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E&R ENGINEERING CORPORATION

2022

Annual Report

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ENGINEERING CORP.

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ENR ENGINEERING CORP.

I. Report to Shareholders

E&R Engineering Corporation
2022 Annual Business Report

Hello shareholders:

First of all, I would like to thank all shareholders for your long-term support and encouragement to the company. Here is a brief report on the operating result in 2022 and the business plan for 2023:

I. Operating results in 2022

(1) Business plan implementation results:

After several years of diligent training, the Company has become a major supplier of industrial equipment spanning IC packaging, testing, wafer-level packaging, system in package and FPC processes. In 2022, although the world was still threatened by the Omicron variant virus, the number of hospitalizations and deaths has not increased significantly due to the high coverage of vaccines and weakened pathogenicity of the virus. European and American countries gradually removed control measures in the first half of 2022, and Asian countries also eased border controls in the second half of the year, except for mainland China. The impact of the epidemic on economic activities has been significantly weakened. After the spread of the epidemic, the demand for stay-at-home economy applications and new product technologies such as 5G and AI has exploded. The shortage of chips has boosted the demand for HPC and automotive markets. Stimulating the growth of manufacturing equipment sales, global semiconductor factories continued to record capital expenditures in the first half of 2022, and the Group also ushered in historic revenue growth and new profit highs in the first half of the year.

However, in the second half of 2022, under the influence of factors such as overheating, mutant viruses, high inflation, and climate change, as the Russian-Ukrainian war continued, pushing up global inflationary pressures, central banks around the world started an unprecedented tightening cycle, changing the loose monetary policy in the past. In order to control high inflation, many countries have launched a cycle of interest rate hikes to fight against the current financial environment. Rising interest rates have inhibited private consumption and corporate investment willingness. Global economic demand has cooled down significantly in the second half of the year, and the slowdown will continue until 2023. To sum up, the consolidated operating revenue of the Group in 2022 is NT$3,222,998,000 an increase of approximately 26.65% compared with the consolidated operating revenue of NT$2,544,782,000 in 2021. The net income attributable to owners of parent for the year was NT$390,789,000. Net profit after tax per share was NT$3.94.

(2) Budget execution:

The budget prepared by the Company is for the purpose of internal operation and management, and no financial forecast has been announced.

(3) Financial Income and Expenditure and Profitability Analysis of the Company:

Unit: NTD thousand

Item		2022	2021
Financial	Operating revenue	3,222,998	2,544,782
	Gross Profit	1,124,060	854,522

Income and Expenditure	Net profit (loss) after tax	390,135	244,142
Profitability	Return on Assets (%)	9.58	8.10
	Return On Equity (%)	15.42	12.57
	Operating profit (loss) to paid-in capital ratio (%)	39.94	31.20
	Profit (loss) before tax to paid-in capital ratio (%)	48.96	30.46
	Earnings per share	3.94	2.62

(4) Research and Development Status：

Unit: NTD thousand

Item	2022	2021 年
R&D expenses	208,505	159,650
Operating revenue	3,222,998	2,544,782
Ratio(%)	6	6

The Company has been continuously committed to the research and development of semiconductor production equipment, and has been deeply engaged in laser printing, laser micromachining and plasma micromachining for many years, and has continued to gain customer trust and wide adoption. Future R&D focuses are as follows: 1. Advanced wafer-level laser cutting technology. 2. Advanced wafer-level laser, plasma hybrid micromachining technology. 3. High-end substrate-level packaging laser micromachining technology. 4. Wafer-level plasma micro-etching technology. 5. Technology of semiconductor and Micro Led related testing equipment. 6.ABF large carrier board process technology. 7. The third-generation semiconductor application technology. The Company has become a major laser equipment supply chain manufacturer, and has been certified as qualified and applied to 5G and high-speed computing chip manufacturing processes, which is expected to bring about an increase in turnover. In addition, the Company continues to integrate laser, plasma and photoelectric detection technologies in response to the needs of customers with small size products, and continues to carry out horizontal and vertical multi-angle integrated operations. And committed to the development of industrial diversification and product diversification, to achieve the direction of business expansion and gross profit growth.

II. 2023 Outline of Business Plan

(1) Guideline for Management

The Company operates with the business philosophy of integrity and pragmatism, sustainable operation, continuous innovation, profit sharing, and maximizing the value of shareholders and employees. In addition, the Company also actively expands into emerging markets, actively improves quality, and actively strengthens the improvement of quality and enhances customer satisfaction with the policy of breakthrough and value creation, to achieve the goal of an outstanding enterprise.

(2) Expected Quantity of Sales and the Basis

The sales quantity is determined based on the market demand and development trend, the customer's operating situation and the current order status of the Group, and in consideration of the Group's production capacity. Under the influence of variant virus, Russia-Ukraine war, high inflation and climate change, the global economic demand has weakened, and the scale of customer orders has been reduced and postponed, which has also caused a decline in capacity utilization, and the time for manufacturers to clear inventory is longer than expected. Enterprises' willingness to invest in equipment has turned conservative, and capital expenditures have slowed down compared to previous plans. In addition, the U.S.-China technology war is still heating up, impacting the

development of globalization. The U.S. imposes chip export controls on China, and is actively forming alliances with the world to fight against China. In view of the intense and long-term U.S.-China trade and technology wrangling, it will affect global supply. The development of the chain is polarized; although the Chinese economy has rebounded due to the relaxation of prevention and control measures, the impact on the economy still needs to be closely monitored. Finally, when the Russo-Ukrainian War will end is also an important uncertainty affecting the performance of the global economy. Therefore, international forecasting agencies believe that the growth rate of global economy and trade in 2023 will be slower than that in 2022. Under the influence of factors such as interest rate hikes in various countries, US-China wrestling, geopolitics, and energy price fluctuations, the prosperity in 2023 is also full of uncertainties.

Despite this, semiconductor high-end product technology is still innovating. Investment in high-end semiconductors, energy-saving and green energy related equipment continues to increase, which promotes the continuous expansion of the advanced process market. In addition, the demand for automotive electronics and industry is still there, which will help support electronics. As the inventory of the electronics industry slowly digested in the first half of the year; the cycle of interest rate hikes in the United States is coming to an end, the economy has shown full resilience, inflation has declined, and the unemployment rate remains low. China's unblocking has easily passed the originally expected period of transitional adjustment due to the spread of the epidemic and the heavy blow to the economy. Europe has gradually emerged from the energy crisis and the Russian-Ukrainian war... etc. The economic growth in 2023 is indeed full of uncertainties. Under the easing of the economic situation, the Group will strive to complete the development of various projects to meet the arrival of new demand.

With the continuous improvement of the precision of semiconductors, the Company has developed a new generation of laser excitation modules to provide more possibilities for high-end packaging. Moreover, the characteristics of low thermal effect combined with the advantages of high equipment precision will increase the demand for laser grooving and laser processing on third-generation semiconductor materials such as GaN and SiC. In addition, the Group has introduced many domestic and foreign doctoral talents in recent years, actively invested in the research and development of more advanced laser micro-machining technology for semiconductor packaging and testing, and has obtained a large number of patents. Integrating laser and plasma application technologies to provide customers with complete solutions will further develop the fields of 5G, Micro Led, super-speed computers and electric vehicles in the future.

(3) Important Production and Marketing Policy

1. In terms of marketing research and development, we will increase sales service bases and marketing channels. In addition to continuing to deepen the original mainland and Southeast Asian markets, we will also actively expand the markets in Europe, America and Northeast Asia. At present, they have been continuously cooperating with customers. The Company will continue to launch new products to deepen existing customers, and add new marketing channels to existing products to promote to global manufacturers.

2. In terms of production, the Company will not only focus on the research and development of new products, but also continue to develop micro-laser processing technology and precision plasma surface treatment technology to enhance the added value of products. And through diversified operation, maintain a high-quality and customized product image, continue to operate the brand, reduce unit costs, and improve product competitiveness.

III. Future Development Strategy

(1) Grasp market trends and strengthen sales of existing products to expand market size. For the newly developed products, select potential customers to actively promote and cooperate with them. In addition to continuously improving and developing the technology of their own products, we further help customers shorten their product development time.

(2) The Company strengthens sales in various regions, establishes appropriate international sales channels and agent sales support systems, and fully cooperates with trading partners to provide customers with the best solutions nearby and quickly, to increase market share and expand market scale.

(3) Talents expand the channels of talent network by establishing education cooperation, participating in high-level talent training programs, and applying for alternative service. In addition, the Company also strengthens the professional training of talents and closely communicates with research institutions and academic institutions.

(4) Continuous research and development to improve production technology and reduce costs, based on the company's existing scale, research and development of diversified and high-margin products, and extend the core field to different industries and continue to develop new equipment to maintain the leading edge of the competition.

(5) In response to the needs of the Company's future development, it will make full use of the capital market to reduce capital costs and maximize capital utilization efficiency.

(6) In response to the needs of the Company’s expansion, it is planned to build factories overseas and in the Qiaotou Science Park to expand production capacity for future long-term operation and development.

IV. Influenced by the external competitive, regulatory, and general economic environment

(1) Important domestic and foreign policy and legal changes in recent years have not had a significant impact on the Company’s financial business, and relevant information will be obtained at any time in the future, and necessary countermeasures will be promptly developed to meet the Group's operational needs.

(2) In the face of the rapid changes in the industrial environment, the Company has obtained a lot of help through the technology projects and A+ plans provided by the government, and the Ministry of Science and Technology's high-level talent training and employment programs in key industries also provide relevant subsidies to help recruit outstanding talents. Invest in R&D and innovation, and seek internal transformation. Through education and training and organizational transformation, create an organic management team, comprehensively enhance core competitiveness, and actively create potential products, in order to expand business performance and profit goals.

(3) In the face of the advent of the 5G generation, the panel and semiconductor industries have higher and higher requirements for processing accuracy, and the wafer materials are becoming more and more diverse. Laser and plasma will be the development core of the semiconductor equipment industry in the future. It is no longer limited to semiconductors, and can even be applied to ceramics, weapons and other industries. Especially electronics and semiconductor processes will enter the era of micro-electromechanical (MEMS) processing, which must rely on two technologies: laser and plasma processing. All are ready and have exclusive advantages.

(4) Continue to build a more complete information security system.

(5) The frequency of extreme climates around the world has seriously impacted human life and business operations. Climate change will also bring transformational risks, such as

changes in regulations, market changes, and new technology needs. The Group continues to develop ESG sustainable operations, and is obliged to do so in terms of environmental protection, social responsibility and corporate governance.

I sincerely hope that all shareholders will continue to give E&R Engineering Corp. support and encouragement, and continue to give Tisheng enthusiastic and sincere advice. Finally, E&R Engineering Corp.would like to wish all shareholders good health and good luck!

Chairman of the Board Michel Wang

II、Company Profile

I. Date of Establishment: October 28, 1994

II. Company History:

Date	Important Events
October 1994	E&R Engineering Corp. was established on October 28, 1994, with a paid-in capital of NT$20 million.
June 1995	The PR-600 ink stamping machine was officially launched.
October 1995	The cash capital increase was NT$15 million, and the paid-in capital was NT$35 million.
May 1996	Invested in the research and development of laser printers, and officially launched the BLAZON-1600 at the end of the year.
December 1996	The cash capital increase was NT$20 million, and the paid-in capital was NT$55 million.
September 1997	Purchased 715 square feet of industrial land next to Yanchao Dist. Ci-nan Rd. In February 1998, the construction of the factory began, with a construction area of about 1300 square feet. The head office was scheduled to move to a new location in November 1998.
December 1997	Merged with Taisheng Industry, and increased the capital by NT$60,000. The paid-in capital was NT$55.06 million.
March 1998	Successfully launched Embassy Carrier Tape.
April 1998	The cash capital increase was NT$72.29 million, the surplus was transferred to the capital by NT$11.29 million, and the paid-in capital was NT$138.64 million.
June 1998	Officially launched the On Tray Laser Marker used by the test factory. The cash capital increase was NT$61 million, and the paid-in capital was NT$199.64 million.
November 1998	Officially launched Plasma Cleaner and Snap Curer.
March 1999	Passed the German TUV ISO-9001 quality certification.
August 1999	The surplus and capital reserve were converted into a capital of NT$40.96 million, and the paid-in capital was NT$240.6 million.
December 2001	The cash capital was increased by NT$20 million, and the paid-in capital was NT$260.6 million.
March 2002	Invested in the E&R Semiconductor Materials Co., Ltd (subsidiary in Hong Kong)
October 2003	E&R(Dongguan) Semiconductor Materials Co., Ltd. was established to engage in the manufacture and sale of Embedded Carrier Tape.
September 2003	The surplus and capital reserve were converted into a capital of NT$18.24 million, and the paid-in capital was NT$278.84 million.
March 2004	The cash capital was increased by NT$60 million, and the paid-in capital was NT$338.84 million.
May 2004	Wuxi E&R Semiconductor Materials Technology Co., Ltd was established to engage in the manufacture and sale of Embedded Carrier Tape.
September 2004	The surplus was converted into a capital of NT$17 million, and the paid-in capital was NT$355.84 million.

Date	Important Events
November 2005	The surplus was converted into a capital of NT$15.69 million, and the paid-in capital was NT$371.53 million.
December 2006	The surplus was converted into a capital of NT$3.56 million, and the paid-in capital was NT$375.09 million.
October 2007	Chentai Trading(Shanghai) CO.,LTD was established, engaged in the sales and installation and maintenance services of automation equipment, as well as the sales of related components.
December 2007	Invested in TECH-WAVE INDUSTRIAL CO., LTD. and became a 100% transfer investment company of the Company.
March 2009	Sale of the Company's Carrier Tape division.
January 2010	Through the Ministry of Economic Affairs Industry Section Project (Ultraviolet Solid State Laser Application Technology Integration Project).
June 2011	The private placement cash increased the capital by NT$42 million, and the paid-in capital was NT$417.09 million.
January 2012	Established the Flexible Electronic Equipment Division to manufacture process equipment used in the flexible board industry.
March 2012	Passed the Ministry of Economic Affairs' Industry Section Project (Low-k Silicon Wafer Picosecond Laser Slotting Project). Chen Tai Trading (Shanghai) Co., Ltd. Suzhou Branch was established, engaged in IC/FPC/LED/FPD equipment, material sales and after-sales service.
June 2012	The laser marking machine was successfully developed.
June 2013	Laser ceramic drilling machine/laser sapphire cutting machine was successfully developed.
July 2013	TECH-WAVE INDUSTRIAL CO., LTD. introduced strategic partners through capital reduction and capital increase, and the Company changed its shareholding to 51.43%.
August 2013	Launched ceramic substrate 2D Code laser printer/inspector.
October 2013	The cash capital was increased by NT$30 million, and the paid-in capital was NT$447.09 million.
November 2013	The over-the-counter trading center of the financial and legal person of the Republic of China approved the official registration of the emerging market.
October 2014	Issued new shares with restricted employee rights of NT$11 million, increased cash capital of NT$50 million, and paid-in capital of NT$508.09 million.
December 2014	E&R PRECISION EQUIPMENT CO.,LTD. was established, engaged in the sales and installation and maintenance services of soft electronic equipment, as well as the sales of related components.
February 2015	The over-the-counter trading center of the financial legal person of the Republic of China passed the OTC review.
June 2015	The over-the-counter trading center of the financial legal person of the Republic of China approved the official registration and listing on the OTC.

Date	Important Events
July 2015	The cash capital increase was NT$51 million, and the paid-in capital was NT$559.09 million.
January 2016	Repurchased and cancelled NT$ 10.1 million of treasury shares and NT$230,000 of new shares with restricted employee rights, and increased capital by NT$5.3 million with employee stock options, resulting in a paid-in capital of NT$554.06 million. Invested in CRYSTAL ENTEC CORP. and obtained 44.44% equity, engaged in sapphire cutting, ceramic substrate cutting OEM.
April 2016	Passed the Ministry of Economic Affairs' Industry Division Project (Thin Wafer Plasma Cutting Equipment Development Project).
April 2016	Recovered and cancelled NT$50,000 of new shares with restricted employee rights, and increased capital by NT$ 580,000 with employee stock options, resulting in a paid-in capital of NT$554.59 million.
May 2016	Recovered and cancelled NT$3.25 million new shares with restricted employees' rights, increased capital byNT$ 610,000 with employee stock options, and the paid-in capital amounted to NT$551.95 million.
September 2016	Repurchased and cancelled treasury shares of NT$12.45 million and restricted employee rights of NT$28,000 , with paid-in capital of NT$ 539.47 million.
November 2016	Repurchased and cancelled treasury shares of NT$12.45 million and restricted employee rights of NT$28,000 , with paid-in capital of NT$539.47 million.
April 2017	Recovered and cancelled NT$2.06 million new shares with restricted employee rights, increased capital by NT$280,000 with employee stock options, and the paid-in capital amounted to NT$540.05 million.
May 2017	Employee stock options were increased by NT$4.01 million, the first domestic convertible corporate bonds were converted into share capital of NT$72.38 million, and the paid-in capital was NT$616.44 million.
June 2017	Employee stock options were increased by NT$4.01 million, and convertible corporate bonds were increased by NT$72.38 million. The paid-in capital was NT$616.44 million.
July 2017	WCA certification passed. (Workplace Conditions Assessment).
September 2017	The cash capital increase was NT$100 million, the employee stock option capital was increased by NT$1.16 million , and the convertible corporate bond capital was increased by NT$42.37 million. The paid-in capital was NT$759.97 million.
December 2017	Passed the Kaohsiung City R&D Award for Promoting Industrial Development (Thin Wafer Plasma Cutting Equipment Development Program).
December 2017	Employee stock options were increased by NT$1.44 million, and convertible corporate bonds were increased by NT$7.31 million, and the paid-in capital was NT$768.72 million.
March 2018	Employee stock options were increased by NT$1.56 million, and convertible corporate bonds were increased by NT$11.62 million, and the paid-in capital was NT$781.9 million.
April 2018	Employee stock options were increased by NT$1.01 million, and convertible corporate bonds were increased by NT$2.94 million, and the paid-in capital was NT$785.85 million.
August 2018	Convertible corporate bonds increased capital by NT$6.36 million, and the

Date	Important Events
	paid-in capital was NT$792.21 million.
November 2018	Passed the Ministry of Economic Affairs' A+ enterprise innovation and research and development of the quenching chain plan (forward-looking technology research and development plan) "laser/etching compound wafer cutting technology development plan".
December 2018	Employee stock options were increased by NT$200,000, and convertible corporate bonds were increased by NT$5.42 million, and the paid-in capital was NT$797.83 million.
April 2019	Convertible corporate bonds increased capital by NT$8.25 million, and repurchased and cancelled treasury shares of NT$8.14 million. The paid-in capital was NT$797.94 million.
May 2019	Employee stock options were increased by NT$900,000, and the paid-in capital was NT$798.84 million.
October 2019	The surplus was converted into a capital of NT$15.78 million, and the paid-in capital was NT$814.62 million.
November 2019	Jiangsu E&R Technology Co., Ltd. was established, engaged in the manufacture, sales and installation and maintenance services of automation equipment, as well as the sales of related components.
November 2020	Convertible corporate bonds increased capital by NT$26.9 million, with paid-in capital of NT$841.52 million.
March 2021	Convertible corporate bonds increased capital by NT$12.79 million, with paid-in capital of NT$854.31 million.
May 2021	Convertible corporate bonds increased capital by NT$48.42 million, and the paid-in capital was NT$902.73 million.
August 2021	The cash capital increase was NT$100 million, and the paid-in capital was NT$1,002.73 million.
November 2021	Employee stock options were increased by NT$4.23 million, convertible corporate bonds were increased by NT$1.82 million, and treasury shares were repurchased and cancelled by NT$8.3 million. The paid-in capital was NT$1,000.48 million.
April 2022	Convertible corporate bonds increased capital by NT$550,000, and the paid-in capital was NT$1,001.02 million.
October 2022	Employee stock options were increased by NT$5.35 million, convertible corporate bonds were increased capital by NT$1.33 million , and the paid-in capital was NT$1,007.7 million.
March 2023	Employee stock options were increased by NT$120,000, convertible corporate bonds were increased by NT$3.03 million, and repurchased and canceled treasury shares of NT$14.9 million. Paid-in capital was NT$995.95 million.

