within one year.

- iii. The Group does not expect the maturity date will be early, or the actual amount will be different.

### (3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in off-the-run beneficiary certificates, bank debentures bonds and derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in investment property is included in Level 3.

- B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, financial assets at amortised cost, short-term borrowings, notes payable, accounts payable (including related parties), other payables, corporate bonds payable, long-term borrowings (including current portion) and long-term accounts payable to related parties financial liabilities are approximate to their fair values.



C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,104,878	\$ -	\$ -	\$ 1,104,878
Forward foreign exchange contracts	-	2,727	-	2,727
Beneficiary certificates	69,400	1,353,068	-	1,422,468
Investment property (Note 1)	-	-	62,408,602	62,408,602
	<u>\$1,174,278</u>	<u>\$ 1,355,795</u>	<u>\$62,408,602</u>	<u>\$ 64,938,675</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 668,976	\$ -	\$ -	\$ 668,976
Forward foreign exchange contracts	-	9,351	-	9,351
Beneficiary certificates	110,144	820,996	-	931,140
Investment property (Note 1)	-	-	63,638,847	63,638,847
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Forward foreign exchange contracts	-	( 15,781)	-	( 15,781)
	<u>\$ 779,120</u>	<u>\$ 814,566</u>	<u>\$63,638,847</u>	<u>\$ 65,232,533</u>

Note 1 : Investment property measured at fair value.

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
  - iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
  - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
  - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
  - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- E. The movement of Level 3 of investment property for the years ended December 31, 2021 and 2020 is provided in Note 6(9).
- F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.
- G. Financial and Administrative segment is in charge of valuation procedures for fair value measurements being categorised within Level 3 (investment property), which is based on the valuation methods and assumptions announced by the Financial Supervisory Commission,

Securities and Futures Bureau or through outsourced appraisal performed by the external valuer. The Group sets up valuation policies, valuation processes, and rules for measuring fair value of investment property and ensures compliance with the related requirements in IFRS.

H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Investment property	\$ 62,408,602	Income approach of discounted cash flow method	Long-term rent revenue growth rate and discount rate	(Note)	The higher the long- term rent revenue growth rate, the higher the fair value; The higher the discount rate, the lower the fair value
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Investment property	\$ 63,638,847	Income approach of discounted cash flow method	Long-term rent revenue growth rate and discount rate	(Note)	The higher the long- term rent revenue growth rate, the higher the fair value; The higher the discount rate, the lower the fair value

Note: The range of long-term rent revenue growth rate is (10%)~20%; the range of discount rate is provided in Note 6(9).

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

The disclosures of investee companies were based on financial statements reviewed by independent auditors and the following transactions with subsidiaries were eliminated when preparing the consolidated financial statements. The following disclosure information is for reference only.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer

to table 4.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: As of December 31, 2021, the Group's open interest derivative instruments amounted to \$2,727. The Group recognised net profit amounting to \$5,221 on derivative instruments for the year ended December 31, 2021.

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations, and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Ceiling on investments in Mainland China: Please refer to table 10.

C. Significant transactions, price, payment term and unrealized gain or loss, either directly or indirectly through a third area, with investee companies in the Mainland Area:

Significant sales (purchases), property transactions, accounts receivable (payable), provision of endorsements and guarantees from notes or provides collaterals and accommodation of funds for the year ended December 31, 2021, either directly or indirectly through a third area, with investee companies in the Mainland Area are provided in Notes 13(1) A, B, E, G, H, J.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision maker-Board of Directors that are used to make strategic decisions.

The Group's main operating businesses are manufacturing and trading of computer and computer peripherals; research and development, production, and sales of computer software and hardware; after-sales services for aforementioned products and property management. The product features and manufacturing procedures are different so that its marketing and selling ways are different. The chief operating decision-maker operates various businesses from the perspective of different products. Currently, businesses are mainly divided into computer segment, Buynow Plaza and other segments, of which computer segment and Buynow Plaza are the reportable segments.

(2) Measurement of segment information

The Group's accounting policies of operating segments are the same as Note 4. Management has determined the Group's operating segment profit or loss is measured based on operating income before tax (not including extraordinary profit and loss) for performance assessment basis. The Group considers the sale and transfer among segments as transactions with third parties. Reporting amount and reports for operating decision-maker are the same.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>Year ended December 31, 2021</u>	<u>Computer Segment</u>	<u>Buynow Plaza</u>	<u>Others</u>	<u>Total</u>
Revenue from external customers	\$ 22,844,822	\$ 4,146,128	\$ 892	\$26,991,842
Inter-segment revenue	15,966,156	-	-	15,966,156
Total segment revenue	<u>\$ 38,810,978</u>	<u>\$ 4,146,128</u>	<u>\$ 892</u>	<u>\$42,957,998</u>
External-segment income (before tax)	<u>\$ 2,896,490</u>	<u>(\$ 651,993)</u>	<u>\$ 6,349</u>	<u>\$ 2,250,846</u>
Segment income (after tax)	<u>\$ 2,536,480</u>	<u>(\$ 746,479)</u>	<u>\$ 6,349</u>	<u>\$ 1,796,350</u>
Segment income (loss), including				
Interest income	<u>\$ 7,503</u>	<u>\$ 10,688</u>	<u>\$ -</u>	<u>\$ 18,191</u>
Interest expense	<u>(\$ 126,468)</u>	<u>(\$ 512,475)</u>	<u>\$ -</u>	<u>(\$ 638,943)</u>
Depreciation and amortisation	<u>\$ 78,349</u>	<u>\$ 198,576</u>	<u>\$ -</u>	<u>\$ 276,925</u>
Gains arising from sale and leaseback transactions	<u>\$ 1,080,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,080,862</u>
Gains (losses) on disposals of investment property	<u>\$ 222,594</u>	<u>(\$ 726)</u>	<u>\$ -</u>	<u>\$ 221,868</u>
Fair value adjustment - investment property	<u>\$ 301,698</u>	<u>(\$ 839,986)</u>	<u>\$ -</u>	<u>(\$ 538,288)</u>
Impairment loss on property, plant and equipment	<u>\$ -</u>	<u>(\$ 556,573)</u>	<u>\$ -</u>	<u>(\$ 556,573)</u>
Income tax expense (benefit)	<u>\$ 360,010</u>	<u>(\$ 94,486)</u>	<u>\$ -</u>	<u>(\$ 454,496)</u>

<u>Year ended December 31, 2020</u>	Computer Segment	Buynow Plaza	Others	Total
Revenue from external customers	\$ 16,212,628	\$ 4,025,362	\$ 956	\$20,238,946
Inter-segment revenue	10,976,081	-	-	10,976,081
Total segment revenue	<u>\$ 27,188,709</u>	<u>\$ 4,025,362</u>	<u>\$ 956</u>	<u>\$31,215,027</u>
External-segment income (before tax)	<u>\$ 606,629</u>	<u>\$ 81,419</u>	<u>\$ 8,157</u>	<u>\$ 696,205</u>
Segment income (after tax)	<u>\$ 487,928</u>	<u>\$ 170,633</u>	<u>\$ 8,383</u>	<u>\$ 666,944</u>
Segment income (loss), including				
Interest income	\$ 48,802	\$ 18,939	\$ 2	\$ 67,743
Interest expense	(\$ 271,851)	(\$ 636,780)	\$ -	(\$ 908,631)
Depreciation and amortisation	\$ 80,803	\$ 221,045	\$ -	\$ 301,848
Gains (losses) on disposals of investment property	\$ -	(\$ 4,252)	\$ -	(\$ 4,252)
Fair value adjustment - investment property	\$ 342,072	(\$ 397,990)	\$ -	(\$ 55,918)
Income tax expense	<u>\$ 118,613</u>	<u>(\$ 89,214)</u>	<u>(\$ 138)</u>	<u>\$ 29,261</u>

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2021 and 2020 is provided as follows:

Revenue	Year ended	
	December 31, 2021	December 31, 2020
Reportable segments revenue	\$ 42,957,106	\$ 31,214,071
Other segments revenue	892	956
Elimination of intersegment revenue	( 15,966,156)	( 10,976,081)
Total revenue	<u>\$ 26,991,842</u>	<u>\$ 20,238,946</u>

Income/(Loss)	Year ended	
	December 31, 2021	December 31, 2020
Reportable segments income (after tax)	\$ 1,790,001	\$ 658,561
Other segments income (after tax)	6,349	8,383
Elimination of intersegment transactions	-	-
Income after tax from continuing operations	<u>\$ 1,796,350</u>	<u>\$ 666,944</u>

(5) Information on products and services

	Year ended	
	December 31, 2021	December 31, 2020
Sales of computer products	\$ 22,844,822	\$ 16,212,628
Rental revenue	2,561,967	2,425,737
Sales of computer peripherals	590,916	125,039
Land development and resale from Buynow	443,679	837,973
Hotel revenue	2,858	55,530
Other revenue	547,600	582,039
	<u>\$ 26,991,842</u>	<u>\$ 20,238,946</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended	
	December 31, 2021	December 31, 2020
<u>Revenue</u>		
Sales of computer products		
China	\$ 6,577,708	\$ 4,316,389
Asia-Pacific	8,824,807	6,334,415
Europe	5,285,863	4,139,745
the Americas	2,156,444	1,422,079
	<u>22,844,822</u>	<u>16,212,628</u>
Rental revenue		
China	2,561,967	2,425,737
	<u>2,561,967</u>	<u>2,425,737</u>
Sales of computer peripherals		
China	590,916	125,039
	<u>590,916</u>	<u>125,039</u>
Land development and resale		
China	443,679	837,973
	<u>443,679</u>	<u>837,973</u>
Hotel revenue		
China	2,858	55,530
	<u>2,858</u>	<u>55,530</u>
Other revenue		
China	547,600	582,039
	<u>547,600</u>	<u>582,039</u>
Total revenue	<u>\$ 26,991,842</u>	<u>\$ 20,238,946</u>

	Year ended	
	December 31, 2021	December 31, 2020
<u>Non-current assets</u>		
China	\$ 72,310,430	\$ 72,600,181
Taiwan	\$ 49,929	\$ 1,252,625

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Year ended	
	December 31, 2021	December 31, 2020
	Revenue	Revenue
A	\$ 3,020,634	\$ 2,831,723
B	\$ 2,354,796	\$ 2,227,798



CLEVO CO. and Subsidiaries  
Loans to others  
Year ended December 31, 2021

Table 1  
Expressed in thousands of NTD  
(Except as otherwise indicated)

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Changsha Hungyu Business Management Co., Ltd.	Other receivables - related parties - current	Yes	\$ 133,043	\$ 103,526	\$ 103,526	5.00%	2	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 16,524,170	\$ 41,310,424	Note 8
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	254,930	254,930	254,930	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	15,192	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	Other receivables - related parties - current	Yes	34,726	34,726	34,726	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	91,589	45,143	45,143	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	172,543	169,071	169,071	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	138,035	138,035	138,035	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Changsha Hungyu Business Management Co., Ltd.	Other receivables - related parties - current	Yes	29,734	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	404,989	404,989	404,989	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Other receivables - related parties - current	Yes	240,176	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Other receivables - related parties - current	Yes	17,363	17,363	17,363	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Buynow (Chongqing) Industry Co., Ltd.	Other receivables - related parties - current	Yes	7,379	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	149,321	104,828	104,828	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd	Other receivables - related parties - current	Yes	\$ 130,569	\$ 130,569	\$ 130,569	4.35%	2	\$ -	Additional operating capital	\$ -	-	\$ -	16,524,170	\$ 41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	Other receivables - related parties - current	Yes	157,134	27,346	27,346	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Clevo (China) Investment Co., Ltd.	Other receivables - related parties - current	Yes	108,518	108,518	108,518	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	53,912	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	318,825	318,825	318,825	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	13,022	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	Other receivables - related parties - current	Yes	54,259	45,577	45,577	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	Other receivables - related parties - current	Yes	370,480	370,480	370,480	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	175,582	162,560	162,560	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	30,819	30,819	30,819	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	33,858	33,858	33,858	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Hangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	129,787	-	-	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Other receivables - related parties - current	Yes	320,996	320,996	320,996	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	\$ 170,590	\$ 170,590	\$ 170,590	4.50%	2	\$ -	Additional operating capital	\$ -	-	\$ -	16,524,170	\$ 41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	Other receivables - related parties - current	Yes	170,677	170,677	170,677	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	644,900	644,900	644,900	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Daqing Buynow Electronic Information Corporation	Other receivables - related parties - current	Yes	97,232	97,232	97,232	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	88,551	88,551	88,551	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Shantou Buynow Mall Co., Ltd.	Other receivables - related parties - current	Yes	495,362	495,362	495,362	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Clevo (China) Investment Co., Ltd.	Other receivables - related parties - current	Yes	173,629	173,629	173,629	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Yingkou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	82,474	82,474	82,474	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	431,901	431,901	431,901	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	193,596	193,596	193,596	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	549,968	549,968	549,968	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Kunshan Kaishuo Trading Co., Ltd.	Other receivables - related parties - current	Yes	173,629	173,629	173,629	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	Other receivables - related parties - current	Yes	390,664	260,443	260,443	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
5	Buynow (Nanchang) Industry Co., Ltd.	Buynow (Hangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	\$ 65,111	\$ 59,468	\$ 59,468	5.00%	2	\$ -	Additional operating capital	\$ -	-	\$ -	16,524,170	\$ 41,310,424	Note 8
5	Buynow (Nanchang) Industry Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	63,591	63,591	63,591	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
5	Buynow (Nanchang) Industry Co., Ltd.	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Other receivables - related parties - current	Yes	32,555	32,555	32,555	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
5	Buynow (Nanchang) Industry Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	259,922	198,067	198,067	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
5	Buynow (Nanchang) Industry Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	75,181	62,159	62,159	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
5	Buynow (Nanchang) Industry Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	79,869	74,226	74,226	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
5	Buynow (Nanchang) Industry Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	21,704	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
5	Buynow (Nanchang) Industry Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	Other receivables - related parties - current	Yes	229,276	93,412.00	93,412.00	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Changsha Hungyu Business Management Co., Ltd.	Other receivables - related parties - current	Yes	90,157	90,157	90,157	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	6,511	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Other receivables - related parties - current	Yes	13,022	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	165,989	80,911	80,911	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Other receivables - related parties - current	Yes	54,259	-	-	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Clevo (China) Investment Co., Ltd.	Other receivables - related parties - current	Yes	\$ 69,451	\$ 60,770	\$ 60,770	4.35%	2	\$ -	Additional operating capital	\$ -	-	\$ -	16,524,170	\$ 41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	100,357	100,357	100,357	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	182,918	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	Other receivables - related parties - current	Yes	9,723	9,723,00	9,723,00	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Changsha Hungyu Business Management Co., Ltd.	Other receivables - related parties - current	Yes	122,625	122,625	122,625	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	157,568	157,568	157,568	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Yingkou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	114,985	114,985	114,985	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	52,306	35,811	35,811	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	60,162	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	34,292	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	61,899	59,728	59,728	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	186,868	165,164	165,164	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	\$ 41,310,424	Note 8
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Daqing Buynow Electronic Information Corporation	Other receivables - related parties - current	Yes	250,416	124,969	124,969	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	Other receivables - related parties - current	Yes	\$ 46,576	\$ -	\$ -	4.35%	2	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 16,524,170	\$ 41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	47,704	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	Other receivables - related parties - current	Yes	193,162	193,162	193,162	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Buynow (Chongqing) Industry Co., Ltd.	Other receivables - related parties - current	Yes	8,681	4,341	4,341	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Daqing Buynow Electronic Information Corporation	Other receivables - related parties - current	Yes	17,363	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Clevo (China) Investment Co., Ltd.	Other receivables - related parties - current	Yes	93,759	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	26,044	24,742	24,742	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	36,896	17,363	17,363	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
9	Buynow (Changchun) Industry Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	Other receivables - related parties - current	Yes	37,287	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	89,766	76,744	76,744	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	183,395	148,669	148,669	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	108,518	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
11	Quality Trust Property Management Co., Ltd.	Daqing Buynow Electronic Information Corporation	Other receivables - related parties - current	Yes	218,555	218,555	218,555	3.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

