



SIWARD Crystal Technology Co., Ltd.

2023 Annual Shareholders' Meeting

Handbook

June 19, 2023

SIWARD Crystal Technology Co., Ltd.

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SIWARD Crystal Technology Co., Ltd.

2023 Annual Shareholders' Meeting Procedure

- I. Calling a meeting to order
(Announcing the voting rights represented by the attending shareholders)
- II. Chairperson Remarks
- III. Reported Matters
- IV. Proposals and Discussion
- V. Elections
- VI. Other Matters
- VII. Extempore Motions
- VIII. Adjournment

SIWARD Crystal Technology Co., Ltd.

2023 Annual Shareholders' Meeting Agenda

- I. Time: 9 AM, June 19, 2023
- II. Location: No. 1-1, Ln. 111, Sec. 3, Zhongshan Rd., Tanzi Dist., Taichung City
- III. Announcing the voting rights represented by the attending shareholders and calling the meeting to order
- IV. Chairperson Remarks
- V. Reported Matters
 - (I) 2022 Business report.
 - (II) Audit Committee's Review Report on the 2022 Financial Statements
 - (III) Report of 2022 employees' profit sharing bonus and directors compensation
- VI. Proposals and Discussion
 - Matter 1: To adopt 2022 business report and financial statements
 - Matter 2: To adopt the proposal of distribution of 2022 earnings.
- VII. Elections
- VIII. Other Motions
 - Matter 1: To remove the restriction of non-compete agreement of newly elected directors.
- IX. Extempore Motions
- X. Adjournment

Reported Matters

I. To report the business of 2022..

Description: For the 2022 Business Report, please refer to Annex 1 (p.8-11 of this Handbook)

II. Audit Committee's Review Report on the 2022 Financial Statements

Description: The 2022 Audit Committee's Review Report, please refer to Annex 2 (p.12 of the Handbook)

III. To report 2022 employees' profit sharing bonus and directors' compensation.

Description:

1. According to Article 235-1, Paragraph 3 of the Company Act, a company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.
2. In accordance with Article 25 of the Company's "Articles of Incorporation:" Where there is a profit for the current year, the Company shall distribute 5% of the profit as remuneration to employees and not more than 3% of the profit as remuneration to directors. However, if the Company has accumulated losses, profit shall be set aside in advance to make up for the losses. According to the resolution adopted at the 18th meeting of the 12th Board, the distribution rate of the 2022 remuneration to directors is 2% of the profit for the year.
3. In summary, the 2022 remuneration expenses of employees were NT\$52,684,570 and the 2022 remuneration expenses of directors were NT\$21,073,828. These amounts are consistent with the estimation in the financial statements and will be distributed in the form of cash.

Proposals and Discussion

Matter 1

Proposed by the Board of Directors

Proposal : To adopt 2022 business report and financial statements..

Description:

1. The Company's 2022 financial statements and business report have been prepared. The financial statements have been audited by accountants Chen, Ming-Hung and Huang, Yu-Ting of Ernst & Young Global Limited with an unqualified audit report issued; the business report has been submitted to the Audit Committee for review and an audit report has been issued.
2. For the above business report, please refer to Annex 1 on p.8-11 of the Handbook; for the above financial statements, please refer to Annex 3 on p.13-33 of the Handbook.

Resolution:

Matter 2

Proposed by the Board of Directors

Proposal: To adopt the proposal of distribution of 2022 earnings.

Description:

1. The proposed earnings distribution table is as follows:

Earnings Distribution Table
2022

Summary	Amount	Remarks
Beginning period of undistributed earnings	485,966,915	
Adjustment items for undistributed earnings		
Remeasurement of defined employee benefit plans to retained earnings	14,459,438	
Undistributed earnings after adjustment	500,426,353	
Net income after tax for 2022	768,276,353	
Statutory adjustment items		
Provision of 10% of legal surplus reserves	-78,273,579	
Provision of special reserves		
Distributable earnings	1,190,429,127	
Distribution items		
Shareholder dividends - cash dividends	-350,726,249	
Ending period of undistributed earnings	839,702,878	
1. Earnings distribution will give priority to the 2022 undistributed earnings.		
2. Actuarial gains and losses of defined benefit plans are recognized immediately in retained earnings in the period in which they arise.		

Chairman: Tseng, Ying-Tang

General Manager: Tseng, Jung-Meng

Chief Accounting Officer: Huang, Ling-Ling

- Cash dividends are rounded off to the nearest dollar. The fraction of a share falling below NT\$1 is adjusted from the decimal point from the largest to the smallest and the account number from the front to the back in order to meet the total amount of cash dividends distributed. Based on the current outstanding 159,421,022 shares, a cash dividend of NT\$2.2 per share is to be distributed. After a resolution for cash dividend distribution is adopted by the Shareholders' General Meeting, the Board of Directors is authorized to set an ex-dividends date.

Resolution:

Elections

Proposed by the Board of Directors

Matter: Elections for the Company's 13th Board.

Description:

- The term of office of the Company's 12th Board is due to expire on June 11, 2023 and new directors should be fully elected according to Article 195 of the Company Act.
- 10 directors (including 3 independent directors) are to be elected in this election, using the candidate nomination system. The shareholders elect directors from a list of nominated candidates reviewed by the Company's Board of Directors and the shareholders should elect directors (independent directors) from the list.
- The list of candidates is as follows:

Candidate Category	Candidate Name	Academic background	Current Post and Experience	Number of Shareholdings (Unit: Shares)
Director	Tseng, Ying-Tang	Master of Science, Honours, National Taiwan University of Science and Technology Department of Electronics, Taichung Municipal Taichung Industrial High School	Chairman, SIWARD Crystal Technology Co., Ltd. Chairman, Securitag Assembly Group Co., Ltd.	4,276,593
Director	Tseng, Jung-Meng	EMBA, Feng Chia University Department of Electronics, Taichung Municipal Taichung Industrial High School	Director and CEO of SIWARD Crystal Technology Co., Ltd.	3,585,983
Director	Liu, Ping-Feng	Department of Mechanical Engineering, Tamkang University	Director and vice president, SIWARD Crystal Technology Co., Ltd.	4,177,183
Director	Ku, Chih-Yun	Department of Electronics, Ta Hwa University of Science and Technology	Director and assistant vice president, SIWARD Crystal Technology Co., Ltd.	2,002,473
Director	Liao, Lu-Lee	Department of Electrical Engineering, Tatung University	Chairman, Merry Electronics Co., Ltd. Director, SIWARD Crystal Technology Co., Ltd.	60,000
Director	Chiang, Hung-Yu	M.S., Electrical Engineering, University of Southern California, USA	CEO of Securitag Assembly Group Co., Ltd. Director, SIWARD Crystal Technology Co., Ltd.	0

Director	Liao, Pen-Lin	Master of Tulane University, USA	Chairman, Excel Cell Electronic Co., Ltd. Director, SIWARD Crystal Technology Co., Ltd.	708
Independent Director	Tien, Chia-Sheng	Master of Business Administration, National Chung Hsing University	Director and Accountant, Sunpower CPA Firm Independent director, SIWARD Crystal Technology Co., Ltd.	0
Independent Director	Liu, Chien-Cheng	Law Department, Tunghai University	Managing Attorney, Liu Chien-Cheng Law Firm Independent director, SIWARD Crystal Technology Co., Ltd.	0
Independent Director	Lee,Shu-Min	Master of Business Administration, National Chung Hsing University	Vice President, Business Division, Capital Market Department, Taishin Financial Holdings	0

4. The term of the service of the original directors will expire after the election of directors after the shareholders' general meeting. The term of office of new directors is three years from June 19, 2023 to June 18, 2026, with immediate effect after the shareholders' general meeting takes place.

Election results:

Other Matters

Motion 1

Proposed by the Board of Directors

Motion: To remove the restriction of non-compete agreement of newly elected directors..

Description:

1. According to Article 209 of the Company Act - A director who does anything for himself/herself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. The motion is submitted to the shareholders' meeting for lifting the restrictions of competition between new directors and their representatives, provided that the Company's interests are not harmed, a newly elected director after the election may invest in or operate in another company with the same or similar business scope as the Company and serve as that company's director.
3. The duties of the Company's newly elected directors in relation to their respective businesses are as the following table.