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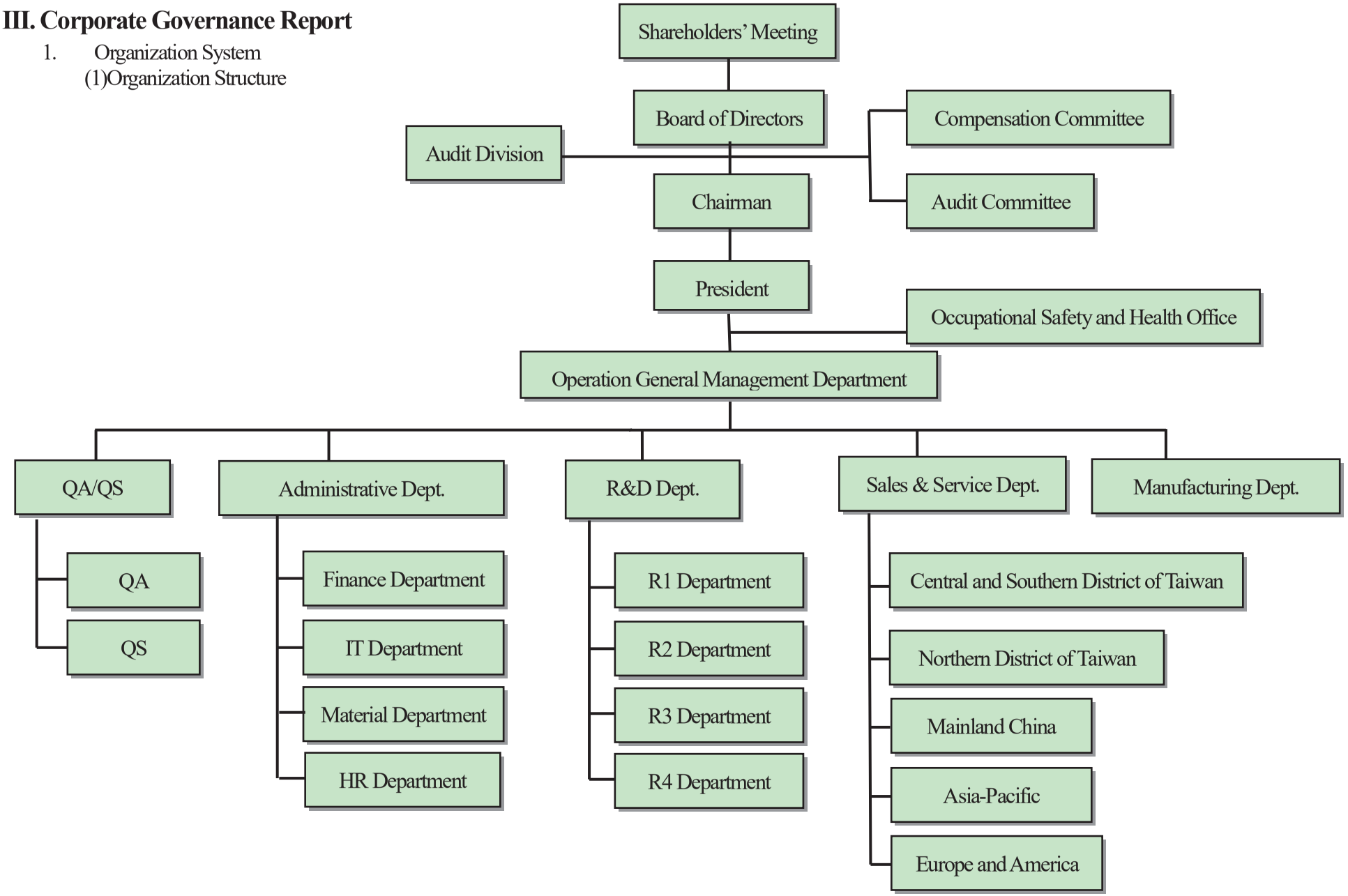
III. Corporate Governance Report

1. Organization System

(1)Organization Structure



(2) Main Business and Duties of Departments

Unit name	Main Business and Duties
Audit Division	The annual audit business plan of the company and its subsidiaries, implementation and improvement suggestions for internal control deficiencies and tracking improvement situation to ensure the effectiveness of the implementation of the internal control system.
Compensation Committee	1. Formulate and regularly review the performance evaluation of directors, supervisors and managers, and policies, systems, standards and structures for assessing salary. 2. Regularly evaluate and determine the salaries of directors, supervisors and managers.
Audit Committee	Oversee the following: 1. Fair representation of the company's financial statements. 2. Selection (dismissal), independence and performance of certified accountants. 3. Effective implementation of the company's internal control. 4. The company follows relevant laws and regulations. 5. Management and control of existing or potential risks of the company.
Operation General Management Department	1. Regularly hold cross-departmental business meetings. 2. The convening of the board of directors and shareholders' meetings. 3. Handle the matters assigned by the relevant head office and the general manager. 4. Supervision of subsidiaries.
Occupational Safety and Health Office	Establish and implement occupational safety and labor safety work.
Finance Department	1. Responsible for coordinating the company's accounting processing, execution cost data collection and analysis. 2. Plan and execute the company's financial management and fund scheduling business. 3. Preparation of financial statements and establishment and analysis of management financial information. 4. Comprehensive management of corporate tax planning, implementation and compliance with various tax laws. 5. Budget planning and control monthly budget execution status and variance analysis. 6. Stock operations and investor relations.
HR Department	Establish and implement fixed asset management, and be responsible for general affairs, public works, personnel, administration, welfare and safety and health.
IT Department	1. Plan and manage the maintenance and expansion of computer software and hardware. 2. Establish and update information security management and information management regulations. 3. Maintenance and improvement of computer system analysis and programming. 4. Information system/internet system database planning and maintenance.

Unit name	Main Business and Duties	
Material Department	Purchasing	Responsible for the procurement and supplier management of raw materials, fixed assets and transactional supplies, and import management operations.
	Product Control	1. Production process supervision, improvement, integration and management. 2. Operations related to production process management.
	Material Control	1. Responsible for receiving and dispatching materials. 2. Storage, manage, count and record inventory.
QA/QS	Establish and implement the operation of the company's overall quality system, and carry out importing, process, shipping inspection and instrument calibration.	
R&D Department	1. Formulate product research and development plans, coordinate development progress and technology, and complete product development. 2. Responsible for the design of automatic machines such as laser, plasma, etc., research and development and improvement of products. 3. Writing product technical documents. 4. Collection and mastery of various R&D technologies.	
Sales & Service Department	Sales	1. The formulation of product prices and the development and analysis of new customers and new markets. 2. Marketing and taking orders of the company's products. 3. Execution and achievement of product sales and forecast profit targets. 4. Management of agents.
	Service	1. Pre-launch inspection of automated machines, such as laser, plasma, etc. 2. Provide customers with the best after-sales installation and maintenance services.
Manufacturing Department	Manufacturing, testing and assembly machines.	

II. Information on directors, supervisors, general managers, deputy general managers, assistant managers, heads of various departments and branches

(1) Director Information

1.Director Information

April 18, 2022; Unit: Shares

Title	Nationality or place of registration	Name	Gender Age	Election (inauguration) date	Term of Office	Date of first appointment	Shares held at the time of appointment		Shares held currently		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Currently holding positions in other companies	Other supervisors, directors, or supervisors with a spousal relationship or second degree of kinship			Remarks
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Job Title	Name	Relationship	
Chairman	Republic of China	Michel Wang	Male 61~70 years old	2020.06.18	3 years	1994.10.24	2,697,811	4.13	4,200,334	4.22	—	—	900,656	0.90	Department of Mechanical Engineering, CYCU. Chairman of Yiwei Enterprise Company	Chairman and Chief Strategy Officer of the Company Chairman of Donghua Investment Co., Ltd. Director of E&R Semiconductor Materials Co., Ltd. Director of TECH-WAVE Industrial Co., Ltd. Supervisor of Jiangsu E&R Technology Co., Ltd.	—	—	—	—
Vice Chairman	Republic of China	KS Chen	Male 71~80 years old	2020.06.18	3 years	1994.10.24	897,903	1.38	949,428	0.95	224,382	0.23	—	—	Department of Mechanical Engineering, FCU. General Manager of the Company. Philips Electronic Building Elements Industries (Taiwan) Ltd.	Vice Chairman and Chief Technology Officer of the Company Supervisor of TECH-WAVE Industrial Co., Ltd. Director of E&R Semiconductor Materials Co., Ltd. Legal representative of Wuxi E&R Semiconductor Materials Technology Co., Ltd. Legal representative of E&R (Dongguan) Semiconductor Materials Co., Ltd.	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Election (inauguration) date	Term of Office	Date of first appointment	Shares held at the time of appointment		Shares held currently		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Currently holding positions in other companies	Other supervisors, directors, or supervisors with a spousal relationship or second degree of kinship			Remarks
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Job Title	Name	Relationship	
																Corporation representative of Jiangsu E&R Technology Co., Ltd.				
Director	Republic of China	Eric Chang	Male 61~70 years old	2020.06.18	3 years	2002.06.21	798,620	1.22	1,059,661	1.06	11,664	0.01	—	—	Department of Industrial Engineering and Engineering Management,NTHU. Graduate Institute of Business Administration, NTU. Executive Vice President of the Company Manager of Baisha Electric Motor Co., Ltd.	General Manager of the Company Chairman of Tech-Wave Industrial Co., Ltd. Chairman Of Crystal Entec Co., Ltd. General Manager of E&R Semiconductor Materials Co., Ltd. Director and General Manager of E&R (Dongguan) Semiconductor Materials Co., Ltd. Director and General Manager of Wuxi E&R Semiconductor Materials Technology Co., Ltd. Director and General Manager of Jiangsu E&R Technology Co., Ltd. Independent Director of Zen Voce Co., Ltd.	—	—	—	—
Director	Republic of China	Donghua Investment Co., Ltd.	—	2020.06.18	3 years	2017.06.20	1,484,431	2.27	769,650	0.77	—	—	—	—	—	—	—	—	—	—
		Representative：Ray Hou	Male 51~60 years old	2020.06.18		2020.06.18	—	—	—	—	4,422	0.00	—	—	Department of Accountancy and Graduate Institute of Finance, NCKU. Partner of Ernst & Young and	Director of Hou Rongxian Accounting Firm. Head of Family Tree Co., Ltd. Corporation Director of Sheh Fung Screws Co.,Ltd. Representative.	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Election (inauguration) date	Term of Office	Date of first appointment	Shares held at the time of appointment		Shares held currently		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Currently holding positions in other companies	Other supervisors, directors, or supervisors with a spousal relationship or second degree of kinship			Remarks
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Job Title	Name	Relationship	
															Director of Kaohsiung Office Director of Hou Rongxian Accounting Firm. Head of Family Tree Co., Ltd.	Corporation Representative Director of Jia Wei Lifestyle, Co.,Ltd Independent Director.of T.Y.C. Brother Industrial Co., LTD. Independent Director of Jiyuan Packaging Holdings Co., Ltd. Independent Director of Mospec Semiconductor Co., Ltd. Independent Director of United Fiber Optic Communication Co., Ltd.				
Director	Republic of China	Harry Huang	Male 51~60 years old	2020.06.18	3 years	2020.06.18	1,034,288	1.27	1,216,680	1.22	—	—	—	—	Department of Ecnomics, NTU Business Associate of Fuhua Investment Trust Vice President of Business of Clone International Biotech Co., Ltd.	Deputy General Manager of the General Operation Management Office of the Company Director and Deputy General Manager of Jiangsu E&R Technology Co., Ltd.	—	—	—	—
Director	Republic of China	Kuang shu Hsueh	Male 61~70 years old	2020.06.18	3 years	2020.06.18	444,657	0.55	447,333	0.45	116,110	0.12			Department of Electronics, KWIJC. Chairman of Chaoyue Chemical Co., Ltd.	N.A.	—	—	—	—
Independent Director	Republic of China	Carlos Huang	Male 61~70 years	2020.06.18	3 years	2013.11.29	—	—	—	—	—	—	—	—	Technology Industrial Engineering and	N.A.	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Election (inauguration) date	Term of Office	Date of first appointment	Shares held at the time of appointment		Shares held currently		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Currently holding positions in other companies	Other supervisors, directors, or supervisors with a spousal relationship or second degree of kinship			Remarks
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Job Title	Name	Relationship	
			old												Management, NCYU. Director of the Chinese Metrology Society Council of Labor Affairs Technician Skill Checking Department Supervisor and Reviewer Member of the selection committee of the New International Instrument Science and Technology Innovation Award of the National Institute of Experimental Research in Instrument Science and Technology Adjunct Lecturer of Industrial Cooperation, National Normal University					

Title	Nationality or place of registration	Name	Gender Age	Election (inauguration) date	Term of Office	Date of first appointment	Shares held at the time of appointment		Shares held currently		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Currently holding positions in other companies	Other supervisors, directors, or supervisors with a spousal relationship or second degree of kinship			Remarks
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Job Title	Name	Relationship	
															Director and Deputy General Manager of Mitutoyo Taiwan Co., Ltd.					
Independent Director	Republic of China	JF Lu	Male 61~70 years old	2020.06.18	3 years	2017.06.20	—	—	—	—	1,040	0.00	—	—	Department of Materials Science and Engineering, NTHU Director of Kaohsiung Plant, Philips Electronic Building Elements Industries (Taiwan) Ltd. Chief Quality Officer of Yageo Co., Ltd. and Head of Nanzi Branch.	N.A.	—	—	—	—
Independent Director	Republic of China	Alex Kao	Male 51~60 years old	2020.06.18	3 years	2020.06.18	—	—	—	—	—	—	—	—	Graduate Institute of Business Administration, NTU. General Manager of Sweepot Inc. Director Of Excelliance Mos	Chairman Of Sweepot Inc. Director Of Armorx Global Technology Co., Ltd.	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Election (inauguration) date	Term of Office	Date of first appointment	Shares held at the time of appointment		Shares held currently		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Currently holding positions in other companies	Other supervisors, directors, or supervisors with a spousal relationship or second degree of kinship			Remarks
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Job Title	Name	Relationship	
															Co., Ltd. Director Of Chesen Electronics Co., Ltd. Partner of Yuwei Asset Management Co., Ltd. Chief Operating Officer of REC Technology Co., Ltd. Senior Associate of China Development Financial Holding Co., Ltd. Rock Records Co., Ltd. Shanghai Office Manager. Ford Lio Ho Motor Co., Ltd. Area Manager					

2. Major shareholders of corporate shareholders: none

April 23, 2023

Corporate shareholder name	Corporate shareholder's major shareholder
Donghua Investment Co., Ltd.	Michel Wang (66.67%)、Lin,Yung-Chen (33.33%)

3. . If the major shareholder of corporate shareholder is a juristic person, its major shareholder:

April 23, 2023

Corporate shareholder name	Corporate shareholder's major shareholder
—	—

4. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors：

Condition / Name	Professional qualifications and experience (Note 1)	Conditions of Independence (Note 2)	Number of Independent Directors of Other Public Companies
Michel Wang	The current chairman and chief strategy officer of the Company has extensive financial, business and technical expertise. Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	0
KS Chen	The current vice chairman and chief technical officer of the Company has rich professional knowledge and experience in business and technology. Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	0
Eric Chang	The current president of the Company has extensive professional knowledge and experience in finance, business and machinery.Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	1
Ray Hou (Representative of Donghua Investment Co., Ltd.)	Director of Hou Rongxian Accounting Firm. Head of Family Tree Co., Ltd. Possess the professional qualifications of accountants and relevant practice experience. Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	4
Harry Huang	The current vice president of the Company has extensive professional knowledge in finance and economics. Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	0

Kuang shu Hsueh	He used to be the chairman of Chaoyue Chemical (stock) Co., Ltd., and has rich business experience. Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	0
Carlos Huang	He is an independent director of the Company, a member of the audit committee and the convener of the remuneration committee. He used to be the director and deputy general manager of Mitutoyo Taiwan Co., Ltd. Lecturer of Industrial Cooperation of National Normal University. Not been a person of any conditions defined in Article 30 of the Company Act.	1. Independence status that meets the requirements of the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" 2. Has not received any amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the last 2 years	0
JF Lu	He is an independent director, member of the audit committee and remuneration committee of the Company. He was the quality officer of Yageo Co., Ltd. and the person in charge of the Nanzi branch. He has extensive business experience and has not been a person of any conditions defined in Article 30 of the Company Act.		0
Alex Kao	He is an independent director of the Company, the convener of the audit committee and a member of the remuneration committee. He is currently the chairman and general manager of Sweepot Inc. He has extensive financial and business knowledge and experience, and has not been a person of any conditions defined in Article 30 of the Company Act.		0

Note 1: Anyone who has one of the following circumstances shall not serve as a manager, and those who have already served must be dismissed:

1. Those who have committed a crime stipulated in the Regulations on the Prevention of Organized Crime, and has been convicted by a verdict of guilt, not yet implemented, not yet completed, finished, probation expires, or within five years of the pardon.
2. Those who have committed the crime of fraud, breach of trust, or embezzlement have been sentenced to fixed-term imprisonment of more than one year and has been convicted by a verdict of guilt, not yet implemented, not yet completed, finished, probation expires, or within two years of the pardon.
3. Those who have committed the crime of the Corruption Code, and has been convicted by a judgment, and has been convicted by a verdict of guilt, not yet implemented, not yet completed, finished, probation expires, or within two years of the pardon.
4. Those who have been declared bankrupt or have been ordered to start liquidation procedures by the court and have not been reinstated.
5. The use of the ticket has not yet expired after the transaction has been refused.
6. Those who are incapacitated or have limited capacity.
7. The declaration of assistance has not been revoked.