Table 1 Page 6

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
11	Quality Trust Property Management Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	\$ 35,811	\$ -	\$ -	3.00%	2	\$ -	Additional operating capital	\$ -	-	\$ -	16,524,170	\$ 41,310,424	Note 8
11	Quality Trust Property Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	8,681	5,209.00	5,209.00	3.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Other receivables - related parties - current	Yes	63,374	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	Other receivables - related parties - current	Yes	229,190	217,904	217,904	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	230,275	230,275	230,275	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	29,734	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	Other receivables - related parties - current	Yes	151,925	65,111	65,111	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	13,022	13,022	13,022	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	131,558	106,382	106,382	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	Other receivables - related parties - current	Yes	150,623	21,704	21,704	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
13	Wuxi Quntai Property Management Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	26,478	26,478	26,478	3.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
14	Buynow (Chongqing) Industry Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	79,435	72,490	72,490	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	81,605	81,605	81,605	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	Other receivables - related parties - current	Yes	\$ 6,511	\$ -	\$ -	5.00%	2	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 16,524,170	\$ 41,310,424	Note 8
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	Other receivables - related parties - current	Yes	280,367	280,367	280,367	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	228,842	196,721	196,721	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	335,537	318,174	318,174	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	Other receivables - related parties - current	Yes	4,688	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	Other receivables - related parties - current	Yes	240,562	205,837	205,837	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
15	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Shanghai Huizhuan Restaurant Management Co., Ltd.	Other receivables - related parties - current	Yes	31,253	31,253	31,253	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
16	Daqing Buynow Electronic Information Corporation	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	128,919	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
17	Tianjin Buynow Electronic Information Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	156,700	156,700	156,700	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
17	Tianjin Buynow Electronic Information Co., Ltd.	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Other receivables - related parties - current	Yes	13,673	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
17	Tianjin Buynow Electronic Information Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	Other receivables - related parties - current	Yes	70,320	61,638	61,638	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
17	Tianjin Buynow Electronic Information Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	Other receivables - related parties - current	Yes	252,890	252,890	252,890	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
17	Tianjin Buynow Electronic Information Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	142,132	129,110	129,110	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8



NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
17	Tianjin Buynow Electronic Information Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	\$ 87,813	\$ 4,341	\$ 4,341	4.35%	2	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 16,524,170	\$ 41,310,424	Note 8
17	Tianjin Buynow Electronic Information Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	95,452	95,452	95,452	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
17	Tianjin Buynow Electronic Information Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	Other receivables - related parties - current	Yes	102,875	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
18	Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Other receivables - related parties - current	Yes	21,704	21,704	21,704	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
18	Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Daqing Buynow Electronic Information Corporation	Other receivables - related parties - current	Yes	30,385	30,385	30,385	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
18	Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Shantou Buynow Mall Co., Ltd.	Other receivables - related parties - current	Yes	483,338	266,303	266,303	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
18	Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	342,916	342,916	342,916	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
18	Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	24,525	24,525	24,525	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
19	Beijing Clevo Investment Management Consultant Co.,Ltd.	Buynow (Hangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	26,044	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
19	Beijing Clevo Investment Management Consultant Co.,Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	Other receivables - related parties - current	Yes	259,575	245,250	245,250	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
19	Beijing Clevo Investment Management Consultant Co.,Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd	Other receivables - related parties - current	Yes	293,866	276,503	276,503	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow (Hangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	17,363	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	374,560	350,686	350,686	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
20	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	Other receivables - related parties - current	Yes	\$ 90,504	\$ -	\$ -	4.35%	2	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 16,524,170	\$ 41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow(Guangzhou) Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	107,606	72,881	72,881	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	Other receivables - related parties - current	Yes	132,218	71,448	71,448	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	53,825	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Daqing Buynow Electronic Information Corporation	Other receivables - related parties - current	Yes	71,492	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd	Other receivables - related parties - current	Yes	19,056	19,056	19,056	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	25,176	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	258,706	233,530	233,530	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Suzhou Jinzuo Industry Co., Ltd.	Other receivables - related parties - current	Yes	269,819	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	303,850	-	-	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	243,731	243,731	243,731	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	Other receivables - related parties - current	Yes	81,171	81,171	81,171	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
20	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	Other receivables - related parties - current	Yes	358,977	229,624	229,624	4.35%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
21	Shantou Buynow Mall Co., Ltd.	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Other receivables - related parties - current	Yes	\$ 34,726	\$ 34,726	\$ 34,726	5.00%	2	\$ -	Additional operating capital	\$ -	-	\$ -	16,524,170	\$ 41,310,424	Note 8
21	Shantou Buynow Mall Co., Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd	Other receivables - related parties - current	Yes	73,792	73,792	73,792	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
21	Shantou Buynow Mall Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	Other receivables - related parties - current	Yes	438,412	99,402	99,402	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
21	Shantou Buynow Mall Co., Ltd.	Clevo (China) Investment Co., Ltd.	Other receivables - related parties - current	Yes	197,502	81,171	81,171	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
21	Shantou Buynow Mall Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	452,129	452,129	452,129	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
21	Shantou Buynow Mall Co., Ltd.	Suzhou Jinzuo Industry Co., Ltd.	Other receivables - related parties - current	Yes	297,556	297,556	297,556	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
21	Shantou Buynow Mall Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	102,875	97,232	97,232	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
21	Shantou Buynow Mall Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	434,071	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
22	Clevo (China) Investment Co., Ltd.	Shanghai Buynow Online Information Technology Co., Ltd.	Other receivables - related parties - current	Yes	11,286	11,286	11,286	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
22	Clevo (China) Investment Co., Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd	Other receivables - related parties - current	Yes	73,792	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
22	Clevo (China) Investment Co., Ltd.	Shanghai Huizhuan Restaurant Management Co., Ltd.	Other receivables - related parties - current	Yes	1,085	1,085	1,085	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
23	Dezhou Buynow Electronic Information Co., Ltd.	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Other receivables - related parties - current	Yes	60,770	60,770	60,770	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
23	Dezhou Buynow Electronic Information Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	Other receivables - related parties - current	Yes	26,044	-	-	5.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate (Note 4)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful account	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
23	Dezhou Buynow Electronic Information Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	Other receivables - related parties - current	Yes	\$ 173,629	\$ -	\$ -	5.00%	2	\$ -	Additional operating capital	\$ -	-	\$ -	16,524,170	\$ 41,310,424	Note 8
24	Kimshan Kaishuo Trading Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	Other receivables - related parties - current	Yes	110,601	110,601	110,601	4.50%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8
25	Shanghai Huihei Advertismen Co., Ltd.	Beijing Kaiye Electronic Technology Co., Ltd.	Other receivables - related parties - current	Yes	2,170	-	-	0.00%	2	-	Additional operating capital	-	-	-	16,524,170	41,310,424	Note 8

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during year ended December 31, 2021.

Note 4: The nature of loans :

(1) Related to business transactions is"1".

(2) short-term financing is "2".

Note 5: In accordance with the Article 4 of the Company's "Procedured for Provision of Loans" the liait on the loans to a party with business transactions is lower than the amount occurred between the creditor and borrower in the current year when nature of the loan is related to business transactions.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: According to the Company’s “Procedures for Provision of Loans”

(1) The ceiling on loans granted by the Company to other shall not be more than 40% of the Company's net asstes.

(2) The limit on loans granted by the Company to a single party shall not be more than 30% of the Company's net assets.

Note 8:According to the Subsidiaries ‘“Procedures for Provision of Loans”

(1) The limit on loans granted by a subsidiary to a single party in which the Company directly and indirectly holds 100%of the voting shares shall not be more than 40% of the Company's net assets.

(2) The ceiling on loans to others in which the Company directly and indirectly holds 100% of the voting shares shall not be more than 100% of the Company's net assets.

(3) The ceiling on loans to others in which the Company directly and indirectly holds 100% of the voting shares limit to other single party is 40% of the subsidiary's net assets.

Note 9: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and

Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public

company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if

the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the

“Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these

lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

CLEVO CO. and Subsidiaries  
Provision of endorsements and guarantees to others  
Year ended December 31, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 2

Number (Note 1 )	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3 )	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4 )	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5 )	Actual amount drawn down (Note 6 )	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3 )	Provision of endorsements by parent company to subsidiary (Note 7 )	Provision of endorsements by guarantees to subsidiary to parent company (Note 7 )	Provision of endorsements/ guarantees to the party in Mainland China (Note 7 )	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2 )											
1	Changsha Hungyu Business Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	\$ 41,310,424	\$ 765,699	\$ 765,699	\$ 674,545	\$ 765,699	1.85	\$ 41,310,424	N	N	Y	-
2	Buynow (Hangzhou) Electronic Information Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	41,310,424	173,628	173,628	156,265	-	0.42	41,310,424	N	N	Y	-
2	Buynow (Hangzhou) Electronic Information Co., Ltd.	Buynow (Chongqing) Industry Co., Ltd.	3	41,310,424	342,915	342,915	325,553	-	0.83	41,310,424	N	N	Y	-
2	Buynow (Hangzhou) Electronic Information Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	3	41,310,424	130,221	130,221	12,501	130,221	0.32	41,310,424	N	N	Y	-
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	41,310,424	1,085,175	824,733	101,334	824,733	2.63	41,310,424	N	N	Y	-
4	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	3	41,310,424	1,562,652	1,562,652	1,367,321	1,562,652	3.78	41,310,424	N	N	Y	-
4	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	41,310,424	765,699	765,699	674,545	-	1.85	41,310,424	N	N	Y	-

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
5	Buynow Electronic Information (Shenyang) Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	\$ 41,310,424	\$ 1,085,175	\$ 1,085,175	\$ 922,399	\$ -	2.63	\$ 41,310,424	N	N	Y	-
6	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	3	41,310,424	260,442	260,442.00	225,716.00	-	0.63	41,310,424	N	N	Y	-
7	Buynow (Xian) Industry Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	41,310,424	694,512	-	-	-	1.68	41,310,424	N	N	Y	-
8	Buynow Electronic Information (Huizhou) Co., Ltd	Guangdong Buynow Real Estate Management Co., Ltd.	3	41,310,424	781,326	-	-	-	1.89	41,310,424	N	N	Y	-
9	Zibo Buynow Electronic Information Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	41,310,424	199,672	199,672	199,672	199,672	0.48	41,310,424	N	N	Y	-
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	3	41,310,424	434,070	434,070	-	434,070	1.05	41,310,424	N	N	Y	-
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Buynow (Hangzhou) Electronic Information Co., Ltd.	3	41,310,424	130,221	-	-	-	0.32	41,310,424	N	N	Y	-
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Buynow (Zhengzhou) Electronic Information Co., Ltd.	3	41,310,424	130,221	-	-	-	0.32	41,310,424	N	N	Y	-

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Tianjin Buynow Electronic Information Co., Ltd.	3	\$ 41,310,424	\$ 52,088	\$ -	\$ -	\$ -	0.13	\$ 41,310,424	N	N	Y	-
11	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Kapok Computer (Kunshan) Co., Ltd.	3	41,310,424	844,327	844,327	647,068	844,327	2.04	41,310,424	N	N	Y	-
11	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	41,310,424	424,086	-	-	-	1.03	41,310,424	N	N	Y	-
12	Buynow (Chongqing) Industry Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	41,310,424	217,035	173,628	156,265	173,628	0.53	41,310,424	N	N	Y	-
13	Buynow (Changchun) Industry Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	41,310,424	303,849	303,849	224,414	303,849	0.74	41,310,424	N	N	Y	-
13	Buynow (Changchun) Industry Co., Ltd.	Buynow (Fujian) Electronic Technology Development Co., Ltd.	3	41,310,424	156,265	156,265	147,584	156,265	0.38	41,310,424	N	N	Y	-
14	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	3	41,310,424	416,707	416,707	416,707	416,707	1.01	41,310,424	N	N	Y	-
15	Guangdong Buynow Real Estate Management Co., Ltd.	The Company	3	41,310,424	1,300,000	-	-	-	3.15	41,310,424	N	Y	N	-

Table 2 Page 3

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
15	Guangdong Buynow Real Estate Management Co., Ltd.	Kapok Computer (Kunshan) Co., Ltd.	3	\$ 41,310,424	\$ 2,075,625	\$ 2,075,625	\$ -	\$ 2,075,625	5.02	\$ 41,310,424	N	N	Y	-
16	Buynow (Harbin) Industry Co., Ltd.	Suzhou Jinzuo Industry Co., Ltd.	3	41,310,424	390,663	390,663	227,887	390,663	0.95	41,310,424	N	N	Y	-
17	Taizhou Buynow Electronic Information Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	3	41,310,424	520,884	-	-	-	1.26	41,310,424	N	N	Y	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: In accordance with Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 200% of the Company's net assets, and the limit on endorsement/guarantee to a single party is 100% of the aforementioned total amount. The limit on total guarantee amount and the endorsement/guarantee to a single party of the subsidiaries owned directly or indirectly 100% voting shares by the Company are both 200% of the Company's net assets. The limit on total guarantee amount and the endorsement/guarantee to a single party of the subsidiaries owned directly or indirectly 100% voting shares by the Company are both 200% of the Company's net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: The limit on the Company and the subsidiaries' total endorsement/guarantee amount is 300% of the Company's net assets.

Note 9: The limit on endorsement/guarantee to a single party of the Company and the subsidiaries is 100% of the Company's net assets.

Note 10: When the total guarantee amount of the Company and the subsidiaries reached 50% of the Company's net assets, it is necessary to explain the necessity and reasonableness at the shareholders' meeting.

Note 11: In accordance with Article 5 of the Company's procedures of endorsements and guarantees, due to the endorsement of the business relationship, the limit on endorsement/guarantee to a single party due to business relationship shall not exceed the limit mentioned in Note 3 and the actual sales amount between of the single enterprise and the guarantee company within the last year.