Director	Duties in relation to competition
Tseng, Ying-Tang	1. Director, Apex Optech Corporation 2. Director, Apex Optech Co. 3. Director, Apex Optech Corporation (Wuxi Factory) 4. Director, Rakon Limited
Tseng, Jung-Meng	1. Chairman, Apex Optech Corporation 2. Chairman, Apex Optech Co. 3. Chairman, Apex Optech Corporation (Wuxi Factory)
Liu, Ping-Feng	1. Director, Apex Optech Corporation 2. Director, Apex Optech Co. 3. Director, Apex Optech Corporation (Wuxi Factory)

Resolution:

Extempore Motions

Meeting adjourned

2022 Business Report

I. 2022 Operating Results

(I) 2022 Operating Performance

While global economic activities have been significantly affected due to the continuous spread of COVID-19, the sales for home office electronics have increased. The timely investment in new equipment and smooth operation of the new production line in STSP Factory have contributed greatly to the growth of revenue.

As there is an imbalance between supply and demand, coupled with the unprecedented price increase in products, the Company's gross operational performance has been severely impacted. Relatively, due to the shortage of raw materials, customers' continuing approach to import materials is likely to cause risks.

With large increase in the production capacity of tuning fork products, the gross margin reached a record high. The Company's 2022 operating results are stated as follows.

1. Standalone operating results and financial income, expenditures and profitability

Unit: NT\$ thousands

Item	2022	2021	Increase (Decrease) Amount	Increase (Decrease) %
Operating income	3,045,329	2,819,590	225,739	8.01%
Gross profit	1,181,502	857,289	324,213	37.82%
Operating profit	792,899	494,131	298,768	60.46%
Net income after taxes	768,276	405,678	362,598	89.38%

Item	2022 (%)	2021 (%)
Debt ratio	26.11	29.16
Current ratio	373.82	381.61
Quick ratio	245.88	241.77
Receivables turnover	4.57	4.16
Number of days of receivables collection	80	88
Inventory turnover (times)	2.19	2.74
Days sales in inventory	167	133
Return on assets	13.89	8.17
Return on equity	18.98	11.38
Profit margin	25.23	14.39
Earnings per share (NT\$)	4.82	2.54

2. Consolidated operating results and financial income, expenditures and profitability

Unit: NT\$ thousands

Item	2022	2021	Increase (Decrease) Amount	Increase (Decrease) %
Operating income	3,263,584	3,226,200	37,384	1.16%
Gross profit	1,250,672	923,421	327,251	35.44%
Operating profit	799,556	514,452	285,104	55.42%
Net income after taxes	768,073	405,283	362,790	89.52%

Item	2022 (%)	2021 (%)
Debt ratio	27.76	32.08
Current ratio	386.02	351.45
Quick ratio	258.63	239.52
Receivables turnover	4.45	4.03
Number of days of receivables collection	82	91
Inventory turnover (times)	2.28	3.11
Days sales in inventory	160	118
Return on assets	13.46	7.86
Return on equity	18.95	11.35
Profit margin	23.53	12.56

(II) Budget execution: The Company did not announce financial forecast in 2022.

(III) Technology and R&D Overview

1. R&D expenses for the year

The Company's R&D expenditure for 2022 totaled NT\$134,061 thousand, accounting for 4.1% of revenue.

2. Technologies or products successfully developed:

- A. Development of miniature in-GPS system with quartz crystal resonator (1.6x1.2mm²).
- B. Development of low-noise high frequency application for 5G communication, with VCTCXO (2.0x1.6mm²).
- C. Development of Ultra high precision (0.1ppm) for aerospace applications with temperature compensated quartz crystal oscillator (5.0x3.2mm²).
- D. Development of High-frequency & miniature application for WiFi 7 of quartz crystal, with MEMS Mesa wafer chip.
- E. Development of miniature tuning-fork-type quartz crystal (3.2x1.5mm and 1.6x1.0mm) completed and began trial production.
- F. Development of high-purity and high-Q large ingot 4-inch long crystal series.

- G. Miniature wearable device with quartz crystal resonator (1.0x0.8mm²)
- H. Development of miniature high precision application for 5G communication millimeter wave technology with thermal transistor-type quartz crystal resonator (1.6x1.2mm²).

II. 2023 Business Plan Outline

The Company's proposed business policy, business objectives and production and sales policies:

(I) Business Policy

1. Constant capital investment to improve operational performance in pursuit of smart production management.
2. Development of innovation and transformation of new products to increase profitability.
3. Expand new markets and seek strategic partners for cooperation.

(II) Projected Sales Volume and Its Basis

The forecast of the Company's 2023 sales volume forecast of products takes into account the outcomes of factors such as historical data, the sensitivity of managers to the market, competitive market trends and the Company's increased production capacity.

Unit: In thousands

Major product	Sales volume
Quartz element	711,000

(III) Important production and marketing policies and future development strategies

1. Market strategies

- (1) Apply front-end design certification work to seize opportunities.
- (2) Increase the service value of business and technology and establish product marketing to expand new applications.
- (3) Expand the markets in Europe and the U.S. to maintain profit margins.
- (4) Develop miniature application industry and expand product sales.

2. Product R&D strategies:

- (1) Improve the speed for product development while grasping costs and quality.
- (2) Develop professional technical personnel to improve software and hardware technology power.
- (3) To proactively develop 5G/Wi-Fi7 high-end communication technology applications.
- (4) Accelerate development of chip and process technologies for small products (1.0x0.8 mm).

3. Production strategies:

- (1) Provide customers with the most competitive products with the best quality.
- (2) Move towards automation production management to increase production

efficiency and yield.

(3) Control manufacturing expenses to reduce costs and improve profitability.

(4) Enhance process management capabilities and develop and introduce management talent

4. Quality assurance strategies:

(1) Meet the reasonable demand of customers and put customers first.

(2) Optimize the management capability of process quality to provide stable products.

(3) Pursue zero customer complaints.

(4) In line with the quality management system and execution of automotive electronics applications.

Chairman: Tseng, Ying-Tang

General Manager: Tseng, Jung-Meng

Accountant: Huang, Ling-Ling

SIWARD Crystal Technology Co., Ltd.

Audit Committee's Review Report

The Board of Directors submitted the Company's 2022 business report, financial statements and earnings distribution table. The 2022 financial statements have been audited by accountants Chen Ming-Hong and Huang, Yu-Ting of EY Taiwan with an audit report issued. The business report, financial statements and earnings distribution table have been reviewed by the Audit Committee and found to be in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Securities and Exchange Act. A report has been respectfully submitted for your approval.

To

the 2023 Annual Shareholders' Meeting

SIWARD Crystal Technology Co., Ltd.

Audit Committee convener:

Tien, Chia-Sheng

March 10, 2023

Independent Auditor's Report

To SIWARD Crystal Technology Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of SIWARD Crystal Technology Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and related consolidated statements of comprehensive income, changes in equity, cash flows, and notes to consolidated financial statements (including summary of significant accounting policies) from January 1 to December 31, 2022 and 2021. The independent auditor has completed the audits of these statements.

In our opinion, based on our audit results, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of SIWARD Crystal Technology Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IFRS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of SIWARD Crystal Technology Co., Ltd. and its subsidiaries in accordance with The Norm of the Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other auditors, 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 consolidated financial statements of SIWARD Crystal Technology Co., Ltd. and its subsidiaries for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2022, the carrying amounts of the accounts receivable and loss allowance (including long-term receivables) of SIWARD Crystal Technology Co., Ltd. and its subsidiaries were NT\$761,739 thousand and NT\$167,262 thousand, respectively. The net accounts receivable account for 11% of the total assets, which have significant influence over SIWARD Crystal Technology Co., Ltd. and its subsidiaries. Because the amount of loss allowance for accounts receivable is measured by the expected credit losses during the duration, the accounts receivable should be classified into groups in the measurement process, and appropriate age ranges and the loss rates for each age range, and their forward-looking information should be determined. These activities involve management judgments or assumptions and the measurement result affects the net accounts receivable; therefore, we have identified the Impairment of accounts receivable as a key audit matter.

