Stock Code: 2362

Clevo Co.

2023 Annual General Shareholders' Meeting

Meeting Agenda

Date: May 31,2023

Table of Contents

CLEVO CO.

Agenda of 2023 General Shareholders' Meeting

Date: 9am, May 15 (Wednesday), 2023
Format: physical shareholders meeting
Venue: No. 555, Siyuan Rd., Xinzhuang District, New Taipei City
Agenda:

I. Declare the commencement of the meeting

II. Chairperson Takes Chair

III. Perform the acts of ceremony

IV. Chairperson Remarks

V. Management Presentation
  (1) Business report for 2022
  (2) The Audit Committee's Review Report on 2022 Financial Statements
  (3) Report on Distribution of Remunerations to Employees and Directors for 2022
  (4) Report on Earnings Distribution via Cash Dividends for 2022
  (5) Other Management Presentation.

VI. Acknowledgement Items
  (1) Acknowledgement of 2022 Business Report and Financial Statements
  (2) Acknowledgement of Earnings Distribution for 2022

VII. Extemporary motion

VIII.Adjournment of Meeting

Management Presentation

Motion 1
Subject: Please kindly review Business report for 2022.
Description: Please refer to pages 5-8 of this handbook for the Company's 2022 Business Report.

Motion 2
Subject: Please kindly review Audit Committee's Audit Report on 2022 Financial Statements.
Description: Please refer to pages 9 of this handbook for Audit Committee's Audit Report.

Motion 3
Subject: Please kindly review distribution of remunerations to employees and directors for 2022.
Description:

(I) The remuneration to employees totaled NTD 108,000,000 and the remuneration to directors totaled NTD 10,600,000 for 2022.

(II) There is no difference between the amount allocated and the expense recognized for 2022.

(III) The Company's 2022 remunerations to employees and to directors were resolved by the Board of Directors on March 15, 2023. The aforesaid remunerations were paid in cash.

Motion 4

Subject: Please kindly review earnings distribution via cash dividends for 2022.

Description:

(I) The Board of Directors resolved on March 15, 2023 to distribute cash dividends of NTD 918,394,500, or NTD 1.5 per share. The distribution of cash dividends is rounded down (to the unit of one NT dollar). The total of fraction amounts shall be included as the Company's other income.

(II) The Chairman is authorized to set up the ex-dividend date, dividend issue date, and other relevant matters.

(III) In case the Company's number of shares outstanding is affected by law changes, regulatory requirements or the Company's repurchase, the distribution shall be adjusted pro rata according to the Company's number of shares outstanding on the ex-dividend date.

Motion 5
Subject: Other reporting items
Description: (none)

Acknowledgement items

The first plan (proposed by the Board of Directors)

Subject: Please kindly ratify the Company's 2022 Business Report and financial statements.

Description: (I) The Company's 2022 Business Report, consolidated financial statements and unconsolidated financial statements were resolved by the Board of Directors on March 15, 2023 and submitted for ratification according to laws.

(II) The aforesaid financial statements were audited by CPA Wu,Han-Chi and CPA Lin,Po-Chuan with PwC Taiwan. The contents were consistent with those resolved by the Board of Directors. Please refer to pages 5-8 for the Company's Business Report and pages 10-34 for financial statements.

(III) Please kindly rectify it.

Resolution:

Motion 2 (proposed by the Board of Directors)

Subject: Please kindly ratify the Company's earnings distribution for 2022.

Description: (I) The Company's table of 2022 earnings distribution is as follows:

CLEVO CO.

Table of 2022 Earnings Distribution

Unit: NT$

Summary	Amount
Unappropriated earnings at the beginning of the period	2,055,900,245
Add: reclassification of special reserves recognized (not for the first time) for the sale of investment property	3,751,950
Less: cancelation of treasury shares	(296,091,208)
Unappropriated earnings at the beginning of the period after adjustments	1,763,560,987
Pension adjustment	26,310,563
Subtotal	1,789,871,550
Add: net income during the period	824,525,983
Less: recognition of legal reserves (10%)	(71,804,341)
Add: reclassification of special earnings recognized for reversal of impairments – not first time	14,214,565
Add: reclassification of special earnings recognized reversal of impairments – first time	163,298,068
add: recognition for equity items from special reserves	797,282,468
Subtotal for the period	1,727,516,743
Distributable earnings at the end of the year	3,517,388,293
Dividends (cash NT$1.5 per share)	918,394,500
Unappropriated earnings at the end of the period	2,598,993,793

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

(II) Please kindly rectify it.

Resolution:

Extemporary motion

Adjournment of Meeting

Business Report

I. 2022 Business Report

(I) Results of the operation plan implementation for 2022

A review of 2022 shows that the third year of COVID-19 was also a year of unrest. The economic recovery was feeble under the influence of various complex factors such as the war between Russia and Ukraine at the beginning of the year, increased global geopolitical risks, accelerated international inflation due to energy supply and demand imbalance, the U.S. FED's rapid interest rate hikes, increased trade restrictions between the U.S. and China, China's repeated zero COVID lockdown policies, and the global supply chain crises. The global notebook industry was affected by the decline in overall environmental demand, and shipments decreased by 23.4% for several years. The China Distribution Business Group was affected by China's zero COVID policy and travel restrictions, which significantly suppressed its income. Despite the overall market environment pressures, the group's consolidated operating income reached NT$22.2 billion and operating profit was flat at over 9%. Earnings for the year were 1.41 per share, which remained stable despite the COVID-19 challenges, the interest rate hikes, and China's lockdown policies.

Notebook Business Group

The global shipment of notebooks totaled 200 million units in 2022, down 23.4% year-over-year. Our shipments totaled 1.61 million units, and our revenues from the notebook business were NT$18.8 billion, down 17.7% year-over-year but still the second-highest performance in 11 years. By optimizing the product portfolio over the years to enhance customer market competitiveness and shipment demand, the annual sales of blue ocean models exceeded 76%, with an annual growth of 10 percentage points. The proportion of sales for blue ocean models has continued to hit a new high, the contribution margin of each unit increased by 6%, and the operating profit rate of notebooks stabilized at 6%. The Company has actively implemented effective inventory management strategies with clients to quickly grasp market destocking changes and challenges in the market. The number of inventory days dropped by 15 compared to the previous year to 39 days. The team exhibits high agility and adaptability by working with hundreds of channel clients to grasp market changes and actively seize profit opportunities in niche markets.