CLEVO CO. and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2021				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership	Fair value	
	Stocks							
The Company	TAIWAN BUSINESS BANK,LTD.	-	Current financial assets measured at fair value through profit or loss	8,226,325	\$ 81,441	0.11%	\$ 81,441	-
The Company	CHICONY ELECTRONICS CO., LTD.	Same chairman as the Company	Current financial assets measured at fair value through profit or loss	4,697,000	386,563	0.63%	386,563	-
The Company	AU Optronics Corp.	-	Current financial assets measured at fair value through profit or loss	2,244,989	51,410	0.02%	51,410	-
The Company	ININLUX CORPORATION	-	Current financial assets measured at fair value through profit or loss	51,219	1,004	0.00%	1,004	-
The Company	Zhen Ding Technology Holding Limited	-	Current financial assets measured at fair value through profit or loss	380,000	38,190	0.05%	38,190	-
The Company	BOE TECHNOLOGY GROUP CO., LTD	-	Current financial assets measured at fair value through profit or loss	200,000	4,384	0.00%	4,384	-
The Company	TRIPOD TECHNOLOGY CORPORATION	-	Current financial assets measured at fair value through profit or loss	120,000	14,940	0.02%	14,940	-
The Company	Foxconn Industrial Internet Co.,ltd.	-	Current financial assets measured at fair value through profit or loss	1,760,000	91,064	0.01%	91,064	-
The Company	Sports Gear Co., Ltd.	-	Current financial assets measured at fair value through profit or loss	70,000	4,732	0.04%	4,732	-
The Company	CTBC Financial Holding Co., Ltd.	-	Current financial assets measured at fair value through profit or loss	2,000,000	51,900	0.01%	51,900	-
The Company	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Current financial assets measured at fair value through profit or loss	86,000	52,890	0.00%	52,890	-
The Company	Unimicron Technology Corp.	-	Current financial assets measured at fair value through profit or loss	99,000	22,869	0.01%	22,869	-
The Company	Winbond Electronics Corporation	-	Current financial assets measured at fair value through profit or loss	130,000	4,420	0.00%	4,420	-
The Company	ENNOCONN CORPORATION	-	Current financial assets measured at fair value through profit or loss	61,000	14,427	0.06%	14,427	-
The Company	eMemory Technology Inc.	-	Current financial assets measured at fair value through profit or loss	10,000	21,900	0.01%	21,900	-
The Company	FORMOSA SUMCO TECHNOLOGY CORPORATION	-	Current financial assets measured at fair value through profit or loss	19,000	5,510	0.00%	5,510	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2021			Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership	Fair value
The Company	WAFER WORKS CORPORATION	-	Current financial assets measured at fair value through profit or loss	301,000	\$ 25,736	0.06%	\$ 25,736
The Company	WAN HAI LINES LTD.	-	Current financial assets measured at fair value through profit or loss	41,000	8,139	0.00%	8,139
The Company	UNITED MICROELECTRONICS CORP.	-	Current financial assets measured at fair value through profit or loss	365,000	23,725	0.00%	23,725
The Company	E INK HOLDINGS INC.	-	Current financial assets measured at fair value through profit or loss	157,000	23,707	0.01%	23,707
The Company	Fitipower Integrated Technology Inc.	-	Current financial assets measured at fair value through profit or loss	53,000	14,946	0.03%	14,946
The Company	Anpec Electronics Corporation	-	Current financial assets measured at fair value through profit or loss	20,000	5,570	0.03%	5,570
The Company	AURAS Technology Co.,Ltd.	-	Current financial assets measured at fair value through profit or loss	13,000	2,626	0.01%	2,626
The Company	CHUNG HUNG STEEL CORPORATION	-	Current financial assets measured at fair value through profit or loss	137,000	5,638	0.01%	5,638
The Company	TSRC CORPORATION	-	Current financial assets measured at fair value through profit or loss	74,000	2,990	0.01%	2,990
The Company	EPISIL TECHNOLOGIES INC.	-	Current financial assets measured at fair value through profit or loss	19,000	2,717	0.01%	2,717
The Company	MediaTek Inc.	-	Current financial assets measured at fair value through profit or loss	5,000	5,950	0.00%	5,950
The Company	ALLTOP TECHNOLOGY CO., LTD.	-	Current financial assets measured at fair value through profit or loss	78,000	14,391	0.13%	14,391
The Company	SHENMAO TECHNOLOGY INC.	-	Current financial assets measured at fair value through profit or loss	37,000	3,001	0.03%	3,001
The Company	GENESYS LOGIC, INC.	-	Current financial assets measured at fair value through profit or loss	13,000	2,620	0.01%	2,620
The Company	Phison Electronics Corp.	-	Current financial assets measured at fair value through profit or loss	5,000	2,560	0.00%	2,560
The Company	Sino-American Silicon Products Inc.	-	Current financial assets measured at fair value through profit or loss	86,000	20,296	0.01%	20,296
The Company	GOLD CIRCUIT ELECTRONICS LTD	-	Current financial assets measured at fair value through profit or loss	127,000	9,652	0.02%	9,652
The Company	Elite Semiconductor Microelectronics Tech Inc	-	Current financial assets measured at fair value through profit or loss	16,000	2,640	0.01%	2,640
The Company	ASE Technology Holding Co., Ltd.	-	Current financial assets measured at fair value through profit or loss	120,000	12,780	0.00%	12,780
The Company	NAN YA PRINTED CIRCUIT BOARD CORPORATION	-	Current financial assets measured at fair value through profit or loss	14,000	8,008	0.00%	8,008
The Company	KINSUS INTERCONNECT TECHNOLOGY CORP.	-	Current financial assets measured at fair value through profit or loss	11,000	2,563	0.00%	2,563
The Company	GlobalWaters Co., Ltd	-	Current financial assets measured at fair value through profit or loss	20,000	17,760	0.00%	17,760
The Company	CO-TECH DEVELOPMENT CORP.	-	Current financial assets measured at fair value through profit or loss	34,000	2,621	0.01%	2,621
The Company	SDI CORPORATION	-	Current financial assets measured at fair value through profit or loss	34,000	5,967	0.02%	5,967

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2021			Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership	Fair value
The Company	Vanguard International Semiconductor Co.	-	Current financial assets measured at fair value through profit or loss	35,000	\$ 5,530	0.00%	\$ 5,530
The Company	TAIWAN MASK CORP.	-	Current financial assets measured at fair value through profit or loss	53,000	5,724	0.02%	5,724
The Company	TONG HSING ELECTRONIC INDUSTRIES, LTD. Beneficiary certificate	-	Current financial assets measured at fair value through profit or loss	9,000	2,678	0.01%	2,678
The Company	Greater China Multi-Strategy Fund	-	Current financial assets measured at fair value through profit or loss	78,788	324,859	-	324,859
The Company	BNP Paribas Funds-Energy Transition	-	Current financial assets measured at fair value through profit or loss	5,248	23,220	-	23,220
The Company	Classique USD Capitalisation	-	Current financial assets measured at fair value through profit or loss	1,500,000	14,614	-	14,614
The Company	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund Acc	-	Current financial assets measured at fair value through profit or loss	3,000,000	50,220	-	50,220
The Company	Cathay Global Autonomous and Electric Vehicles ETF	-	Current financial assets measured at fair value through profit or loss	5,000,000	44,950	-	44,950
The Company	President ICE FactSet Asia Semiconductor Net Total Return Index ETN	-	Current financial assets measured at fair value through profit or loss				
	Stocks						
Kapok Computer Co., Ltd.	CHICONY ELECTRONICS CO., LTD.	Same chairman as the Company	Current financial assets measured at fair value through profit or loss	40,862	3,363	0.01%	3,363
Kapok Computer Co., Ltd.	CLEVO CO.	The Company	Non-current financial assets measured at fair value through other comprehensive income	16,966,596	559,898	2.61%	559,898
	Beneficiary certificate						
Kapok Computer Co., Ltd.	Reliance TAROBO Robotics Quantitative Chinese Fund	-	Current financial assets measured at fair value through profit or loss	2,237,387	40,954	-	40,954
	Stocks						
Clevo Investment Co., Ltd.	CHICONY ELECTRONICS CO., LTD.	Same chairman as the Company	Current financial assets measured at fair value through profit or loss	162,072	13,339	0.02%	13,339
Clevo Investment Co., Ltd.	CLEVO CO.	The Company	Non-current financial assets measured at fair value through other comprehensive income	10,080,669	332,662	1.55%	332,662
	Beneficiary certificate						
Clevo Investment Co., Ltd.	Yuanta Taiwan High-yield Leading Company Fund	-	Current financial assets measured at fair value through profit or loss	1,000,000	15,840	-	15,840
Clevo Investment Co., Ltd.	Reliance TAROBO Robotics Quantitative Chinese Fund	-	Current financial assets measured at fair value through profit or loss	1,491,591	27,303	-	27,303
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	UG Hidden Dragon Special Opportunity Fund	-	Current financial assets measured at fair value through profit or loss	266,378	586,150	-	586,150
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	Greater China Multi-Strategy Fund	-	Current financial assets measured at fair value through profit or loss	403,145	294,359	-	294,359

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

CLEVO CO. and Subsidiaries  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Year ended December 31, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 4

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Buynow (Xian) Industry Co., Ltd.	Construction in Progress, Prepayments and Land Use Right	2005~ Fourth Quarter of 2021	\$ 1,470,969	\$ 907,195	Xi'an Xinxiaozhai Old Village Reconstruction and Construction Development Co., Ltd. etc.	-	-	-	-	\$ -	Mutual agreement	Department store; under construction	-
Yingkou Buynow Electronic Information Co., Ltd.	Construction in Progress and Land Use Right	Second Quarter of 2011~ Fourth Quarter of 2021	746,779	723,428	Bureau of Land and Resources of Yingkou City etc.	-	-	-	-	-	Mutual agreement	Department store; under construction	-
Anshan Buynow Electronic Information Co., Ltd.	Buildings and Land Held for Sale, Construction in Progress and Land Use Right	Second Quarter of 2011~ Fourth Quarter of 2021	3,075,639	2,915,239	Bureau of Land and Resources of Anshan City etc.	-	-	-	-	-	Mutual agreement	Department store; under construction	-
Guiyang Buynow Electronic Information Co., Ltd.	Construction in Progress and Land Use Right	Fourth Quarter of 2011~ Fourth Quarter of 2021	1,450,932	1,392,995	Guiyang Municipal Bureau of Land and Resources etc.	-	-	-	-	-	Mutual agreement	Department store; under construction	-
Buynow (Jinzhou) Industry Co., Ltd.	Buildings and Land Held for Sale, Construction in Progress and Land Use Right	Second Quarter of 2013~ Fourth Quarter of 2021	1,747,129	1,729,136	Jinzhou Municipal Bureau of Land and Resources etc.	-	-	-	-	-	Mutual agreement	Department store; under construction	-

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CLEVO CO. and Subsidiaries  
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
CLEVO CO.	Property, plant and equipment and investment property	November 29, 2021	February 19, 1997	\$ 2,542,023	\$ 4,100,000	\$ 4,100,000	\$ 1,303,457	TransGlobe Life Insurance Inc.	None	Active assets	Refer to the appraised amount and resolved by the Board of Directors	Fulfill the rights and obligations based on the agreement mutually signed

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and monetary amount of the transaction, whichever is earlier.

CLEVO CO. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions ( Note 1 )		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Kapok Computer (Kunshan) Co., Ltd.	The Company as the ultimate parent company	Purchases	\$ 16,112,238	58.03%	30 days after monthly billings and offset between creditor's rights and debt obligation. Prepayment is allowed when there is a fund requirement.	The selling price is reduced by 5%~15%. However, it can be adjusted according to market conditions.	1~5 months for normal customers due to fund requirements.	\$ -	-	-
The Company	Kapok Computer (Kunshan) Co., Ltd.	The Company as the ultimate parent company	Sales	( 7,685,603)	25.18%	180 days	The goods are not sold to other customers, so the prices cannot be compared.	1~2 months for normal customers due to fund requirements.	1,864,640	36.48%	-
Kapok Computer (Kunshan) Co., Ltd.	The Company	The Company as the ultimate parent company	Sales	( 16,112,238)	99.99%	30 Days After Monthly Billings	It is the only customer, so the price cannot be compared.	-	-	-	-
Kapok Computer (Kunshan) Co., Ltd.	The Company	The Company as the ultimate parent company	Purchases	7,685,603	48.38%	180 days	It is the only supplier, so the price cannot be compared.	-	( 1,864,640)	44.27%	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

CLEVO CO. and Subsidiaries  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD (Except as otherwise indicated)									
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1 )	Turnover rate	Overdue receivables			Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Reclassified to other receivables - related parties - current	Action taken		
The Company	Kapok Computer (Kunshan) Co., Ltd.	The transaction object is a subsidiary of the company.	\$ 1,864,640	4.65	\$ -	-	\$ -	-	\$ -

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable and other receivables etc.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

CLEVO CO. and Subsidiaries  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 8

N0. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Kapok Computer (Kunshan) Co., Ltd.	1	Purchases	\$ 16,112,238	The selling price is reduced by 5%~15%. However, it can be adjusted according to market conditions. The payment period is 30 days after monthly billings.	59.69%
0	The Company	Kapok Computer (Kunshan) Co., Ltd.	1	Sales	7,685,603	It is the only customer, so the price cannot be compared. The payment period is 180 days.	28.47%
0	The Company	Kapok Computer (Kunshan) Co., Ltd.	1	Accounts receivable - related parties	1,864,640	-	2.04%
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Changsha Hungyu Business Management Co., Ltd.	3	Other receivables - related parties - current	103,526	5.00%	0.11%
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	254,930	5.00%	0.28%
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	169,071	5.00%	0.19%
1	Buynow (Hangzhou) Electronic Information Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	138,035	5.00%	0.15%
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	404,989	4.35%	0.44%
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	104,828	4.35%	0.11%
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd.	3	Other receivables - related parties - current	130,569	4.35%	0.14%
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Clevo (China) Investment Co., Ltd.	3	Other receivables - related parties - current	108,518	4.35%	0.12%
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	318,825	4.35%	0.35%
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Buynow (Fujian) Electronic Technology Development Co., Ltd.	3	Receivables - related parties	59,966	-	0.07%



N0. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
2	Buynow (Chengdu) Electronic Information Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	\$ 61,575	-	0.07%
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	Other receivables - related parties - current	370,480	4.35%	0.41%
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	3	Other receivables - related parties - current	162,560	4.35%	0.18%
3	Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	3	Receivables - related parties	61,694	-	0.07%
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Nanchang) Industry Co., Ltd.	3	Other receivables - related parties - current	320,996	4.50%	0.35%
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	3	Other receivables - related parties - current	170,590	4.50%	0.19%
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	Other receivables - related parties - current	170,677	4.50%	0.19%
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	3	Other receivables - related parties - current	644,900	4.50%	0.71%
4	Kapok Computer (Kunshan) Co., Ltd.	Daqing Buynow Electronic Information Corporation	3	Other receivables - related parties - current	97,232	4.50%	0.11%
4	Kapok Computer (Kunshan) Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	88,551	4.50%	0.10%
4	Kapok Computer (Kunshan) Co., Ltd.	Shantou Buynow Mall Co., Ltd.	3	Other receivables - related parties - current	495,362	4.50%	0.54%
4	Kapok Computer (Kunshan) Co., Ltd.	Clevo (China) Investment Co., Ltd.	3	Other receivables - related parties - current	173,629	4.50%	0.19%
4	Kapok Computer (Kunshan) Co., Ltd.	Yingkou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	82,474	4.50%	0.09%
4	Kapok Computer (Kunshan) Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	431,901	4.50%	0.47%
4	Kapok Computer (Kunshan) Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	193,596	4.50%	0.21%
4	Kapok Computer (Kunshan) Co., Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	549,968	4.50%	0.60%
4	Kapok Computer (Kunshan) Co., Ltd.	Kunshan Kaishuo Trading Co., Ltd.	3	Other receivables - related parties - current	173,629	4.50%	0.19%
4	Kapok Computer (Kunshan) Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	3	Other receivables - related parties - current	260,443	4.50%	0.29%