Note 2:

1. Governments, corporation or their representatives not specified in Article 27 of the Company Law.
2. Concurrently serve as independent directors of other public companies, less than three.
3. In the two years before the election and during the term of office, none of the following conditions are met:

(1) Employees of the company or its affiliates.
(2) Directors and supervisors of the company or its affiliates.
(3) He and his spouse, minor children or in the name of others, hold more than 1% of the total issued shares of the company, or the top ten natural person shareholders holding shares.
(4) Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, of the managers listed in (1) or the persons listed in (2) and (3).
(5) A director, supervisor or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, or who holds the top five shares, or who appoints a representative to serve as a

director of the company in accordance with Article 27 of the Company Law.
(6) Directors, supervisors or employees of other companies whose directors, supervisors or employees are controlled by the same person with more than half of the company's directors or shares with voting rights.
(7) A president (director), chief supervisor (supervisor) or employee of another company or institution who is the same person or spouse as the chairman, general manager or equivalent of the company.
(8) The president (director), chief supervisor (supervisor) or employee, manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company.
(9) Provide audits for the company or related enterprises, or the accumulated remuneration in the last two years exceeds NT$500,000

5. Board Diversity and Independence:

(1) Diversity of the board of directors:

The board of directors of the Company should guide the Company's strategy, supervise the management level, and be responsible to the company and shareholders.All operations of its corporate governance system ensure that the board of directors exercises its functions and powers in accordance with laws, and the Company bylaws of association or the resolutions of the shareholders' meeting. The structure of the board of directors of the company is based on the company bylaws of association, development scale and actual operation, and the number of directors is set at 9.

The members of the board of directors of the Company, considering their professionalism and diversity, should generally possess the knowledge, skills and literacy necessary to perform their duties. The relevant implementation is as follows:

Director's Name	Diversity Core Item													
	Basic Conditions							Ability				Professional Background		
	Gender	Country of Citizenship	Concurrent Employees of the Company	Age			Years of Independent Directors	Management	Leadership	Industry experience	Financial Management	Technology	Financial Accounting	Business Marketing
				51~60	61~70	71~80								
Michel Wang	Male	Republic of China	✓		✓			✓	✓	✓	✓	✓		✓
KS Chen	Male	Republic of China	✓			✓		✓	✓	✓		✓		✓
Eric Chang	Male	Republic of China	✓		✓			✓	✓	✓	✓	✓	✓	✓
Ray Hou (Representative of Donghua Investment Co., Ltd.)	Male	Republic of China		✓				✓	✓		✓		✓	✓
Harry Huang	Male	Republic of China	✓	✓				✓			✓		✓	✓
Kuang shu Hsueh	Male	Republic of China			✓			✓	✓	✓				✓
Carlos Huang	Male	Republic of China			✓		9	✓	✓	✓		✓		✓
JF Lu	Male	Republic of China			✓		5	✓	✓	✓		✓		✓
Alex Kao	Male	Republic of China		✓			2	✓	✓	✓	✓		✓	✓

(2) Independence of the Board of Directors:

According to the Securities Exchange Act, the number of independent directors shall not be less than two, and shall not be less than one-fifth of the number of directors, and the audit committee shall be composed of all independent directors. The Company is considering the Company's overall operating policy. The tenth director re-election has added 1 independent director seat. The Company's board of directors consists of 9 directors. There are currently 3 independent directors, accounting for 30% of all directors. It has complied with the requirements for the number of independent directors and the proportion of the total number of directors. The board of directors of the Company guide the Company's strategy, supervise the management level, and be responsible to the company and shareholders.All operations of its corporate governance system ensure that the board of directors exercises its functions and powers in accordance with laws, and the company bylaws of association or the resolutions of the shareholders' meeting. The board of directors of the Company emphasizes the functions of independent operation and openness. Directors and independent directors are independent individuals. All the directors of the Company have no relationship within the spouse or second degree of kinship, which complies with Article 26-3, Paragraph 3 of the Securities Exchange Act. Independent exercise of functions and powers, please refer to this annual report II, (I). 1, and 4, for the statement of director independence. Explanation on the disclosure of information on the professional qualifications of directors and the independence of independent directors.

（2）President, vice president, senior manager, supervisors of various departments and branches

April 23, 2023; Unit: Shares

Job Title	Country of Citizenship	Name	Gender	Inauguration date	Shares Held		Shares held by spouse and minor children		Shares held in the name of others		Principal experience (education)	Currently holding positions in other companies	Managers with a relationship within the spouse or second degree of kinship			Remarks
					Shares	Sharres holding ratio	Shares	Sharres holding ratio	Shares	Sharres holding ratio			Job Title	Name	Relationship	
President	Republic of China	Eric Chang	Male	1998.08	1,059,661	1.06	11,664	0.01	—	—	Department of Industrial Engineering and Engineering Management,NTHU. Graduate Institute of Business Administration, NTU. Executive Vice President of the Company. Manager of Baisha Electric Motor Co., Ltd.	General Manager of the Company Chairman of Tech-Wave Industrial Co., Ltd. Chairman Of Crystal Entec Co., Ltd. General Manager of E&R Semiconductor Materials Co., Ltd. Director and General Manager of E&R(Dongguan) Semiconductor Materials Co., Ltd. Director and General Manager of Wuxi E&R Semiconductor Materials Technology Co., Ltd. Director and General Manager of Jiangsu E&R Technology Co., Ltd. Independent Director of Zen Voce Co., Ltd.	N.A.	N.A.	N.A.	—
Chief Technology Officer	Republic of China	KS Chen	Male	1997.12	949,428	0.95	224,382	0.23	—	—	Department of Mechanical Engineering, FCU. President of the Company. Philips Electronic Building Elements Industries (Taiwan) Ltd.	Vice Chairman and Chief Technology Officer of the Company Supervisor of Tech-Wave Industrial CO., LTD. Director of E&R Semiconductor Materials Co., Ltd Legal representative of Wuxi Tisheng Semiconductor Material Technology Co., Ltd. Legal representative of E&R (Dongguan)Semiconductor Materials Co., Ltd. Corporation representative of Jiangsu E&R Technology Co., Ltd.	N.A.	N.A.	N.A.	—
Sales & Service Dept Vice	Republic of China	Vic Chao	Male	1995.11	458,104	0.46	6,121	0.01	—	—	Graduated from Department of Mechanical	N.A.	N.A.	N.A.	N.A.	—

Job Title	Country of Citizenship	Name	Gender	Inauguration date	Shares Held		Shares held by spouse and minor children		Shares held in the name of others		Principal experience (education)	Currently holding positions in other companies	Managers with a relationship within the spouse or second degree of kinship			Remarks
					Shares	Sharres holding ratio	Shares	Sharres holding ratio	Shares	Sharres holding ratio			Job Title	Name	Relationship	
President											Engineering, National Taiwan University of Science and Technology Master degree of the Industrial Engineering the University of Alabama Taiwan Jinfeng Business Specialist					
R&D Dept Vice President	Republic of China	Jack Huang	Male	2014.01	99,412	0.10	—	—	—	—	Master of the Department of Mechanical Engineering, NTU. R&D Manager of Grand Process Technology Corporation. Head of R&D Department of Zen Voce Corporation.	N.A.	N.A.	N.A.	N.A.	—
R&D Dept Vice President	Republic of China	Erwin Wu	Male	2014.01	85,000	0.09	—	—	—	—	Department of Electrical Engineering, NTUST. Mater of the Institute of Electrical Engineering, NTHU. Philips Electronic Building Elements Industries (Taiwan) Ltd.	N.A.	N.A.	N.A.	N.A.	—
R&D Dept Vice President	Republic of China	Robert Chu	Male	2016.01	68,000	0.07	—	—	—	—	Undergraduate of the Department of Electrical Engineering, National Cheng Kung University	N.A.	N.A.	N.A.	N.A.	—

Job Title	Country of Citizenship	Name	Gender	Inauguration date	Shares Held		Shares held by spouse and minor children		Shares held in the name of others		Principal experience (education)	Currently holding positions in other companies	Managers with a relationship within the spouse or second degree of kinship			Remarks
					Shares	Sharres holding ratio	Shares	Sharres holding ratio	Shares	Sharres holding ratio			Job Title	Name	Relationship	
											Senior Engineer of Sunrising Eco-Friendly Technology Co., Ltd.					
Subsidiary Vice President	Republic of China	James Lai	Male	2015.09	73,346	0.07	—	—	—	—	Undergraduate of Chemical Engineering, Nanya Institute of Technology. Section Manager of Orient Semiconductor Electronics,Ltd.	Chentai Trading (Shanghai) Co., Ltd. legal representative.	N.A.	N.A.	N.A.	—
Subsidiary Vice President	Republic of China	Harry Huang	Male	2019.12	1,216,680	1.22	—	—	—	—	Department of Ecnomics, NTU Business Associate of Fuhua Investment Trust Vice President of Business of Clone International Biotech Co., Ltd.	Director and vice president of Jiangsu E&R Technology Co., Ltd.	N.A.	N.A.	N.A.	—
Sales & Service Dept. Director	Republic of China	Allen Lin	Male	2019.11	78,000	0.08	—	—	—	—	Undergraduate of Department of Electronics Engineering, NKUT Master of the Executive Master of Business Administration of FCU. Manager of New Ray Solar Tech Co., Ltd.	N.A.	N.A.	N.A.	N.A.	—
Special Assistance	Republic of China	Martin Yeh	Male	2021.01	30,000	0.03	—	—	—	—	Ph.D., Department of Atomic Science, NTHU. R&D Associate Manager of Shih Her Technologies Inc.	N.A.	N.A.	N.A.	N.A.	—

Job Title	Country of Citizenship	Name	Gender	Inauguration date	Shares Held		Shares held by spouse and minor children		Shares held in the name of others		Principal experience (education)	Currently holding positions in other companies	Managers with a relationship within the spouse or second degree of kinship			Remarks
					Shares	Sharres holding ratio	Shares	Sharres holding ratio	Shares	Sharres holding ratio			Job Title	Name	Relationship	
Special Assistance	Republic of China	Alex Liao	Male	2021.01	41,000	0.04	—	—	—	—	Graduated in Management Studies, NTUST. President of Tech-Wave Industrial Co., Ltd.	N.A.	N.A.	N.A.	N.A.	—
Accounting Supervisor	Republic of China	Max Tsao	Male	2008.06	15,000	0.02	—	—	—	—	Graduated from the Institute of Finance, National Cheng Kung University GenMont Biotech Incorporation Accounting Section Chief Deloitte & Touche Audit Team	Supervisor of Crystal Entec Co., Ltd.	N.A.	N.A.	N.A.	—
Financial Officer	Republic of China	Sonia Lu	Female	2020.04	17,000	0.02	—	—	—	—	Master of the Department of International Business, NKUST. Inotera Memories, Inc. Section Manager. The Orchard Corporation Of Taiwan Ltd. Vice Team Leader	N.A.	N.A.	N.A.	N.A.	—

（3）If the chairman of the board and the general manager or a person with an equivalent position (top manager) are the same person, and they are each other's spouses or first-degree relatives, the reasons, rationality, necessity and countermeasures should be explained: Not applicable.

3、Remuneration paid to directors, supervisors, general manager and vice general manager(s) (including independent directors) in the most recent year

1. Remuneration of Directors (including independent directors)

December 31, 2022; Unit: NTD,thousand; Thousand shares

Job Title	Name	Directors' remuneration								The ratio of the total amount of A, B, C and D to the net profit after tax (%)		Remuneration from concurrently serving as employee								The ratio of the total amount of the seven items A, B, C, D, E, F and G to the net profit after tax (%)		Receipt of remuneration from subsidiary reinvested business or parent company
		Remuneration (A)		Pension upon Retirement (B)		Remuneration to directors (C)		Business execution Expenses (D)				Wages, bonuses, and special allowances, etc (E)		Pension upon retirement (F)		Employee remuneration (G)						
		The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company		Companies included in financial reports		The Company	Companies included in financial reports	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Michel Wang	0	0	0	0	10,750	10,750	175	175	2.80	2.80	19,132	19,917	303	303	6,082	0	6,082	0	7.41	7.63	N.A.
Director	KS Chen																					
Director	Eric Chang																					
Corporate Director	Donghua Investment																					
Corporate Director representative	Ray Hou																					
Director	Harry Huang																					
Director	Kuang shu Hsueh																					
Independent Director	Carlos Huang	1,080	1,080	0	0	0	0	415	415	0.34	0.34	0	0	0	0	0	0	0	0	0.34	0.34	N.A
Independent Director	JF Lu																					
Independent Director	Alex Kao																					

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the relationship with the remuneration amount according to the responsibilities, risks, investment time and other factors: The company pays remuneration to directors, supervisors, general managers and deputy general managers according to the ratio and scope stipulated in the company's bylaws of association, and refers to the salary level of the position in the industry market, the scope of power and responsibility of the position and the contribution to the achievement of the company's operating goals Pay remuneration. In the process of setting remuneration, not only refer to the overall operating performance of the company, but also refer to the achievement of individual performance and the degree of contribution to the performance of the company, and give reasonable remuneration.
2. Except as disclosed in the above table, the remuneration for the services provided for all companies in the financial report by the directors of the Company in the most recent year (such as consultants who are not employees): None

Remuneration Scale Table

Ranges of remuneration paid to each of the Company's directors	Director's name			
	The total amount of the first four remunerations (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	Companies included in financial reports I	The Company	Companies included in financial reports J
Less than NT$1,000,000	Carlos Huang、JF Lu、Alex Kao	Carlos Huang、JF Lu、Alex Kao	Carlos Huang、JF Lu、Alex Kao	Carlos Huang、JF Lu、Alex Kao
NT$1,000,000 (incl.)～NT$2,000,000 (excl.)	Michel Wang、KS Chen、Eric Chang、Ray Hou、Harry Huang、Kuang shu Hsueh	Michel Wang、KS Chen、Eric Chang、Ray Hou、Harry Huang、Kuang shu Hsueh	Ray Hou、Kuang shu Hsueh	Ray Hou、Kuang shu Hsueh
NT$2,000,000 (incl.)～NT$3,500,000 (excl.)	—	—	—	—
NT$3,500,000 (incl.)～NT$5,000,000 (excl.)			Harry Huang	Harry Huang
NT$5,000,000 (incl.)～NT$10,000,000 (excl.)	—	—	Michel Wang、KS Chen、Eric Chang	Michel Wang、KS Chen、Eric Chang
NT$10,000,000 (incl.)～NT$15,000,000 (excl.)	—	—	—	—
NT$15,000,000 (incl.)～NT$30,000,000 (excl.)	—	—	—	—
NT$30,000,000 (incl.)～NT$50,000,000 (excl.)	—	—	—	—
NT$50,000,000 (incl.)～NT$100,000,000 (excl.)	—	—	—	—
NT$100,000,000 or more	—	—	—	—
Total	9	9	9	9

Note 1: The names of the directors shall be listed separately (the corporation shareholders shall list the names of the corporation shareholders and their representatives separately), and the payment amounts shall be disclosed in a consolidated manner. If the Director concurrently serves as the president or vice president, the information should be filled out in this form and the "President and Vice President's Remuneration Table" (individual disclosure of names and remuneration methods or the method of disclosing names in accordance with the aggregate level).

Note 2: Refers to the director's remuneration in the most recent year (including director salary, position bonus, severance pay, various bonuses, incentives, etc.).

Note 3: Enter the amount of directors' remuneration proposed to be distributed by the board of directors before the shareholders' meeting in the most recent annual earnings distribution proposal.

Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including travel expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision, etc.). When providing houses, automobiles and other means of transportation or exclusive personal expenses, the type and cost of the provided assets, actual or fair market value rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it is not included in the remuneration.

Note 5: Refers to the remuneration received by the directors when they serve concurrently as employees (including travel expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision, etc.) in the most recent year, including salary, job additions, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, vehicles, etc., provided in kind. If housing, automobiles and other means of transportation or exclusive personal expenses are provided, the type and cost of the provided assets, the actual or fair market value rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it is not included in the remuneration. Salary expenses recognized in accordance with IFRS 2 "share-based payment", including obtaining employee stock option certificates, restricting employees' rights to new shares and participating in cash capital increase subscription shares, etc., should also be included in the remuneration.