China Distribution Business Group

China's economic growth rate is 3% in 2022, far below the target of 5.5%. The overall consumer market has been significantly disturbed by COVID-19. During the COVID lockdown period, Buynow's stores joined forces with merchants to tide over the difficulties. The average occupancy rate of the 18 Buynow Technology Plazas still reached 95%, and the annual rental income was CNY670 million, an annual decrease of 6%. With 30% reinvestment, Chicony Square Department Store was even more significantly affected by COVID lockdowns. Although Q4 turned profitable after the restrictions were lifted, the annual revenue of CNY4.137 billion still decreased by 22% year-on-year. Shopping malls in various channels are actively marketing in response to the post-epidemic consumption tide, improving brand awareness through the most popular online media outlets, and using push notifications to share the latest and exciting event information in real time. We held various e-sports, animation, and other large-scale events in physical stores to attract consumers to visit physical shopping malls offline and welcome back the long-lost crowd. Shopping mall activity incomes are steadily improving, and the channel's normal operating revenues are predicted to increase year-on-year.

(II) Financial analysis

In 2022, the group's annual consolidated operating income was NT$22.2 billion. The gross profit margin was 22%, with an annual increase of 2 percentage points. The operating profit rate is 9%, with an annual increase of 1 percentage point. However, the income of Chicony Square Department Store was affected by interest rate hikes and China's lockdown policies. The net profit after tax was only NT$825 million, with earnings per share of NT$1.41 and net value per share of NT$71.41. The current period's inventory and accounts receivable management is fast and accurate, thanks to the efforts of the operating teams. Despite global inflation and rising interest rates, the cash inflow reached NT$3.19 billion from consolidated operational activities. The group's net cash increased by NT$3.2 billion, and we are ready for the volatile global economy in the future with our sound financial structure.

(III) Review of research and development

In 2022, the Company combined technology, fashion, green energy, carbon reduction, and environmental protection trends in its product innovation and design. We have continued to develop a series of new models with fashionable features and high-added value in addition to pursuing beauty and fashion in appearance design. The entire series has an Intel Raptor Lake platform that offers ultra-long performance battery and ultra-power-saving designs and integrates wireless transmission frequency, Bluetooth 5.x, and LTE 4G/5G wireless communication functions. The units are also equipped with a touch screen, fingerprint recognition, and an optional Hello FHD Camera with facial recognition functions, turning them into mobile computing platforms with rich support for high-quality audio-visual and external devices. The Company is committed to developing more innovative and high-value products to meet consumer demands in different global commercial and application fields.

In 2023, the Company will continue cooperating with major processor manufacturers Intel and AMD to develop a new series of products and adopt NVIDIA's next-generation independent graphics card GN21 Refresh series products to expand product diversification, create excellent multi-tasking processing technology and ultimate graphics performance. Our goal is to enable users to enjoy perfect 3D effects in various environments at home or traveling abroad. Our products use superior graphics, video functions, and large screen options perfect for maps, movies, videos, photos, games, music, TV programs, etc. We aim to surpass other manufacturers' notebook computers at the same price level to meet computing needs and provide a unique computing experience.

II. 2023 Business Plan

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

<u>**Notebook Business Group**</u>

Research firm OMDIA indicated that global notebook computer shipments would reach approximately 194 million units in 2023 in response to the hybrid working environment, the development trend of edge computing products, environmental protection, and the decentralization effect of geopolitical supply chains. The Company focuses on blue ocean and niche models and balances between volumes and quality in shipment. We will continue with strict control over cost and meet customers' needs. The product strategy is centered on four categories: high-margin ultra-slim (e-sports) notebooks; mid-to-high-end gaming notebooks; commercial notebooks; and creator notebooks. Clevo has actively developed new products with integrated major brand processors and new-generation graphics cards. In addition to customizing products with market competitiveness for different regions or countries, we also collaborate with international manufacturers to develop products that meet market expectations and continue to deepen the blue ocean market while focusing on quality to maximize profits. After the expected rate hike in the U.S. and inflation cools, Clevo will use its new product advantages to help hundreds of channel customers worldwide stabilize their niche market. The management team has set a shipment target of 1.8 million units in 2023.

China Distribution Business Group

After China's two congress sessions, China's policies will insist on progress while maintaining stability by focusing on expanding domestic demand, prioritizing consumption recovery and expansion, increasing the income of urban and rural residents through various channels, and promoting the recovery of life service consumption. The market predicts China's GDP growth will reach 5% after lifting the COVID restrictions. The total retail sales of social consumer are showing a year-on-year increase of 3.5% from January to February 2023. Consumption growth has improved and increased compared to last year, and consumption's contribution to the overall economy will significantly be improved. The group's channel business group Buynow has steadily withstood the COVID-19's impact for 3 years. We look forward to welcoming back the flow of people and money, the annual increase in rental incomes, and a return to normal operations after the COVID restrictions are lifted. Chicony Square, 30% owned by the Company, returned to the growth track in the first quarter of this year. The department store performance and profit are expected to rise steadily this year, returning to the prosperity of contributing to the group's profits before the epidemic.

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

As the global economy transitions to a green economy, countries worldwide have declared the "net zero emission" goal. Clevo Group adheres to the business philosophy of honesty and pragmatism while paying attention to energy conservation, carbon reduction, climate change, and transformation. In addition to integrating environmental protection concepts into product R&D, shopping mall operation, and property management, we established a Sustainable Development Team last year and a sustainable development roadmap for the group to actively face the business environment changes and challenges.

OMDIA predicts that the global notebook computer shipments in 2023 will be approximately 194 million units. The commercial notebook computer market is experiencing a wave of machine replacements, and creator notebooks are entering the emerging field of artificial intelligence, which will spark another wave of growth. It is estimated that by 2024, the notebook computer market will grow again to over 207 million units. The company will continue to focus on notebook R&D, provide customers with a comprehensive product portfolio and the best customized and differentiated products, and maintain a win-win business relationship with customers.