N0. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
5	Buynow (Nanchang) Industry Co., Ltd.	Buynow (Hangzhou) Electronic Information Co., Ltd.	3	Other receivables - related parties - current	\$ 59,468	5.00%	0.07%
5	Buynow (Nanchang) Industry Co., Ltd.	Buynow(Guangzhou) Electronic Information Co., Ltd.	3	Other receivables - related parties - current	63,591	5.00%	0.07%
5	Buynow (Nanchang) Industry Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	198,067	5.00%	0.22%
5	Buynow (Nanchang) Industry Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	62,159	5.00%	0.07%
5	Buynow (Nanchang) Industry Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	74,226	5.00%	0.08%
5	Buynow (Nanchang) Industry Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	3	Other receivables - related parties - current	93,412	5.00%	0.10%
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Changsha Hungyu Business Management Co., Ltd.	3	Other receivables - related parties - current	90,157	4.35%	0.10%
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	3	Other receivables - related parties - current	80,911	4.35%	0.09%
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Clevo (China) Investment Co., Ltd.	3	Other receivables - related parties - current	60,770	4.35%	0.07%
6	Buynow (Zhengzhou) Electronic Information Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	100,357	4.35%	0.11%
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Changsha Hungyu Business Management Co., Ltd.	3	Other receivables - related parties - current	122,625	4.35%	0.13%
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	157,568	4.35%	0.17%
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Yingkou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	114,985	4.35%	0.13%
7	Buynow Electronic Information (Shenyang) Co., Ltd.	Yingkou Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	81,404	-	0.09%
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	3	Other receivables - related parties - current	59,728	4.35%	0.07%
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	3	Other receivables - related parties - current	165,164	4.35%	0.18%
8	Buynow (Fujian) Electronic Technology Development Co., Ltd.	Daqing Buynow Electronic Information Corporation	3	Other receivables - related parties - current	124,969	4.35%	0.14%
9	Buynow (Changchun) Industry Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	Other receivables - related parties - current	193,162	4.35%	0.21%

N0. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	3	Other receivables - related parties - current	\$ 76,744	5.00%	0.08%
10	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	148,669	5.00%	0.16%
11	Quality Trust Property Management Co., Ltd.	Daqing Buynow Electronic Information Corporation	3	Other receivables - related parties - current	218,555	3.00%	0.24%
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	Other receivables - related parties - current	217,904	4.35%	0.24%
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Buynow (Harbin) Industry Co., Ltd.	3	Other receivables - related parties - current	230,275	4.35%	0.25%
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	3	Other receivables - related parties - current	65,111	4.35%	0.07%
12	Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	106,382	4.35%	0.12%
13	Buynow (Chongqing) Industry Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	72,490	5.00%	0.08%
13	Buynow (Chongqing) Industry Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	63,715	-	0.07%
14	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	81,605	5.00%	0.09%
14	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	Other receivables - related parties - current	280,367	5.00%	0.31%
14	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	196,721	5.00%	0.22%
14	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	318,174	5.00%	0.35%
14	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	3	Other receivables - related parties - current	205,837	5.00%	0.23%
14	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	Receivables - related parties	97,165	-	0.11%
14	Shanghai Buynow Electronic Products Market Management Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	68,110	-	0.07%
15	Tianjin Buynow Electronic Information Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	156,700	4.35%	0.17%
15	Tianjin Buynow Electronic Information Co., Ltd.	Buynow (Xian) Industry Co., Ltd.	3	Other receivables - related parties - current	61,638	4.35%	0.07%

N0. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
15	Tianjin Buynow Electronic Information Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	Other receivables - related parties - current	\$ 252,890	4.35%	0.28%
15	Tianjin Buynow Electronic Information Co., Ltd.	Zibo Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	129,110	4.35%	0.14%
15	Tianjin Buynow Electronic Information Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	95,452	4.35%	0.10%
15	Tianjin Buynow Electronic Information Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	62,180	-	0.07%
16	Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Shantou Buynow Mall Co., Ltd.	3	Other receivables - related parties - current	266,303	0.00%	0.29%
16	Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Dezhou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	342,916	0.00%	0.38%
17	Beijing Clevo Investment Management Consultant Co.,Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	Other receivables - related parties - current	245,250	5.00%	0.27%
17	Beijing Clevo Investment Management Consultant Co.,Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd	3	Other receivables - related parties - current	276,503	5.00%	0.30%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	350,686	4.35%	0.38%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow (Guangzhou) Electronic Information Co., Ltd.	3	Other receivables - related parties - current	72,881	4.35%	0.08%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Qingdao Buynow Technology Industry Co., Ltd.	3	Other receivables - related parties - current	71,448	4.35%	0.08%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	233,530	4.35%	0.26%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	243,731	4.35%	0.27%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Quanzhou Buynow Industry Co., Ltd.	3	Other receivables - related parties - current	81,171	4.35%	0.09%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Buynow (Jinzhou) Industry Co., Ltd.	3	Other receivables - related parties - current	229,624	4.35%	0.25%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	137,421	-	0.15%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Luoyang Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	58,461	-	0.06%
18	Guangdong Buynow Real Estate Management Co., Ltd.	Guiyang Buynow Electronic Information Co., Ltd.	3	Receivables - related parties	80,620	-	0.09%

N0. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
19	Shantou Buynow Mall Co., Ltd.	Buynow Electronic Information (Huizhou) Co., Ltd.	3	Other receivables - related parties - current	\$ 73,792	5.00%	0.08%
19	Shantou Buynow Mall Co., Ltd.	Guangdong Buynow Real Estate Management Co., Ltd.	3	Other receivables - related parties - current	99,402	5.00%	0.11%
19	Shantou Buynow Mall Co., Ltd.	Clevo (China) Investment Co., Ltd.	3	Other receivables - related parties - current	81,171	5.00%	0.09%
19	Shantou Buynow Mall Co., Ltd.	Anshan Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	452,129	5.00%	0.50%
19	Shantou Buynow Mall Co., Ltd.	Suzhou Jinzuo Industry Co., Ltd.	3	Other receivables - related parties - current	297,556	5.00%	0.33%
19	Shantou Buynow Mall Co., Ltd.	Taizhou Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	97,252	5.00%	0.11%
20	Dezhou Buynow Electronic Information Co., Ltd.	Buynow (Wuxi) Electronic Technology Development Co., Ltd.	3	Other receivables - related parties - current	60,770	5.00%	0.07%
21	Kunshan Kaishuo Trading Co., Ltd.	Shanghai Buynow Electronic Information Co., Ltd.	3	Other receivables - related parties - current	110,601	4.50%	0.12%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories, fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2 )	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2 (2))	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 (3))	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	CLEVO COMPUTER SINGAPORE PTE LTD.	Singapore	Management and advisory of computers	\$ 420,061	\$ 420,061	22,325,453	100.00	\$ 7,469,230	\$ 5,140	\$ 5,140	The subsidiary of the Company
The Company	CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	Cayman Islands	Investment	15,754,974	15,754,974	369,370,000	100.00	42,703,456	( 750,648)	( 750,648)	The subsidiary of the Company
The Company	KAPOK COMPUTER (SAMOA) CORPORATION	Samoa	Investment	489,985	489,985	16,000,000	100.00	1,942,052	207,499	207,450	The subsidiary of the Company
The Company	BUYNOW ON-LINE HOLDING CORPORATION	Samoa	Investment	35,513	35,513	1,100,000	100.00	( 9,731)	( 971)	( 971)	The subsidiary of the Company
The Company	Clevo Investment Co., Ltd.	Taiwan	Investment	140,000	140,000	14,000,000	100.00	74,781	12,398	6,349	The subsidiary of the Company
The Company	Kapok Computer Co., Ltd.	Taiwan	Design and sale of computers and computer peripherals	80,000	80,000	8,000,000	100.00	58,100	14,211	4,031	The subsidiary of the Company
The Company	Taipei Twin Corporation	Taiwan	Commercial real estate development	1,000,000	1,000,000	1,000,000,000	50.00	967,296	( 39,682)	( 19,841)	Investment accounted for under equity method
CLEVO COMPUTER SINGAPORE PTE LTD.	BUYNOW (CHENGDU) CORPORATION	Samoa	Investment	278,468	278,468	7,000,000	100.00	3,435,731	( 44,468)	( 44,468)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW GLOBAL CORPORATION	British Virgin Islands	Investment	118,490	118,490	2,600,000	100.00	945,762	5,830	5,830	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (HANGZHOU) CORPORATION	British Virgin Islands	Investment	173,107	173,107	5,000,000	100.00	3,460,018	104,093	104,093	The Company as the ultimate parent company

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2 (2))	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 (3))	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (ZHENGZHOU) CORPORATION	Samoa	Investment	\$ 103,185	\$ 103,185	3,000,000	100.00	\$ 3,190,222	\$ 24,995	\$ 24,995	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW GROUP (CHANGSHA) CORPORATION	British Virgin Islands	Investment	136,180	136,180	4,000,000	100.00	222,803	215	215	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (NANCHANG) CORPORATION	Samoa	Investment	104,484	104,484	3,000,000	100.00	1,164,243	60,035	60,035	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (GUANGZHOU) CORPORATION	Samoa	Investment	161,745	161,745	5,000,000	100.00	2,276,751	( 36,549)	( 36,549)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	FLYING WOLF INVESTMENT LIMITED	British Virgin Islands	Investment	96,141	96,141	3,000,000	100.00	3,104,500	26,028	26,028	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (XIAMEN) CORPORATION	Samoa	Investment	95,502	95,502	3,000,000	100.00	1,920,158	38,835	38,835	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW GROUP (XIAN) CORPORATION	Samoa	Investment	96,543	96,543	3,000,000	100.00	833,559	33,446	33,446	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (CHANGCHUN) CORPORATION	Samoa	Investment	64,064	64,064	2,000,000	100.00	2,907,504	33,147	33,147	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW GROUP (QINGDAO) CORPORATION	Samoa	Investment	115,648	115,648	3,500,000	100.00	89,238	( 11,606)	( 11,606)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (CHONGQING) LIMITED	Hong Kong	Investment	169,140	169,140	5,000,000	100.00	1,043,133	( 31,201)	( 31,201)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	FLYING INTERNATIONAL INVESTMENT LIMITED	Samoa	Investment	178,968	178,968	3,000,000	100.00	2,315,852	( 3,270)	( 3,270)	The Company as the ultimate parent company

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2 (2))	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 (3))	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (WUXI) CORPORATION	Samoa	Investment	\$ 64,054	\$ 64,054	2,000,000	100.00	\$ 1,294,011	\$ 43,317	\$ 43,317	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (HARBIN) CORPORATION	Samoa	Investment	99,012	99,012	3,000,000	100.00	283,590	( 181,851)	( 181,851)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (DAQING) CORPORATION	Samoa	Investment	96,894	96,894	3,000,000	100.00	( 121,778)	( 110,469)	( 110,469)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (ZIBO) CORPORATION	Samoa	Investment	95,805	95,805	3,000,000	100.00	( 150,438)	( 72,850)	( 72,850)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (BEIJING) CORPORATION	Samoa	Investment	244,256	244,256	6,000,000	100.00	1,875,173	121,091	121,091	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	SKILL DEVELOP INTERNATIONAL LIMITED	Samoa	Investment	581,916	581,916	9,350,000	100.00	5,083,342	( 564)	( 564)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (YANCHENG) CORPORATION	Samoa	Investment	931,920	931,920	31,500,000	100.00	735,443	-	-	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (HUIZHOU) CORPORATION	Samoa	Investment	200,737	200,737	1,500,000	100.00	( 100,813)	( 13,070)	( 13,070)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (YINGKOU) CORPORATION	Samoa	Investment	434,082	434,082	15,000,000	100.00	412,324	( 400)	( 400)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (ANSHAN) CORPORATION	Samoa	Investment	1,119,393	1,119,393	38,000,000	100.00	915,957	( 141,656)	( 141,656)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (GUIYANG) CORPORATION	Samoa	Investment	301,236	301,236	10,000,000	100.00	258,504	( 945)	( 945)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	CHICONY SQUARE (WUHAN) INC.	British Virgin Islands	Investment	123,204	123,204	3,600,000	30.00	1,512,495	410,332	123,100	Investment accounted for under equity method



Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2 (2))	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 (3))	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	CHICONY SQUARE (CAYMAN) INC.	Cayman Islands	Investment	\$ 86,886	\$ 86,886	3,000,000	30.00	\$ 121,505	\$ 228,072	\$ 68,422	Investment accounted for under equity method
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (WUHAN) CORPORATION	Samoa	Investment	-	-	3,600,000	30.00	151,191	( 57,891)	( 17,367)	Investment accounted for under equity method
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	CHICONY CHENGDU INTERNATIONAL INC.	British Virgin Islands	Investment	362,866	362,866	1,500,000	3.75	59,897	259,769	9,741	Investment accounted for under equity method
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (TAIZHOU) CORPORATION	Samoa	Investment	505,786	505,786	17,000,000	100.00	279,646	( 13,653)	( 13,653)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	SMARTER CAPITAL LIMITED	Samoa	Investment	1,013,693	1,013,693	14,900,000	100.00	1,006,214	2,319	2,319	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (DEZHOU) CORPORATION	Samoa	Investment	881,914	881,914	30,000,000	100.00	387,417	( 372,341)	( 372,341)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (LUOYANG) CORPORATION	Samoa	Investment	894,346	894,346	30,000,000	100.00	180,034	( 16,658)	( 16,658)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (FUJIAN QUANZHOU) CORPORATION	Samoa	Investment	446,195	446,195	15,000,000	100.00	309,482	( 132,632)	( 132,632)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (JINZHOU) CORPORATION	Samoa	Investment	448,081	448,081	15,000,000	100.00	110,672	( 205,766)	( 205,766)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	BUYNOW (SHANTOU) CORPORATION	Samoa	Investment	578,224	578,224	19,200,000	100.00	457,479	( 10,256)	( 10,256)	The Company as the ultimate parent company
CLEVO (CAYMAN ISLANDS) HOLDING COMPANY	CLEVO (HK) INVESTMENT HOLDING LIMITED	Hong Kong	Investment	-	3,138	-	-	-	1,581	1,581	The Company as the ultimate parent company

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2 (2))	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 (3))	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
SKILL DEVELOP INTERNATIONAL LIMITED	WELL ASIA INVESTMENT LIMITED	Hong Kong	Investment	\$ 277,817	\$ 277,817	9,200,000	100.00	\$ 5,083,342	(\$ 564)	(\$ 564)	The Company as the ultimate parent company
SMARTER CAPITAL LIMITED	BUYNOW SZ. CORPORATION	Samoa	Investment	452,081	452,081	14,900,000	100.00	1,006,214	2,319	2,319	The Company as the ultimate parent company
BUYNOW ON-LINE HOLDING CORPORATION	BUYNOW ON-LINE LIMITED	Hong Kong	Investment	35,483	35,483	1,100,000	100.00	( 9,731)	( 971)	( 971)	The Company as the ultimate parent company

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, ‘Initial investment amount’ and ‘Shares held as at December 31, 2021’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column..
- (2)The ‘Net profit (loss) of the investee for the year ended December 31, 2021’ column should fill in amount of net profit (loss) of the investee for this year.
- (3)The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2021’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this year. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