Note 6: Refers to the most recent year when a director concurrently holds the position of an employee (including concurrently serving as general manager, deputy general manager, other managers and employees), and those who have obtained employee bonuses (including stock dividends and cash dividends) should disclose the profit distribution proposal for the most recent year, which was approved by the board of directors before the shareholders' meeting. The proposed distribution amount, and the attached form "Name of the manager who distributes employee bonuses and distribution situation" should also be filled out.

Note 7: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated report should be disclosed.

Note 8: The company pays the total amount of remuneration to each director, and discloses the name of the director in the level to which they belong.

Note 9: The total amount of remuneration paid to each director of the company (including our Company) by all companies in the consolidated report should be disclosed, and the name of the director should be disclosed in the tier to which it belongs.

Note 10: Net profit after tax refers to the net profit after tax of the most recent year. If IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial statement of the most recent year.

Note 11:a. This column should clearly indicate the amount of remuneration related to the reinvestment business other than subsidiaries received by the directors of the Company.

b. If the director of the company receives remuneration related to the subsidiary or other reinvestment business, the remuneration received by the director of the company shall be included in the I column of the remuneration scale table, and change the column name to "All Reinvested Businesses".

c. Remuneration refers to the remuneration, salary (including remuneration of employees, directors and supervisors) and relevant remunerations such as business execution expenses, etc. received by the directors of the Company as directors, supervisors or managers of subsidiaries or other reinvested enterprises.

＊The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

2. Supervisor's remuneration: Not applicable, the Company has set up an audit committee to replace the supervisor on 2020.06.18.

3. Remuneration of President and Vice President

December 31, 2022; Unit: NTD thousand; Thousand shares

Title	Name	Salary (A)		Pension upon retirement (B)		Bonus and special expense account, etc. (C)		Remuneration to employees (D)				The ratio of the total amount of A, B, C and D to the net profit after tax (%)		Receipt of remuneration from subsidiary reinvested business or parent company
		The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company	Companies included in financial reports	The Company		Companies included in financial reports		The Company	Companies included in financial reports	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Eric Chang	16,594	18,327	821	821	10,163	10,163	8,213	—	8,213	—	9.16	9.62	N.A.
CTO	KS Chen													
Vice President	Vic Chao													
Vice President	Jack Huang													
Vice President	Erwin Wu													
Vice President	James Lai													
Vice President	Robert Chu													
Vice President	Harry Huang													

Remuneration Scale Table

Remuneration to Each President and Vice President of the Company	Name of General Manager and Vice General Manager	
	The Company	Companies included in financial reports
Less than NT$1,000,000	—	—
NT$1,000,000 (incl.)～NT$2,000,000 (excl.)	Harry Huang、James Lai	—
NT$2,000,000 (incl.)～NT$3,500,000 (excl.)	Vic Chao、Jack Huang、Erwin Wu、	KS Chen、Eric Chang、Vic Chao、Harry

	Robert Chu	Huang、Jack Huang、Erwin Wu、James Lai、Robert Chu
NT$3,500,000 (incl.)～NT$5,000,000 (excl.)	KS Chen、Eric Chang	KS Chen、Eric Chang
NT$5,000,000 (incl.)～NT$10,000,000 (excl.)	—	—
NT$10,000,000 (incl.)～NT$15,000,000 (excl.)	—	—
NT$15,000,000 (incl.)～NT$30,000,000 (excl.)	—	—
NT$30,000,000 (incl.)～NT$50,000,000 (excl.)	—	—
NT$50,000,000 (incl.)～NT$100,000,000 (excl.)	—	—
NT$100,000,000 or more	—	—
Total	8	8

＊Regardless of the title, those whose positions are equivalent to president or vice president should be disclosed.

Note 1: The names of the directors shall be listed separately (the corporation shareholders shall list the names of the corporation shareholders and their representatives separately), and the payment amounts shall be disclosed in a consolidated manner. If the Director concurrently serves as the president or vice president, the information should be filled out in this form and the "President and Vice President's Remuneration Table" (individual disclosure of names and remuneration methods or the method of disclosing names in accordance with the aggregate level).

Note 2: Fill in the latest annual general manager and deputy general manager salary, position bonus, retirement pension, and severance pay.

Note 3: Refers to the remuneration received by the president or vice president when they serve concurrently as employees (including travel expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision, etc.) in the most recent year, including salary, job additions, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, vehicles, etc., provided in kind. If housing, automobiles and other means of transportation or exclusive personal expenses are provided, the type and cost of the provided assets, the actual or fair market value rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it is not included in the remuneration. Salary expenses recognized in accordance with IFRS 2 "share-based payment", including obtaining employee stock option certificates, restricting employees' rights to new shares and participating in cash capital increase subscription shares, etc., should also be included in the remuneration.

Note 4: Enter the amount of president's or vice presidents' remuneration (including stock dividends and cash dividends) proposed to be distributed by the board of directors before the shareholders' meeting in the most recent annual earnings distribution proposal. If it is impossible to estimate, the proposed distribution this year shall be calculated according to the actual distribution ratio of last year. The amount of its stock dividends listed on the OTC company shall be calculated based on the fair value (referring to the closing price on the balance sheet date) stipulated in the financial reporting standards for securities issuers. For non-listed OTC companies, the net value at the end of the fiscal year in which the earnings belong will be calculated. Net profit after tax refers to the net profit after tax of the most recent year.

Note 5: The total amount of remuneration paid to the presidents or vice presidents of the Company by all companies (including the Company) in the consolidated report should be disclosed.

Note 6: The company pays the total amount of remuneration to each president or vice presidents, and discloses the name of the president or vice presidents in the level to which they belong.

Note 7: The total amount of remuneration paid to each president or vice president of the company (including our Company) by all companies in the consolidated report should be disclosed, and the name of the president or vice presidents should be disclosed in the tier to which it belongs.

Note 8: Net profit after tax refers to the net profit after tax of the most recent year. If IFRS has been adopted, net profit after tax refers to the net profit after tax of the

individual or individual financial statement of the most recent year.

Note 9: a. This column should clearly indicate the amount of remuneration related to the reinvestment business other than subsidiaries received by the president or vice presidents of the Company.

b. If the president or vice presidents of the company receives remuneration related to the subsidiary or other reinvestment business, the remuneration received by the president or vice presidents of the company shall be included in the I column of the remuneration scale table, and change the column name to "All Reinvested Businesses".

c. Remuneration refers to the remuneration, salary (including remuneration of employees, presidents and supervisors) and relevant remunerations such as business execution expenses, etc. received by the president or vice presidents of the Company as presidents, supervisors or managers of subsidiaries or other reinvested enterprises.

＊The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

4. Remuneration of the top five top executives: Not applicable.

5. The name of the manager who distributes employee bonus and distribution situation:

December 31, 2022; Unit: NTD thousand

	Job Title	Name	Stock Amount	Cash Amount	Total	The ratio of sum to net income (%)
Manager	President	Eric Chang	—	9,027	9,027	2.31%
	CTO	KS Chen				
	Sales & Service Dept. Vice President	Vic Chao				
	R&D Dept. Vice President	Jack Huang				
	R&D Dept. Vice President	Erwin Wu				
	R&D Dept. Vice President	Robert Chu				
	Subsidiary Vice President	James Lai				
	Subsidiary Vice President	Harry Huang				
	Sales & Service Dept. Director	Allen Lin				
	Special Assistance	Alex Liao				
	Special Assistance	Martin Yeh				
	Accounting Supervisor	Max Tsao				
	Financial Officer	Sonia Lu				

Note 1: Individual names and titles should be disclosed, but earnings distribution may be disclosed in a consolidated manner.

Note 2: Enter the amount of managers' remuneration (including stock dividends and cash dividends) proposed to be distributed by the board of directors before the shareholders' meeting in the most recent annual earnings distribution proposal. If it is impossible to estimate, the proposed distribution this year shall be calculated according to the actual distribution ratio of last year. Net profit after tax refers to the net profit after tax of the most recent year. If IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial statement of the most recent year.

Note 3: The scope of application of managers is in accordance with the regulations of the Taiwan Stock Exchange Regulations Third Word No. 0920001301 on March 27, 1992. Its scope is as follows: (1) General manager and equivalents (2) Deputy general managers and equivalents (3) Associate managers and equivalents (4) Head of the financial department (5) Head of the accounting department (6) Others who are responsible for the company's management affairs and signatures man of rights.

Note 4: Directors, presidents and vice presidents who receive employee bonuses (including stock bonuses and cash bonuses) should fill out this form in addition to the attached form "Remuneration Disclosure Methods".

(4) Compare and explain the analysis of the proportion of the total remuneration paid by the company and all companies in the consolidated statements to the company's directors, supervisors, general managers and deputy general managers to the net profit after tax in the last two years. And the description of the policy, standard and combination of remuneration, the procedure for determining remuneration and its relationship with business performance and future risks

1. Analysis of the ratio of the total remuneration paid by the Company and all companies in the consolidated statements to the Company’s directors, supervisors, president and vice president to the net income in the last two years:

Items \ Year	Ratio of total remuneration to net income of the Company (%)			
	2021		2022	
	The Company	Companies included in financial reports	The Company	Companies included in financial reports
Director's Remuneration	10.75%	11.02%	9.66%	9.88%
President and Vice President Remuneration	11.03%	11.62%	9.16%	9.62%

2. Policies, standards and combinations of remuneration, procedures for determining remuneration and the relationship to business performance and future risks:

The Company pays remuneration to directors, supervisors, general managers and deputy general managers according to the ratio and scope stipulated in the company's bylaws of association, and refers to the salary level of the position in the industry market, the scope of power and responsibility of the position and the contribution to the achievement of the Company's operating goals .In the process of setting remuneration, not only refer to the overall operating performance of the Company, but also refer to the achievement of individual performance and the degree of contribution to the performance of the Company, and give reasonable remuneration.

The Company's policy on remuneration payment to directors, supervisors, president and vice presidents and the procedures for setting remuneration have a positive correlation with business performance. And according to laws and regulations to disclose the payment amount, the future risk should be limited.

3、The state of corporate governance

（1）Operation of the Board of Directors:

The number of meetings in the most recent year (2022) was 6, and in 2023 until the publication date of the annual report, there were 3 meetings, and the board of directors held a total of 9 meetings (A). The attendance of directors is as follows:

Title	Name	Attendance in person (B)	No. of presence by proxy	Actual presence (attendance) rate (%) 【(B)/(A)】(Note 2)	Remarks
Chairman	Michel Wang	9	–	100	Re-elected June 18, 2020
Director	KS Chen	7	2	78	Re-elected June 18, 2020
Director	Eric Chang	9	–	100	Re-elected June 18, 2020
Corporate Director	Ray Hou (Representative of Donghua Investment Co., Ltd.)	9	–	100	Re-elected June 18, 2020；Reassign Hou Rongxian as the representative。
Corporate Director representative	Harry Huang	9	–	100	New appointment on June 18, 2020
Director	Kuang shu Hsueh	9	–	100	New appointment on June 18, 2020

Director	Carlos Huang	9	–	100	Re-elected June 18, 2020
Independent Director	JF Lu	9	–	100	Re-elected June 18, 2020
Independent Director	Alex Kao	9	–	100	New appointment on June 18, 2020

Other matters to be recorded:

1、Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act: The important resolutions of the board of directors are as follows, and no independent directors object or have reservations.

(2) Any documented objections or qualified opinions raised by independent directors against the Board's resolutions in relation to matters other than those described above: None.

2、If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

(1) March 23, 2022 Board of Directors Meeting

1. Since Michal Wang, KS Chen, Eric Chang, and Harry Huangare the senior managers of the Company, proposal 3 are related to their bonuses and remuneration, and interests are avoided in accordance with the law, Chairman Michal Wang appointed Mr. Carlos Huang, an independent director, as the acting chairman of this proposal.

2. Proposal content:

(1) Proposal 3: The Company's 2021 annual manager performance bonus case.

3. Except for the directors who did not participate in the discussion and voting in accordance with the law, this proposal was passed by the acting chairman after consulting the opinions of the remaining directors who did not withdraw.

(2) May 3, 2022 Board of Directors Meeting

1. Since Michal Wang, KS Chen, Eric Chang, and Harry Huangare the senior managers of the Company, proposal 3 are related to their bonuses and remuneration, and interests are avoided in accordance with the law, Chairman Michal Wang appointed Mr. Carlos Huang, an independent director, as the acting chairman of these three proposals.

2. Proposal content:

(1) Proposal 1: The Company's 2021 employee dividend distribution.

(2) Proposal 2: The Company's 2022 annual manager performance bonus case.

(3) Proposal 3: The detail of the Company plans to buy back the treasury stock that has been transferred to employees in 2019.

3. Except for the directors who did not participate in the discussion and voting in accordance with the law, this proposal was passed by the acting chairman after consulting the opinions of the remaining directors who did not withdraw.

(3) Nov 10, 2022 Board of Directors Meeting

1. Since Michal Wang, KS Chen, Eric Chang, and Harry Huangare the senior managers of the Company, proposal 1~proposal 3 are related to their bonuses and remuneration, and interests are avoided in accordance with the law, Chairman Michal Wang appointed Mr. Carlos Huang, an independent director, as the acting chairman of these three proposals.

2. Proposal content:

(1) Proposal 1: The Company's 2022 annual manager performance bonus discussion.

(2) Proposal 2: The Company's 2022 year-end bonus discussion for senior managers.

(3) Proposal 3: The Company's 2023 annual salary adjustment for senior managers.

3. Except for the directors who did not participate in the discussion and voting in accordance with the law, this proposal was passed by the acting chairman after consulting the opinions of the remaining directors who did not withdraw.

(4) March 07, 2023 Board of Directors Meeting

1. Since Michal Wang, KS Chen, Eric Chang, and Harry Huangare the senior managers of the Company, proposal 3 is related to their bonuses and remuneration, and interests are avoided in accordance with the law, Chairman Michal Wang appointed Mr. Carlos Huang, an independent director, as the acting chairman of these three proposals.

2. Proposal content:

(1) Proposal 3: The Company's 2022 annual manager performance bonus case.

3. Except for the directors who did not participate in the discussion and voting in accordance with the law, this proposal was passed by the acting chairman after consulting the opinions of the remaining directors who did not withdraw.

(5) May 03, 2023 Board of Directors Meeting

1. Since KS Chen, Eric Chang, and Harry Huangare the senior managers of the Company, proposal 1~proposal 2 are related to their bonuses and remuneration, and interests are avoided in accordance with the law.

2. Proposal content:

(1) Proposal 1: The distribution of 2022 employees' remuneration case.

(2) Proposal 2: The Company's 2023 annual manager performance bonus case.

3. Except for the directors who did not participate in the discussion and voting in accordance with the law, this proposal was passed by the acting chairman after consulting the opinions of the remaining directors who did not withdraw.

3、Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) evaluation:

The Company has conducted the evaluation of the board of directors in 2022, and will disclose the implementation of the evaluation in 2023.

Evaluation Cycle	Evaluation Period	Assessment Scope	Evaluation Method	Evaluation Content
It is implemented once a year and has been approved by the board of directors on March 07, 2022.	January 1st to December 31st, 2022	1. Overall performance of the board of directors 2. Board member performance 3. Functional Committee Performance	1. Board self-assessment 2. Board member self-assessment 3. Functional Committee Self-Assessment	1. Items of the overall performance evaluation of the board of directors: (1) The degree of participation in the operation of the Company. (2) Improve the decision-making quality of the board of directors. (3) Composition and structure of the board of directors. (4) Election, appointment and continuing education of directors. (5) Internal control. 2. Items for performance evaluation of directors: (1) Control of the Company's goals and tasks. (2) Awareness of directors' responsibilities. (3) The degree of participation in the operation of the company. (4) Internal relationship management and communication. (5) Professional and continuing education of directors. (6) Internal control. 3. Items of functional committee performance evaluation: (1) The degree of participation in the operation of the Company. (2) Cognition of the responsibilities of the functional committee. (3) Improve the decision-making quality of functional committees.

					(4) Composition and member selection of functional committees. (5) Internal control.

4、Goals for strengthening the functions of the board of directors for the current year and the most recent year (such as establishing an audit committee, improving information openness, etc.) and evaluation of their implementation:

(1) Strengthen the Functions of the Board of Directors

1. In accordance with the "Procedures of the Board of Directors of Public Offering Companies", the Company has draftet the "Procedure Rules of the Board of Directors" of the Company, and operates the functions of the board of directors in accordance with relevant regulations.
2. Members of the current board of directors of the Company have participated in the "Corporate Governance-related Advanced Training Course" held by the organization designated by the "Key Points of Advanced Education for Directors and Supervisors of Listed OTC Companies" in the previous year, and will continue to provide class information and arrange advanced education this year.
3. The Company has set up independent directors, all of whom use their professional knowledge and ability to provide relevant suggestions to the board of directors on the Company's internal control system implementation, business and financial and other related proposals.
4. The Company has elected the tenth board of directors at the 2020 general meeting of shareholders, set up three independent directors, and formed an audit committee to strengthen the functions of the board of directors.
5. The accounting department regularly attends the audit committee, and discusses and communicates with the audit committee on financial reports, corporate governance and related laws and regulations.

(2) Improving Information Openness

The Company's financial statements are commissioned by Crowe Horwath International to regularly review or verify certification. All information required by laws and regulations can be completed correctly and in a timely manner, and special personnel are responsible for the collection of various information of the Company, and regularly report and disclose various information that should be announced in the public information observatory according to regulations, and regularly update the information on the Company's official website so that the Company's stakeholders can better understand the Company. In addition, the Company has established a spokesperson and proxy spokesperson system to ensure that all important information can be disclosed in a timely and fair manner.

Note 1: Directors and supervisors who belong to a corporation shall disclose the names of the shareholders of the corporation and the names of their representatives.

Note 2：(1) If a director or supervisor resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance (%) is calculated based on the number of board meetings and the actual number of actual present (in attendance) during the term of office.

(2) Before the end of the year, if there is a re-election of directors and supervisors, the new and old directors and supervisors shall be filled in, and the old, new or re-appointed and re-election dates shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual present (in attendance) during the term of office.