China has actively launched policies to expand domestic demand and promote consumption in the post-epidemic era, and the consumer market recovery is expected to continue. Currently, BUYNOW Malls are the most professional and the largest physical channel in China for smart technology and Internet-of-Things. 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. We will capitalize on the economic recovery following China's removal of COVID restrictions, accelerate asset optimization and activation strategies, and facilitate consistent profit growth for Chinese business groups.

Along the way, the Company has amassed a net worth of NT$71 per share thanks to the assistance of friendly business operation partners and the efforts of all colleagues and completed the previous actions to return to Taiwan and invest in the C1D1 and E1E2 development projects. These projects will integrate the entire advantageous resources of the group over the years, such as the commercial real estate development and management as well as smart green building system experience. We aim to construct a beautiful new world in the western district of Taipei City, let the shareholders see the projects in person, and allow the group's projects to reach their peaks again. All colleagues of Clevo will strive to achieve our goals, create better profits for the Company, share the benefits with shareholders, and give back to the society.

Finally, I wish you
good health and all the best.

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

Audit Committee’s Audit Report

We hereby allow

The Board of Directors has prepared the Company’s 2022 Business Report, financial statements and proposal for earnings distributions. The financial statements have been audited by CPA Wu,Han-Chi and CPA Lin,Po-Chuan 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.

2023 General Shareholders’ Meeting

Convener of Audit Committee: Chou, Po-Chiao

March 15, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Clevo Co.

PWCR22000446

Opinion

We have audited the accompanying parent company only balance sheets of Clevo Co. (the "Company") as at December 31, 2022 and 2021, 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, based on our audits and the report of other auditors (refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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, 2022. 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 2022 parent company only financial statements are stated as follows:

Investments accounted for using equity method - valuation of investment properties

Description

Refer to Notes 4(13) and 4(17) for accounting policies on investments accounted for using equity method and investment properties, respectively, 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 the Company 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 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 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 was identified as slow-moving, surplus, obsolete or damaged.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of an investment accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of this associate, is based solely on the report of the other auditors. The balance of this investment accounted for under the equity method amounted to NT$491,065 thousand, constituting 1% of the total assets as at December 31, 2022, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT$1,065 thousand, constituting 0% of the total comprehensive income for the year then ended.

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 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 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 auditors' 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 auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Han-Chi

LIN, PO-CHUAN

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 5,249,460	8	$ 2,013,047	3
1110	Financial assets at fair value through profit or loss - current	6(2)	1,280,273	2	1,548,766	3
1170	Accounts receivable, net	6(3)	2,365,541	4	3,246,471	5
1180	Accounts receivable - related parties	6(3) and 7	-	-	1,864,640	3
1197	Finance lease receivable, net	6(8)	42,430	-	-	-
130X	Inventory	6(4)	466,143	1	414,865	1
1410	Prepayments		82,815	-	66,671	-
1479	Other current assets		79,599	-	79,672	-
11XX	**Total current assets**		9,566,261	15	9,234,132	15
	Non-current assets					
1535	Financial assets at amortised cost - non-current	6(1) and 8	1,046,589	2	1,012,170	1
1550	Investments accounted for under equity method	6(5)	54,290,369	83	53,205,183	84
1600	Property, plant and equipment	6(6)	103,513	-	9,892	-
1755	Right-of-use assets	6(7) and 7	131,726	-	35,452	-
1780	Intangible assets		46,313	-	4,562	-
1840	Deferred income tax assets	6(26)	32,386	-	35,307	-
194D	Long-term finance lease receivable, net	6(8)	80,770	-	-	-
1975	Net defined benefit asset, non-current	6(13)	39,290	-	-	-
1990	Other non-current assets		35,256	-	17,480	-
15XX	**Total non-current assets**		55,806,212	85	54,320,046	85
1XXX	**Total assets**		$ 65,372,473	100	$ 63,554,178	100

(Continued)

CLEVO CO.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Code	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 1,770,000	3	$ 3,736,477	6
2130	Current contract liabilities	6(19)	134,656	-	45,890	-
2150	Notes payable		53,218	-	10,124	-
2170	Accounts payable		307,838	-	304,129	1
2180	Accounts payable to related parties	7	429,219	1	-	-
2200	Other payables		343,728	1	528,017	1
2230	Current income tax liabilities		311,026	-	242,620	-
2250	Provisions for liabilities - current	6(14)	58,523	-	58,523	-
2280	Lease liabilities - current	7	102,163	-	43,096	-
2320	Long-term liabilities, current portion	6(12)	5,200,000	8	1,800,000	3
2399	Other current liabilities		26,229	-	22,167	-
21XX	**Total current liabilities**		8,736,600	13	6,791,043	11
	Non-current liabilities					
2530	Corporate bonds payable	6(11)	5,000,000	8	5,000,000	8
2540	Long-term borrowings	6(12)	9,150,000	14	9,750,000	15
2570	Deferred tax liabilities	6(26)	518,076	1	572,806	1
2580	Lease liabilities - non-current	7	162,365	-	129,801	-
2645	Guarantee deposits received		15,080	-	104	-
25XX	**Total non-current liabilities**		14,845,521	23	15,452,711	24
2XXX	**Total liabilities**		23,582,121	36	22,243,754	35
	Equity					
	Share capital	6(15)				
3110	Ordinary share		6,322,630	10	6,497,630	10
	Capital surplus	6(16)				
3200	Capital surplus		56,461	-	73,478	-
	Retained earnings	6(17)				
3310	Legal reserve		2,210,652	3	1,908,529	3
3320	Special reserve		35,186,883	54	35,684,459	56
3350	Unappropriated retained earnings		2,614,398	4	3,149,950	5
	Other equity interest					
3400	Other equity interest	6(18)	(3,771,472)	(6)	(4,628,787)	(7)
3500	Treasury stocks	6(15)	(829,200)	(1)	(1,374,835)	(2)
3XXX	**Total equity**		41,790,352	64	41,310,424	65
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 65,372,473	100	$ 63,554,178	100