CLEVO CO. and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2021

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1 )	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 )	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Buynow (Chengdu) Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and property management of buildings	\$ 278,468	(2)	\$ 278,468	\$ -	\$ -	\$ 278,468	(\$ 44,468)	100	(\$ 44,468)	\$ 3,435,731	\$ -	-
Buynow (Nanjing) Facility Leasing And Management Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals and services for related electronic products	58,159	(2)	37,522	-	-	37,522	( 7,653)	100	( 7,653)	1,952,359	-	-
Kalor Buynow (Heifei) Electronic Information Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals and services for related electronic products	69,491	(2)	-	-	-	-	62,542	100	62,542	2,265,850	-	-
Kapok Computer (Kunshan) Co., Ltd.	Manufacturing, sale, research and development and maintenance service of computer, notebook, tablet, information and communication products and computer components	238,599	(2)	238,599	-	-	238,599	249,732	100	249,732	1,929,256	-	-
Kunshan Kaiming Trading Co., Ltd.	Provide market management services for operators of laptop computer, tablet, desktop computer, palmtop computer, information and communication products and computer components	17,746	(3)	-	-	-	-	1,224	100	1,224	3,847	-	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1 )	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 )	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Chicony Industry (Wuhan) Co., Ltd.	Research, development, production and sales of computer software and hardware, electronic products; sales services, non-staple food; coffee shop operations; venue rental	\$ 1,927,049	(2) CHICONY SQUARE (WUHAN) INC.	\$ 526,552	\$ -	\$ -	\$ 526,552	\$ 490,815	30	\$ 147,245	\$ 967,781	\$ -	-	
Wuhan Qunbai Industry Co., Ltd.	Research, development and sales of computer software, hardware and electronic products; sales services; venue retail	58,904	(2) CHICONY SQUARE (WUHAN) INC.	-	-	-	-	10,830	30	3,249	40,226	-	-	
Chicony Square (Wuhan) Management Co., Ltd.	Sales of service and non-staple food; cafe operation; venue rental	14,414	(3)	-	-	-	-	6,184	24.99	1,545	32,068	-	-	
Qinguang Industrial (Xian) Co., Ltd.	Research, development, production and sales of computer software and hardware, electronic products; sales services, nonstaple food; coffee shop operations; venue rental; catering services; parking lot management	4,053,756	(3)	-	-	-	-	( 376,651)	30	( 112,995)	427,511	-	-	
Buynow (Hangzhou) Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and property management of buildings	198,848	(2)	198,848	-	-	198,848	104,093	100	104,093	3,460,018	-	-	
Shanghai Buynow Electronic Information Co., Ltd.	Rental of the display venues of computer and related electronic products; information consultation; maintenance services; property management	521,418	(2) (3)	56,778	-	-	56,778	( 10,782)	100	( 10,782)	3,129,856	-	-	
Quality Trust Property Management Co., Ltd.	Property management, advisory of real estate, building leasing, housekeeping service, parking lot service, car wash service and business service	24,975	(2)	21,645	-	-	21,645	15,636	100	15,636	254,947	-	-	
Wuxi Quntai Property Management Co., Ltd.	Property management, advisory of real estate, building leasing, housekeeping service, parking lot service, car wash service and business service	2,402	(3)	-	-	-	-	851	100	851	28,899	-	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Shanghai Buynow Electronic Products Market Management Co., Ltd.	Provide market management services for operators of electronic products	\$ 504,484	(3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,701	100	\$ 42,701	\$ 4,714,328	\$ -	-
Beijing Kaiye Electronic Technology Co., Ltd.	Technology-extension services, computer maintenance, public parking lot service for motorcycle, property management, business management, business management and advisory, business building leasing, wholesale of computer and computer peripherals, hardware electronic and daily appliance	359,053	(3)	-	-	-	-	-	51,425	100	51,425	( 72,109)	-	-
Buynow (Nanchang) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and property management of buildings	293,328	(2)	119,297	-	-	119,297	119,297	61,880	100	61,880	3,040,594	-	-
Changsha Hungyu Business Management Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and property management of buildings	119,297	(2)	119,297	-	-	119,297	119,297	215	100	215	222,803	-	-
Buynow (Zhengzhou) Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	119,123	(2)	119,123	-	-	119,123	119,123	24,995	100	24,995	3,190,222	-	-
Buynow (Guangzhou) Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	198,670	(2)	198,670	-	-	198,670	198,670	( 32,146)	100	( 32,146)	2,275,538	-	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Tianjin Buynow Electronic Information Co., Ltd.	Development, production and sales of computer hardware and software and electronic digital technology products	\$ 224,794	(2)	\$ 206,061	\$ -	\$ -	\$ 206,061	(\$ 33)	100	33	\$ 2,303,995	\$ -	-	-
Beijing Clevo Investment Management Consultant Co., Ltd.	Business advisory of investment management, wholesale agency of electronic products, import and export of goods and property management	305,459	(2)(3)	314,567	-	-	314,567	159,330	100	159,330	2,467,333	-	-	-
Buynow (Yancheng) Electronoc Information Technology Development Co. Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and advisory of business management	942,511	(2)	942,511	-	-	942,511	-	100	-	735,442	-	-	-
Buynow (Xian) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	116,528	(2)	116,528	-	-	116,528	33,446	100	33,446	833,559	-	-	-
Buynow (Fujian) Electronic Technology Development Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	119,117	(2)	119,117	-	-	119,117	38,835	100	38,835	1,920,158	-	-	-
Chicony Dalu Enterprise (Chengdu) Co., Ltd.	Developing and manufacturing computers, hardware, electronic products; production and sales of cosmetics and daily necessities; rental business	2,291,275	(2) CHICONY CHENGDU INTERNATIONAL INC.	687,382	-	-	687,382	259,769	30	77,931	479,170	-	-	-
Buynow Electronic Information (Shenyang) Co., Ltd.	Research and development of computers and computer peripherals and electronic products, and advisory of economic information	119,298	(2)	119,298	-	-	119,298	11,623	100	11,623	2,441,617	-	-	-
Guangdong Buynow Real Estate Management Co., Ltd.	Self-owned property management and leasing, manufacturing, sale, research and development of computer software and hardware and digital products	442,167	(2)(3)	363,300	-	-	363,300	( 693)	100	( 693)	7,819,834	-	-	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Buynow (Changchun) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and property management of buildings	\$ 81,539	(2)	\$ 77,656	\$ -	\$ -	\$ 77,656	\$ 34,804	100	\$ 34,804	\$ 3,052,818	\$ -	-	
Buynow (Wuhan) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computer software and digital products, and property management of buildings	468,580	(2) BUYNOW (WUHAN) CORPORATION	-	-	-	-	( 57,891)	30	( 17,367)	151,191	-	-	
Qingdao Buynow Technology Industry Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals. Display, advisory and after-sales service of digital products. Property management of self-owned buildings	551,402	(2)(3)	133,021	-	-	133,021	( 56,369)	100	( 56,369)	433,406	-	-	
Buynow (Wuxi) Electronic Technology Development Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computer software and digital products	106,622	(2)	76,158	-	-	76,158	60,643	100	60,643	1,811,579	-	-	
Wuxi Buynow Electronic Market Co., Ltd.	Leasing of facility, market management service, catering management, property management, parking lot management	2,454	(3)	-	-	-	-	20	100	20	2,379	-	-	
Buynow (Harbin) Industry Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products	111,364	(2)	111,364	-	-	111,364	( 181,800)	100	( 181,800)	280,160	-	-	
Buynow (Chongqing) Industry Co., Ltd.	Manufacturing, sale, research and development of computers and computer peripherals (not including electronic publishing), shopping mall management, wholesale and retail of electronic products, property management and parking lot service	164,167	(2)	164,167	-	-	164,167	( 31,201)	100	( 31,201)	1,043,132	-	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Shanghai Buynow Online Information Technology Co., Ltd.	Wholesale and retail, import and export, and after-sales service of household appliances, computer and computer components, communication equipment, electrical devices, office supplies and complementary products; development, technology transfer, advisory, service and training of Internet, computer software and hardware and communication equipment	\$ 32,630	(2)	\$ 32,630	\$ -	\$ -	\$ 32,630	\$ 32,630 (\$ 897)	100	100 (\$ 897)	(\$ 12,375)	\$ -	-	-
Daqing Buynow Electronic Information Corporation	Manufacturing, retail and wholesale of computers and computer peripherals, and electronic information shopping mall management	98,158	(2)	98,158	-	-	98,158	( 110,469)	100	100 ( 110,469)	( 121,778)	-	-	-
Buynow Electronic Information (Huizhou) Co., Ltd.	Manufacturing, sale, research and development and after-sales service of computers and computer peripherals; property management of buildings	120,115	(2)(3)	211,996	-	-	211,996	( 32,674)	100	100 ( 32,674)	( 252,032)	-	-	-
Shantou Buynow Mall Co., Ltd.	Investment in companies primarily engaged in research and development and advisory service	574,562	(2)	574,562	-	-	574,562	( 10,256)	100	100 ( 10,256)	457,479	-	-	-
Zibo Buynow Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products. Advisory of business management, leasing of self-owned buildings, parking lot management, shopping mall management and property management	98,012	(2)	98,012	-	-	98,012	( 72,850)	100	100 ( 72,850)	( 150,438)	-	-	-



Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Yingkou Buynow Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and advisory of business management	\$ 464,194	(2)	\$ 464,194	\$ -	\$ -	\$ 464,194	\$ 464,194	(\$ 400)	100	(\$ 400)	\$ 412,323	\$ -	-
Anshan Buynow Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and advisory of business management	1,150,017	(2)	1,150,017	-	-	1,150,017	( 141,656)	( 141,656)	100	( 141,656)	915,957	-	-
Clevo (China) Investment Co., Ltd.	Investment in companies primarily engaged in research and development and advisory service	897,135	(2)	897,135	-	-	897,135	( 141,941)	( 141,941)	100	( 141,941)	2,611,832	-	-
Guiyang Buynow Electronic Information Co., Ltd.	Research and development of computers and computer peripherals and electronic products, and advisory service of business management	303,271	(2)	303,271	-	-	303,271	( 945)	( 945)	100	( 945)	258,504	-	-
Taizhou Buynow Electronic Information Co., Ltd.	Manufacturing, sale, maintenance service, research and development of computers and computer peripherals and digital products, and advisory of business management	507,871	(2)	507,871	-	-	507,871	( 13,653)	( 13,653)	100	( 13,653)	279,644	-	-
Suzhou Jinzuo Industry Co., Ltd.	Business affairs and property management business	480,460	(2)	1,008,954	-	-	1,008,954	2,319	2,319	100	2,319	1,006,214	-	-
Dezhou Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; advisory service of business management and shopping mall management	1,748,220	(2)	881,914	-	-	881,914	( 662,327)	( 662,327)	100	( 662,327)	797,154	-	-
Luoyang Buynow Electronic Information Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; advisory service of business management and shopping mall management	893,922	(2)	893,922	-	-	893,922	( 16,658)	( 16,658)	100	( 16,658)	180,034	-	-

Table 10 Page 7

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1 )	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of the investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2 )	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Quanzhou Buynow Industry Co., Ltd.	Research and development and maintenance service of computers and computer peripherals and electronic products; advisory service of business management and shopping mall management	\$ 446,195	(2)	\$ 446,195	\$ -	\$ -	\$ 446,195	(\$ 132,632)	100	(\$ 132,632)	\$ 309,482	\$ -	-
Buynow (Jinzhou) Industry Co., Ltd.	Manufacturing of computer software and hardware and consumer electronic products, advisory of business management and shopping mall management	448,342	(2)	448,342	-	-	448,342	( 205,766)	100	( 205,766)	110,672	-	-
Kunshan Kaishuo Trading Co., Ltd.	Mechanical equipment and accessories, wire and cable, air conditioning equipment, building and decoration material, lighting equipment, kitchen appliance, water cleaner, pipeline and accessories, fire safety equipment, compressor and accessories, wholesale of elevators and appliances, import and export and advisory services	30,198	(2)	30,198	-	-	30,198	( 1,277)	100	( 1,277)	26,492	-	-
Shanghai Huihei Advertisement Co., Ltd.	Advertising design and marketing	4,850	(3)	-	-	-	-	( 1,119)	100	( 1,119)	4,527	-	-
Shanghai Huizhuan Restaurant Management Co., Ltd.	Catering business management	22,884	(3)	-	-	-	-	( 5,657)	100	( 5,657)	( 32,956)	-	-

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:  
 (1) Directly invest in a company in Mainland China.  
 (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.  
 (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2021 was reviewed by independent auditors.

Note 3: The numbers in this table are expressed in New Taiwan dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	
	\$	(USD thousand of USD)	\$	(USD thousand of USD)	\$	(USD thousand of USD)
CLEVO CO.	14,259,606		15,843,476		24,786,254	

Note 1: According to the amended regulation, "The Principle of Investment and Technical Cooperation in China", issued by Ministry of Economic Affairs on August 29, 2008 (No. 09704604680), the investor can only make an investment toward China up to 60% of its individual or consolidated net worth, whichever is larger. The ultimate limit of investment is 60% of the consolidated net worth. (41,310,424 x 60% = 24,786,254)

Note 2: It has been liquidated as of December 31, 2021, and has been approved to invest US\$4,120,000 by the Ministry of Economic Affairs.

Note 3: As of December 31, 2021, the capital increased by the earnings extension which has been approved by the Ministry of Economic Affairs for an investment of US\$30,426,900.

CLEVO CO. and Subsidiaries  
Major shareholders information  
December 31, 2021

Table 11

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Kent Hsu Huatai Investment Co., Ltd. EPOQUE CORPORATION	46,701,335	7.19%
	37,326,144	5.74%
	33,567,888	5.17%

## INDEPENDENT AUDITORS' REPORT

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 considered 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.

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 considered 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.

## ***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.

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Wu, Han-Chi

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Liang, Hua-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 12, 2022

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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)

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		9,234,132	15	8,676,228	13
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		54,320,046	85	56,919,576	87
1XXX	Total assets		\$ 63,554,178	100	\$ 65,595,804	100

(Continued)

CLEVO CO.  
PARENT COMPANY ONLY 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	%
	<b>Current liabilities</b>					
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	<b>Current Liabilities</b>		<u>6,791,043</u>	<u>11</u>	<u>9,077,976</u>	<u>14</u>
	<b>Non-current liabilities</b>					
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	<b>Non-current liabilities</b>		<u>15,452,711</u>	<u>24</u>	<u>16,638,690</u>	<u>25</u>
2XXX	<b>Total Liabilities</b>		<u>22,243,754</u>	<u>35</u>	<u>25,716,666</u>	<u>39</u>
	<b>Equity</b>					
	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	<b>Total equity</b>		<u>41,310,424</u>	<u>65</u>	<u>39,879,138</u>	<u>61</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<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 for earnings per share amounts)

			Year ended December 31			
			2021		2020	
Items	Notes		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		2,458,467	11	1,656,910	10
5910	Unrealized loss from sales		4,277	-	2,743	-
5920	Realized loss on from sales		( 2,742)	-	( 2,713)	-
5950	Net operating margin		2,460,002	11	1,656,940	10
	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		1,211,762	5	595,100	4
	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 income and expenses		863,678	4	78,868	-
7900	Profit before income tax		2,075,440	9	673,968	4
7950	Income tax expense	6(26)	( 279,090)	( 1)	( 7,024)	-
8200	Profit for the year		\$ 1,796,350	8	\$ 666,944	4
	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		320,146	1	( 91,990)	-
8300	Total other comprehensive income (loss) for the year		\$ 320,146	1	( \$ 48,331)	-
8500	Total comprehensive income for the year		\$ 2,116,496	9	\$ 618,613	4
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(27)	\$ 3.03		\$ 1.12	
9850	Diluted earnings per share	6(27)	\$ 3.00		\$ 1.11	

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)

		Capital Reserves				Retained Earnings			Other Equity Interest			
		Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Capital surplus, donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Asset revaluation increment	Treasury shares	Total equity
	Notes											
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
	6(17)											
		-	-	-	-	106,864	-	( 106,864 )	-	-	-	-
		-	-	-	-	-	993,875	( 993,875 )	-	-	-	-
		-	-	-	-	-	( 408,265 )	408,265	-	-	-	-
	6(17)	-	( 248,906 )	-	-	-	-	-	-	-	-	( 248,906 )
		-	-	10,819	-	-	-	-	-	-	-	10,819
		-	-	-	-	-	-	-	-	-	( 296,649 )	( 296,649 )
		\$ 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
	6(18)	-	-	-	-	-	-	-	320,146	-	-	320,146
		-	-	-	-	-	-	1,796,350	320,146	-	-	2,116,496
	6(17)											
		-	-	-	-	77,323	-	( 77,323 )	-	-	-	-
		-	-	-	-	-	507,614	( 507,614 )	-	-	-	-
		-	-	-	-	-	-	( 373,358 )	-	-	-	( 373,358 )
	6(15)	-	-	-	-	-	-	-	-	-	( 329,063 )	( 329,063 )
		( 200,000 )	( 1,731 )	( 37,866 )	-	-	-	( 368,322 )	-	-	607,919	-
		-	-	-	983	-	-	-	-	-	-	983
		-	-	16,228	-	-	-	-	-	-	-	16,228
		-	-	-	-	-	( 1,540,427 )	1,561,349	-	-	-	20,922
	6(18)	-	-	-	-	-	-	-	-	( 20,922 )	-	( 20,922 )
		\$ 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)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
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 )
Gain 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)

		Year ended December 31	
	Notes	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		3,989,278	1,920,848
<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 parties		-	( 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		( 4,592,043 )	( 3,644,217 )
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		\$ 2,013,047	\$ 3,367,525

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



CLEVO CO.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Clevo Co. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the design, manufacture and sales of VDUs, computers and peripheral devices.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 28, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

##### (2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Investment property measured at fair value.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

##### (3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in “New Taiwan Dollars”, which is the Company’s functional currency and the Company’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive

income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

#### (4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is

immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method

in these parent company only financial statements.