Matters listed in Article 14-3 of the Securities Exchange Act of the Company

Date of Board Meeting	Important Resolution
March 23, 2022 (The twelfth tiem of the tenth session)	1. The Company's 2021 annual business report and financial statements. 2. The Company's 2021 earnings distribution table. 3. The case of the Company intending to revise some of the provisions of the "Procedures for the Acquisition or Disposal of Assets" for discussion. 4. The company cooperated with Crowe Horwath International's internal adjustment and replacement of accountants. 5. The case of the Company loaning new funds to the sub-subsidiary, "Wuxi E&R Semiconductor Materials Technology Co., Ltd." and "Jiangsu E&R Technology Co., Ltd.". 6. The proposals for ratification of the " Statement of Internal Control System "..
May 3, 2022 (The thirteenth time of the tenth session)	1. The case of the Company's consolidated financial statements for the first quarter of 2022. 2. The company plans to issue the third domestic unsecured conversion of corporate bonds. 3. The case of the Company loaning new funds to the Sub-subsidiary " Wuxi E&R Semiconductor Materials Technology Co., Ltd.".
August 3, 2022 (The fifteenth time of the tenth session)	1. The case of the Company's consolidated financial statements for the second quarter of 2022. 2. The Company provides the reinvestment company " Jiangsu E&R Technology Co., Ltd." endorsement guarantee ratification case. 3. The case of the Company loaning new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd " for discussion.
October 13, 2022 (The sixteenth time of the tenth session)	1. The case of the Company intending to loan new funds to the reinvestment company " Jiangsu E&R Technology Co., Ltd." for discussion. 2. The case of the Company intending to provide reinvestment company "Tech-Wave Industrial Co., Ltd." endorsement guarantee ratification. 3. The case of the Company intending to loan new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd.".
November 10, 2022 (The seventeenth time of the tenth session)	1. The case of the Company's consolidated financial statements for the third quarter of 2022. 2. The case of the appointment of the chief corporate governance officer. 3. The Company intends to approve the 2023 annual audit plan.
March 07, 2023 (The eighteenth time of the tenth session)	1. The Company's 2022 annual business report and financial statements. 2. The Company's 2022 earnings distribution table. 3. The case of the Company intending to loan new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd. "and " Jiangsu E&R Technology Co., Ltd. " 4. The proposals for ratification of the " Statement of Internal Control System ".
May 3, 2023 (The twentieth time of the tenth session)	1. The case of the Company's consolidated financial statements for the first quarter of 2023. 2. The case of the Company loaning new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd."and " Jiangsu E&R Technology Co., Ltd. "

（2）Information on the operation of the audit committee and the participation of supervisors in the operation of the board of directors

1. Information on the operation of the Audit Committee:

   The Audit Committee has held 6 meetings in the recent (2022) year and 2 meetings in 2023 as of the date of publication of the annual report. The Audit Committee has held 8 meetings in total (A). The attendance of independent directors is as follows:

Job Title	Name	Number of Actual Attendance	Number of Delegated Attendance	Rate of Actual Attendance (%) 【(B)/(A)】	Remarks

		(B)		(Note)	
Independent Director	Carlos Huang	8	—	100	New appointment on June 18, 2020 (First session)
Independent Director	JF Lu	8	—	100	New appointment on June 18, 2020 (First session)
Independent Director	Alex Kao	8	—	100	New appointment on June 18, 2020 (First session)

Other matters to be recorded:

一、 Where the operation of the Audit Committee meets any of the following circumstances, the minutes

二、 concerned shall clearly state the meeting date, term, contents of motions, independent directors' dissent,

三、 qualified opinion, or material recommendations, resolution of the Audit Committee and the Company's

四、 handling of said resolution:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date and Session of the Audit Committee	Contents of the Motion	Independent Directors' Opinions and Significant Suggestions	Audit Committee Resolution Results	The Company's Handling of the Audit Committee's Opinions
2022.03.23 (The tenth time of the first session)	1. The Company's 2021 annual business report and financial statements. 2. The Company's 2021 earnings distribution table. 3. The case of the Company intending to revise some of the provisions of the "Procedures for the Acquisition or Disposal of Assets" for discussion. 4. The company cooperated with Crowe Horwath International's internal adjustment and replacement of accountants. 5. The case of the Company loaning new funds to the sub-subsidiary, "Wuxi E&R Semiconductor Materials Technology Co., Ltd" and " Jiangsu E&R Technology Co., Ltd.". 6. The Company accepts the "Declaration of Internal Control System".	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
2022.05.03 (The eleventh time of the first session)	1. The Company plans to issue the third domestic unsecured conversion of corporate bonds. 2. The case of the Company loaning new funds to the Sub-subsidiary "Wuxi Tisheng Semiconductor Material Technology Ltd.".	N.A.	All members of the Audit Committee agreed to the motion.	N.A.

2022.08.03 (The thirteenth time of the first session)	1. The case of the Company's consolidated financial statements for the second quarter of 2022. 2. The Company provides the reinvestment company "Jiangsu E&R Technology Co., Ltd." endorsement guarantee ratification case. 3. The case of the Company loaning new funds to the sub-subsidiary, "Wuxi E&R Semiconductor Materials Technology Co., Ltd".	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
2022.10.13 (The fourteenth time of the first session)	1. The case of the Company intending to loan new funds to the reinvestment company " Jiangsu E&R Technology Co., Ltd. " 2. The Company provides the reinvestment company "Tech-Wave Industrial Co., Ltd." endorsement guarantee ratification case. 3. The case of the Company intending to loan new funds to the sub-subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd".	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
2022.11.10 (The fifteenth time of the first session)	1. The case of the Company's consolidated financial statements for the third quarter of 2022. 2. The Company intends to approve the 2023 annual audit plan.	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
2023.03.07 (The sixteenth time of the first session)	1. The Company's 2022 annual business report and financial statements. 2.The Company's 2022 earnings distribution table. 3. The case of the Company intending to loan new funds to the sub-subsidiary, "Wuxi E&R Semiconductor Materials Technology Co., Ltd. "and " Jiangsu E&R Technology Co., Ltd." 4. The proposals for ratification of the " Statement of Internal Control System ".	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
2022.05.03 (The seventeenth time of the first session)	1.The case of the Company's consolidated financial statements for the first quarter of 2023. 2. The case of the Company loaning new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd."and " Jiangsu E&R Technology Co., Ltd."	N.A.	All members of the Audit Committee agreed to the motion.	N.A.

(2) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

2、Execution of the recusal of independent directors' proposals on interests. The name of the independent director, the content of the proposal, the reasons for the avoidance of interests and the circumstances of participating in voting shall be stated: no such case.

3、Communication between independent directors and internal audit supervisors and accountants (Should include major events, methods and results of communication on the company's financial and business conditions):

(1) Each year, independent directors and internal audit supervisors or accountants hold a separate meeting of the accountants or audit supervisors at least once to communicate the internal audit report or the accountant's audit report, through meetings (excluding the board of directors) or discussions.

(2) The head of internal audit regularly reports to the audit committee

1. Annual internal audit plan
2. Regularly report to the Audit Committee on the implementation of internal audit services

(3) Accountants must participate in the audit committee every six months and report the results of the annual audit.

(4) Other: In the event of major abnormal events, or independent directors, audit supervisors and accountants deem it necessary to communicate independently, they can hold a meeting to communicate at any time.

Date	Attendees	Communication Items	Results
March 23, 2022 The Audit Committee	Independent Director Carlos Huang Independent Director JF Lu Independent Director Alex Kao Accountant LEE CHING LING	The accountant's explanation and communication of the Company's 2021 individual and consolidated financial statement.	It was passed without objection.
August 3, 2022 The Audit Committee	Independent Director Carlos Huang Independent Director JF Lu Independent Director Alex Kao AccountantLEE CHING LING	The accountant's explanation and communication of the Company's 2022 individual and consolidated financial statement.	It was passed without objection.
November 10, 2022 The Audit Committee	Independent Director Carlos Huang Independent Director JF Lu Independent Director Alex Kao Audit Supervisor Anita Huang	Report and communicate the audit plan for 2023.	It was passed without objection.
March 07, 2023 The Audit Committee	Independent Director Carlos Huang Independent Director JF Lu Independent Director Alex Kao Accountant LEE CHING LING Audit Supervisor Anita Huang	1. The accountant's explanation and communication of the Company's 2022 individual and consolidated financial statement. 2. According to the results of self-assessment and internal audit, ensure that the Company's internal control system complies with all laws and regulations and has no major deficiencies.	It was passed without objection.

4、The company regularly assesses the independence of the certified public accountant: The audit committee of the company evaluates the independence and suitability of the certified accountants every year. Except for requiring the certified accountants to provide a " independence declaration", the evaluation shall be carried out in accordance with the standards in Note 2. It has been confirmed that the accountant and the company have no other financial interests and business relationship except for certification and tax case fees, and the accountant's family members do not violate the independence requirements. The evaluation results of the latest year have been discussed and approved by the Audit Committee on March 07, 2023, and submitted to the Board of Directors on March 07, 2023 to approve the independent evaluation of accountants.

Evaluation Items	Yes	No	Summary Description
1. Not an employee of the company or its affiliates.	✓		After investigation, the

			accountant has no such situation.
2. Those who are not directors or supervisors of the company or its affiliated companies (except those who are independent directors of the company or its parent company, or an independent director of a subsidiary in which the company directly or indirectly holds more than 50% of the voting shares).	✓		After investigation, the accountant has no such situation.
3. There are no accountants, their spouses, minor children, or natural person shareholders holding more than 1% of the company's total issued shares or holding the top ten shares in the name of others.	✓		After investigation, the accountant has no such situation.
4. Those who are not the spouses, relatives within the second-degree relatives, or lineal blood relatives within the third-degree relatives of the persons listed in the preceding three paragraphs.	✓		After investigation, the accountant has no such situation.
5. Not the directors, supervisors or employees of the legal person shareholders who directly hold more than 5% of the total issued shares of the company, or the directors, supervisors or employees of the top five legal person shareholders.	✓		After investigation, the accountant has no such situation.
6. There is no director (council), supervisor, manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company.	✓		After investigation, the accountant has no such situation.
7. There is no relationship between spouse or second-degree relatives with other directors.	✓		After investigation, the accountant has no such situation.
8. None of the events in Article 30 of the Company Law have occurred.	✓		After investigation, the accountant has no such situation.
9. In the absence of Article 27 of the Company Law, the government, legal person or its representative shall be elected.	✓		After investigation, the accountant has no such situation.
10. Whether to obtain the " Independence Declaration" issued by the appointed accountant and the audit team.	✓		Provided
◆ After the assessment, none of the above-mentioned independent assessment items have been found for the appointed certified public accountants. It can be confirmed that the certified public accountants are independent and the reliability of the financial reports issued is safe.			

Note:(1) If an independent director resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of audit committee meetings and the actual number of attendance during their tenure

(2) Before the end of the year, if an independent director is to be re-elected, the new and old independent directors should be filled in, and the old, new or re-appointed and re-election date of the independent director should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the actual number of attendances during their tenure.

2. Participation of supervisors in the operation of the board of directors: The Company has established an audit committee to replace the supervisor on June 18, 2020, so it is not applicable.

（3）The operation of corporate governance and the differences and reasons for the actual governance status of listed companies

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
1、Does the company formulate and disclose the Code of Practice on Corporate Governance in accordance with the "Listed Company Governance Code of Practice"?		✓	At present, the company has not formulated the corporate governance system in written form, but has prepared the internal control system and various management measures, and implemented it according to the spirit of corporate governance. The control function is still complete. Please refer to the description of "Corporate Governance" in this prospectus for the operation of the Company's corporate governance. In the future, the actual operation situation will be considered and the internal and external environment will be evaluated as the basis for revising the Code of Practice for Corporate Governance.	It will be determined in due course in the future.
2、Company's shareholding structure and shareholders' equity				Meets the Corporate Governance Code of Practice Provisions.
(1) Has the company established internal operating procedures to deal with shareholder suggestions, doubts, disputes and litigation matters, and implemented them in accordance with the procedures?	✓		(1) The Company has set up spokespersons, proxy and stock affairs units, etc., to deal with shareholders' suggestions, doubts or disputes and other issues.	
(2) Has the Company kept the list of the dominant shareholders that exercise defacto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	✓		(2) A professional stock affairs agency is in charge, and there are dedicated personnel to handle related matters, and can master the list of major shareholders who actually control the company.	
(3) Has the Company established and implemented risk control and firewall mechanisms with affiliated companies?	✓		(3) Management rights and responsibilities are clearly separated. The company has established relevant systems in the internal control system according to the law and has been implemented. In addition, auditors also monitor the implementation from time to time.	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
(4) Has the Company established internal regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?	✓		(4) The company has formulated "Procedures for the Prevention of Insider Trading", which prohibits company insiders from using unpublished information on the market to buy and sell securities.	
3、Composition and Responsibilities of the Board of Directors				Meets the Corporate Governance Code of Practice Provisions.
(1) Does the board have a policy on diversity in terms of membership and implement it?	✓		(1) The nomination and selection of members of the board of directors of the company follows the provisions of the company's articles of association, and adopts a candidate nomination system. In addition to evaluating the academic experience and qualifications of each candidate, it also follows the "Director Election Regulations", to ensure the diversity and independence of the board members. The board of directors of the company is diverse and has industry knowledge and international market views to implement the policy of diversification and improve the structure of the board of directors of the Company.	
(2) In addition to the salary and remuneration committee and audit committee set up in accordance with the law, does the Company voluntarily set up other various functional committees?		✓	(2) The company has established a remuneration committee and an audit committee in accordance with the law. However, there are no other functional committees. In the future, various other functional committees will be set up as needed.	
(3) Does the company formulate the performance evaluation method and method of the board of directors, conduct performance evaluation every year and regularly, and report the results of performance evaluation to the board of directors, and use it as a reference for the remuneration and nomination of individual directors?	✓		(3) The Company has set performance evaluation methods, and conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the board of directors. The annual distribution of directors' remuneration will refer to the performance of individual directors as the basis.	
(4) Does the company regularly assess the independence of the Certified Public Accountant?	✓		(4) The company regularly evaluates the independence of the accountants every year. At present, the certified accountants of	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
			the Company have no personal relationship with the Company and directors, and there is no doubt about their independence.	
4、Whether the listed OTC company has a qualified and appropriate number of corporate governance personnel, and appoints a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required to execute their business, assisting directors and supervisors in complying with laws and regulations, Handle matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law, and prepare minutes of the board of directors and shareholders' meetings, etc.)?	✓		The Company has assigned a corporate governance officer, who is in charge of corporate governance-related matters, and supervised by the president. Corporate governance related affairs, including the following: (1) Reporting company-related information and major events in accordance with statutory announcements. (2) Handling matters related to the meetings of the board of directors and the shareholders' meeting in accordance with the law, and assist the company in complying with the relevant laws and regulations of the board of directors and the shareholders' meeting. (3) Making the minutes of the board of directors and shareholders' meetings. (4) Providing the information required by the directors to execute their business, and the latest laws and regulations related to the operation of the company, to assist the directors in complying with the laws and regulations. (5) Affairs related to investor relations. (6) Formulating and revising the articles of association of the Company and other management measures.	Meets the Corporate Governance Code of Practice Provisions.
5、Whether the company has established communication channels with all stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a special area for stakeholders on the company's website, and appropriately responded to the important corporate social responsibilities that stakeholders are concerned about issue?	✓		The company has set up an investor area on the company's website, and set up a spokesperson and proxy as a channel for communication with stakeholders, and the company has dedicated personnel to deal with related issues.	Meets the Corporate Governance Code of Practice Provisions.

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
6、Does the company appoint a professional stock transfer agent to handle the affairs of the shareholders' meeting?	✓		The company has entrusted the stock transfer agent department of SinoPac Security to handle affairs related to the shareholders' meeting.	Meets the Corporate Governance Code of Practice Provisions.
7、Information Disclosure				
(1) Does the company set up a website to disclose financial business and corporate governance information?	✓		(1)At present, the Company's financial and corporate governance-related disclosures are disclosed in the public information observatory in accordance with regulations, and the Company has set up a website to update relevant company information from time to time for investors and the general public to inquire.	Meets the Corporate Governance Code of Practice Provisions.
(2) Does the company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, and placing the company website during the corporate briefing, etc.)?	✓		(2) The company has designated a special person to be responsible for the collection of company information, and to disclose relevant information that should be disclosed in the "public information observatory", and implement a spokesperson system to release information on weekdays in line with the Company's policies and needs.	
(3) Does the company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the financial report for the first, second and third quarters and the operating conditions of each month before the specified deadline?	✓		(3) The company announces and declares financial reports before the deadline or within the deadline. The monthly progress is announced around the 5th of each month. The relevant quarterly and annual reports are released on the same day as the board of directors. As soon as possible more than one week earlier than the stipulated deadline.	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
8、Does the company have other material information that would help understand how corporate governance is working? (Including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company purchases liability insurance for directors and supervisors, etc.)	✓		(1)Employee Rights and Employee Care The company and the companies in the group are committed to creating the best well-being of employees, establishing a humanized management system, providing welfare information at any time, conducting education and training to improve employees' professional skills and career development, setting up welfare committees and organizing various activities to promote employees comminicate. In addition, it will strengthen the establishment of interactive communication and provide multiple channels for complaints. (2) Investor Relations The company has a spokesperson and proxy spokesperson system, communicates with investors through the spokesperson and the shareholders' meeting, and fully discloses relevant information through the Market Observation Post System and the company's website according to the law to protect the rights and interests of investors. (3) Supplier Relationship The Company establishes partnership with suppliers based on the principle of equality and mutual benefit, establishes a stable supply chain, and conducts audits from time to time to confirm the quality of supply. (4)Stakeholders' Rights The company has smooth communication channels with banks and other creditors, employees, customers, suppliers and other relevant stakeholders, and respects their legitimate rights and interests. And the contact information of stakeholders has been	Meets the Corporate Governance Code of Practice Provisions.