The audit procedures that we performed include (but not limited to) the evaluation on the effectiveness of the internal controls established by the management for accounts receivable, including the control of credit limits, the analysis on the trend of changes in accounts receivable and turnover ratio and tests in the subsequent collection of accounts receivable to assess the recoverability, the test in the readiness matrix they employ, including the assessment of whether each group of age ranges is reasonably determined and the spot check on original documents and confirm for their correctness, and recalculation of lifetime expected credit losses.

We also consider the appropriateness of accounts receivable and related risk disclosures in Notes 5 and 6 to the consolidated financial statements.

Inventory valuation

As of December 31, 2022, the carrying amounts of inventories was NT\$958,171 thousand, with net inventories accounting for 17% of the total assets, which have significant influence over SIWARD Crystal Technology Co., Ltd. and its subsidiaries, and the end application of products is in the rapidly changing industry, resulting in the losses of slow-moving or obsolete inventories. Therefore, the allowance to reduce inventory to market and valuation of slow-moving inventories involve management judgments or assumptions, and thus we have judged inventory valuation as a key audit matter.

The audit procedures that we performed include (but are not limited to), to understand and test the effectiveness of the internal controls established by the management for inventories, including the evaluation procedures for the identification of obsolete or defective inventories, the evaluation on the management's inventory plan and on-site observation of inventory counting to verify the quantity and status of inventory, selection of samples to test the correctness and completeness of inventory age, the cost of selecting the units of the inventory of the sample test and evaluation on the management's estimated net realizable value for inventory valuation.

We also consider the appropriateness of inventory related disclosures in Notes 5 and 6 to the consolidated financial statements.

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 IFRS, IFRS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, 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 SIWARD Crystal Technology Co., Ltd.'s and its subsidiaries' 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 SIWARD Crystal Technology Co., Ltd. and its subsidiaries 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 SIWARD Crystal Technology Co., Ltd.'s and its subsidiaries' 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 auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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 SIWARD Crystal Technology Co., Ltd.'s and its subsidiaries' 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 SIWARD Crystal Technology Co., Ltd.'s and its subsidiaries' 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 SIWARD Crystal Technology Co., Ltd. and its subsidiaries 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 statements 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 SIWARD Crystal Technology Co., Ltd. and its subsidiaries for the year ended December 31, 2022 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.

Others

SIWARD Crystal Technology Co., Ltd. has prepared individual financial reports for 2022 and 2021, and unqualified opinions including the Other Matters section were expressed by us for these two years for your reference.

The engagement partners on the audits resulting in this independent auditors' report are Chen, Ming-Hung and Huang, Yu-Ting.

Ernst & Young Taiwan

March 10, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SIWARD Crystal Technology Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6.1)	\$1,330,202	24	\$763,239	13
Current financial assets at amortised cost(Notes 4 and 6.2)	17,000	-	103,812	2
Notes receivable, net (Notes 4)	4,230	-	4,637	-
Accounts receivable, net (Notes 4 and 6.3)	552,346	10	772,732	13
Accounts receivable due from related parties, net (Notes 4 and 6.3 and 7.3)	45,946	1	85,764	1
Other receivables (Notes 4)	12,360	-	32,593	1
Current inventories (Notes 4 and 6.4)	958,171	17	809,336	14
Prepayments	4,987	-	5,131	-
Other current assets	3,338	-	9,289	-
Total current assets	<u>2,928,580</u>	<u>52</u>	<u>2,586,533</u>	<u>44</u>
Non-current assets				
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 6.5.)	563,031	10	1,109,036	19
Investments accounted for using equity method (Notes 4 and 6.6)	195,252	3	177,828	3
Property, plant and equipment (Notes 4 and 6.7 and 7)	1,641,924	29	1,578,109	27
Right-of-use assets (Notes 4 and 6.16)	135,013	2	128,465	2
Investment property, net (Notes 4 and 6.8)	53,560	1	109,159	2
Intangible assets (Notes 4 and 6.9)	58,603	1	67,778	1
Deferred tax assets (Notes 4 and 6.20)	37,862	1	56,843	1
Other non-current assets (Notes 4 and 6.10)	65,639	1	82,339	1
Total non-current assets	<u>2,750,884</u>	<u>48</u>	<u>3,309,557</u>	<u>56</u>
Total assets				
Total assets	<u>\$5,679,464</u>	<u>100</u>	<u>\$5,896,090</u>	<u>100</u>

(Continued)

SIWARD Crystal Technology Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
Current liabilities				
Current contract liabilities (Notes 6.11)	\$18,058	-	\$29,113	1
Notes payable	9,602	-	15,698	-
Accounts payable	142,111	3	284,235	5
Accounts payable to related parties (Notes 7.4)	1,426	-	5,741	-
Other payables	246,699	4	223,717	4
Current tax liabilities	119,973	2	127,419	2
Current lease liabilities (Notes 4 and 6.16)	29,737	1	23,933	-
Other current liabilities	10,855	-	7,114	-
Current portion of long-term borrowings (Notes 6.11)	180,190	3	18,998	-
Total current liabilities	<u>758,651</u>	<u>13</u>	<u>735,968</u>	<u>12</u>
Non-current liabilities				
Non-current portion of non-current borrowings (Notes 4 and 6.1)	531,096	10	729,283	12
Deferred tax liabilities (Notes 4 and 6.1)	115,397	2	225,734	4
Non-current lease liabilities (Notes 4 and 6.16)	109,784	2	113,372	2
Defined benefit liabilities, net (Notes 4 and 6.12)	61,325	1	87,017	2
Other non-current liabilities	113	-	115	-
Total non-current liabilities	<u>817,715</u>	<u>15</u>	<u>1,155,521</u>	<u>20</u>
Total liabilities	<u>1,576,366</u>	<u>28</u>	<u>1,891,489</u>	<u>32</u>
Equity attributable to owners of parent				
Share capital				
Ordinary share	1,594,210	28	1,594,210	27
Capital surplus	802,473	14	802,473	14
Retained earnings				
Legal reserve	212,637	4	164,010	3
Unappropriated retained earnings (accumulated deficit)	1,268,703	22	773,725	13
Other equity interest				
Exchange differences on translation of foreign financial statements	(104,848)	(2)	(96,704)	(2)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	323,217	6	760,001	13
Non-controlling interests	6,706	-	6,886	-
Total equity	<u>4,103,098</u>	<u>72</u>	<u>4,004,601</u>	<u>68</u>
Total liabilities and equity	<u>\$5,679,464</u>	<u>100</u>	<u>\$5,896,090</u>	<u>100</u>

(concluded)

(The accompanying notes are an integral part of the consolidated financial statements)