- B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to comply with the Company's accounting policies.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Joint operation and investment accounted for using equity method- joint ventures

Investment of joint arrangements are classified as joint ventures based on its contractual rights and obligations.

Investment accounted for using equity method - joint ventures

The Company accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation

to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures (including the auxiliary equipment with useful lives of 2 to 10 years)	2 ~ 50 years
Machinery and equipment	3 ~ 5 years
Computer and communication Equipment	2 ~ 5 years
Transportation equipment	1 ~ 5 years
Other equipment	3 ~ 5 years

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date; and
  - (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.



(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(18) Intangible assets

Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 6 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Company measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognised.

(27) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(28) Provisions

Warranties provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

(29) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

## B. Pensions

### (a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

### (b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

## C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

## (30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in

the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(31) Share capital

- A. Ordinary shares are classified as equity.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(32) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the

effective date of new shares issuance.

(33) Revenue recognition

A. Sales of goods

- (a) The Company designs, manufactures and sells a range of video display devices, computers and peripheral products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. The sales usually are made with a credit term of 30 days to 120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (b) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due

to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories was \$414,865.

**B. Investment property measured at fair value**

The Company assesses the fair value of investment property based on the professional judgement of appraiser, and determines the future cash flows of the investment property, discount rate and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of strategy might cause material effect in amount of investment property measured at fair value.

**6. DETAILS OF SIGNIFICANT ACCOUNTS**

**(1) Cash and cash equivalents**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 289	\$ 277
Checking accounts and demand deposits	2,012,758	1,091,472
Time deposits	-	2,275,776
	<u>\$ 2,013,047</u>	<u>\$ 3,367,525</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Demand deposits pledged to others as collateral for bonds payable amounting to \$1,012,170 and \$1,022,720 were classified as ‘other non-current assets’ as of December 31, 2021 and 2020, respectively.

(2) Financial assets (liabilities) at fair value through profit or loss

Assets items	December 31,2021	December 31,2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 900,306	\$ 468,167
Beneficiary certificates	396,976	271,653
Derivatives	2,727	-
Valuation adjustment	248,757	219,551
	<u>\$ 1,548,766</u>	<u>\$ 959,371</u>
	December 31,2021	December 31,2020
Liabilities items		
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Forward foreign exchange contracts	\$ -	\$ 15,781
	<u>\$ -</u>	<u>\$ 15,781</u>

A. Amounts recognized in profit or loss in relation to financial assets(liabilities) at fair value through profit or loss are listed below:

	Year ended December 31, 2021	Year ended December 31, 2020
Financial assets(liabilities) mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 163)	(\$ 28,106)
Beneficiary certificates	34,003	26,884
Derivatives	9,157	( 5,423)
	<u>\$ 42,997</u>	<u>(\$ 6,645)</u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2021	
Derivative financial instruments	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD \$9,000	2021/09/10-2022/09/14

	December 31, 2020	
Derivative financial instruments	Contract amount (notional principal)	Contract period
Current items:		
Foreign exchange swap	USD \$9,000	2020/06/08-2021/06/10
Derivative financial instruments		
Current items:		
Forward foreign exchange contracts	USD \$27,000	2020/06/08-2021/06/30

Forward foreign exchange contracts / Foreign exchange swaps

The Company entered into forward foreign exchange contracts and foreign exchange swaps to sell or buy foreign currency to hedge exchange risk of foreign currency and earn the exchange rate spread. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	\$ 3,251,797	\$ 2,068,605
Accounts receivable - related parties	1,864,640	1,440,203
Less: Allowance for uncollectible accounts	( 5,326)	( 4,576)
	<u>\$ 5,111,111</u>	<u>\$ 3,504,232</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021	December 31, 2020
Not past due	\$ 4,055,234	\$ 3,102,784
Up to 30 days	1,035,354	398,744
31 to 90 days	25,172	6,598
91 to 180 days	-	-
Over 180 days	677	682
	<u>\$ 5,116,437</u>	<u>\$ 3,508,808</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables from contracts with customers amounted to \$5,116,437, \$3,508,808, and \$3,113,491, respectively.

C. The Company has no accounts receivable pledged to others.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$5,111,111 and \$3,504,232, respectively.

E. The Company has taken out credit insurance on accounts receivable from some of the main clients. The Company will get compensation based on the proportion of the agreements.



F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 427,103	(\$ 12,309)	\$ 414,794
Semi-finished goods	71	-	71
	<u>\$ 427,174</u>	<u>(\$ 12,309)</u>	<u>\$ 414,865</u>
December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 679,330	(\$ 17,451)	\$ 661,879
Semi-finished goods	204	( 4)	200
	<u>\$ 679,534</u>	<u>(\$ 17,455)</u>	<u>\$ 662,079</u>

The cost of inventories recognized as expense for the years ended December 31, 2021 and 2020 was \$20,380,541 and \$14,552,181, respectively, including the amount of \$2,000 and \$2,010, respectively, that the Company wrote down inventories from cost to net realizable value accounted for as cost of goods sold.

(5) Investments accounted for using equity method and Prepayments for investments

A. Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Subsidiaries:		
Kapok Computer Co., Ltd.	\$ 58,100	\$ 56,444
Clevo Investment Co., Ltd.	74,781	73,558
Clevo (Cayman Islands) Holding Company	42,703,456	43,082,841
Kapok Computer (Samoa) Corporation	7,469,229	7,527,414
Clevo Computer Singapore Pte. Ltd.	1,942,052	1,719,924
Buynow On-line Holding Corporation	( 9,731)	( 8,667)
Lunaria Investment GK	-	-
Joint venture:		
TAIPEI TWIN CORPORATION	967,296	987,137
	<u>\$ 53,205,183</u>	<u>\$ 53,438,651</u>

The related information on subsidiaries is provided in Note 4(3) of the 2021 consolidated financial statements.

## B. Joint ventures

(a) The basic information of the joint ventures that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December	December		
		31, 2021	31, 2020		
TAIPEI TWIN CORPORATION	New Taipei City	50%	50%	Financial investment	Equity method

(b) The summarised financial information of the joint ventures that are material to the Company is as follows:

### Balance sheet

	TAIPEI TWIN CORPORATION	
	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 1,155,430	\$ 602,554
Other current assets	4,793	1,002,612
Current assets	1,160,223	1,605,166
Other non-current assets	954,743	384,876
Non-current assets	954,743	384,876
Total assets	\$ 2,114,966	\$ 1,990,042
Current liabilities	(\$ 180,375)	(\$ 15,768)
Total liabilities	( 180,375)	( 15,768)
Total net assets	\$ 1,934,591	\$ 1,974,274
Share in joint venture's net assets	\$ 967,296	\$ 987,137
Carrying amount of the joint venture	\$ 967,296	\$ 987,137

### Statement of comprehensive income

	TAIPEI TWIN CORPORATION	
	Year ended December 31, 2021	Year ended December 31, 2020
Other operating expenses	(\$ 42,342)	(\$ 25,817)
Depreciation and amortisation	( 320)	-
Interest income	2,478	1,678
Other gains and losses	503	( 503)
Loss before income tax	( 39,681)	( 24,642)
Income tax expense	-	-
Profit or loss, net of tax	(\$ 39,681)	(\$ 24,642)
Total comprehensive income	(\$ 39,681)	(\$ 24,642)
Dividends received from joint venture	\$ -	\$ -

The Company and EPOQUE CORPORATION participated in the land development project of Taipei City Western District Gateway Project-Taipei Main Station Special Zone C1/D1(Eastern Part) to jointly establish TAIPEI TWIN CORPORATION. The investments amounting to \$10 billion from both the Company and EPOQUE CORPORATION account for 50% of the total investment and the shareholding ratio is 50% for each. TAIPEI TWIN CORPORATION would be jointly controlled by both parties based on the joint venture agreement.

(6) Property, plant and equipment

	Land	Buildings and structures	Machinery	Computers and communication equipment	Transportation equipment	Others	Total
At January 1, 2021							
Cost	\$ 186,563	\$ 200,994	\$ 14,168	\$ 2,822	\$ 2,268	\$ 6,990	\$ 413,805
Accumulated depreciation	-	( 63,347)	( 8,315)	( 1,124)	( 2,268)	( 3,493)	( 78,547)
	<u>\$ 186,563</u>	<u>\$ 137,647</u>	<u>\$ 5,853</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 3,497</u>	<u>\$ 335,258</u>
<u>2021</u>							
Opening net book amount as at January 1	\$ 186,563	\$ 137,647	\$ 5,853	\$ 1,698	\$ -	\$ 3,497	\$ 335,258
Additions	-	339	1,436	2,682	600	245	5,302
Disposals(costs)	( 186,563)	( 201,333)	( 1,204)	( 183)	-	( 4,813)	( 394,096)
Disposals(accumulated depreciation)	-	70,885	1,204	183	-	2,953	75,225
Depreciation charge	-	( 7,538)	( 2,281)	( 793)	( 80)	( 1,105)	( 11,797)
Closing net book amount as at December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,008</u>	<u>\$ 3,587</u>	<u>\$ 520</u>	<u>\$ 777</u>	<u>\$ 9,892</u>
At December 31, 2021							
Cost	\$ -	\$ -	\$ 14,400	\$ 5,321	\$ 2,868	\$ 2,422	\$ 25,011
Accumulated depreciation	-	-	( 9,392)	( 1,734)	( 2,348)	( 1,645)	( 15,119)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,008</u>	<u>\$ 3,587</u>	<u>\$ 520</u>	<u>\$ 777</u>	<u>\$ 9,892</u>
	Land	Buildings and structures	Machinery	Computers and communication equipment	Transportation equipment	Others	Total
At January 1, 2020							
Cost	\$ 186,563	\$ 197,925	\$ 15,469	\$ 1,895	\$ 2,268	\$ 5,613	\$ 409,733
Accumulated depreciation	-	( 57,537)	( 7,412)	( 869)	( 2,268)	( 2,658)	( 70,744)
	<u>\$ 186,563</u>	<u>\$ 140,388</u>	<u>\$ 8,057</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 2,955</u>	<u>\$ 338,989</u>
<u>2020</u>							
Opening net book amount as at January 1	\$ 186,563	\$ 140,388	\$ 8,057	\$ 1,026	\$ -	\$ 2,955	\$ 338,989
Additions	-	5,396	450	1,170	-	1,612	8,628
Disposals(costs)	-	( 2,327)	( 1,751)	( 243)	-	( 235)	( 4,556)
Disposals(accumulated depreciation)	-	2,327	1,751	243	-	235	4,556
Depreciation charge	-	( 8,137)	( 2,654)	( 498)	-	( 1,070)	( 12,359)
Closing net book amount as at December 31	<u>\$ 186,563</u>	<u>\$ 137,647</u>	<u>\$ 5,853</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 3,497</u>	<u>\$ 335,258</u>
At December 31, 2020							
Cost	\$ 186,563	\$ 200,994	\$ 14,168	\$ 2,822	\$ 2,268	\$ 6,990	\$ 413,805
Accumulated depreciation	-	( 63,347)	( 8,315)	( 1,124)	( 2,268)	( 3,493)	( 78,547)
	<u>\$ 186,563</u>	<u>\$ 137,647</u>	<u>\$ 5,853</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 3,497</u>	<u>\$ 335,258</u>

- A. No borrowing costs were capitalized on property, plant and equipment for the years ended December 31, 2021 and 2020.
- B. The significant components of the Company's buildings and structures, including main construction, steel structure and related equipment of underground mezzanine were depreciated over 50 years and 15 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. To activate its assets, the Company entered into a sales and purchase agreement of land and buildings with the non-related party, TransGlobe Life Insurance Inc. (TransGlobe Life), as resolved by the Board of Directors on October 15, 2021, to sell the property, plant and equipment and investment property located on Xingde Rd., Sanchong Dist., New Taipei City in the amount of \$4,100,000. The above transaction was completed in the fourth quarter of 2021. After deducting the carry amount of the assets and related transaction costs from proceeds of the transactions, Gains of disposal amounted to \$1,303,456, shown as other gains and losses. All proceeds from the transaction have been collected in December 2021. From November 29, 2021, the Company leased back certain levels of the sold building for its operational use for a lease term of 4 years.

(7) Leasing arrangements — lessee

- A. The Company leases various assets including office. Rental contracts are made for periods of 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Printers are the low-value assets that the Company leased.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	Year ended December 31, 2021	December 31, 2020	Year ended December 31, 2020
	Carrying amount	Depreciation charge	Carrying amount	Depreciation charge
Office	\$ 35,452	\$ 754	\$ -	\$ -

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$36,206 and \$0, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended	
	December 31, 2021	December 31, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 207	\$ -
Expense on short-term lease contracts	1,667	1,732
Gains arising from transfer of right in sale and lease-back transactions	1,080,862	-

F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$8,997 and \$1,732, respectively.

G. The Company sold property, plant and equipment located at Sanchong Dist., New Taipei City to TransGlobe Life in the amount of \$4,100,000 on October 15, 2021. The Company leased back the aforementioned sold assets for a lease term of 4 years, and the lease agreement does not include extension or purchase clauses. The rental payments for each year are \$47,500, \$47,500, \$48,925 and \$50,393, respectively.

(8) Leasing arrangements – lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, all or certain leased assets may not be lent, subleased, sold or consolidated with other companies, entrusted to others for operation or granted in any different form to the third parties.

B. For the years ended December 31, 2021 and 2020, the Company recognized rent income in the amounts of \$63,485 and \$70,529, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021	December 31, 2020
2020	\$ -	\$ 70,529
2021	63,485	44,602
2022	-	36,780
2023	-	19,664
	<u>\$ 63,485</u>	<u>\$ 171,575</u>

(9) Investment property

	2021	2020
At January 1	\$ 1,921,453	\$ 1,579,381
Net gains from fair value adjustment	301,698	342,072
Disposals of investment property	( 2,223,151)	-
At December 31	<u>\$ -</u>	<u>\$ 1,921,453</u>

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31, 2021	Year ended December 31, 2020
Rental income from investment property	\$ 63,485	\$ 70,529
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 11,584	\$ 7,721

- B. Measurement of investment property at fair value.