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
			set up on the company's website to provide communication channels. If legal issues are involved, professional lawyers or legal advisers shall be entrusted to assist in handling, so as to safeguard the rights and interests of related parties. (5)Advanced Study of Directors and Supervisors The directors of the Company all have relevant professional knowledge, and have completed the training courses according to the gist of the training and implementation of directors and supervisors. The Company also actively encourages directors to participate in advanced education, and provides information on relevant advanced education courses for directors at any time for reference, and assists in enrolling in relevant advanced education courses. (6)Implementation of Risk Management Policies and Risk Measurements The company has established an "internal control system" and related management measures, and conducts self-inspection every year, and set up an audit unit, formulate an audit plan based on the risk assessment results every year, and check the company's internal control system and related laws and regulations according to the audit plan, and executed project audits and issue reports from time to time. (7)Implementation of Customer Policy The company has set up special personnel to deal with business marketing strategies, credit investigation, payment collection, and customer complaints, to maintain a smooth channel of communication with customers and strictly abide by the	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
			relevant contracts signed with customers to ensure the rights and interests of customers, maintain a good relationship, and provide the best service. (8) Circumstances in which the company purchases liability insurance for directors and supervisors The company has purchased liability insurance for the directors.	
9、Please explain the improvement situation in the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priority enhancements and measures for the parts that have not been improved. Items that have been improved: (1) Assign a corporate governance officer. (2) Disclose the protection measures for employees' personal safety and working environment and their implementation. (3) Announce the shareholders' meeting notice, handbook and annual report in English version. Items that have not been improved: (1) Directors have fully completed on-the-job training. (2)) Early announcement of insider shareholding changes (3). Continue to implement the ESG sustainable policy and regulation.				

Note 1: Regardless of whether "Yes" or "No" is checked, the operation status should be stated in the Summary Description field.

Note 2: The term “corporate governance self-assessment report” refers to a report on the current company operation and implementation in the respective assessment projects, which are evaluated and explained by the company according to the corporate governance self-assessment projects.

（4）If the company has set up a remuneration committee, it shall disclose its composition, responsibilities and operations:

1. The Information of Remuneration Committee Members

Identity (Note 1) / Condition / Name		Professional Qualifications and Experience (Note 2)	Independence Situation (Note 3)	Number of concurrently serving as members of compensation committees of other public offering companies
Independent Director (convener)	Carlos Huang	Please refer to page 20 for information disclosure on the professional qualifications of directors and the independence of independent directors.		0
Independent Director	JF Lu			0
Independent Director	Alex Kao			0

Note 1: Please specify the relevant working years, professional qualifications and experience, and independence of each member of the Compensation Committee in the form.. If they are independent directors, please refer to the relevant content of the information of directors and supervisors (1) in Schedule 1 on page 20. Please fill in the as independent directors or others respectively (if it is the convener, please add a note).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual compensation committee members.

Note 3: Independence Condition:State the independence of the Remuneration Committee Members, including but not limited to whether they, their spouses, or relatives within the second degree act as directors, supervisors or employees of the company or its affiliated companies, the number and proportion of the company's shares held by the person, spouse, relatives within the second degree of kinship (or in the name of others), whether he is a director, supervisor or employee of a company that has a specific relationship with the company (Refer to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of the company listed on stock listing or trading at the business office of a securities firm), and the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

2. Compensation Committee Responsibilities

The Compensation and Remuneration Committee should faithfully perform the following functions with the concept of good management, and submit the suggestions to the board of directors for discussion:

(1) Regularly or irregularly review the regulations and make suggestions for amendments.
(2) To set and regularly review the performance evaluation standards for directors and managers of the company, annual and long-term performance goals, and policies, systems, standards and structures for remuneration.
(3) Regularly evaluate the achievement of the performance goals of the directors and managers of the company, and determine the content and amount of their individual salaries based on the evaluation results obtained from the performance evaluation standards.

3. Information on the Operation of the Compensation Committee

(1) There are 3 people in the compensation committee of the Company

(2) Term of office of the current members: From June 18, 2020 to June 17, 2023, the Remuneration Committee held 3 meetings in 2022, and 2 meetings in 2023 before the publication of the annual report. The Remuneration Committee held 5 meetings in total (A). The attendance of the committee members is as follows :

Job Title	Name	Number of Actual Attendance (B)	Number of Delegated Attendance	Rate of Actual Attendance (%) 【(B)/(A)】 (Note)	Remarks
Convener	Carlos Huang	5	—	100	Re-elected June 18, 2020
Committee	JF Lu	5	—	100	Re-elected June 18, 2020
Committee	Alex Kao	5	—	100	Re-elected June 18, 2020

Other matters to be recorded:

1、If the board of directors does not adopt or amend the recommendations of the remuneration committee, it shall state the date of the board of directors, the period, the content of the proposal, the result of the resolution of the board of directors, and the company's handling of the opinions of the compensation and compensation committee. (If the salary and remuneration approved by the board of directors is superior to the recommendation of the salary and remuneration committee, the circumstances and reasons for the difference should be stated): No such circumstance.

2、For the resolutions of the Compensation Committee, if members have objections or reservations and have records or written statements, the date, period, content of the proposal, all members' opinions and the response of members' opinions shall be stated in the Compensation and Remuneration Committee: No such case.

3、The Remuneration Committee of the Company held a meeting in the last year to review and evaluate the salary and remuneration information of the company as follows:

Date and Session of Remuneration Committee	Contents of the Motion	Resolution	The Company's handling of the opinions of the Remuneration Committee
March 23, 2022 (The fifth time of the fourth session)	1. The Company plans to revise the performance bonus measures for business personnel and discuss the specific rules for BU bonuses 2. The Company's 2021 annual director's remuneration and total employee dividends plan. 3. The Company's 2021 director's remuneration distribution proposal. 4. The Company's 2021 annual manager performance bonus case.	All members of the Remuneration Committee present agreed to the motion..	Except for the first case, all the cases proposed at the board of directors and approved by all directors present.
May 3, 2022 (The sixth time of the fourth session)	1. The Company's 2021 annual dividend distribution for managers and employees. 2. The Company's 2022 annual manager performance bonus. 3. The Company plans to set the details of repurchasing treasury shares and transferring them to employees in 2019.	All members of the Remuneration Committee present agreed to the motion..	Proposed at the board of directors and approved by all directors present.
Nonember 10, 2022 (The seventh time of the fourth session)	1.The Company plans to revise the performance bonus measures for business personnel. 2.Discussion on the Company's 2022 managers' distribution of performance bonuses. 3. The Company's 2022 annual senior managers year-end bonus discussion.	All members of the Remuneration Committee present agreed to the motion..	Proposed at the board of directors and approved by all directors present.

		4. Remuneration adjustment of the Company's senior managers in 2023. 5. The case of the Company intending to revise the Company's 2022" Rules for Transfer of Treasury Shares to Employees"			
	March 03, 2022 (The eighth time of the fourth session)	1.Discussion on the total number of directors' and employees' remuneration of the Company in 2022. 2. The Company's 2022 director's remuneration distribution proposal. 3. The Company's 2022 annual manager performance bonus.	All members of the Remuneration Committee present agreed to the motion..	Proposed at the board of directors and approved by all directors present.	
	May 03, 2023 (The ninth time of the fourth session)	1.The Company's 2022 employees' remuneration distribution proposal. 2.The Company's 2023 annual manager performance bonus.	All members of the Remuneration Committee present agreed to the motion..	Proposed at the board of directors and approved by all directors present.	

Note : (1) If a remuneration committee member resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of audit committee meetings and the actual number of attendance during their tenure

(2) Before the end of the year, if an remuneration committee member is to be re-elected, the new and old remuneration committee member should be filled in, and the old, new or re-appointed and re-election date of the remuneration committee member should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the actual number of attendances during their tenure.

（5）Implementation of promoting sustainable development:

Evaluation Items	Operation Condition (Note 1)			Differences and reasons with the listed company's sustainable development code of practice
	Yes	No	Summary(Note 2)	
1、Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (concurrently) unit to promote sustainable development, which is authorized by the board of directors to the senior management to handle and supervised by the board of directors?	✓		The Company's promotion and promotion of sustainable development units are the occupational safety center and the human resources department. At present, it is still committed to the implementation of various corporate social responsibility, environmental protection and other issues, and reports to the president authorized by the board of directors.	It complies with the listed Company's code of practice for sustainable development tasks, and there is no significant difference.
2、Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and set relevant risk management policies or strategies?	✓		The Company has integrated the risks of environmental, social and corporate issues related to its operation into its operation strategy. For sustainable management, it has taken into account the Company's current situation and laws and regulations, and implemented it in a step-by-step manner.	It complies with the listed Company's code of practice for sustainable development tasks, and there is no significant difference.
3、Environmental Issues				
(1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	✓		(1) The Company belongs to the machinery and equipment manufacturing industry, mainly for design and development, and for the assembly of various parts and modules, so it will not pollute the environment. The Company has carried out environmental monitoring every six months in accordance with laws and regulations, and announced the monitoring results on the Company's website and bulletin board.	It complies with the listed Company's code of practice for sustainable development tasks, and there is no significant difference.
(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment?	✓		(2) The Company is committed to improving the source related problem, enhancing the utilization efficiency of various resources, to achieve the goal of reducing raw materials, and strengthening garbage classification to ensure that resources can be recycled, and install solar panels on the roofs of all factories to use green energy to reduce the impact on the environment.	

Evaluation Items	Operation Condition (Note 1)			Differences and reasons with the listed company's sustainable development code of practice
	Yes	No	Summary(Note 2)	
(3) Does the Company assess the current and future potential risks and opportunities of climate change for the company, and take measures to address climate-related issues?		✓	(3) The Company has not yet assessed the current and future potential risks and opportunities of the Company in response to climate change, and taken measures to respond to climate-related issues, which will be gradually assessed in the future.	
(4) Has the Company counted greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management policies?	✓		(4) The Company has calculated the greenhouse gas emissions in the past two years and has announced it on the company's website. The Company is in the third phase of the applicable greenhouse gas inventory, and verification and disclosure schedule. It has been planned to complete the inventory planning in 2026 and the verification planning in 2028. The Company has implemented temperature control measures in response to changes in the environment. In winter, the air-conditioning has been increased by 2 degrees, and the air-conditioning has been turned off 2 hours earlier to achieve the purpose of carbon reduction, and indeed implemented a garbage classification system to reduce the impact on the environmental load.	
4、Social Issues				
(1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		(1) The Company strictly abides by various labor laws and regulations when formulating management systems and procedures to protect employees' rights and interests.	It complies with the listed company's code of practice for sustainable development tasks, and there is no significant difference. In the future, depending on the actual needs and laws, we will negotiate with suppliers about the content of corporate responsibility.
(2) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect business performance or results in employee salary and remuneration?	✓		(2) The Company has formulated work rules, employee treatment and attendance measures and other regulations, and formulated performance bonus system, employee dividend method, treasury stock transfer method, employee stock option method...etc. In addition to handling labor insurance and health insurance for laborers, and providing labor pensions, it also provides group accident insurance for all employees. The Company also has an employee welfare committee to handle various welfare matters	

Evaluation Items	Operation Condition (Note 1)			Differences and reasons with the listed company's sustainable development code of practice
	Yes	No	Summary(Note 2)	
			and subsidies, including employee travel, birthday and wedding and funeral subsidies, and the establishment of company clubs.	
(3) Does the Company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	✓		(3) On the day of registration, the new employees of the Company will be notified of the Company's internal work hazards and relevant regulations. The Company also regularly conducts health inspections and arranges safety education and training courses in accordance with labor laws and regulations. working environment. In addition to adding safety issues into the original 5S and merging them into 6S, the Company has regular education, inspection, and auditing, and has set up a factory guard to provide employees with health and safety information on a regular basis. The Company also conducts health-related questionnaires from time to time and arranges medical professionals to provide consulting services.	
(4) Does the Company establish an effective career development training program for employees?	✓		(4) The Company plans its future development plan based on the characteristics of its employees and the nature of its business, and regularly and irregularly organizes relevant education and training courses.	
(5) Does the Company follow relevant regulations and international standards for products, customer health and safety, customer privacy, marketing and labelling, and formulate relevant consumer protection policies and grievance procedures?	✓		(5) The Company upholds the concept of honesty and integrity to treat customers, customer-oriented, to provide customers with the required technology, rigorous production, excellent quality and excellent service. There is an e-mail box on the company's website to deal with issues related to the Company's customer rights	

Evaluation Items	Operation Condition (Note 1)			Differences and reasons with the listed company's sustainable development code of practice
	Yes	No	Summary(Note 2)	
			complaints, and to provide a fair and immediate channel for handling customers' complaints.	
(6) Has the Company formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		(6) From time to time, supervise the Company's processing manufacturers whether their operating environment management complies with laws, and select high-quality suppliers as long-term partners to jointly enhance the Company's responsibility to the environment and society. At present, the Company has not signed a supply contract with suppliers, but when contacting suppliers, they will be reminded to avoid harm to the environment, and pay attention to the supplier's environment and personnel when visiting the factory to ensure that they are in the compliance with relevant regulations.	
5、Does the Company refer to the internationally accepted reporting standards or guidelines to edit reports that disclose non-financial information of the Company, such as sustainability reports? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?		✓	The Company has disclosed the Company's operation-related information, major information and sustainable development-related information to the public information observatory. Relevant information is also disclosed on the Company's website and annual report, but the Company only does not regularly prepare a sustainability report.	It complies with the listed company's code of practice for sustainable development tasks, and there is no significant difference. In the future, a sustainability report will be edited according to actual requirement and laws.
6、If a company has its own sustainable development code in accordance with the "listed company code of practice for sustainable development", please describe the difference between its operation and the established code: The company has formulated the "Corporate Social Responsibility Code of Practice" and implemented the relevant spirit. The revision has not been revised to the sustainable development code of practice. In the future, it will consider the current situation of the company, the external environment and legal requirements, and implement it in a step-by-step manner. There is no major difference.				

Evaluation Items	Operation Condition (Note 1)			Differences and reasons with the listed company's sustainable development code of practice
	Yes	No	Summary(Note 2)	
7、Other important information to help understand the implementation of promoting sustainable development: The Company makes donations or donates items and related social welfare organizations from time to time to help and support socially disadvantaged groups. The kindness club of the Company also initiates visits to nursery schools, provides entertainment activities for children and presents related gifts. The Company regularly responds to the food bank donation activities held by Taipei Exchange every year, and donates and forms teams to participate in the charity run held by well-known enterprises. The Company also funds activities in neighboring townships, actively interacts with the community, and fulfills its social civic responsibilities. The Company will occasionally participate in the enterprise talent recruitment activities of various colleges and universities, and provide opportunities for internships in colleges and universities, as well as invites to the company for visiting activities...etc. At the same time, it cooperates with community colleges to create a green and co-prosperous community. atmosphere.				

Note 1: If you tick "Yes" for the implementation situation, please specify the important policies, strategies, measures and implementation situation adopted; if you tick "No" for the implementation situation, please refer to the "Differences and reasons for the listed company's sustainable development code of practice" ” field to explain the discrepancies and reasons, and to describe the plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to in relation to environmental, social and corporate governance issues, those who have a significant impact on the company's investors and other stakeholders.

(6) The Company's performance of integrity management and the measures taken:

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
1、Formulate integrity management policies and program				
(1) Does the Company formulate an honest management policy approved by the board of directors, and express the policy and practice of honest management in regulations and external documents, and whether the board of directors and senior management actively implement the commitment to the management policy?	✓		(1) The Company has formulated the "Integrity Management Operating Procedures and Behavior Guidelines". Regarding the integrity management policy and the active implementation of the commitment of the board of directors and management, it has taken into account the Company's current situation and regulations, and implemented it in a step-by-step manner.	It complies with the listed company's integrity management code.
(2) Whether the Company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates the business activities with high risk of dishonest behavior within the business scope, and formulates a plan for preventing dishonest behavior based on it, and at least covers the "Integrity Management of Listed OTC Companies" What are the precautionary measures for the behaviors of Article 7, Paragraph 2 of the Code?	✓		(2) Integrity and reliability are the most important core values in the Company's corporate culture. They are promoted in the education and training of new employees and on-the-job training, and there are relevant norms in work rules and insider trading prevention management procedures, and establish complete violation penalties, and complaint system to prevent the occurrence of dishonest behavior.	
(3) Has the Company clearly defined operating procedures, behavior guidelines, and disciplinary and appeal systems for violations of preventing dishonest behavior, and implement them, and regularly review and revise the plan?	✓		(3) The Company's "Work Rules" and "Integrity Management Procedures and Behavior Guidelines" stipulate that no gifts, entertainment or any form of bribery may be required, accepted or given that may impair loyalty or professional judgment. It has also required all employees in the group to sign the "Business Confidentiality, Intellectual Property and Integrity and Ethics Agreement" upon entry to implement the integrity code of conduct. The agreement is regularly reviewed for adequacy and	

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
			appropriateness. The Company also has an e-mail for reporting and appeals. If it receives a breach of integrity, it will assign senior executives and audit units to jointly handle it properly.	
2、Implement Integrity Management				
(1) Has the Company assessed the integrity records of the companies it deals with and specify the terms of integrity in the contracts signed?	✓		(1) When the Company signs contracts with others, it will try to fully understand the integrity management situation of the other party as much as possible, and should incorporate integrity management into the business contract.	It complies with the listed company's integrity management code. No significant difference. In the future, it will be implemented in a step-by-step manner depending on actual needs and relevant regulations.
(2) Has the Company set up a dedicated unit for promoting corporate integrity management under the board of directors, and regularly (at least once a year) report to the board of directors its integrity management policy and plan for preventing dishonest behavior and supervise the implementation?		✓	(2) Although the company has not yet set up a full-time unit for corporate integrity management, it has formulated the "Integrity Management Operating Procedures and Behavior Guidelines", which are implemented in a step-by-step manner in accordance with the principles of the "Listed Company Corporate Integrity Management Code". It should be possible to understand whether all levels of the Company meet the requirements of integrity. In addition, the management of the company also strictly abides by the rules of integrity management to establish a benchmark for good behavior within the company.	
(3) Has the Company have a policy to prevent conflicts of interest, provide appropriate channels for presentation, and implement it?	✓		(3) The Company has clearly stated in the "Guidelines for Operational Procedures and Behaviors of Integrity Management" that it should avoid any conflicts that may cause personal interests and the interests of the Company. Directors who have an interest in the resolutions listed by the board of directors and their own or their representative corporations abstain from participating in discussions and voting.	