SIWARD Crystal Technology Co., Ltd. and Subsidiaries
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
REVENUE (Note 4 and 6.14)	\$3,263,584	100	\$3,226,200	100
COST OF GOODS SOLD (Note 6.4 and 6.16)	(2,012,912)	(62)	(2,302,779)	(71)
GROSS PROFIT	<u>1,250,672</u>	<u>38</u>	<u>923,421</u>	<u>29</u>
OPERATING EXPENSES (Note 6.16)				
Selling and marketing expenses	(107,932)	(3)	(101,831)	(3)
General and administrative expenses	(183,101)	(6)	(148,069)	(5)
Research and development expenses	(134,061)	(4)	(113,487)	(4)
Expected credit loss reversed on trade receivables (Note 6.15)	(26,022)	(1)	(45,582)	(1)
Total operating expenses	<u>(451,116)</u>	<u>(14)</u>	<u>(408,969)</u>	<u>(13)</u>
PROFIT FROM OPERATIONS	<u>799,556</u>	<u>24</u>	<u>514,452</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4 and 6.18)	6,297	-	2,337	-
Other income (Note 4 and 6.18)	23,446	1	20,957	1
Other gains and losses (Note 4 and 6.18)	141,779	4	(24,244)	(1)
Finance costs (Note 4 and 6.18)	(13,687)	-	(9,037)	-
Share of profits of associates and joint ventures (Note 6.6)	25,951	1	14,597	-
Total non-operating income and expenses	<u>183,786</u>	<u>6</u>	<u>4,610</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	983,342	30	519,062	16
INCOME TAX EXPENSE (Note 4 and 6.20)	<u>(215,269)</u>	<u>(7)</u>	<u>(113,779)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>768,073</u>	<u>23</u>	<u>405,283</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans	17,895	1	7,866	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(545,980)	(17)	817,414	25
Share of other comprehensive income of associates and joint ventures accounted for using equity method	144	-	9	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	105,617	3	(165,183)	(5)
Item that maybe reclassified subsequently to profit or loss:				
Exchange differences on translation	(10,142)	-	(51,326)	(1)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(29)	-	37,106	1
Income tax related to components of other comprehensive income	2,050	-	2,812	-
Other comprehensive income, net	<u>(430,445)</u>	<u>(13)</u>	<u>648,698</u>	<u>20</u>
Total comprehensive income	<u>\$337,628</u>	<u>10</u>	<u>\$1,053,981</u>	<u>32</u>
Profit (loss), attributable to:				
Owners of parent	\$768,276		\$405,678	
Non-controlling interests	<u>(203)</u>		<u>(395)</u>	
	<u>\$768,073</u>		<u>\$405,283</u>	
Comprehensive income, attributable to:				
Owners of parent	\$337,808		\$1,054,383	
Non-controlling interests	<u>(180)</u>		<u>(402)</u>	
	<u>\$337,628</u>		<u>\$1,053,981</u>	
Earnings per share				
Basic earnings per share	<u>\$4.82</u>		<u>\$2.54</u>	
Diluted earnings per share	<u>\$4.77</u>		<u>\$2.53</u>	

(The accompanying notes are an integral part of the consolidated financial statements)

SIWARD Crystal Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Total equity attributable to owners of parent									Non-controlling interests	Total equity
	Ordinary share		Capital surplus		Retained earnings			Other			
					Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income		
BALANCE AT JANUARY 1,2021	\$1,594,210	\$888,466	\$147,812	\$74,617	\$308,745	\$(85,303)	\$203,745	\$3,132,292	\$7,288	\$3,139,580	
Appropriation of 2020 earnings											
Legal reserve appropriated			16,198		(16,198)			-		-	
Special reserve appropriated/Reversal of special reserve				(74,617)	74,617			-		-	
Cash dividends of ordinary share					(79,711)			(79,711)		(79,711)	
Changes in equity of associates and joint ventures accounted for using equity method		(6,283)			(23,256)			(29,539)		(29,539)	
Cash dividends of capital surplus		(79,710)						(79,710)		(79,710)	
Net profit (loss) for the year ended December 31,2021					405,678			405,678	(395)	405,283	
Other comprehensive income for the year ended December 31,2021					6,302	(11,401)	653,804	648,705	(7)	648,698	
Total comprehensive income					411,980	(11,401)	653,804	1,054,383	(402)	1,053,981	
Disposal of investments in equity instruments designated at fair value through other comprehensive income					97,548		(97,548)	-			
BALANCE AT DECEMBER 31,2021	\$1,594,210	\$802,473	\$164,010	\$ -	\$773,725	\$(96,704)	\$760,001	\$3,997,715	\$6,886	\$4,004,601	
BALANCE AT JANUARY 1,2022	\$1,594,210	\$802,473	\$164,010	\$0	\$773,725	\$(96,704)	\$760,001	\$3,997,715	\$6,886	\$4,004,601	
Appropriation of 2021 earnings											
Legal reserve appropriated			48,627		(48,627)			-		-	
Reversal of special reserve					-			-		-	
Cash dividends of ordinary share					(239,131)			(239,131)		(239,131)	
Net profit (loss) for the year ended December 31,2022					768,276			768,276	(203)	768,073	
Other comprehensive income for the year ended December 31,2022					14,460	(8,144)	(436,784)	(430,468)	23	(430,445)	
Total comprehensive income					782,736	(8,144)	(436,784)	337,808	(180)	337,628	
BALANCE AT DECEMBER 31,2022	\$1,594,210	\$802,473	\$212,637	\$ -	\$1,268,703	\$(104,848)	\$323,217	\$4,096,392	\$6,706	\$4,103,098	

(The accompanying notes are an integral part of the consolidated financial statements)

SIWARD Crystal Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities		
Profit before tax	\$983,342	\$519,062
Adjustments for :		
Depreciation expense	226,931	204,566
Amortization expense	15,100	15,397
Expected credit loss recognized on trade receivables	26,022	45,582
Interest expense	13,687	9,037
Interest income	(6,297)	(2,337)
Share of profit of associates and joint ventures accounted for using equity method	(25,951)	(14,597)
Dividend income	(202)	(227)
Loss on disposal of property, plan and equipment	350	2,108
Loss on disposal of investments	-	8,436
Other adjustments to reconcile profit (loss)	409	(13,676)
Total adjustments to reconcile profit (loss)		
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	407	(768)
Decrease (increase) in accounts receivable	214,364	(149,329)
Decrease in accounts receivable due from related parties	39,818	25,385
Decrease (increase) in other receivable	23,037	(17,386)
Increase in inventories	(149,244)	(122,302)
Decrease in prepayments	144	13,741
Decrease (increase) in other current assets	5,951	(5,614)
Decrease (increase) in contract liabilities	(11,055)	26,847
Decrease (increase) in notes payable	(6,096)	10,096
Decrease in accounts payable	(142,124)	(34,459)
Decrease (increase) in accounts payable to related parties	(4,315)	3,661
Increase in other payable	34,328	46,310
Increase (decrease) in other current liabilities	3,741	(3,249)
Decrease in net defined benefit liability	(7,797)	(5,814)
Cash inflow generated from operations	1,234,550	560,470
Interest received	6,297	2,337
Dividends received	8,844	5,535
Interest paid	(13,537)	(9,034)
Income taxes paid	(206,404)	(56,915)
Net cash flows from operating activities	1,029,750	502,393

(Continued)

SIWARD Crystal Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities :		
Proceeds from disposal of financial assets at fair value through other co	-	171,952
Acquisition of financial assets at amortised cost	-	(103,812)
Proceeds from disposal of financial assets at amortised cost	86,812	-
Acquisition of financial assets at amortised cost	-	(100,670)
Proceeds from disposal of investments accounted for using equity method	-	335,790
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,301
Acquisition of property, plant and equipment	(235,623)	(420,222)
Proceeds from disposal of property, plant and equipment	11	448
Acquisition of intangible assets	(5,261)	(1,402)
Decrease(increase) in other non-current assets	537	3,715
Net cash used in investing activities	<u>(153,524)</u>	<u>(112,900)</u>
Cash flows from (used in) financing activities :		
Increase in short-term loans	-	-
Decrease in short-term loans	-	(50,000)
Proceeds from long-term debt	32,260	225,440
Repayments of long-term debt	(69,399)	(69,399)
Payments of lease liabilities	(27,658)	(8,929)
Decrease in other non-current liabilities	(2)	(9)
Cash dividends paid	(239,131)	(159,421)
Net cash used in financing activities	<u>(303,930)</u>	<u>(62,318)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(5,333)</u>	<u>(33,655)</u>
Net increase in cash and cash equivalents	566,963	293,520
Cash and cash equivalents at beginning of period	763,239	469,719
Cash and cash equivalents at end of period	<u><u>\$1,330,202</u></u>	<u><u>\$763,239</u></u>

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements)

Independent Auditor's Report

To SIWARD Crystal Technology Co., Ltd.:

Opinion

We have audited the accompanying parent company only financial statements of SIWARD Crystal Technology Co., Ltd., which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and related parent company only statements of comprehensive income, changes in equity, cash flows, and notes to parent company only financial statements (including summary of significant accounting policies) from January 1 to December 31, 2022 and 2021. The independent auditor has completed the audits of these statements.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of SIWARD Crystal Technology Co., Ltd. as of December 31, 2022 and 2021 and its parent company only financial performance and its parent company only cash flows from January 1 to December 31, 2022 and 2021 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of SIWARD Crystal Technology Co., Ltd. in accordance with The Norm of the Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other auditors, 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 SIWARD Crystal Technology Co., Ltd. for the year ended December 31, 2022. 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, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2022, the carrying amounts of the accounts receivable and loss allowance (including long-term receivables) of SIWARD Crystal Technology Co., Ltd. were NT\$725,862 thousand and NT\$153,607 thousand, respectively. The net accounts receivable account for 10% of the total assets, which have significant influence over SIWARD Crystal Technology Co., Ltd. Because the amount of loss allowance for accounts receivable is measured by the expected credit losses during the duration, the accounts receivable should be classified into groups in the measurement process, and appropriate age ranges and the loss rates for each age range, and their forward-looking information should be determined. These activities involve management judgments or assumptions and the measurement result affects the net accounts receivable; therefore, we have identified the Impairment of accounts receivable as a key audit matter.