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	$ 18,800,588	100	$ 22,839,008	100
5000	Operating costs	6(4)(24)(25) and 7	(16,845,333)	(90)	(20,380,541)	(89)
5900	Net operating margin		1,955,255	10	2,458,467	11
5910	Unrealized (profit) loss from sales		(5,690)	-	4,277	-
5920	Realized loss on from sales		(4,277)	-	(2,742)	-
5950	Net operating margin		1,945,288	10	2,460,002	11
	Operating expenses	6(24)(25)				
6100	Selling expenses		(175,805)	(1)	(192,647)	(1)
6200	General and administrative expenses		(307,085)	(2)	(422,260)	(2)
6300	Research and development expenses		(630,168)	(3)	(632,583)	(3)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	-	-	(750)	-
6000	Total operating expenses		(1,113,058)	(6)	(1,248,240)	(6)
6900	Operating profit		832,230	4	1,211,762	5
	Non-operating income and expenses					
7100	Interest income	6(20)	54,423	-	1,115	-
7010	Other income	6(21)	133,790	1	128,931	-
7020	Other gains and losses	6(22)	608,295	3	1,561,387	7
7050	Finance costs	6(23) and 7	(284,646)	(1)	(279,264)	(1)
7070	Share of loss of associates and joint ventures accounted for using equity method, net		(396,175)	(2)	(548,491)	(2)
7000	Total non-operating income and expenses		115,687	1	863,678	4
7900	**Profit before income tax**		947,917	5	2,075,440	9
7950	Income tax expense	6(26)	(123,391)	(1)	(279,090)	(1)
8200	**Profit for the year**		$ 824,526	4	$ 1,796,350	8
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(13)	$ 32,888	-	$ -	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(6,576)	-	-	-
8310	Other comprehensive income that will not be reclassified to profit or loss		26,312	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		868,476	5	320,989	1
8399	Income tax relating to the components of other comprehensive income	6(26)	(11,161)	-	(843)	-
8360	Other comprehensive income that will be reclassified to profit or loss	6(18)	857,315	5	320,146	1
8300	**Total other comprehensive income for the year**		$ 883,627	5	$ 320,146	1
8500	**Total comprehensive income for the year**		$ 1,708,153	9	$ 2,116,496	9
	Earnings per share (in dollars)	6(27)				
9750	Basic earnings per share		$	1.41	$	3.03
9850	Diluted earnings per share		$	1.40	$	3.00

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, 2022 AND 2021

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

			Capital Reserves			Retained Earnings			Other Equity Interest			
	Notes	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
Year ended December 31, 2021												
Balance at January 1, 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
Profit for the year		-	-	-	-	-	-	1,796,350	-	-	-	1,796,350
Other comprehensive income for the year	6(18)	-	-	-	-	-	-	-	320,146	-	-	320,146
Total comprehensive income		-	-	-	-	-	-	1,796,350	320,146	-	-	2,116,496
Appropriations of 2020 earnings	6(17)											
Legal reserve		-	-	-	-	77,323	-	(77,323)	-	-	-	-
Special reserve		-	-	-	-	-	507,614	(507,614)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(373,358)	-	-	-	(373,358)
Treasury stock acquired	6(15)	-	-	-	-	-	-	-	-	-	(329,063)	(329,063)
Treasury stock retired	6(15)	(200,000)	(1,731)	(37,866)	-	-	-	(368,322)	-	-	607,919	-
Past due dividends not received by shareholders		-	-	-	983	-	-	-	-	-	-	983
Adjustment to capital surplus arising from dividends paid to subsidiaries		-	-	16,228	-	-	-	-	-	-	-	16,228
Reversal of special reserve		-	-	-	-	-	(1,540,427)	1,561,349	-	-	-	20,922
Proceeds from disposal of property, plant and equipment	6(18)	-	-	-	-	-	-	-	-	(20,922)	-	(20,922)
Balance at December 31, 2021		$ 6,497,630	$ 56,267	$ 16,228	$ 983	$ 1,908,529	$ 35,684,459	$ 3,149,950	($ 4,628,787)	$ -	($ 1,374,835)	$ 41,310,424
Year ended December 31, 2022												
Balance at January 1, 2022		$ 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
Profit for the year		-	-	-	-	-	-	824,526	-	-	-	824,526
Other comprehensive income for the year	6(18)	-	-	-	-	-	-	26,312	857,315	-	-	883,627
Total comprehensive income		-	-	-	-	-	-	850,838	857,315	-	-	1,708,153
Appropriations of 2021 earnings	6(17)											
Legal reserve		-	-	-	-	302,123	-	(302,123)	-	-	-	-
Special reserve		-	-	-	-	-	(493,824)	493,824	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,285,752)	-	-	-	(1,285,752)
Treasury stock retired	6(15)	(175,000)	(1,516)	(73,028)	-	-	-	(296,091)	-	-	545,635	-
Past due dividends not received by shareholders		-	-	-	727	-	-	-	-	-	-	727
Adjustment to capital surplus arising from dividends paid to subsidiaries		-	-	56,800	-	-	-	-	-	-	-	56,800
Reversal of special reserve		-	-	-	-	-	(3,752)	3,752	-	-	-	-
Balance at December 31, 2021		$ 6,322,630	$ 54,751	$ -	$ 1,710	$ 2,210,652	$ 35,186,883	$ 2,614,398	($ 3,771,472)	$ -	($ 829,200)	$ 41,790,352