The fair value of the investment property held by the Company as at December 31, 2020 was \$1,921,453, which was valued by independent appraisers. Valuations were made using the income approach which is categorised within Level 3 in the fair Value hierarchy. Key assumptions are as follows:

- Investment property is Taiwan-computer segment, and the lease terms of investment property for different segments are approximately 1 to 5 years. The comparison information between local rent and similar objective property rent is provided in the 'Summary of fair value disclosure on investment property' (referred herein as "the following table").
- Movements of average occupancy rates in the prior year and earnings in prior years are provided in the following table.
- The Company adopts the discounted cash flow analysis under income approach. The estimation process of the appraisal method is subject to the determination of the annual rent growth rate range using the comparison information between local rent and similar objective property rent, and takes into consideration vacancy loss to estimate net rent income over the next ten years as future cash inflow and discounted to the date of appraisal with the discount rate described in (d). In addition, considering the ending balance of disposal value of the objective property is calculated based on the operating revenue over the next year starting from the disposal date to estimate remaining lives of the use right at the disposal date, which will be capitalised based on the estimated discount rate and annul rent growth rate as well as discounted to the appraisal date. The market value is calculated based on the ending disposal value plus the present value of rent for each period.  
Future cash outflow consists of expenses directly and necessarily related to leasing such as related fees, utilities and promotion costs; and operating expenses necessarily related to operations (i.e. repair expenses), taxes, insurance fees, and capital expenditures. The rates of changes used in the estimation of future movements are in accordance with the rent growth rate used in the imputed rent income.
- The information on the range of discount rates is provided in the following table. The discount rates are determined to take into consideration the interest rate of Chunghwa post's board interest rate for two-year time deposit plus 3 point (current is 1.595%), as well as the

Company's liquidity, risk, value-added and degree of difficulty of management.

- (e) The appraisal reports adopted by the Company are certified by the real estate appraiser, Charlie Yang from Cushman & Wakefield Limited (referred herein as "Cushman & Wakefield"). The appraisal dates are January 1, 2021.

Summary of fair value disclosure on investment property:

Year ended of December 31, 2021: None.

	Year ended December 31, 2020
Comparison information between local rent and similar objective property rent (dollar / square or square meter / month)	\$642~\$898
Movements of earnings in the prior year	\$70,608
Average occupancy rates	100%
	December 31, 2020
Discount rate	3.10%

C. The fair value information about the investment property is provided in Note 12(3).

D. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(10) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 3,736,477	0.75%~1.00%	Promissory note
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 5,362,000	0.80%~1.00%	Promissory note

(11) Bonds payable

	December 31, 2021	December 31, 2020
Secured bonds payable	\$ 5,000,000	\$ 5,000,000

A. On August 22, 2019, Clevo Co. issued \$5,000,000 secured bonds, as approved by the regulatory authority. As of December 31, 2021, the outstanding bonds payable was \$5,000,000.

B. The terms of the secured bonds are as follows:

Type of Bonds	Issuance date	Period	Amount	Coupon rate	Payment term	Security
Secured bonds payable	2019/8/26	5years	\$ 5,000,000	Not exceeding fixed rate of 0.8%	Principal is due at maturity. Interest is paid annually at simple interest rate.	Authorise Taiwan Cooperative Bank to execute corporate bond guarantee according to the guarantee agreement.

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Unsecured borrowings	Borrowing period is from March 19, 2021 to December 17, 2026; interest is payable monthly, principal is payable at maturity date.	0.5157%~1.05%	Promissory note	\$ 6,750,000
Unsecured borrowings	Borrowing period is from August 28, 2018 to December 28, 2023; interest is payable monthly, principal is payable in installments.	1.00%~1.797%	Promissory note	4,800,000
				<u>11,550,000</u>
Less: Current portion of long-term loans				( <u>1,800,000</u> )
				<u>\$ 9,750,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Unsecured borrowings	Borrowing period is from December 20, 2019 to November 9, 2023; interest is payable monthly, principal is payable at maturity date.	0.5156%~1.13%	Promissory note	\$ 6,520,000
Unsecured borrowings	Borrowing period is from December 28, 2018 to December 28, 2023; interest is payable monthly, principal is payable in installments.	1.0298%~1.797%	Promissory note	6,028,571
Secured borrowings	Borrowing period is from March 20, 2018 to March 20, 2023; interest is payable monthly, principal is payable at maturity date.	1.045%	Property, plant and equipment and investment property	1,250,000
				<u>13,798,571</u>
Less: Current portion of long-term loans				( <u>2,855,714</u> )
				<u>\$ 10,942,857</u>

The Company's liquidity risks are described in Note 12(2)C.(C).

(13) Pensions

A. Defined benefit pension plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional



year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 322,555	\$ 323,696
Fair value of plan assets	( 322,555)	( 314,798)
Net defined benefit liability	<u>\$ -</u>	<u>\$ 8,898</u>

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 323,696	(\$ 314,798)	\$ 8,898
Current service cost	267	-	267
Interest expense (income)	1,327	( 1,291)	36
	<u>325,290</u>	<u>( 316,089)</u>	<u>9,201</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in demographic assumptions	6,466	-	6,466
Change in financial assumptions	7,159	-	7,159
Experience adjustments	( 8,703)	( 4,922)	( 13,625)
	<u>4,922</u>	<u>( 4,922)</u>	<u>-</u>
Pension fund contribution	-	( 9,201)	( 9,201)
Paid pension	( 7,657)	7,657	-
Balance at December 31	<u>\$ 322,555</u>	<u>(\$ 322,555)</u>	<u>\$ -</u>

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 387,480	(\$ 315,395)	\$ 72,085
Current service cost	521	-	521
Interest expense (income)	2,945	( 2,397)	548
	<u>390,946</u>	<u>( 317,792)</u>	<u>73,154</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in demographic assumptions	( 1,697)	-	( 1,697)
Change in financial assumptions	( 27,621)	-	( 27,621)
Experience adjustments	( 14,312)	( 10,944)	( 25,256)
	<u>( 43,630)</u>	<u>( 10,944)</u>	<u>( 54,574)</u>
Pension fund contribution	-	( 9,682)	( 9,682)
Paid pension	( 23,620)	23,620	-
Balance at December 31	<u>\$ 323,696</u>	<u>(\$ 314,798)</u>	<u>\$ 8,898</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	0.71%	0.41%
Future salary increases	2.00%	1.50%

Future mortality rate was estimated based on 90% of the 6th Taiwan Standard Ordinary Experience Mortality Table in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 18,696)	\$ 20,141	\$ 19,776	(\$ 18,556)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 19,583)	\$ 21,370	\$ 21,024	(\$ 19,483)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period..

- (g) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$9,485.
- (h) As of December 31, 2021, the weighted average duration of the retirement plan is 12 years.

The analysis of timing of the future pension payment was as follows:

Within 2 years	\$	259,779
2-5 years		22,072
Over 5 years		14,043
	\$	<u>295,894</u>

#### B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$35,360 and \$35,849, respectively.

(14) Provisions

	Warranty	
	2021	2020
At January 1	\$ 53,523	\$ 50,523
Additional provisions	95,207	77,481
Used during the year	( 90,207)	( 74,481)
At December 31	<u>\$ 58,523</u>	<u>\$ 53,523</u>

Analysis of total provisions:

	December 31, 2021	December 31, 2020
Current	<u>\$ 58,523</u>	<u>\$ 53,523</u>

The Company provides warranties on computer products sold. Provision for warranty is estimated based on historical warranty data of computer products.

(15) Share capital

A. As of December 31, 2021, the Company's authorised capital was \$9,000,000, consisting of 900 million shares of ordinary stock, and the paid-in capital was \$6,497,630, consisting of 649,763 thousand shares with a par value of \$10 (in dollars) per share. The foregoing includes 20 million shares reserved for employee stock options with a par value of \$10 (in dollars) per share, which the Board of Directors are authorised to issue depending on actual demand.

Movements in the number of the Company's ordinary shares outstanding (shares in thousands) are as follows:

	2021	2020
At January 1	595,216	605,216
Shares retired	( 10,000)	( 10,000)
At December 31	<u>585,216</u>	<u>595,216</u>

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2021	
		Number of shares	Carrying amount
The Company	To be reissued to employees	37,500 thousand	\$ 1,171,347
Subsidiary-Kapok Computer	Long-term investment	16,966 thousand	95,306
Subsidiary-Clevo Investment	Long-term investment	10,081 thousand	108,182

Name of company holding the shares	Reason for reacquisition	December 31, 2020	
		Number of shares	Carrying amount
The Company	To be reissued to employees	47,500 thousand	\$ 1,450,204
Subsidiary-Kapok Computer	Long-term investment	16,966 thousand	95,306
Subsidiary-Clevo Investment	Long-term investment	10,081 thousand	108,182

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. According to the law or the authority, the special surplus reserve shall be set or reversed. If there is still surplus, the Board of Directors shall draft the allocation resolved by the shareholders' meeting. The Board of Director is authorized to distribute all or part of dividends, bonuses, legal reserve and capital surplus in the form of cash by approval of more than half of directors present at a meeting attended by more than two thirds of the directors, and such distribution shall also be reported at the shareholders' meeting.
- B. The Company belongs to high tech and electronics industry. As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is

adopted taking into consideration the Company's financial structure, operating results and future expansion plans, based on vision of industrial development, capital expenditure demand, sound financial plan and protecting the rights and interests of investors. According to the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. Special reserve

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- (c) According to Jin-Guan-Zheng-Fa-Zi Letter No.1030006415, dated March 18, 2014, investment properties are initially and subsequently measured using fair value model. Changes of value due to appreciation as of December 31, 2013 are reflected in the increase of Appropriated Retained Earnings. The Company will recognise the reversal of earnings upon subsequent disposal or decrease of the investment properties.
- E. The appropriations of 2020 and 2019 earnings had been resolved at the stockholders' meeting on August 26, 2021 and June 19, 2020, respectively. Details are summarised below:

	2020		2019	
	Dividends per share		Dividends per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 77,323		\$ 106,864	
Special reserve	507,614		993,875	
Cash dividends	373,358	\$ 0.60	-	\$ -
	<u>\$ 958,295</u>		<u>\$ 1,100,739</u>	

The Company appropriated cash from capital surplus as resolved at the stockholders' meeting on June 19, 2020. The dividends per share is NTD 0.4, and the total amount is \$248,906. The appropriations of 2020 and 2019 earnings above are the same with those approved by the Board of Directors on March 26, 2021 and March 31, 2020, respectively.

F. The resolution of the appropriations of 2021 net income was approved by the Board of Directors during its meeting on March 28, 2022 as follows:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 302,123	
Reverse of special reserve	(493,824)	
Cash dividends	1,285,752	\$ 2.10
	<u>\$ 1,094,051</u>	

(18) Other equity items

	2021		
	Currency translation	Revaluation	Total
At January 1	(\$ 4,948,933)	\$ 20,922	(\$ 4,928,011)
Currency translation differences:			
–The Company and subsidiaries	320,146	-	320,146
Disposals transferred to retained earnings	-	( 20,922)	( 20,922)
At December 31	<u>(\$ 4,628,787)</u>	<u>\$ -</u>	<u>(\$ 4,628,787)</u>

	2020		
	Currency translation	Remeasurement	Total
At January 1	(\$ 4,856,943)	\$ 20,922	(\$ 4,836,021)
Currency translation differences:			
–The Company and subsidiaries	( 91,990)	-	( 91,990)
At December 31	<u>(\$ 4,948,933)</u>	<u>\$ 20,922</u>	<u>(\$ 4,928,011)</u>

(19) Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue from contracts with customers	<u>\$ 22,839,008</u>	<u>\$ 16,209,091</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods over time and at a point in time in the following major product lines and geographical regions:

	China computer products	Asia-Pacific computer products	Other computer products	Total
2021				
Total segment revenue	\$ 12,959,520	\$ 8,824,808	\$ 7,442,307	\$ 29,226,635
Inter-segment revenue	( 6,387,627)	-	-	( 6,387,627)
Revenue from external customer contracts	<u>\$ 6,571,893</u>	<u>\$ 8,824,808</u>	<u>\$ 7,442,307</u>	<u>\$ 22,839,008</u>
Timing of revenue recognition				
At a point in time	<u>\$ 6,571,893</u>	<u>\$ 8,824,808</u>	<u>\$ 7,442,307</u>	<u>\$ 22,839,008</u>
	China computer products	Asia-Pacific computer products	Other computer products	Total
2020				
Total segment revenue	\$ 8,642,567	\$ 6,334,415	\$ 5,561,824	\$ 20,538,806
Inter-segment revenue	( 4,329,715)	-	-	( 4,329,715)
Revenue from external customer contracts	<u>\$ 4,312,852</u>	<u>\$ 6,334,415</u>	<u>\$ 5,561,824</u>	<u>\$ 16,209,091</u>
Timing of revenue recognition				
At a point in time	<u>\$ 4,312,852</u>	<u>\$ 6,334,415</u>	<u>\$ 5,561,824</u>	<u>\$ 16,209,091</u>

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:			
Contract liabilities – Advance sales receipts	<u>\$ 45,980</u>	<u>\$ 55,386</u>	<u>\$ 34,360</u>

C. Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance real estate receipts	<u>\$ 55,386</u>	<u>\$ 34,360</u>



(20) Interest income

	Year ended December 31, 2021	Year ended December 31, 2020
Interest income from bank deposits	\$ 1,110	\$ 45,474
Other interest income	5	9,984
	<u>\$ 1,115</u>	<u>\$ 55,458</u>

(21) Other income

	Year ended December 31, 2021	Year ended December 31, 2020
Rent income	\$ 63,485	\$ 70,529
Dividend income	33,711	30,194
Other income	31,735	34,906
	<u>\$ 128,931</u>	<u>\$ 135,629</u>

(22) Other gains and losses

	Year ended December 31, 2021	Year ended December 31, 2020
Gains on financial assets and liabilities at fair value through profit or loss	\$ 47,714	\$ 88,443
Foreign exchange losses	( 70,923)	( 558,262)
Gains on fair value adjustment, investment property	301,698	342,072
Losses on disposals of investments	( 4,717)	( 95,088)
Gains on disposals of investment property	222,594	-
Gains arising from sale and leaseback transactions	1,080,862	-
Fee expense arising from financial liabilities not at fair value through profit or loss	( 4,257)	( 4,702)
Other losses	( 11,584)	( 7,721)
	<u>\$ 1,561,387</u>	<u>(\$ 235,258)</u>

(23) Finance costs

	Year ended December 31, 2021	Year ended December 31, 2020
Interest expense:		
Bank borrowings	\$ 189,892	\$ 257,874
Other interest expense	89,372	124,314
Financial costs	<u>\$ 279,264</u>	<u>\$ 382,188</u>

(24) Expenses by nature

	Year ended December 31, 2021	Year ended December 31, 2020
Employee benefit expense	1,003,201	827,407
Depreciation charges on property, plant and equipment	11,797	12,359
Depreciation charges on right-of-use assets	754	-
Amortisation charges on intangible assets	7,046	7,603
	<u>\$ 1,022,798</u>	<u>\$ 847,369</u>