The audit procedures that we performed include (but not limited to) the evaluation on the effectiveness of the internal controls established by the management for accounts receivable, including the control of credit limits, the analysis on the trend of changes in accounts receivable and turnover ratio and tests in the subsequent collection of accounts receivable to assess the recoverability, the test in the readiness matrix they employ, including the assessment of whether each group of age ranges is reasonably determined and the spot check on original documents and confirm for their correctness, and recalculation of lifetime expected credit losses.

We also consider the appropriateness of accounts receivable and related risk disclosures in Notes 4, 5 and 6 to the parent company only financial statements.

Inventory valuation

As of December 31, 2022, the carrying amounts of inventories of SIWARD Crystal Technology Co., Ltd. was NT\$907,180 thousand, with net inventories accounting for 16% of the total assets, which have significant influence over SIWARD Crystal Technology Co., Ltd. and the end application of products is in the rapidly changing industry, resulting in the losses of slow-moving or obsolete inventories. Therefore, the allowance to reduce inventory to market and valuation of slow-moving inventories involve management judgments or assumptions, and thus we have judged inventory valuation as a key audit matter.

The audit procedures that we performed include (but are not limited to), to understand and test the effectiveness of the internal controls established by the management for inventories, including the evaluation procedures for the identification of obsolete or defective inventories, the evaluation on the management's inventory plan and on-site observation of inventory counting to verify the quantity and status of inventory, selection of samples to test the correctness and completeness of inventory age, the cost of selecting the units of the inventory of the sample test and evaluation on the management's estimated net realizable value for inventory valuation.

We also consider the appropriateness of inventory related disclosures in Notes 5 and 6 to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only 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 Issuer, 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 SIWARD Crystal Technology Co., Ltd.'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 SIWARD Crystal Technology Co., Ltd. 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 SIWARD Crystal Technology Co., Ltd.'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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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 SIWARD Crystal Technology Co., Ltd.'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 SIWARD Crystal Technology Co., Ltd.'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 SIWARD Crystal Technology Co., Ltd. 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 SIWARD Crystal Technology Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit of SIWARD Crystal Technology Co., Ltd. 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 statements 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 SIWARD Crystal Technology Co., Ltd. for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Chen, Ming-Hung and Huang, Yu-Ting.

Ernst & Young Taiwan

March 10, 2023

Notice to Readers

The accompanying standalone financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SIWARD Crystal Technology Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6.1)	\$1,193,318	22	\$551,499	10
Current financial assets at amortised cost(Notes 4 and 6.2)	-	-	86,812	1
Notes receivable, net (Notes 4)	-	-	1,117	-
Accounts receivable, net (Notes 4 and 6.3)	510,558	9	662,213	12
Accounts receivable due from related parties, net (Notes 4 and 6.3 and 7.3)	61,697	1	97,170	2
Other receivables (Notes 4)	-	-	-	-
Current inventories (Notes 4 and 6.4)	907,180	16	793,256	14
Prepayments	0	-	0	-
Other current assets	11,445	-	15,837	-
Total current assets	<u>2,684,198</u>	<u>48</u>	<u>2,207,904</u>	<u>39</u>
Non-current assets				
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 6.5.)	562,334	10	1,108,314	20
Investments accounted for using equity method (Notes 4 and 6.6)	583,965	10	572,607	10
Property, plant and equipment (Notes 4 and 6.7 and 7)	1,494,533	27	1,481,789	26
Right-of-use assets (Notes 4 and 6.16)	38,934	1	45,132	1
Investment property, net (Notes 4 and 6.8)	48,694	1	50,066	1
Intangible assets (Notes 4 and 6.9)	56,373	1	67,087	1
Deferred tax assets (Notes 4 and 6.20)	34,107	1	53,387	1
Other non-current assets (Notes 4 and 6.10)	40,510	1	56,686	1
Total non-current assets	<u>2,859,450</u>	<u>52</u>	<u>3,435,068</u>	<u>61</u>
Total assets				
Total assets	<u><u>\$5,543,648</u></u>	<u><u>100</u></u>	<u><u>\$5,642,972</u></u>	<u><u>100</u></u>

(Continued)

SIWARD Crystal Technology Co., Ltd. and Subsidiaries
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
Current liabilities				
Current borrowings	\$ -	-	\$ -	-
Current contract liabilities (Notes 6.11)	\$17,917	-	\$ 27,372	-
Notes payable	2,518	-	743	-
Accounts payable	51,419	1	116,532	2
Accounts payable to related parties (Notes 7.4)	89,945	2	61,295	1
Other payables	250,876	5	221,439	4
Current tax liabilities	117,092	2	126,839	2
Current lease liabilities (Notes 4 and 6.16)	8,027	-	7,723	-
Other current liabilities	2,576	-	232	-
Current portion of long-term borrowings (Notes 6.11)	177,680	3	16,400	1
Total current liabilities	<u>718,050</u>	<u>13</u>	<u>578,575</u>	<u>10</u>
Non-current liabilities				
Non-current portion of non-current borrowings (Notes 4 and 6.1)	526,320	9	721,740	13
Deferred tax liabilities (Notes 4 and 6.1)	115,397	2	225,734	4
Non-current lease liabilities (Notes 4 and 6.16)	31,912	1	38,268	1
Defined benefit liabilities, net (Notes 4 and 6.12)	55,522	1	80,885	2
Other non-current liabilities	55	-	55	-
Total non-current liabilities	<u>729,206</u>	<u>13</u>	<u>1,066,682</u>	<u>20</u>
Total liabilities	<u>1,447,256</u>	<u>26</u>	<u>1,645,257</u>	<u>30</u>
Equity attributable to owners of parent				
Share capital				
Ordinary share	1,594,210	29	1,594,210	28
Capital surplus	802,473	14	802,473	14
Retained earnings				
Legal reserve	212,637	4	164,010	3
Special reserve	-	-	-	-
Unappropriated retained earnings (accumulated deficit)	1,268,703	23	773,725	14
Other equity interest				
Exchange differences on translation of foreign financial statements	(104,848)	(2)	(96,704)	(2)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	323,217	6	760,001	13
Total equity	<u>4,096,392</u>	<u>74</u>	<u>3,997,715</u>	<u>70</u>
Total liabilities and equity	<u>\$5,543,648</u>	<u>100</u>	<u>\$5,642,972</u>	<u>100</u>

(concluded)

(The accompanying notes are an integral part of the parent company only financial statements)

