

Minutes of 2023 Annual General Shareholders' Meeting

(Translation)

Time: 9:00 a.m., June 19, 2023 (Monday)

Place: No. 1-1, Ln. 111, Sec. 3, Zhongshan Rd., Tanzi Dist., Taichung City

Total number of shares issued: 159,421,022

Attendant shares: 96,127,295(including electronic voting 10,477,553 shares)
accounted for 60.30% of total shares

Attendant directors:

Chairman: Liao, Pen-Lin

Director: Tseng, Jung-Meng 、 Liu, Ping-Feng 、 Ku, Chih-Yun 、 Chiang, Hung-Yu 、
Liao, Lu-Lee 、 Liao, Pen-Lin

Independent Director: Tien, Chia-Sheng(Audit Committee convener) 、 LIU,
Chien-Cheng

In attendance: CPA : Huang, Yu-Ting at EY Taiwan

Chairman: Liao, Pen-Lin

Recorder: Huang, Ling-Ling

1. Call meeting to order

2. Chairman's Address (Omitted)

3. 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.

4. 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 :

The subject is voting by poll and the result is: approval votes: 89,545,351 shares accounted for 93.15% of total shares, disapproval votes: 32,727 shares, abstention votes / no votes: 6,549,217 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

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	

Summary	Amount	Remarks
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 President: 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:

The subject is voting by poll and the result is: approval votes: 89,834,478 shares accounted for 93.45% of total shares, disapproval votes: 33,781 shares, abstention votes / no votes: 6,259,036 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

5. 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	Chairman, SIWARD Crystal Technology Co., Ltd. Chairman, Securitag Assembly Group Co., Ltd.	4,276,593

		School		
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:

Newly-elected list of directors and independent directors

Type Name Shares	Type Name Shares	Type Name Shares
Director	Liao, Pen-Lin	95,396,451
Director	Tseng, Ying-Tang	95,078,676
Director	Tseng, Jung-Meng	93,364,651
Director	Liu, Ping-Feng	93,063,687
Director	Ku, Chih-Yun	88,440,967
Director	Liao, Lu-Lee	87,932,056
Director	Chiang, Hung-Yu	87,751,328
Independent Director	Tien, Chia-Sheng	86,567,198
Independent Director	Liu, Chien-Cheng	82,641,863
Independent Director	Lee, Shu-Min	85,6925,885

6. 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:

The subject is voting by poll and the result is: approval votes: 89,763,253 shares accounted for 93.38% of total shares, disapproval votes: 69,909 shares, abstention votes / no votes: 6,294,133 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

7. Extempore Motions

None

8. Meeting adjourned

Time: 9:30 a.m., June 19, 2023

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

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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											
	Ordinary share		Capital surplus		Retained earnings			Other		Total equity attributable to owners of parent	Non-controlling interests	Total equity
					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 (Note 4 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 (Note 4 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 (Note 4 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)