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
(4) Whether the Company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit will formulate relevant audit plans based on the assessment results of the risk of dishonest behavior, and according to the audit, to prevent dishonest behavior, or to entrust an accountant to perform the audit?	✓		(4) The Company has a rigorous accounting system and a dedicated accounting unit. The financial reports are checked by certified accountants to ensure the fairness of the financial statements. The internal auditors also perform audits in accordance with the audit plan to ensure the effective operation of the company's internal control system.	
(5) Does the Company regularly hold internal and external education and training for integrity management?	✓		(5) The Company has regularly or irregularly promoted education and training courses and publicity matters related to integrity management.	
3、Operation of the Company Whistleblowing System				
(1) Has the Company formulated a specific reporting and reward system, established a convenient reporting channel, and assigned appropriate specialized personnel to deal with the reported object?	✓		The Company has an e-mail for reporting and appealing. If there is any violation of integrity, it will assign senior executives and audit units to jointly handle it properly, and report to the general manager for appropriate punishment depending on the circumstances. The current operation takes the general manager's office, the personnel unit and the audit office as the reporting channels. If there is a violation of integrity, it will be handled in accordance with the employee disciplinary measures. The Company has clearly established the protection of whistleblowers so that they will not be improperly dealt with due to the whistleblower matters.	It complies with the listed company's integrity management code.
(2) Has the company established standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	✓			
(3) Does the Company take measures to protect whistleblower from being mistreated due to whistleblowing?	✓			
4、Strengthen Information Disclosure Does the Company disclose the content of its integrity management code and promote its effectiveness on its website and MOPS?	✓		The Company has set up a website to disclose the "Integrity Management Operating Procedures and Behavior Guidelines" formulated by the Company, and disclosed the implementation of integrity management in the annual report.	It complies with the listed company's integrity management code.

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
5、If the Company has its own integrity management code based on the "listed company integrity management code", please describe the difference between its operation and the established code: The Company implements it in accordance with the spirit of the integrity management operating procedures and behavior guidelines, in a step-by-step manner, its operation is not materially different from this Code.				
6、Other important information that helps to understand the integrity of the Company's business operations: (such as the company's review and revision of its integrity management code, etc.) The company always pays attention to the development of the relevant norms of integrity management, and reviews the Company's integrity management policy accordingly, to implement the integrity management policy.				

(7) If the Company has formulated the corporate governance code and related regulations, it should disclose its inquiry method:

1. Although the Company has not yet formulated a code of practice for corporate governance, it has formulated the "Rules of Procedure for the Board of Directors", "Rules of Procedure for the Shareholders' Meeting", "Code of Ethics and Conduct for Directors and Managers", "Procedures for the Acquisition or Disposal of Assets", "Endorsements" Guarantee operating procedures", "Fund loan and others operating procedures", "Integrity management operating procedures and behavior guidelines", and the spirit of corporate governance is included in the company's internal control system and various management measures.
2. The aforementioned regulations have been disclosed in the annual report and prospectus, which can be accessed at MOPS (http://mops.twse.com.tw).

(8) Other important information sufficient to improve understanding of how corporate governance works may also be disclosed:

1. The Company has formulated specific rules for the level-by-level authorization authorized by the board of directors to implement the hierarchical responsibility management mechanism. The internal audit unit will conduct an annual audit based on the audit plan of the risk assessment, and report the audit results to the audit committee and the board of directors.

2. The Company has taken out relevant insurance to avoid risks, and has purchased liability insurance for directors.

3. In accordance with the provisions of the " Regulations Governing the Scope of Material Information and the Means of its Public Disclosure Under Article 157-1, Paragraphs 5 and 6 of the Securities and Exchange Act ", significant information about the Company will be disclosed on the public information observatory from time to time. In addition, the Company has established "“Management Procedure to Prevent Insider Trading " to avoid improper information leakage and prevent insider transactions from happening, to protect the rights and interests of the Company and all stakeholders.

(9) Implementation Status of Internal Control System

1. Internal Control Statement: Please refer to page 155 for details.
2. Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: none.

(10）The Company and its internal personnel were punished in accordance with the law in the most recent year and up to the date of publication of the annual report. The main deficiencies and improvements in the punishment of the Company's internal personnel for violating the internal control system regulations: None.

（11）Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report

Conference Category	Date	Important Resolutions
Board of Directors	2022.03.23	1. The total number of directors' remuneration and employee dividends of the company in 2021. 2. The Company's 2021 director's remuneration distribution proposal. 3. The Company's 2021 annual manager performance bonus case. 4. The Company's 2021 annual business report and financial statements. 5. The Company's 2021 earnings distribution table. 6. The case of the Company intending to revise some of the provisions of the "Procedures for the Acquisition or Disposal of Assets" for discussion. 7. The Discussion on the Company's proposed amendment to some of the provisions of "corporation by-laws". 8. The Discussion on the Company's proposed amendment to some of the provisions of " Rules of Procedure for Shareholders' Meeting". 9. The Company plans to hold the 2022 general meeting of shareholders related matters. 10. The Company took up matters related to shareholder proposals in 2022. 11. The Company intends to increase the capital of "Jiangsu E&R Technology Co., Ltd." through an overseas holding company。 12. The Company's 2022 operation plan. 13. The Company cooperated with Crowe Horwath International's internal adjustment and replacement of accountants. 14. The case of the Company loaning new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd " and " Jiangsu E&R Technology Co., Ltd. ". 15. The Company accepts the "Declaration of Internal Control System". 16. The Company has set the capital increase base date for corporate bond-secured replacement of common stock in the fourth quarter of 2021.
Board of Directors	2022.05.03	1. The Company's 2021 distribution of dividends to and employees. 2. The Company's 2022 annual manager performance bonus. 3. The detail of the Company plans to buy back the treasury stock that has been transferred to employees in 2019 4. The case of the Company's consolidated financial statements for the first quarter of 2022. 5. The Company plans to issue the third domestic unsecured conversion of corporate bonds. 6. The case of the Company loaning new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd ".
Board of Directors	2022.05.20	1. The Company intends to engage others to build plants on rented land. 2. The Company intends to sell part of the plants on behalf of "Jiangsu E&R Technology Co., Ltd.".

Conference Category	Date	Important Resolutions
Shareholders Meeting	2022.06.16	*Report Matters: 1. The Company's 2021 annual business report. 2. The Company's 2021 annual audit committee review. 3. The Company's second domestic secured convertible bonds implementation report. 4. The Company's 2021 annual director's remuneration and employee dividend distribution report. 5. The Company's 2021 earning distribution and cash dividends report. 6. The Company's sixth to seventh repurchases of treasury stocks implementation report. 7. The Company revised the 2019" Rules for Transfer of Treasury Shares to Employees" report. *Approvement: 1. The Company's 2021 annual business report and financial statements. 2. The Company's 2021 earnings distribution table. *Discussion Matters: 1. The case of the Company amending some articles of the " Memorandum And Articles of Association ". 2. The case of the Company revising some provisions of the “Procedures for the Acquisition or Disposal of Assets”. 3. The case of the Company's revising some of the provisions of " Rules of Procedure for Shareholders' Meeting". *Execution of Shareholders Meeting: 1. The Company's 2021 annual business report and financial statement approvement have been approved. 2. The approvement of the Company's 2021 earnings distribution table has been approved, and a cash dividend of NT$1.5940685 per share has been distributed on 2022.07.15. 3. The case of the Company amending some articles of the " Memorandum And Articles of Association "has been approved. 4. The case of the Company revising some provisions of the “Procedures for the Acquisition or Disposal of Assets” has been approved. 5. The case of the Company's revising some of the provisions of " Rules of Procedure for Shareholders' Meeting" has been approved.
Board of Directors	2022.08.03	1. The case of the Company's consolidated financial statements for the second quarter of 2022. 2. The Company provides the reinvestment company " Jiangsu E&R Technology Co., Ltd. " endorsement guarantee ratification case. 3. The case of the Company loaning new funds to the sub-subsidiary, " Wuxi E&R Semiconductor Materials Technology Co., Ltd " 4. The proposal of the Company intending to formulate " Procedures for Handling Material Inside Information".
Board of Directors	2022.10.13	1. The Company plans to implement the 8th and 9th repurchase of treasury shares. 2. The case of the Company's reinvestment company " Jiangsu E&R Technology Co., Ltd."intending to expand new plants. 3.The case of the Company intending to loan new funds to the reinvestment company " Jiangsu E&R Technology Co., Ltd." 4. The Company provides the reinvestment company "Tech-Wave Industrial Co., Ltd." endorsement guarantee ratification case. 5. The case of the Company intending to loan new funds to the sub-subsidiary, "Wuxi Taisheng Semiconductor Material Technology Ltd." 6. The Company plans to determine the base date of the capital increase of the third

Conference Category	Date	Important Resolutions
		quarter of 2022 for the exercise of employee stock option certificates issued in 2019 and the second secured convertible bonds converted into common stock.
Board of Directors	2022.11.10	1.The Company's 2022 annual manager performance bonus discussion.(Q2~Q3) 2.The Company's 2022 annual senior managers year-end bonus discussion. 3. Remuneration adjustment of the Company's senior managers in 2023. 4. The case of the Company intending to revise the 2022" Rules for Transfer of Treasury Shares to Employees". 5. The case of the Company's consolidated financial statements for the third quarter of 2022. 6. The Company intends to approve the 2023 annual audit plan. 7. The Company intends to approve 2023 current bank loan quota proposal. 8. The case of the appointment of the chief corporate governance officer.
Board of Directors	2023.03.07	1. The total number of directors' and the employees' remuneration of the company in 2022. 2. The Company's 2022 director's remuneration distribution proposal. 3. The Company's 2022 annual manager performance bonus discussion.(2022 Q4 and the whole year) 4. The Company's 2022 annual business report and financial statement case. 5. the Company's 2021earnings distribution table case. 6. Proposal of the Company's treasury stock intending to be transferred to employees at a price lower than the average buyback price per share. 7. The case of the Company's re-election of all directors. 8. The case of the Company intending to lift the non-compete prohibition on new directors and their representatives. 9. The case of the related matters for the holding of 2023 general meeting of shareholders. 10. The Company intends to accept matters related to the 2023 shareholder proposal and the nomination of director candidates. 11.The case of the Company's 2023 operation plan. 12. The case of the Company intending to loan new funds to the sub-subsidiary " Wuxi E&R Semiconductor Materials Technology Co., Ltd " and the reinvestment company" Jiangsu E&R Technology Co., Ltd. ". 13. The proposals for ratification of the Company's" Statement of Internal Control System ". 14. The Company plans to determine the base date of the capital reduction for the the cancellation of the ninth repurchase of treasury shares. 15. The Company plans to determine the base date of the capital increase of the fourth quarter of 2022 for the exercise of employee stock option certificates issued in 2019 and the second secured convertible bonds converted into common stock.
Board of Directors	2023.03.21	1. The Company plans to implement the 10th repurchase of treasury shares.
Board of Directors	2023.05.03	1. The case of the Company's 2022 employees' remuneration distribution. 2. The case of the Company's 2023 annual manager performance bonus.(2023 Q1) 3. The case of the Company's consolidated financial statements for the first quarter of 2023. 4. The case of the Company intending to loan new funds to the sub-subsidiary " Wuxi

Conference Category	Date	Important Resolutions
		E&R Semiconductor Materials Technology Co., Ltd " and the reinvestment company" Jiangsu E&R Technology Co., Ltd. ". 5. The case of the Company intending to end the operation of the investee company " E&R PRECISION EQUIPMENT CO.,LTD " 6. The case of the nomination and examination of directors(including independent directors) candidates by the board of directors of the Company.

(102) In the most recent year and up to the date of printing the annual report, the directors or supervisors have different opinions on the important resolutions passed by the board of directors, and there are records or written statements. Its main content: no such thing.

(103) Summary of the resignation and dismissal of persons related to financial reporting (including the chairman, general manager, accounting supervisor and internal audit supervisor, etc.) in the most recent year and as of the date of publication of the annual report: None.

4、Information Regarding Audit Fees:

Amount Unit: NTD thousand

The Name of Accounting Firm	Accountant Name	Period Covered by CPA's Audit	Audit Fee	Non-audit fees	Total	Remarks
Crowe Global	LEE CHING LING	2022.01 to 2022.12	2,550	1. Business Registration 33 2. Staff salary information checklist and opinion letter for issuance of convertible bonds 60 3. Preparation cost for transferring pricing documents 60	2,703	N.A.
	LEE KUO MING	2022.01 to 2022.12				

(1) If the accounting firm is changed and the audit fee paid in the replacement year is lower than the audit fee in the year before the change, the amount, proportion and reason for the decrease in audit fee shall be disclosed: Not applicable.

(2) If the audit fee is reduced by more than 15% compared with the previous year, the amount, proportion and reason for the reduction of the audit fee shall be disclosed: Not applicable.

5、CPA's information: No such thing.

(1) About the Former Accountant: Not applicable.

(2) About Successor Accountants: Not applicable.

(3) Reply letter from the former accountant to the items 1 and 2 of Article 10, paragraph 6 of this Standard: None.

6、The chairman of the board, the president, or the manager in charge of financial or accounting affairs, who have worked in the firm of the certified public accountant or its affiliates within the last year: Not applicable.

7、In the most recent year and as of the publication date of the annual report, the transfer of equity of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% and changes in equity pledge. If the counterparty of the equity transfer or equity pledge is a related person, the name of the counterparty, the relationship with the company, directors, supervisors, shareholders with a shareholding ratio exceeding 10%, or the number of pledged shares shall be disclosed:

（1）Shareholding changes of directors, supervisors, managers and major shareholders:

Unit: share

Title	Name	2021		2022		Current year to April 23, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman and Chief Strategy Officer	Michel Wang	309,000	320,000	38,000	680,000	—	510,000
Vice Chairman and Chief Strategy Officer	KS Chen	155,000	—	18,000	—	(245,000)	250,000
Director and President	Eric Chang	101,000	—	74,000	—	(35,000)	—
Corporate Director	Donghua Investment Co., Ltd.	—	—	—	—	—	—
Corporate Director Representative	Ray Hou(Note2)	—	—	—	—	—	—
Director and Vice President	Harry Huang(Note1)	162,392	720,000	10,000	80,000	—	—
Director	Kuang shu Hsueh(Note1)	36,676	—	—	—	—	—
Independent Director	Carlos Huang	—	—	—	—	—	—
Independent Director	JF Lu	—	—	—	—	—	—
Independent Director	Alex Kao	—	—	—	—	—	—
Vice President	Vic Chao	39,000	—	27,000	—	—	—
Vice President	Jack Huang	61,000	—	9,000	—	(72,000)	—
Vice President	Erwin Wu	23,449	—	50,000	—	—	—
Vice President	James Lai	24,000	—	22,000	—	—	—
Director	Robert Chu	41,000	—	30,000	—	—	—
Director	Allen Lin(Note 3)	17,000	—	34,000	—	—	—
Accounting Director	Max Tsao	14,000	—	—	—	—	—
Finance Director	Sonia Lu(Note 4)	14,000	—	(1,000)	—	—	—
Special Assistant	Martin Yeh(Note 5)	17,000	—	10,000	—	—	—
Special Assistant	Alex Liao(Note 5)	44,500	—	1,500	—	—	—

Note 1: Inaugurated after the general re-election of the general meeting of shareholders on June 18, 2020

Note2: Originally as a supervisor, it was changed to a corporate director representative after a comprehensive re-election by the shareholders meeting on June 18, 2020.

Note 3: Take office on November 1, 2019.

Note 4: Take office on April 29, 2020.

Note 5: Take office on January 4, 2021.

(2) If the counterparty of the equity transfer is a related person, it shall be disclosed: there is no such circumstance.

Name	Reason for equity transfer	Transaction date	Counterparty	The relationship between the counterparty and the company, directors, supervisors, managers, and shareholders with a shareholding ratio exceeding 10%	Number of shares	Transaction price
KS Chen	Gift	2022.08 2023.02 2023.02	Chen Yu Ting Hsu, Miao Chen Yu Min	Child Spouse Child	35,000 200,000 45,000	Not applicable.
Eric Chang	Gift	2022.06 2023.02	Chang, Ching-Chuan Chang, Ching-Chuan	Child Child	25,000 35,000	Not applicable.
Robert Chu	Gift	2022.09	Chu, Chun-Yi	Child	30,000	Not applicable.
Max Tsao	Gift	2022.10	Tsao, Po-Hung	Child	15,000	Not applicable.
Sonia Lu	Gift	2022.08 2022.08	Li, Chao-Kuo Li, Chao-Hsin	Child Child	10,000 10,000	Not applicable.

(3) If the counterparty of the equity pledge is a related person, it shall be disclosed: there is no such circumstance.

8、Information about the shareholders with the top ten shareholding ratio, who are related persons of the Financial Accounting Standards Bulletin No. 6 or are spouses or relatives within the second degree of kinship:

April 23, 2023; Unit: share

Name	Shares held		Spouse and minor children now holding shares		Shares held in the names of others		The titles, names and relationships of the top ten shareholders who are related persons or are spouses or relatives within the second degree of kinship.		Remark
	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Title (or Name)	Relationship	
Chao,Peng-Hsuan	4,615,000	4.63%	0	0%	0	0%	-	-	-
Michel Wang	4,200,334	4.22%	0	0%	900,956	0.9%	-	-	-
Canada Trusty Steve Inc. trusted by China Trust Commercial Bank	3,574,913	3.59%	0	0%	0	0%	-	-	-
Yang, Chih-Cheng	2,174,000	2.18%	0	0%	0	0%	-	-	-
Mao, Chung-Fu	1,901,828	1.91%	0	0%	0	0%	-	-	-
Kung, Hsiao-Ying	1,658,132	1.66%	0	0%	0	0%	-	-	-
Tsai, Teng-Shun	1,390,469	1.40%	0	0%	0	0%	-	-	-
Lin, Chen-Hsing	1,263,734	1.27%	0	0%	0	0%	-	-	-
Harry Huang	1,216,680	1.22%	0	0%	0	0%	-	-	-

Name	Shares held		Spouse and minor children now holding shares		Shares held in the names of others		The titles, names and relationships of the top ten shareholders who are related persons or are spouses or relatives within the second degree of kinship.		Remark
	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Title (or Name)	Relationship	
Yeh, Yu	1,204,061	1.21%	0	0%	0	0%	-	-	-

9、The number of shares held by the company, the company's directors, supervisors, managers and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and combined to calculate the comprehensive shareholding ratio:

March 31, 2023; Unit: thousand shares; %

Reinvestment Business (Note)	The company's investment		Investment of directors, supervisors, managers and directly or indirectly controlled enterprises		Comprehensive Investment	
	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio
E&R SEMICONDUCTOR MATERIALS CO., LTD	13,500	90.00%	—	—	13,500	90.00%
ENRICHMENT TECH.CORPORATION	8,290	100%	—	—	8,290	100%
TECH-WAVE INDUSTRIAL CO.,LTD.	2,500	51.43%	—	—	2,500	51.43%
CRYSTAL ENTEC CORP.	1,086	48.27%	—	—	1,086	48.27%
EXCELLENT INTERNATION HOLDING LIMITED	9,709	100%	—	—	9,709	100%

Note: It is a long-term equity investment of the Company.