SIWARD Crystal Technology Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
REVENUE (Note4 and 6.14)	\$3,045,329	100	\$2,819,590	100
COST OF GOODS SOLD (Note 6.4 and 6.16)	(1,863,827)	(61)	(1,962,301)	(70)
GROSS PROFIT	<u>1,181,502</u>	<u>39</u>	<u>857,289</u>	<u>30</u>
OPERATING EXPENSES (Note 6.16)				
Selling and marketing expenses	(105,430)	(4)	(95,314)	(3)
General and administrative expenses	(160,291)	(5)	(126,169)	(5)
Research and development expenses	(96,848)	(3)	(96,128)	(3)
Expected credit loss reversed on trade receivables (Note 6.15)	(26,034)	(1)	(45,547)	(2)
Total operating expenses	<u>(388,603)</u>	<u>(13)</u>	<u>(363,158)</u>	<u>(13)</u>
PROFIT FROM OPERATIONS	<u>792,899</u>	<u>26</u>	<u>494,131</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4 and 6.18)	6,073	-	2,031	-
Other income (Note 4 and 6.18)	19,883	1	16,667	1
Other gains and losses (Note 4 and 6.18)	141,874	4	(22,510)	(1)
Finance costs (Note4 and 6.18)	(10,846)	-	(8,572)	-
Share of profits of associates and joint ventures (Note 6.6)	30,050	1	32,852	1
Total non-operating income and expenses	<u>187,034</u>	<u>6</u>	<u>20,468</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	979,933	32	514,599	18
INCOME TAX EXPENSE (Note4 and 6.20)	(211,657)	(7)	(108,921)	(4)
NET PROFIT FOR THE YEAR	<u>768,276</u>	<u>25</u>	<u>405,678</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans	17,895	1	7,866	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(545,980)	(18)	817,414	29
Share of other comprehensive income of associates and joint ventures accounted for using equity method	144	-	9	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	105,617	3	(165,183)	(5)
Item that maybe reclassified subsequently to profit or loss:				
Exchange differences on translation	(10,165)	-	(51,319)	(2)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(29)	-	37,106	1
Income tax related to components of other comprehensive income	2,050	-	2,812	-
Other comprehensive income, net	<u>(430,468)</u>	<u>(14)</u>	<u>648,705</u>	<u>23</u>
Total comprehensive income	<u>\$337,808</u>	<u>11</u>	<u>\$1,054,383</u>	<u>37</u>
Earnings per share				
Basic earnings per share	<u>\$4.82</u>		<u>\$2.54</u>	
Diluted earnings per share	<u>\$4.77</u>		<u>\$2.53</u>	

(The accompanying notes are an integral part of the parent company only financial statements)

SIWARD Crystal Technology Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Ordinary share	Capital surplus	Retained earnings			Other		Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	
BALANCE AT JANUARY 1,2021	\$1,594,210	\$888,466	\$147,812	\$74,617	\$308,745	\$(85,303)	\$203,745	\$3,132,292
Appropriation of 2020 earnings								
Legal reserve appropriated			16,198		(16,198)			-
Special reserve appropriated/Reversal of special reserve				(74,617)	74,617			-
Cash dividends of ordinary share					(79,711)			(79,711)
Changes in equity of associates and joint ventures accounted for using equity method		(6,283)			(23,256)			(29,539)
Cash dividends of capital surplus		(79,710)						(79,710)
Net profit (loss) for the year ended December 31,2021					405,678			405,678
Other comprehensive income for the year ended December 31,2021					6,302	(11,401)	653,804	648,705
Total comprehensive income					411,980	(11,401)	653,804	1,054,383
Equity at end of period								0
Disposal of investments in equity instruments designated at fair value through other comprehensive income					97,548		(97,548)	97,548
BALANCE AT DECEMBER 31,2021	\$1,594,210	\$802,473	\$164,010	\$ -	\$773,725	\$(96,704)	\$760,001	\$3,997,715
BALANCE AT JANUARY 1,2022	\$1,594,210	\$802,473	\$164,010	\$0	\$773,725	\$(96,704)	\$760,001	\$3,997,715
Appropriation of 2021 earnings								
Legal reserve appropriated			48,627		(48,627)			-
Cash dividends of ordinary share					(239,131)			(239,131)
Net profit (loss) for the year ended December 31,2022					768,276			768,276
Other comprehensive income for the year ended December 31,2022					14,460	(8,144)	(436,784)	(430,468)
Total comprehensive income					782,736	(8,144)	(436,784)	337,808
BALANCE AT DECEMBER 31,2022	\$1,594,210	\$802,473	\$212,637	\$ -	\$1,268,703	\$(104,848)	\$323,217	\$4,096,392

(The accompanying notes are an integral part of the parent company only financial statements)

SIWARD Crystal Technology Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities		
Profit (loss) before tax	\$979,933	\$514,599
Adjustments for :		
Depreciation expense	206,322	199,344
Amortization expense	14,884	14,858
Expected credit loss recognized on trade receivables	26,034	45,547
Interest expense	10,846	8,572
Interest income	(6,073)	(2,031)
Share of profit of associates and joint ventures accounted	(30,050)	(32,852)
Dividend income	(202)	(227)
Loss (gain) on disposal of property, plan and equipment	361	2,103
Loss (gain) on disposal of investments	-	8,436
Write-down of inventories/Other adjustments to reconcile profit (loss)	409	(13,676)
Changes in operating assets and liabilities		
Decrease in notes receivable	1,117	742
Decrease (increase) in accounts receivable	145,621	(99,025)
Decrease (increase) in accounts receivable due from related parties	35,473	(68,375)
Increase in inventories	(114,333)	(137,881)
Decrease (increase) in other current assets	4,392	3,219
Increase (decrease) in contract liabilities	(9,455)	26,978
Increase (decrease) in notes payable	1,775	(14)
Decrease in accounts payable	(65,113)	(13,150)
Increase (decrease) in accounts payable to related parties	28,650	(33,627)
Increase in other payable	40,784	45,555
Increase (decrease) in other current liabilities	2,344	(1,531)
Decrease in net defined benefit liability	(7,468)	(6,165)
Cash inflow generated from operations	1,266,251	461,399
Interest received	6,073	2,031
Dividends received	8,844	5,535
Interest paid	(10,696)	(8,569)
Income taxes paid	(204,794)	(51,885)
Net cash flows from operating activities	1,065,678	408,511

(Continued)

SIWARD Crystal Technology Co., Ltd. and Subsidiaries

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities :		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	171,952
Acquisition of financial assets at amortised cost	-	(86,812)
Proceeds from disposal of financial assets at amortised cost	86,812	-
Acquisition of financial assets at amortised cost	-	(100,670)
Proceeds from disposal of investments accounted for using equity method	-	335,790
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,301
Acquisition of property, plant and equipment	(225,980)	(380,177)
Proceeds from disposal of property, plant and equipment	-	448
Acquisition of intangible assets	(3,521)	(556)
Decrease(increase) in other non-current assets	13	(10)
Net cash flows from (used in) investing activities	<u>(142,676)</u>	<u>(58,744)</u>
Cash flows from (used in) financing activities :		
Decrease in short-term loans	-	(50,000)
Proceeds from long-term debt	32,260	225,440
Repayments of long-term debt	(66,400)	(66,400)
Payments of lease liabilities	(7,912)	(7,612)
Cash dividends paid	<u>(239,131)</u>	<u>(159,421)</u>
Net cash flows from (used in) financing activities	<u>(281,183)</u>	<u>(57,993)</u>
Net increase (decrease) in cash and cash equivalents	641,819	291,784
Cash and cash equivalents at beginning of period	551,499	259,715
Cash and cash equivalents at end of period	<u>\$1,193,318</u>	<u>\$551,499</u>

(Concluded)

(The accompanying notes are an integral part of the parent company only financial statements)

SIWARD Crystal Technology Co., Ltd. –

Articles of Incorporation

Chapter 1 General Provisions

- Article 1: The Company has been organized in accordance with the requirements stipulated in the Company Act in the name of SIWARD Crystal Technology Co., Ltd.
- Article 2: The Company's businesses are as follows:
1. Manufacturing and processing of quartz crystals.
 2. Manufacturing and processing of quartz crystal filters and oscillators.
 3. Manufacturing and processing of quartz raw materials.
 4. CC01080 Electronics components manufacturing
 5. Trading of machinery and equipment and parts for the above businesses.
 6. Import and export trading business.
 7. ZZ99999All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company is headquartered in Taichung, Taiwan. If necessary, the Company may establish branches in foreign countries in accordance with the law and subject to a resolution adopted by the Board of Directors.