(25) Employee benefit expense

	Year ended December 31, 2021	Year ended December 31, 2020
Wages and salaries	\$ 877,383	\$ 703,882
Labour and health insurance fees	57,069	53,751
Pension costs	35,663	36,918
Other personnel expenses	33,086	32,856
	<u>\$ 1,003,201</u>	<u>\$ 827,407</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees 'compensation and directors' and supervisors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$181,800 and \$93,500, respectively; while directors' and supervisors' remuneration was accrued at \$22,200 and \$7,700, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5%~15% and not higher than 1% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' and supervisors' remuneration as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax:		
Current tax on profits for the year	\$ 235,726	\$ -
Tax on undistributed surplus earnings	6,895	-
Prior year income tax underestimation	-	2,353
Total current tax	<u>242,621</u>	<u>2,353</u>
Deferred tax:		
Origination and reversal of temporary differences	36,469	4,671
Total deferred tax	<u>36,469</u>	<u>4,671</u>
Income tax expense	<u>\$ 279,090</u>	<u>\$ 7,024</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Currency translation differences	(\$ 843)	\$ 149
Remeasurement of defined benefit obligations	-	(10,915)
	<u>(\$ 843)</u>	<u>(\$ 10,766)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2021	Year ended December 31, 2020
Tax calculated based on profit before tax and statutory tax rate	\$ 415,088	\$ 134,794
Tax exempt income by tax regulation	(142,893)	(130,123)
Prior year income tax underestimation	-	2,353
Tax on undistributed surplus earnings	6,895	-
Income tax expense	<u>\$ 279,090</u>	<u>\$ 7,024</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2021			
		Recognised	Recognised	December
	January 1	in profit or	in other	31
		loss	comprehensive	
			income	
Deferred tax assets:				
Temporary differences:				
Unrealised exchange loss	\$ 1,181	(\$ 1,181)	\$ -	\$ -
Allowance for spare valuation losses	1,582	2,191	-	3,773
Allowance for inventory valuation losses	3,490	( 1,028)	-	2,462
Allowance for bad debts	8,916	( 5,307)	-	3,609
Unused compensated absences	5,065	-	-	5,065
Accrued pension liability	1,781	( 1,781)	-	-
Currency translation differences	21,241	-	( 843)	20,398
Tax losses	134,000	( 134,000)	-	-
	177,256	( 141,106)	( 843)	35,307
</				

2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unrealised exchange loss	\$ 58,125	(\$ 56,944)	\$ -	\$ 1,181
Allowance for spare valuation losses	1,527	55	-	1,582
Allowance for inventory valuation losses	3,369	121	-	3,490
Allowance for bad debts	11,677	( 2,761)	-	8,916
Unused compensated absences	5,065	-	-	5,065
Accrued pension liability	14,418	( 1,722)	( 10,915)	1,781
Currency translation differences	-	-	21,241	21,241
Tax losses	38,000	96,000	-	134,000
	<u>132,181</u>	<u>34,749</u>	<u>10,326</u>	<u>177,256</u>

2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange loss	\$ -	\$ -	\$ -	\$ -
Foreign investment income using equity method	( 509,746)	( 9,715)	-	( 519,461)
Unrealised sales gain	( 542)	( 6)	-	( 548)
Rent by straight-line method	( 459)	-	-	( 459)
Currency translation differences	21,092	-	( 21,092)	-
Increase in revaluation	( 4,285)	-	-	( 4,285)
Fair value adjustment, investment property	( 122,991)	( 29,699)	-	( 152,690)
	<u>( 616,931)</u>	<u>( 39,420)</u>	<u>( 21,092)</u>	<u>( 677,443)</u>
	<u>(\$ 484,750)</u>	<u>(\$ 4,671)</u>	<u>(\$ 10,766)</u>	<u>(\$ 500,187)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2016	\$ 144,741	\$ 35,244	\$ -	2026	
2017	670,134	670,134	35,378	2027	
2020	394,410	394,410	394,410	2030	

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary difference unrecognised as deferred tax liabilities were \$9,266,092 and \$10,007,234, respectively.

F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,796,350	593,451	\$ 3.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,796,350	593,451	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	6,236	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,796,350	\$ 599,687	\$ 3.00

Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 666,944</u>	<u>597,825</u>	<u>\$ 1.12</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	666,944	597,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>4,167</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 666,944</u>	<u>\$ 601,992</u>	<u>\$ 1.11</u>

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Corporate bonds payable	Lease liabilities	Liabilities from financing activities- gross
At January 1, 2021	\$5,362,000	\$13,798,571	\$5,000,000	\$ -	\$ 24,160,571
Changes in cash flow from financing activities	( 1,625,523)	( 2,248,571)	-	( 7,123)	( 3,881,217)
Changes in other non-cash items	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,020</u>	<u>180,020</u>
At December 31, 2020	<u>\$3,736,477</u>	<u>\$11,550,000</u>	<u>\$5,000,000</u>	<u>\$ 172,897</u>	<u>\$ 20,459,374</u>

	Short-term borrowings	Long-term borrowings	Corporate bonds payable	Lease liabilities	Liabilities from financing activities- gross
At January 1, 2020	\$7,697,000	\$13,990,000	\$5,200,000	\$ -	\$ 26,887,000
Changes in cash flow from financing activities	( 2,335,000)	( 191,429)	( 200,000)	-	( 2,726,429)
Changes in other non-cash items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At December 31, 2020	<u>\$5,362,000</u>	<u>\$13,798,571</u>	<u>\$5,000,000</u>	<u>\$ -</u>	<u>\$ 24,160,571</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Kent Hsu	Chairman
Kapok Computer (Kunshan) Co., Ltd.	The Company is the ultimate parent
Clevo (Cayman Islands) Holding Company	The Company's subsidiary
Kapok Computer (Samoa) Corporation	The Company's subsidiary
Taipei Twin Corporation	Entity with joint control over this entity

### (2) Significant related party transactions

#### A. Operating revenue:

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Sales of products:		
Kapok Computer (Kunshan) Co., Ltd.	\$ <u>7,685,603</u>	\$ <u>4,329,715</u>

(a) The products sold to subsidiaries are not sold to other customers. The sales price cannot be compared with others. The payment terms are 180 days, and the general customers are within 1~2 months.

(b) The Company sells materials (LCD) and semi-finished goods to subsidiaries to manufacture laptops, and the Company buys back those laptops, which will be sold to customers under a triangle trade. Materials and semi-finished goods sold to subsidiaries amounted to \$7,685,603 and \$4,329,715 for the years ended December 31, 2021 and 2020, respectively. The purchases and sales are offset and shown at net in the financial statements.

#### B. Purchases:

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Purchases of goods:		
Kapok Computer (Kunshan) Co., Ltd.	\$ <u>16,112,238</u>	\$ <u>11,118,333</u>

As the goods purchased from the subsidiary are unique, the purchase prices cannot be compared with other items. The payment term is 30 days Against Monthly Statement and the debit and credit is offset. The Company may prepay if there is demand for funds to prepare materials. The payment terms of general customers are within 1~5 months.



C. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Kapok Computer (Kunshan) Co., Ltd.	<u>\$ 1,864,640</u>	<u>\$ 1,440,203</u>

Receivables from related parties arise mainly from selling products and the receivables do not bear interest and no collaterals were pledged. There are no provisions held against receivables from related parties.

D. Endorsements and guarantees provided to related parties:

(a) The joint guarantor and co-issuer of the guarantee notes of bank borrowings is Kent Hsu in 2021 and 2020.

(b) The Company jointly participated in the Taipei Main Station District Parcel C1/D1 (the Eastern Part) Land Development Project of Taipei City Government and jointly established Tatpei Twin Towers Limited with Epoque Corporation, please refer to Note 6(5) for further information.

(3) Key management compensation

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Salaries and other short-term employee benefits	\$ 73,531	\$ 40,853
Post-employment benefits	1,244	1,233
	<u>\$ 74,775</u>	<u>\$ 42,086</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Restricted assets (non-current)	\$ 1,012,170	\$ 1,022,720	Bonds payable
Property, plant and equipment	-	324,210	Long-term borrowings
Investment property	-	1,921,453	Long-term borrowings
	<u>\$ 1,012,170</u>	<u>\$ 3,268,383</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2021 and 2020, the Company has issued guarantee notes amounting to \$22,710,525 and \$25,673,888, respectively, for bank repayment and forward exchange trading.

#### 10. SIGNIFICANT DISASTER LOSS

None

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) On February 25, 2022, the board of directors decided to lease the office of Honghui Si Yuan Plaza to Hon Hui Si Yuan Co., Ltd., a related party. Leasing period ranged from April 15, 2022 to April 14, 2025, a total of three years. Relevant information could be inquired at the Market Observation Post System.
- (2) The Board of Directors has resolved the appropriation of 2021 earnings on March 28, 2022. Details are provided in Note 6(17) F.

#### 12. Others

##### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the year ended December 31, 2021, the Company's strategy, which was unchanged from 2020, was to maintain the gearing ratio under 50%. The gearing ratios at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total borrowings	\$ 20,286,477	\$ 24,160,571
Less: Cash and cash equivalents	( 2,013,047)	( 3,367,525)
Net debt	18,273,430	20,793,046
Total equity	41,310,424	39,879,138
Total capital	\$ 59,583,854	\$ 60,672,184
Gearing ratio	31%	34%

## (2) Financial instruments

### A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,548,766	\$ 959,371
Financial assets at amortised cost	\$ 8,181,354	\$ 7,938,453
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	\$ -	\$ 15,781
Financial liabilities at amortised cost	\$ 21,128,851	\$ 24,880,939
Lease liability	\$ 172,897	\$ -

Note: Financial assets measured at amortised cost include cash and cash equivalents, accounts and notes receivable (including related parties), other receivables (including related parties), refundable deposits and financial assets measured at amortised cost – current. Financial liabilities measured at amortised cost include short-term borrowings, accounts and notes payable (including related parties), other payables, corporate bonds payable, long-term borrowings (including those maturing within one year or one business cycle) and guarantee deposits received.

### B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows.

### C. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Foreign exchange risk

i. The Company's operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign

exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

- iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and JPY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 239,466	27.68	\$ 6,628,419
RMB:NTD	3,653	4.34	15,854
HKD:NTD	3	3.55	11
JPY:NTD	14	0.24	3
<u>Investments accounted for under the equity method</u>			
USD:NTD	1,881,712	27.68	52,105,007
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10,934	27.68	302,653

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 238,765	28.10	\$ 6,709,297
RMB:NTD	28,169	4.31	121,408
HKD:NTD	3	3.62	11
JPY:NTD	2,300	0.27	621
<u>Investments accounted for under the equity method</u>			
USD:NTD	1,861,976	28.10	52,321,512
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	13,680	28.10	384,408

- v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to (\$70,923) and (\$558,262), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 53,027	\$ -
RMB:NTD	1%	127	-
HKD:NTD	1%	-	-
JPY:NTD	1%	-	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	2,421	-

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 53,674	\$ -
RMB:NTD	1%	971	-
HKD:NTD	1%	-	-
JPY:NTD	1%	5	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	3,075	-

#### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$12,390 and \$9,594, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

#### Cash flow and fair value Interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2021 and 2020, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$122,292 and \$153,285, respectively. The main factor is that

changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management of credit manage. The utilisation of credit limits is regularly monitored.
- iv. For banks and financial institutions, only independently rated parties with a best rating are accepted.
- v. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- vi. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are reclassified to overdue receivables as the Company expects them to be uncollectible.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

- ix. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	1~90 days past due	91~180 days past due
<u>At December 31, 2021</u>			
Expected loss rate	0.03%	0.06%	7.59%
Total book value	\$ 4,055,234	\$ 1,060,526	\$ -
Loss allowance	( 702)	( 3,947)	-
	181~270 days past due	Over 270 days past due	Total
Expected loss rate	100.00%	100.00%	
Total book value	\$ -	\$ 677	\$ 5,116,437
Loss allowance	-	( 677)	( 5,326)
	Not past due	1~90 days past due	91~180 days past due
<u>At December 31, 2020</u>			
Expected loss rate	0.04%	0.08%	10.28%
Total book value	\$ 3,102,784	\$ 405,342	\$ -
Loss allowance	( 665)	( 3,229)	-
	181~270 days past due	Over 270 days past due	Total
Expected loss rate	100.00%	100.00%	
Total book value	\$ -	\$ 682	\$ 3,508,808
Loss allowance	-	( 682)	( 4,576)

- x. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2021 Accounts receivable
At January 1	\$ 4,576
Provision	750
Write-offs	-
At December 31	<u>\$ 5,326</u>



	2020
	Accounts receivable
At January 1	\$ 14,287
Provision for impairment	1,500
Write-offs	( 11,211)
At December 31	\$ 4,576

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Bonds payable	\$ 40,000	\$ 40,000	\$ 5,025,973	\$ -
Long-term borrowings (including current portion)	1,820,814	5,809,961	4,041,712	-
Lease liabilities	45,238	45,464	86,822	-
December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Derivative financial liabilities</u>				
Forward exchange contracts	\$ -	\$ -	\$ -	\$ -
December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Bonds payable	\$ 40,000	\$ 40,000	\$ 5,065,973	\$ -
Long-term borrowings (including current portion)	2,885,773	2,420,318	8,648,122	-
Guarantee deposits	-	9,492	-	-
December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Derivative financial liabilities</u>				
Forward exchange contracts	\$ 15,781	\$ -	\$ -	\$ -

Except for the above, the Company's non-derivative financial liabilities all are matured within 1 year.

iii. The Company does not expect the maturity date will be early, or the actual amount will be different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in off-the-run beneficiary certificates, bank debentures, convertible bonds and derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in investment property is included in Level 3.

B. Financial instruments not measured at fair value

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,088,176	\$ -	\$ -	\$ 1,088,176
Forward exchange contracts	-	2,727	-	2,727
Beneficiary certificates	-	457,863	-	457,863
	<u>\$ 1,088,176</u>	<u>\$ 460,590</u>	<u>\$ -</u>	<u>\$ 1,548,766</u>

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 651,483	\$ -	\$ -	\$ 651,483
Debt securities	-	9,351	-	9,351
Beneficiary certificates	-	298,537	-	298,537
Investment property (Note 1)	-	-	1,921,453	1,921,453
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	-	( 15,781)	-	( 15,781)
	<u>\$ 651,483</u>	<u>\$ 292,107</u>	<u>\$ 1,921,453</u>	<u>\$ 2,865,043</u>

Note 1: Investment property measured at fair value

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value
<p>ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).</p>		
<p>iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.</p>		
<p>iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward</p>		

exchange rate.

- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
  - vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- E. The movement of Level 3 for the years ended December 31, 2021 and 2020 are provided in Note 6(9).
- F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.
- G. Financial and Administrative segment is in charge of valuation procedures for fair value measurements being categorised within Level 3 (investment property), which is based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer. The Company set up valuation policies, valuation processes and rules for measuring fair value of investment property and ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Investment property	\$ 1,921,453	Income approach of discounted cash flow method	Long-term rent revenue growth rate and discount rate	(Note 1)	The higher the long-term rent revenue growth rate, the higher the fair value; The higher the discount rate, the lower the fair value

Note 1: The range of long-term rent revenue growth rate is 1%; the range of discount rate is provided in Note 6(9).

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to P261-P272.
- B. Provision of endorsements and guarantees to others: Please refer to P273-P276.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to P277-P279.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to P280.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to P281.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to P282.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to P283.
- I. Trading in derivative instruments undertaken during the reporting period: As of December 31, 2021, the Company's open interest derivative instruments amounted to \$2,757. The Company recognised net gain amounting to \$5,221 on derivative instruments in 2021.
- J. Significant inter-company transactions during the reporting periods: Please refer to P284-P289.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland

China) : Please refer to P290-P294.

(3) Information on investments in Mainland China

A. Basic information: Please refer to P295-P303.

B. Ceiling on investments in Mainland China: Please refer to P295-P303.

C. Significant transactions, price, payment term and unrealised gain or loss, either directly or indirectly through a third area, with investee companies in the Mainland Area: Significant sales (purchases), property transactions, accounts receivable (payable), provision of endorsements and guarantees from notes or provides collaterals and accommodation of funds, either directly or indirectly through a third area, with investee companies in the Mainland Area: Provided in Note13(1) A, B, E, G, H, J.

(4) Major shareholders information

Major shareholders information: Please refer to P304.

14. Segment Information

None.