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 947,917	$ 2,075,440
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(24)	12,640	11,797
Depreciation of right-of-use assets	6(7)(24)	51,451	754
Amortisation	6(24)	12,368	7,046
Expected credit loss	12(2)	-	750
Net loss (gain) on financial assets measured at fair value through profit or loss	6(22)	127,644	(42,997)
Interest expense	6(23)	284,646	279,264
Interest income	6(20)	(54,423)	(1,115)
Dividend income	6(21)	(49,020)	(33,711)
Share of loss of associates and joint ventures accounted for under the equity method		396,175	548,491
Gain on sublease of right-of-use assets	6(7)	(95,066)	-
Gain arising from transfer of right in sale and lease-back transaction	6(6)(22)	-	(1,080,862)
Gain on disposal of property, plant and equipment		(32)	-
Gain on disposal of investment property	6(22)	-	(222,594)
Gain on adjustments of investment properties at fair value	6(9)(22)	-	(301,698)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss		140,849	(562,180)
Accounts receivable, net		2,745,570	(1,607,629)
Inventories		(51,278)	247,214
Prepayments		(16,144)	14,712
Net defined benefit asset, non-current		(8,728)	-
Other current assets		20,094	1,603
Changes in operating liabilities			
Increase (decrease) in contract liabilities		88,766	(9,496)
Notes payable		43,094	(1,905)
Accounts payable		3,709	(82,657)
Accounts payable to related parties		429,219	-
Other payables		(190,611)	214,852
Provisions for liabilities - current		-	5,000
Other current liabilities		4,062	(2,530)
Other non-current liabilities		-	(8,898)
Cash inflow (outflow) generated from operations		4,842,902	(551,349)
Interest received		34,402	1,115
Dividends received		49,020	33,711
Cash dividends received from subsidiaries		23,948	23,728
Income taxes (paid) received		(116,535)	20,363
Interest paid		(277,974)	(279,281)
Net cash flows from (used in) operating activities		4,555,763	(751,713)

(Continued)

CLEVO CO.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment and investment property		$ 200	$ 3,988,880
Acquisition of investments accounted for under the equity method		(590,000)	-
Acquisition of property, plant and equipment	6(6)	(106,429)	(5,302)
Acquisition of intangible assets		(54,119)	(1,223)
Decrease in other non-current assets		-	8,248
(Increase) decrease in restricted cash - non-current		(34,419)	10,550
Increase in refundable deposits		(14,053)	(11,875)
Net cash flows (used in) from investing activities		(798,820)	3,989,278
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		41,509,431	50,761,063
Decrease in short-term borrowings		(43,475,908)	(52,386,586)
Increase in long-term borrowings		35,760,231	29,400,000
Repayments of long-term borrowings		(32,960,231)	(31,648,571)
Increase (decrease) in guarantee deposit		14,976	(9,388)
Payments of lease liabilities	6(28)	(84,004)	(7,123)
Cash dividends paid	6(17)	(1,285,752)	(373,358)
Acquisition of treasury stock	6(15)	-	(329,063)
Past due dividends not received by shareholders		727	983
Net cash flows used in financing activities		(520,530)	(4,592,043)
Net increase (decrease) in cash and cash equivalents		3,236,413	(1,354,478)
Cash and cash equivalents at beginning of year		2,013,047	3,367,525
Cash and cash equivalents at end of year		$ 5,249,460	$ 2,013,047

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

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Clevo Co.

PWCR22000469

Opinion

We have audited the accompanying consolidated balance sheets of Clevo Co. and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, 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, based on our audits and the report of other auditors (refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of 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 2022 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 2022 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, 2022, the Group's investment properties at fair value amounted to NT$62,526,250 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(33) for accounting policies on revenue recognition and Note 6(23) for details of operating revenue. As at December 31, 2022, the Group's rental revenue amounted to NT$2,451,684 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 valuation of inventories, Note 5(2) for uncertainty of accounting estimations and assumptions in relation to inventory valuation, and Note 6(4) for the details of inventory valuation. As at December 31, 2022, the balance of inventory and allowance for inventory valuation losses amounted to NT$4,151,572thousand and NT$372,871 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 –Reference to the audits of other auditors

We did not audit the financial statements of a subsidiary which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of this subsidiary, is based solely on the report of the other auditors. Total assets of this subsidiary amounted to NT$491,065 thousand, constituting 1% of the consolidated total assets as at December 31, 2022, and the operating revenue amounted to NT$1,065 thousand, constituting 0% of the consolidated total operating revenue for the year then ended.

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 that came into effect 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Han-Chi	LIN, PO-CHUAN

For and on Behalf of PricewaterhouseCoopers, Taiwan
March 15, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 7,051,419	7	$ 3,816,041	4
1110	Financial assets at fair value through profit or loss - current	6(2)	2,181,499	2	2,530,073	3
1136	Financial assets at amortised cost - current	6(1) and 8	26,490	-	69,309	-
1170	Accounts receivable, net	6(3)	2,530,507	3	3,426,401	4
1197	Finance lease receivable, net	6(8)	42,430	-	-	-
1220	Current income tax assets		278	-	274	-
130X	Inventories	6(4)	3,778,701	4	4,693,977	5
1470	Other current assets	7	1,441,840	2	1,318,012	1
11XX	**Total current assets**		17,053,164	18	15,854,087	17
	Non-current assets					
1535	Financial assets at amortised cost - non-current	6(1) and 8	1,101,367	1	1,042,867	1
1550	Investments accounted for using equity method, net	6(5) and 7	2,869,141	3	2,649,192	3
1600	Property, plant and equipment	6(6)(12) and 8	4,028,326	4	2,533,892	3
1755	Right-of-use assets	6(7), 7 and 8	4,066,683	4	4,158,671	5
1760	Investment property, net	6(9) and 8	62,526,250	67	62,408,602	68
1780	Intangible assets	6(10)	57,951	-	18,423	-
1840	Deferred income tax assets	6(30)	822,259	1	387,328	-
194D	Long-term finance lease receivable, net	6(8)	80,770	-	-	-
1975	Net defined benefit asset, non-current	6(17)	39,290	-	-	-
1990	Other non-current assets	6(11)	1,521,858	2	2,241,065	3
15XX	**Total non-current assets**		77,113,895	82	75,440,040	83
1XXX	**Total assets**		$ 94,167,059	100	$ 91,294,127	100

(Continued)