Chapter 2 Shares

- Article 4: The total capital of the Company is set at NT\$2,300,000,000 divided into 230,000,000 shares for NT\$10 per share, issued in installments. The unissued shares are subject to be issued by resolution adopted by the Board of Directors depending on actual needs. 8 million shares among the above total shares have been reserved for the conversion of shares to be issued as employee stock options.
- Article 5: The Company's shares are issued after being signed or sealed by the director who represents the Company and certified by the competent authority or its approved issuing registration institutions in accordance with law. The Company's issued shares are exempted from printing any share certificate; however, they shall be registered with a centralized securities depository enterprise.
- Article 6: The Company's stock affairs are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authorities.
- Article 7: Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30)

days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Shareholders' Meeting

- Article 8: The shareholders' meeting is divided into general meeting and special meeting. The general meeting shall be held once a year within 6 months after the end of fiscal year. The special meeting shall be held in accordance with the relevant laws when necessary.
- Article 9: When a shareholder is unable to attend a shareholders meeting for any reason, he/she may appoint a proxy by executing a power of attorney to attend the meeting with his/her signature or seal, clearly stating the scope of authorization. For the method of shareholders to delegate their attendance, except for complying with Article 177 of the Company Act, it shall be subject to the "Regulations Governing the Use of Proxies for Attendance at the Shareholders' Meetings of Public Companies" published by the competent authority.
- Article 10: A shareholders' meeting shall be convened and presided over by the chairman. If the chairman is on leave, he/she shall appoint one of the directors to act on his/her behalf. Where the chairman fails to make such appointment, the directors shall select one of the directors to act on behalf of the chairman. If a shareholders' meeting is convened by any person who has the right to do so, other than the Board of Directors, the meeting shall be presided over by that person. Where there are two or more such persons, they shall select only one to preside over the meeting.
- Article 11: A shareholder shall have one voting right for each share held, unless otherwise provided by law.
- Article 12: Unless otherwise provided by the Company Act, resolutions of the shareholders meeting shall be attended by shareholders who represent more than one-half of the total number of issued and outstanding shares.
- Article 13: Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders within 20 days after the close of the meeting. The preparation and distribution of the minutes of the shareholders meeting may be affected by means of public announcement. The minutes of the shareholders meeting shall record a summary of the essential points of the proceedings and the results of the meeting. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept in the

Company.

Chapter 4 Board of Directors

- Article 14: The Company has seven to eleven directors. The number of directors is determined by the board of directors. The directors are elected under a candidate nomination system by the shareholders' meeting from a list of candidates. The directors may be reelected for consecutive terms. The total shareholdings of all directors are subject to the regulations of the securities authorities.
- Article 14-1: In accordance with Article 14-2 of the Securities and Exchange Act, the Company shall have at least three independent directors among the directors. The professional competence, shareholdings, restrictions on concurrent positions, methods of nomination and election and other requirements of such independent directors shall be subject to the applicable regulations of the competent authority of securities.
- Article 14-2: The Company shall establish an Audit Committee consisting of all the independent directors, responsible for supervisory duties as stipulated in the Company Act, the Securities and Exchange Act and other laws and regulations.
- Article 15: Where at least one-third of the seats of directors are vacant, the Board of Directors shall convene a special shareholders' meeting within 30 days in accordance with the time limit stipulated in Article 201 or Article 217-1 of the Company Act. The term of each director elected as such shall be limited to the remaining term of his/her predecessor.
- Article 16: In case no election of new directors is expected after the existing directors' term of office expire, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the company to elect new directors within a given time limit; and if no re-election is affected after expiry of the given time limit, the out-going directors shall be discharged from such expiration date.
- Article 17: The directors shall organize a board of directors and shall elect a chairperson of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman shall execute all affairs of the Company in accordance with the regulations, the Articles of Incorporation, the resolutions adopted by the shareholders' meeting and board meeting. The chairperson represents the Company externally. If the chairman is unable to perform his/her duties for some reason, he/she shall appoint one of the directors to act on his/her behalf. Where the

chairman fails to make such an appointment, the directors shall select one of the directors to act on behalf of the chairman.

Article 17-1: A notice of the reasons for convening a board meeting shall be given to each director and supervisor 7 days before the meeting is convened. In emergency circumstances, however, a meeting may be called on shorter notice.

The notice set forth in the preceding paragraph may be affected in writing, E-mail or fax.

Article 18: The Company's business policies and other important matters are resolved by the Board of Directors. Except for the first board meeting of each term which is convened in accordance with Article 203 of the Company Act, the rest of the meetings are convened by the chairman presided over by the chairman. If the chairman is unable to perform his/her duties, he/she shall appoint one person to act on his/her behalf. Where the chairman fails to make such an appointment, the directors shall select one of the directors to act on behalf of the chairman.

Article 19: Unless otherwise provided for in the Company Act, any resolution of the Board of Directors shall be adopted by a majority of the directors attending a meeting of the Board of Directors at which a majority of directors are present. A director who appoints another director to attend a board meeting shall issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting. The proxy may be the appointed proxy of only one person. In case a meeting of the board of directors is proceeded via videoconference, then the directors taking part in such a videoconference meeting shall be deemed to have attended the meeting in person.

Article 20: The resolutions of the Board shall be tracked as minutes of meeting on record, affixed with the authorized signature/seal of the presiding officer, and circulated among the Directors within 20 days after the session. The summary and result of the motions in discussion and voting shall be noted in the minutes of meeting on record. The minutes of meeting on record, the sign-in book for tracking attendance of the directors and the power of attorney for appointment of proxies shall be kept by the Company.

Article 21: The Company's remuneration to directors is determined by the Board of Directors based on the degree of the director's involvement in the Company's operations as well their contribution and value, with reference to standard remuneration paid by peers.

Chapter 5 Managers and Employees

Article 22: The Company shall have 1 General Manager and a number of managers. Their appointment, discharge and remuneration shall be subject to Article 29 of the

Company Act.

Article 23: By resolution of the Board of Directors, the Company may hire consultants and important employees.

Chapter 6 Final Accounts

Article 24: At the end of each fiscal year, the Company's Board of Directors shall prepare the following which are to be submitted to the shareholders' general meeting for ratification in accordance with the law.

1. Business report.
2. Financial statements.
3. Proposals for earnings distribution or making up losses.

Article 25: Where there is a profit for the current year, the Company shall distribute 5% of the profit as remuneration to employees and not more than 3% of the profit as remuneration to directors. However, if the Company has accumulated losses, profit shall be set aside in advance to make up for the losses. Profit refers to the net income before deducting remuneration to employees and remuneration to directors.

Article 25-1: As the industrial environment of the Company is volatile, the dividend policy must take into account the Company's future capital needs and long-term financial planning in order to meet the needs of shareholders for cash inflows. The Company's earnings, if any, in its annual final account shall be first used to pay income taxes and make up for its accumulated losses and then 10% of the said profits shall be set aside as Special reserves, as required by law or the competent authority. Where there is surplus, dividends may be paid to shareholders. Among them, cash dividends shall be no less than 10% of the total dividends to shareholders. The Board of Directors shall prepare a distribution proposal based on the actual profit and capital for the year. The proposal is submitted to the shareholders' meeting for resolution. If there is a reduction in accumulated shareholders' equity in the current year but there is not sufficient net income, a special reserve of the same amount should be set aside from the accumulated undistributed earnings of the previous year and deducted prior to the provision for distribution.

Chapter 7 Supplementary Provisions

Article 26: The Company may provide external guarantees.

Article 27: The Company is not subject to the 40% limit of Article 13 of the Company Act when making foreign investments and the implementation is authorized to the Board of Directors.

Article 28: The Company's Articles of Incorporation and Regulations shall be separately established by the Board of Directors.