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14)	$ 3,325,719	4	$ 4,746,423	5
2130	Contract liabilities - current	6(23)	145,214	-	88,153	-
2150	Notes payable		53,283	-	10,124	-
2170	Accounts payable		2,142,671	2	2,393,963	3
2180	Accounts payable - related parties	7	280,722	-	347,988	-
2200	Other payables		1,320,743	1	1,364,019	2
2230	Current income tax liabilities		418,272	1	378,031	-
2250	Provisions for liabilities - current	6(18)	58,523	-	58,523	-
2280	Lease liabilities	7	120,398	-	62,634	-
2320	Long-term liabilities, current portion	6(16)	7,863,802	8	3,798,480	4
2399	Other current liabilities	7	385,227	1	512,461	1
21XX	**Total current liabilities**		16,114,574	17	13,760,799	15
	Non-current liabilities					
2530	Corporate bonds payable	6(15)	5,000,000	6	5,000,000	6
2540	Long-term borrowings	6(16)	17,553,292	19	17,871,867	20
2570	Deferred tax liabilities	6(30)	12,268,089	13	12,002,907	13
2580	Lease liabilities - non-current	7	225,525	-	221,390	-
2670	Other non-current liabilities	6(5) and 7	1,215,227	1	1,126,740	1
25XX	**Total non-current liabilities**		36,262,133	39	36,222,904	40
2XXX	**Total liabilities**		52,376,707	56	49,983,703	55
	Equity attributable to owners of parent					
	Share capital	6(19)				
3110	Ordinary share		6,322,630	7	6,497,630	7
	Capital surplus	6(20)				
3200	Capital surplus		56,461	-	73,478	-
	Retained earnings	6(21)				
3310	Legal reserve		2,210,652	2	1,908,529	2
3320	Special reserve		35,186,883	37	35,684,459	39
3350	Unappropriated retained earnings		2,614,398	3	3,149,950	3
	Other equity interest					
3400	Other equity interest	6(22)	(3,771,472)	(4)	(4,628,787)	(5)
3500	Treasury shares	6(19)	(829,200)	(1)	(1,374,835)	(1)
31XX	**Total equity attributable to owners of parent**		41,790,352	44	41,310,424	45
3XXX	**Total equity**		41,790,352	44	41,310,424	45
	Significant contingent liabilities and unrecognised contract commitments					
	Significant events after the balance sheet date	11				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 94,167,059	100	$ 91,294,127	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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(23) and 7	$ 22,196,860	100	$ 26,991,842	100
5000	Operating costs	6(4)(28)(29) and 7	(17,257,626)	(78)	(21,676,266)	(80)
5900	Net operating margin		4,939,234	22	5,315,576	20
	Operating expenses	6(28)(29)				
6100	Selling expenses		(1,126,542)	(5)	(1,202,125)	(5)
6200	General and administrative expenses		(1,189,744)	(5)	(1,384,771)	(5)
6300	Research and development expenses		(630,168)	(3)	(632,583)	(2)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(73,973)	-	(6,258)	-
6000	Total operating expenses		(3,020,427)	(13)	(3,225,737)	(12)
6900	Operating profit		1,918,807	9	2,089,839	8
	Non-operating income and expenses					
7100	Interest income	6(24)	67,691	-	18,191	-
7010	Other income	6(25)	219,210	1	231,626	1
7020	Other gains and losses	6(26)	(288,498)	(1)	371,554	1
7050	Finance costs	6(27) and 7	(741,236)	(4)	(638,943)	(2)
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method		(284,436)	(1)	178,579	1
7000	Total non-operating income and expenses		(1,027,269)	(5)	161,007	1
7900	**Profit before income tax**		891,538	4	2,250,846	9
7950	Income tax expense	6(30)	(67,012)	-	(454,496)	(2)
8200	**Profit for the year**		$ 824,526	4	$ 1,796,350	7
	Other comprehensive income					
8311	Gain on remeasurements on defined benefit plans	6(17)	$ 32,888	-	$ -	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	(6,576)	-	-	-
8310	Other comprehensive income that will not be reclassified to profit or loss		26,312	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(22)	812,675	4	316,774	1
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(22)	55,801	-	4,215	-
8399	Income tax relating to the components of other comprehensive income	6(22)(30)	(11,161)	-	(843)	-
8360	Other comprehensive income that will be reclassified to profit or loss		857,315	4	320,146	1
8300	**Total other comprehensive income for the year**		$ 883,627	4	$ 320,146	1
8500	**Total comprehensive income for the year**		$ 1,708,153	8	$ 2,116,496	8
	Profit attributable to:					
8610	Owners of the parent		$ 824,526	4	$ 1,796,350	7
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,708,153	8	$ 2,116,496	8
	Earnings per share (in dollars)	6(31)				
9750	Basic earnings per share		$	1.41	$	3.03
9850	Diluted earnings per share		$	1.40	$	3.00

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
			Capital Reserves			Retained Earnings			Other Equity Interest			
	Notes	Ordinary share	Total capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Capital surplus, donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Asset revaluation increment	Treasury shares	Total equity
Year ended December 31, 2021												
Balance at January 1, 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
Profit for the year		-	-	-	-	-	-	1,796,350	-	-	-	1,796,350
Other comprehensive income for the year	6(22)	-	-	-	-	-	-	-	320,146	-	-	320,146
Total comprehensive income		-	-	-	-	-	-	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)	(329,063)
Treasury stock retired	6(19)	(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		-	-	-	-	-	-	-	-	(20,922)	-	(20,922)
Balance at December 31, 2021		$ 6,497,630	$ 56,267	$ 16,228	$ 983	$ 1,908,529	$ 35,684,459	$ 3,149,950	($ 4,628,787)	$ -	($ 1,374,835)	$ 41,310,424
Year ended December 31, 2022												
Balance at January 1, 2022		$ 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
Profit for the year		-	-	-	-	-	-	824,526	-	-	-	824,526
Other comprehensive income for the year	6(22)							26,312	857,315			883,627
Total comprehensive income								850,838	857,315			1,708,153
Appropriations of 2021 earnings	6(21)											
Legal reserve		-	-	-	-	302,123	-	(302,123)	-	-	-	-
Special reserve		-	-	-	-	-	(493,824)	493,824	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,285,752)	-	-	-	(1,285,752)
Treasury stock retired	6(19)	(175,000)	(1,516)	(73,028)	-	-	-	(296,091)	-	-	545,635	-
Past due dividends not received by shareholders		-	-	-	727	-	-	-	-	-	-	727
Adjustment to capital surplus arising from dividends paid to subsidiaries		-	-	56,800	-	-	-	-	-	-	-	56,800
Reversal of special reserve		-	-	-	-	-	(3,752)	3,752	-	-	-	-
Balance at December 31, 2022		$ 6,322,630	$ 54,751	$ -	$ 1,710	$ 2,210,652	$ 35,186,883	$ 2,614,398	($ 3,771,472)	$ -	($ 829,200)	$ 41,790,352

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 891,538	$ 2,250,846
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(28)	302,949	265,934
Amortisation	6(10)(28)	14,714	10,991
Expected credit loss	12(2)	73,973	6,258
Gain arising from lease modifications	6(7)(26)	(1,057)	(2,747)
Net loss (gain) on financial assets mandatorily measured at fair value through profit or loss	6(2)(26)	246,105	(142,158)
Interest income	6(24)	(67,691)	(18,191)
Interest expense	6(27)	741,236	638,943
Dividend income	6(25)	(49,270)	(33,936)
Share of loss (profit) of associates and joint ventures accounted for using the equity method		284,436	(178,579)
Loss (gain) on disposal of investment property	6(26)	2,700	(221,868)
Gain on disposal of property, plant and equipment	6(26)	(3,188)	(438)
Loss on disposal of intangible assets	6(26)	-	2,882
Loss on adjustment of investment properties at fair value	6(9)(26)	333,016	538,288
Impairment loss on property, plant and equipment	6(12)(26)	-	556,573
Gain on sublease of right-of-use assets	6(7)(26)	(95,066)	-
Impairment loss on non-financial assets	6(26)	74,977	-
Gain arising from transfer of right in sale and lease-back transaction	6(26)	-	(1,080,862)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss		191,252	(802,581)
Accounts receivable, net		833,371	(1,182,112)
Inventories		903,353	(324,197)
Capitalisation of interest (inventories)	6(4)	(8,595)	(32,107)
Other current assets		(71,184)	(135,419)
Net defined benefit asset, non-current		(8,728)	-
Changes in operating liabilities			
Contract liabilities		77,579	(22,365)
Notes payable		43,159	(1,970)
Accounts payable		(251,292)	538,508
Accounts payable - related parties		(67,266)	105,814
Other payables		(68,388)	220,673
Provisions for liabilities - current		-	5,000
Other non-current liabilities		(127,234)	36,306
Other current assets		(6,232)	(11,566)
Cash inflow generated from operations		4,189,167	985,920
Interest received		67,683	19,231
Dividends received	6(32)	49,270	488,327
Income taxes paid		(378,898)	(339,767)
Interest paid		(733,972)	(639,020)
Net cash flows from operating activities		3,193,250	514,691

(Continued)

CLEVO CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(32)	($ 87,665)	($ 158,235)
Proceeds from disposal of property, plant and equipment		33,050	4,002,931
(Increase) decrease in refundable deposits		(11,587)	2,369
Acquisition of intangible assets	6(10)	(54,119)	(1,442)
Acquisition of investment properties	6(32)	(84,253)	(132,302)
Advance receipts from disposal of property, plant and equipment	6(32)	556,625	215,298
Acquisition of investments using the equity method		(590,000)	-
Interest paid (capitalisation of interest)	6(9)	(108,557)	(148,679)
Decrease in financial assets at amortised cost - current		42,819	810,201
(Increase) decrease in financial assets at amortised cost - non-current		(58,500)	1,518
Increase in other non-current assets		(531,384)	(376,736)
Net cash flows (used in) from investing activities		(893,571)	4,214,923
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		46,807,737	57,282,997
Repayments of short-term borrowings		(48,243,896)	(59,404,771)
Proceeds from long-term borrowings		43,607,658	37,402,576
Repayments of long-term borrowings		(40,015,777)	(40,511,039)
Decrease in guarantee deposit		(2,428)	(31,624)
Acquisition of treasury stock	6(19)	-	(329,063)
Payments of lease liabilities	6(33)	(100,921)	(27,059)
Cash dividends paid	6(32)	(1,228,952)	(357,130)
Net cash flows from (used in) financing activities		823,421	(5,975,113)
Changes in exchange rates		112,278	143,489
Net increase (decrease) in cash and cash equivalents		3,235,378	(1,102,010)
Cash and cash equivalents at beginning of year		3,816,041	4,918,051
Cash and cash equivalents at end of year		$ 7,051,419	$ 3,816,041

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

CLEVO CO.

Articles of Association

Chapter 1 General Provisions

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

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

The licensed businesses operated by the Company are as follows:

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

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

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

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

Chapter 2 Shares

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

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

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

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

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

Chapter 3 Shareholders' Meeting

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

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

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

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

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

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

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

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

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

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

Chapter 4 Directors and Audit Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chapter 5 Managers

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

Chapter 6 Accounting

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

1. Business report.

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

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

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

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

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

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

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

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

Chapter VII Supplementary Provisions

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

Article 29: These Articles of Association were signed on September 17, 1983.
The first amendment was made on May 17, 1984.
The second amendment was made on February 23, 1987.
The third amendment was made on November 25, 1988.
The fourth amendment was made on December 16, 1988.
The fifth amendment was made on April 22, 1990.
The sixth amendment was made on July 15, 1991.
The seventh amendment was made on March 31, 1992.
The eighth amendment was made on July 21, 1992.
The nineth amendment was made on April 27, 1993.
The tenth amendment was made on June 3, 1993.

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

CLEVO CO.

Rules of Procedures for Shareholders' Meetings

Article 1 The shareholders' meetings of the Company shall be governed by the Rules, unless otherwise provided by laws.

Article 2 A signature book shall be set for the attending shareholders (or agents) to sign in, or the attending shareholders (or agents) shall hand in the signature card to sign in. The number of shares attended is calculated on the basis of the sign-in cards submitted.

Article 3 The attendance and voting of the shareholders' meeting shall be calculated on the basis of shares.

Article 4 The shareholders' meeting shall be held in the place where the Company is located or where it is convenient for the shareholders to attend and it is suitable for the meeting. The meeting shall not begin earlier than 9 a.m. or later than 3 p.m.