Article 29: Matters not set forth in these Articles shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 30: The Articles of Incorporation were established on January 19, 1988; the 1st amendment was made on November 12, 1990; the 2nd amendment was made on March 16, 1992; the 3rd amendment was made on June 15, 1992; the 4th amendment was made on August 23, 1992; the 5th amendment was made on March 31, 1994; the 6th amendment was made on June 28, 1994; the 7th amendment was made on September 15, 1994; the 8th amendment was made on July 10, 1995; the 9th amendment was made on May 18, 1996; the 10th amendment was made on May 31, 1997; the 11th amendment was made on April 11, 1998; the 12th amendment was made on May 2, 2000; the 13th amendment was made on March 27, 2001; the 14th amendment was made on June 11, 2002; the 15th amendment was made on June 27, 2003; the 16th amendment was made on June 25, 2004; the 17th amendment was made on June 27, 2008; the 18th amendment was made on June 17, 2010; the 19th amendment was made on June 15, 2011; the 20th amendment was made on June 13, 2012; the 21st amendment was made on June 6, 2014; The 22nd amendment was made on June 22, 2016; The 23rd amendment was made on June 15, 2017; The 24th amendment was made on June 12, 2020.

SIWARD Crystal Technology Co., Ltd.
Chairman: Tseng, Ying-Tang

SIWARD Crystal Technology Co., Ltd.
Rules of Procedure for Shareholders' Meetings

- I. The rules of procedures for the Company's shareholders' meetings, shall be as provided in these Rules.
- II. The shareholders referred to in these Rules are shareholders themselves as recorded in the register of shareholders and proxies appointed by the shareholders to attend the meeting.
- III. Shareholders (or their proxies) attending shareholders' meeting may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- IV. Any shareholders' meeting convened by the Board of Directors shall be presided over by the chairman. If the chairman is on leave or unable to perform his/her duties for whatever reason, the chairman shall appoint one of the directors to act on his/her behalf. Where the chairman fails to make such an appointment, the directors shall select one of them to act on behalf of the chairman. If a shareholders' meeting is convened by any person who has the right to do so, other than the Board of Directors, the meeting shall be presided over by that person. Where there are two or more such persons, they shall select only one to preside over the meeting.

The chair shall call the meeting to order when a majority of the total outstanding shares is present. If the meeting is overdue and the total number of shares present is insufficient, the chair may postpone the meeting. If the quorum is not met after two postponements (20 minutes for the first one and 10 minutes for the second one) and the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted based on a majority of the voting rights presented by the attending shareholders. If the quorum represented by the attending shareholders is met at the time of the tentative resolution of the preceding paragraph, the chair may call the meeting to order at any time and the tentative resolution is submitted to the meeting for ratification.
- V. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution from the shareholders' meeting.

If a shareholders' meeting is convened by someone with the right to do so, other than the Board of Directors, the meeting shall be presided over by that person.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders meeting. In the event of a violation, a new chair may be elected by a majority of the voting rights

held by the attending shareholders to continue the meeting.

- VI. Before speaking, an attending shareholder must specify on a speaker's slip the name of the shareholder, attendance card number and the subject of the speech. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of a speech does not follow the subject given on the speaker's slip, the spoken content shall prevail.
- VII. Except with the consent of the chair, a single speech made by a shareholder may not exceed five minutes, but with the permission of the chairman, he or she may extend the time by three minutes and limited to one time.
- VIII. A shareholder may not speak more than twice on the same proposal. The chair may stop the speech if it is out of time or beyond the topic. When a shareholder is delivering his/her statement, another shareholder may not interrupt with his/her own statement without consent from both the chairperson and the shareholder delivering statement. The chairperson shall stop any such interruptions. Where any shareholder who is a juristic person is represented by two or more persons at the shareholders' meeting, only one of them may be selected to deliver a statement on a proposal. After the attending shareholders have delivered their statements, the chairperson may give or have designated persons give responses.
- IX. During the discussion of the motion, the chair may declare the end of the discussion at an appropriate time, and if necessary, the chair may declare that the discussion has ceased. After discussion is declared concluded, the chair should immediately put the motion to vote. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel are shareholders of the Company. The results of the voting shall be announced on-site at the meeting and a record made of the vote.
- X. Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. If there is no objection by any shareholders present following an inquiry by the chair, the proposal shall be deemed passed with the same effect as a poll.
- XI. When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. The shareholder will have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoids the submission of extempore motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days prior to the date of the shareholders meeting. When

duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days prior to the date of the shareholders meeting. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

- XII. Shares held by shareholders with no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders. In passing a resolution at a shareholders' meeting, shares for which voting rights cannot be exercised shall not be counted in the number of votes of shareholders present at the meeting.
- XIII. A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting right on behalf of another shareholder.
- XIV. A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting right on behalf of another shareholder.
- XV. When a meeting is in progress, the chair may announce a break based on time considerations.
- XVI. When a meeting is in progress, if there is an air-raid warning drill, the meeting shall be suspended and the attendees evacuated. The meeting shall continue an hour after the warning has been lifted.
- XVII. The minutes of proceedings shall record the main points of the proceedings and the results thereof. The minutes shall be kept by the Company together with the signature book of the directors present and the proxy form for attendance. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the company for a minimum period of at least one year. The minutes of meeting on record, the sign-in book for tracking attendance of the shareholders and the power of attorney for appointment of proxies shall be kept by the Company.
- XVIII. If for some reason, the shareholders' meeting cannot be convened at the time of notice or the agenda cannot be continued during a meeting, the chairman is authorized to postpone the meeting for not more than, or to reconvene the meeting

within, five days in accordance with Article 182 of the Company Act. The provisions of Article 172 of the Company Act shall not apply where a meeting of shareholders resolves to postpone the meeting for not more than, or to reconvene the meeting within, five days.

- XIX. Matters not set forth for in these Rules shall be handled in accordance with the Company Act, the Company's Articles of Incorporation and other relevant laws and regulations.
- XX. These Rules shall come into effect after the approval of the shareholders' meeting and the same is true of amendments.

SIWARD Crystal Technology Co., Ltd.
Regulations Governing Elections of Directors

- Article 1: The Company's election of directors shall be handled in accordance with these Regulations.
- Article 2: The Company's election of directors shall be held at the shareholders' meeting.
- Article 3: The Company's directors are elected by the registered cumulative voting method.
- Article 4: Each share will have voting rights in a number equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.
- Article 5: The number of directors to be elected is set forth in the Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, lots shall be drawn to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 6: When the ballot is prepared by the Board of Directors, it shall be numbered and filled in with the number of voting rights.
- Article 7: The chair shall appoint a number of scrutineers and tally clerks at the beginning of the election. These personnel shall perform their professed duties.
- Article 8: The elector shall fill in the name of the candidate in the field of "Candidate" on the ballot and enter the account number or ID number. However, if a legal entity is a candidate, the name of the legal entity or the names of the legal entity and his/her representative may be entered.
- Article 9: A ballot is invalid under any of the following circumstances.
- (1) A ballot not prepared in accordance with these Rules.
 - (2) A blank ballot is placed in the ballot box.
 - (3) The writing is unclear and indecipherable.
 - (4) A candidate's name, account number or ID number entered in the ballot does not conform to the director candidate list.
 - (5) Other words or marks are entered in addition to the name of the candidate,

shareholder account number and ID number.

- (6) The name of the candidate entered is the same as another shareholder and cannot be identified as the shareholder account number or ID number are not entered.

Article 10: The results of votes shall be announced by the chair on the spot.

Article 11: Elected directors will be issued with a letter of notification.

Article 12: Matters not set forth in these Regulations shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 13: These Regulations shall come into effect after the approval of the shareholders' meeting and the same is true of amendments.

Shareholdings by the Directors of SIWARD Crystal Technology Co., Ltd.

April 21, 2023

Title	Name	Shareholding	Shareholding ratio (%)
Chairman	Tseng, Ying-Tang	4,276,593	2.682
Director	Tseng, Jung-Meng	3,585,983	2.249
Director	Liu, Ping-Feng	4,177,183	2.260
Director	Ku, Chih-Yun	2,002,473	1.256
Director	Liao, Lu-Li	60,000	0.038
Director	Chiang, Hung-Yu	0	-
Director	Liao, Pen-Lin	708	-
Independent Director	Tien, Chia-Sheng	0	-
Independent Director	Lin, Hsi-Ming	0	-
Independent Director	Chang, Cheng-Chun	0	-

Note: According to Article 26 of the Securities and Exchange Act: the minimum number of shares to be held by all directors of the Company other than independent directors shall be the total number of shares*7.5%*80%: 9,565,262 shares.