Article 5 The convener of a shareholders' meeting and the Chairman serves as the Chairman of the shareholders' meeting. If the Chairman takes leave of absence or is unable to exercise his/her functions and powers for some reason, the Chairman shall appoint one of the directors to act for him/her. If the Chairman does not appoint an agent, the directors shall elect one of them to act for him/her. If the shareholders' meeting is convened by a convener other than the Board of Directors, the convener shall serve as the Chairman.

Article 6 The Company shall appoint its lawyers, CPAs, or other relevant personnel to attend the shareholders' meeting. Conference staff of the shareholders' meeting shall wear identification cards or armbands.

Article 7 The Company shall record or videotape the whole course of the shareholders' meeting and keep the record for at least one year.

Article 8 The chair shall immediately call the meeting to order at the appointed meeting time and announce relevant information such as the number of non-voting shares and the number of shares in attendance. If shareholders (or agents) representing more than half of the total shares issued are not present, the Chairman may announce that the meeting will be postponed. The number of postponements shall be limited to two times and the total time of postponement shall not exceed one hour. When the meeting has been postponed two times, but there is still an insufficient number of shareholders (or agents) and shareholders (or agents) representing more than one-third of the total number of shares issued present, a false resolution shall be made according to Paragraph 1 of Article 175 of the Company Act. Before the end of the meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of shares issued, the Chairman shall resubmit the false resolution to the meeting for vote according to Article 174 of the Company Act.

Article 9 If the shareholders' meeting is convened by the Board of Directors, its agenda shall be set by the Board of Directors, and the meeting shall be held according to the formulated agenda, which shall not be changed without the resolution of the shareholders' meeting. The rules in the preceding paragraph may apply if the shareholders' meeting is convened by those who have the right to convene other than the Board of Directors. The Chairman may not adjourn the meeting without a resolution before the agenda in the first two paragraphs (including provisional motions) is concluded. If the chair declares the adjournment in violation of the rules of procedure, a new chair can be elected with a majority of the votes represented by the attending shareholders and then continue the meeting.

After the adjournment of the meeting, the shareholders shall not elect another chairman to continue the meeting at the same place or in another place.

Article 10 Before the speech of a shareholder (or agent) present, the keynote of the speech, a speech note shall first be filled in, specifying the main idea of speech, and shareholder's account number (or attendance card number) and name. The order of speeches shall be determined by the Chairman.

If a shareholder (or agent) present at the meeting only submits the speech note and does not speak, it shall be deemed not to speak. If the content of a speech is inconsistent with the speech note, the content of the speech shall prevail.

When an attending shareholder makes a speech, other shareholders shall not interfere with the speech except with the consent of the Chairman and the speaking shareholder. The Chairman shall stop the violator.

Article 11 Each shareholder (or agent) of the same proposal shall not speak more than twice without the consent of the Chairman, and shall not speak for more than five minutes at a time.

If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the topic, the Chairman may stop the shareholder's speech.

Article 12 When a legal person is entrusted to attend the shareholders' meeting, the legal person shall only appoint one representative to attend. When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person shall speak for the same proposal.

Article 13 After attending the shareholder's speech, the Chairman shall personally reply or designate a relevant person to reply.

Article 14 When he/she considers that the discussion of a proposal can be voted on, the Chairman shall announce the suspension of the discussion and start voting.

Article 15 Scrutineers and ballot counters for the votes on proposals are appointed by the chair. However, scrutineers shall be shareholders. The results of voting shall be reported on the spot and recorded.

Article 16 In the course of the meeting, the Chairman may announce a rest at his/her discretion.

Article 17 Except as otherwise provided in the Company Act and the Articles of Association, the voting of a proposal shall be approved with the consent of a majority of the voting rights of the shareholders (or agents) present.

When voting, if the Chairman asks and there is no objection, it shall be deemed to be adopted, and its validity shall be the same as that of voting.

Article 18 When there are revisions or substitutions to the same proposal, the order of voting shall be determined by the Chairman together with the original proposal. If one of the proposals has been passed, other proposals shall be deemed to be rejected without further voting.

Article 19 The Chairman shall direct the pickets (or security guards) to assist in maintaining the order of the meeting place. When the pickets (or security guards) assist in maintaining order on site, they shall wear armbands with "picket".

Article 20 If the Company convenes shareholders' meetings online, all the operating procedures related to online meetings shall adhere to the Regulations Governing the Administration of Shareholder Services of Public Companies and other relevant laws. Any matters not covered by the Rules and Procedures of Shareholders' Meetings shall refer to the regulations set out in the Company Act and other laws.

Article 21 These rules of procedure shall be implemented after adoption by the Board of Shareholders and revised in the same way.

Article 22 These rules of procedure were formulated on May 30, 1996.

1st amendments was made on April 29, 1998.

2nd amendments was made on May 31, 2002.

3rd amendments was made on June 15, 2006.

4th amendments was made on June 17, 2021.

5th amendments was made on June 15, 2022.

CLEVO CO.

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

I. The number of shares held by all directors of the Company shall be disclosed according to Article 3 of the Measures for Matters to be Recorded and Complied with in the Manual of Shareholders' Meeting of a Public Company (e.g. the attached table).

II. The Company's issued capital is NT$6,322,630,000. According to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholdings shall be 4% for all directors combined and 0.4% for all supervisors combined. Meanwhile, if a public company has two or more independent directors, the statutory shareholding ratio of all the directors and supervisors (other than independent directors) shall be 80% of the aforesaid ratios.
In other words, the directors collectively shall hold 80% of 4% stakes (i.e., 20,232,416 shares).

CLEVO CO.

Detailed list of individual shareholding and total shareholding of directors

Title	Full name	Book closure date (April 2, 2023) The number of shares held recorded in register of shareholders	Shareholding ratio	Remarks
Chairman	Hsu, Kun-tai	46,701,335	7.39%	
Vice Chairman	Tsai, Ming-Hsien	10,084,224	1.59%	Part-time General Manager
Director	Lu, Jin-Zong	0	0.00%	
Director	Chien, Yih-Long	1,673,376	0.26%	
Independent Director	Chou, Po-Chiao	0	0.00%	
Independent Director	Chen, Tsung-Ming	0	0.00%	
Independent Director	Lai, Ling-Ming	0	0.00%	
Total of 7 directors		58,458,935	9.24%	The quantitative percentage has been reached