IV、Fundraising Situation

1、Capital and Shares

(1) Source of Share Capital:

1. Share Capital Formation Process

March 31, 2022; Unit: thousand shares; %

Year.Month	Issue price (NTD)	Authorized Stock		Paid-up Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Share Capital	Offset share capital with property other than cash	Others
2016.01	12.1	100,000	1,000,000	55,406	554,060	Employee stock option new shares 5,295 Decrease of treasury shares and restricted new shares 10,325	—	01/13/2016 MOEA Licensed Commercial No.10501004660
2016.04	12.1	100,000	1,000,000	55,459	554,590	Employee stock option new shares 575 Decrease restricted new Shares 45	—	04/25/2016 MOEA Licensed Commercial No.10501075000
2016.05	12.1	100,000	1,000,000	55,195	551,954	Employee stock option new shares 61.5 Decrease restricted new Shares 325.1	—	05/27/2016 MOEA Licensed Commercial No.10501107890
2016.09	11.9	100,000	1,000,000	53,947	539,476	Decrease of treasury shares 1,245 Decrease restricted new Shares 2.8	—	09/07/2016 MOEA Licensed Commercial No.10501216420
2016.11	11.9	100,000	1,000,000	54,184	541,841	Employee stock option new shares 237	—	11/25/2016 MOEA Licensed Commercial No.10501273150
2017.04	11.9	100,000	1,000,000	54,005	540,050	Employee stock option new shares 28 Decrease restricted new shares 206	—	04/06/2017 MOEA Licensed Commercial No.10601041500
2017.06	11.9 19.19	100,000	1,000,000	61,643	616,436	Employee stock option new shares 401 Convertibal bond 7,238	—	06/05/2017 MOEA Licensed Commercial No.10601070530
2017.09	28 11.9 19.02~ 19.19	100,000	1,000,000	75,997	759,961	Cash capital increase 10,000 Employee stock option new shares 116 Convertibal bond 4,237	—	09/01/2017 MOEA Licensed Commercial No.10601122400
2017.12	11.9 19.02	100,000	1,000,000	76,872	768,723	Employee stock option new shares 144 Convertibal bond 731	—	12/07/2017 MOEA Licensed Commercial No.10601164010
2018.03	11.9 19.02	100,000	1,000,000	78,190	781,897	Employee stock option new shares 156 Convertibal bond 1,162	—	03/27/2018 MOEA Licensed Commercial No.10701031760
2018.04	11.9 19.02	100,000	1,000,000	78,585	785,852	Employee stock option new shares 101 Convertibal bond 294	—	04/20/2018 MOEA Licensed Commercial No.10701038520
2018.08	19.02	100,000	1,000,000	79,221	792,213	Convertibal bond 636	—	08/22/2018 MOEA Licensed Commercial No.10701108020

Year.Month	Issue price (NTD)	Authorized Stock		Paid-up Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Share Capital	Offset share capital with property other than cash	Others
2018.12	11.9 19.02	100,000	1,000,000	79,783	797,828	Employee stock option new shares 20 Convertibal bond 542	—	12/11/2018 MOEA Licensed Commercial No.10701150420
2019.04	19.02	100,000	1,000,000	79,794	797,943	Decrease of treasury shares 814 Convertibal bond 825	—	04/23/2019 MOEA Licensed Commercial No.10801036620
2019.05	11.9	100,000	1,000,000	79,884	798,843	Employee stock option new shares 90	—	05/16/2019 MOEA Licensed Commercial No.10801057730
2019.11	10	120,000	1,200,000	81,462	814,618	Convertibal bond 1,578	—	10/21/2019 MOEA Licensed Commercial No.10801142100
2020.11	42.22	120,000	1,200,000	84,152	841,524	Convertibal bond 2,690	—	11/30/2020 MOEA Licensed Commercial No.10901222280
2021.03	42.22	120,000	1,200,000	85,431	854,314	Convertibal bond 1,279	—	03/24/2021 MOEA Licensed Commercial No.11001046480
2021.05	42.22	120,000	1,200,000	90,273	902,726	Convertibal bond 48,412	—	05/31/2021 MOEA Licensed Commercial No.11001087320
2021.08	66	120,000	1,200,000	100,273	1,002,726	Cash capital increase 100,000	—	08/05/2021 MOEA Licensed Commercial No.11001132410
2021.11	15.7 42.14	120,000	1,200,000	100,048	1,000,476	Employee stock option new shares 4,225 Convertibal bond 1,825 Decrease of treasury shares 8,300	—	11/25/2021 MOEA Licensed Commercial No.11001217650
2.22.04	42.14	120,000	1,200,000	100,102	1,001,020	Convertibal bond 546	—	04/11/2022 MOEA Licensed Commercial No.11101056640
2022.10	15.4 41.31	150,000	1,500,000	100,770	1,007,702	Employee stock option new shares 5,350 Convertibal bond 1,332		10/31/2022 MOEA Licensed Commercial No. 11101208210
2023.03	15.4 41.31	150,000	1,500,000	99,595	995,953	Employee stock option new shares 125 Convertibal bond 3,026 Decrease of treasury shares 14,900		27/03/2023 MOEA Licensed Commercial No. 11230049990

2. Type of shares

April 23, 2023; Unit: Shares

Type	Authorized Stock			Remark
	Outstanding Shares	Unissued Stock	Total	
Common Stock	99,595,393	50,404,607	150,000,000	OTC Stock

3. If it is approved to raise and issue securities under the general reporting system, it shall also disclose the

approved amount, the information about the planned issuance and the securities that have been issued: Not applicable.

(1) Shareholder Structure

April 23, 2023

Shareholder Structure / Amount	Government Agency	Financial Institution	Other Corporation	Personal	Foreign Institution and Foreigners	Total
Number of People	0	7	169	22,826	47	23,049
Number of shareholding	0	545,092	4,298,719	89,555,586	5,195,996	99,595,393
Shareholding ratio	0.00%	0.55%	4.32%	89.91%	5.22%	100.00%

(3) Distribution of Share Ownership (denomination at NTD 10 per share)

April 23, 2023; Unit: Person; Share

Range of no. of shares held	Number of Shareholders	Shareholding (shares)	Shareholding Ratio (%)
1 to 999	16,527	223,213	0.22
1,000 to 5,000	4,854	9,422,306	9.46
5,001 to 10,000	704	5,479,942	5.50
10,001 to 15,000	245	3,134,429	3.15
15,001 to 20,000	168	3,058,493	3.07
20,001 to 30,000	161	4,092,870	4.11
30,001 to 40,000	92	3,255,673	3.27
40,001 to 50,000	51	2,338,321	2.35
50,001 to 100,000	107	7,776,680	7.81
100,001 to 200,000	75	10,573,731	10.62
200,001 to 400,000	29	8,350,409	8.38
400,001 to 600,000	14	7,200,448	7.23
600,001 to 800,000	5	3,610,690	3.63
800,001 to 1,000,000	3	2,643,428	2.65
1,000,001 or more	14	28,434,760	28.55
Total	23,049	99,595,393	100.00

3. List of major shareholders

Names, shareholding amounts and proportions of shareholders holding more than 5% of the shares or the top ten shareholders

April 23, 2023; Unit: shares

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding Ratio (%)
Chao,Peng-Hsuan	4,615,000	4.63%

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding Ratio (%)
Michel Wang	4,200,334	4.22%
Canada Trusty Steve Inc. trusted by China Trust Commercial Bank	3,574,913	3.59%
Yang, Chih-Cheng	2,174,000	2.18%
Mao, Chung-Fu	1,901,828	1.91%
Kung, Hsiao-Ying	1,658,132	1.66%
Tsai, Teng-Shun	1,390,469	1.40%
Lin, Chen-Hsing	1,263,734	1.27%
Harry Huang	1,216,680	1.22%
Yeh, Yu	1,204,061	1.21%

(5) Per share data for market price, net worth, earnings, and dividends for the last two years

Unit: NTD/share

Item / Year			2021	2022	Current year to March 31, 2023
Market price per unit (Note 1)	Highest		103.00	88.3	55
	Minimum		57.90	49.5	49.8
	Average		78.90	70.91	52.52
Net Worth Per Share	Before Distribution		23.92	28.25	26.77
	After Distribution		22.31	26.25	24.73
Earnings Per Share	Weighted average number of shares		92,964	99,245	97,767
	Earnings Per Share (Note3)	Before Adjustment	2.62	3.94	0.17
		After Adjustment	2.62	3.94	0.17
Dividends Per Share	Cash Dividends		1.20	2	—
	Free Dividends	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends (Note 4)		—	—	—
Return on Investment Analysis	Price-Earnings Ratio (Note4)		30.11	18	308.94
	Price-Dividend Ratio (Note5)		49.31	35.46	Not applicable
	Cash Dividend Yield (Note6)		2.03%	2.82%	Not applicable

Note: Financial Information Reviewed by Accountants.

Note 1: The source is Taipei Exchange.

Note 2: The profit distribution proposal has been approved by the board of directors.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: Price-Earnings Ratio: Average closing price per share for the year/earnings per share.

Note 5: Price-Dividend Ratio: average closing price per share for the year/cash dividend per share.

Note 6: Cash Dividend Yield: cash dividend per share / average closing price per share for the year.

(6) Company Dividend Policy and Implementation Status

1. Dividend policy set based on Articles of Incorporation:

If there is any surplus in the company's annual final accounts, it will be distributed in the following order:

(1) Pay taxes according to law.

(2) Make up for accumulated losses

(3) Set aside ten percent of such profits as a legal reserve. Unless the cumulative legal reserve is equivalent to the Company's total capital stock.

(4) A special surplus reserve shall be appropriated according to laws or regulations or necessary for operation; after deducting the previous balances and adding the accumulated undistributed surplus of the previous year, the board of directors shall formulate a shareholder dividend distribution proposal and submit it to the shareholders' meeting for resolution. Shareholder dividends may be distributed in the form of stock dividends or cash dividends.

In the future, according to the environment and growth stage, and based on capital investment and business expansion needs, the Company will achieve sound financial planning and take into account the interests of shareholders for sustainable development. The Company's dividend policy will allocate no less than 10% of the above-mentioned distributable surplus to shareholders' dividends according to the Company's future capital expenditure budget and capital needs. However, when the accumulated distributable surplus is less than 5% of the paid-in share capital, must be allocated. When distributing dividends to shareholders, it can be done in the form of stock dividends or cash dividends, of which the distribution ratio of cash dividends shall not be lower than 10% of the total dividends to shareholders. If the Company has a major investment or development policy, it may be distributed in full as stock dividends.

2. The proposed dividend distribution at the shareholders' meeting:

On March 07, 2023, the board of directors of the Company passed the 2023 earnings distribution proposal. It is proposed to distribute a cash dividend of NTD 2.0030115 per share, which will be distributed on May 19, 2023. The proposal will be reported at the 2023 general meeting of shareholders.

3. Explanation of expected major changes in dividend policy: None.

(7) The impact of the issue of bonus shares proposed at this shareholders' meeting on the Company's operating performance and earnings per share: There is no issue of bonus shares this year, so it does not apply.

(8) Remuneration of Employees, Directors and Supervisors:

1. The percentage or scope of remuneration for employees, directors and supervisors as stated in the

company's articles of association:

Corporation By-Laws	Content
Article 30	If the Company has a profit in the year, it should set aside 5~10% as employee remuneration, which will be distributed in stock or cash by the resolution of the board of directors. The distribution object includes employees of subordinate companies who meet certain conditions. No more than 3% shall be allocated as the director's remuneration by the resolution of the board of directors. Employee remuneration and directors' remuneration distribution proposal shall be submitted to the shareholders' meeting report. However, when the Company still has accumulated losses, it should reserve the amount to make up in advance, and then allocate the employee's remuneration and director's remuneration according to the proportion in the preceding paragraph.
Article 30-1	If there is any surplus in the Company's annual final accounts, it will be distributed in the following order: (1) Pay taxes according to law. (2) Make up for accumulated losses (3) The statutory surplus reserve is set aside at 10%, except when the statutory surplus reserve has reached the total capital of the company. (4) A special surplus reserve shall be appropriated according to laws or regulations or necessary for operation; after deducting the previous balances and adding the accumulated undistributed surplus of the previous year, the board of directors shall formulate a shareholder dividend distribution proposal and submit it to the shareholders' meeting for resolution. In the future, according to the environment and growth stage, and based on capital investment and business expansion needs, the Company will achieve sound financial planning and take into account the interests of shareholders for sustainable development. The Company's dividend policy will allocate no less than 10% of the above-mentioned distributable surplus to shareholders' dividends according to the Company's future capital expenditure budget and capital needs. However, when the accumulated distributable surplus is less than 5% of the paid-in share capital, must be allocated. When distributing dividends to shareholders, it can be done in the form of stock dividends or cash dividends, of which the distribution ratio of cash dividends shall not be lower than 10% of the total dividends to shareholders. If the Company has a major investment or development policy, it may be distributed in full as stock dividends.

The distribution of employee remuneration and directors' remuneration shall be carried out by the board of directors with the approval of more than two-thirds of the directors present and approved by more than half of the directors present, and reported to the shareholders' meeting.

2. The estimated basis of the remuneration of employees, directors and supervisors estimated in the current period, the calculation basis of the number of shares for the employee compensation distributed by stock,

and the accounting treatment if the actual distribution amount is different from the estimated amount:

(1) Estimation basis for employee compensation:

According to Article 30 of the Articles of Incorporation, if the Company has a profit in the year, it should set aside 5~10% as employee remuneration, which will be distributed in stock or cash by the resolution of the board of directors. The distribution object includes employees of subordinate companies who meet certain conditions. However, when the Company still has accumulated losses, it should reserve the amount to make up in advance, and then allocate the employee's remuneration and director's remuneration according to the proportion in the preceding paragraph. Employee remuneration distribution proposal shall be submitted to the shareholders' meeting report.

(2) Estimation basis for directors' and supervisors' remuneration:

According to Article 30 of the Articles of Incorporation, if the Company has a profit in the year, no more than 3% shall be allocated as the director's remuneration by the resolution of the board of directors. However, when the Company still has accumulated losses, it should reserve the amount to make up in advance, and then allocate the employee's remuneration and director's remuneration according to the proportion in the preceding paragraph.

(3) The calculation basis of the number of shares for the employee compensation distributed by stock:

If the shareholders' meeting decides to issue employee bonuses by shares, the number of shares for dividends shall be determined by dividing the amount of the resolution dividends by the fair value of the shares. The fair value of shares refers to the closing price on the day before the resolution of the shareholders' meeting (after considering the effect of ex-rights and ex-dividends).

(4) Accounting treatment when the actual distribution amount is different from the estimated amount:

On the resolution date of the shareholders' meeting, if there is a change in the amount, it will be treated according to the change in accounting estimates and listed as profit or loss for the following year.

3. Remuneration Distribution Approved by the Board of Directors

(1) Remuneration of employees and directors and supervisors distributed in cash or stock, If there is a discrepancy with the estimated amount in the year of recognition of expenses, the discrepancies, reasons and handling shall be disclosed:

Unit: NTD

Allotment	Estimated Amount (NTD)	Number of Distributions Approved by the Board of Directors(NTD)	Discrepency	Reasons and Solusions
Employees' Remuneration	32,250,000	32,250,000	0	Not Applicable
Director's	10,750,000	10,750,000	0	Not Applicable

Remuneration				

(2) The amount of employee compensation distributed in stock and its proportion to the total amount of after-tax net profit and total employee compensation in the current period's individual or individual financial statement:

a. Distributed employee's remuneration amount: NT$32,250,000

b. The proportion of distributed employee remuneration to the net profit after tax and total employee remuneration for the current period: 6.52%.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), if there is a discrepancy from the remuneration of the recognized employees, directors and supervisors, the number of discrepancies, reasons and handling shall be stated :

The company's 2021employee and director remuneration distribution plan was approved by the board of directors on March 23, 2022 The Company will distribute NT$6,571,000 for directors and NT$16,429,000 for employees, as remuneration, which are not different from the amounts recognized in the 2021 financial statements.

(9) The Company buys back the company's shares:

1. The status of the Company's repurchase of the Company's shares (the execution has been completed)

May 15, 2023

Repurchase no.	The 6th Time in 2021	The 7th Time in 2021	The 8th Time in 2022	The 9th Time in 2022	The 10th Time in 2023
Purpose of repurchase	Maintain the company's credit and shareholders' rights	Transfer shares to employees	Transfer shares to employees	Maintain the company's credit and shareholders' rights	Maintain the company's credit and shareholders' rights
Repurchase period	August 18, 2021 to September 17, 2021	September 22, 2021 to October 15, 2021	October 14, 2022 to November 11, 2022	November 14, 2022 to December 13, 2022	March 23, 2023 to May 08, 2023
Repurchase price range	NTD60 to NTD85 per share	NTD60 to NTD85 per share	NTD50 to NTD80per share	NTD50 to NTD80per share	NTD50 to NTD70per share
Types and numbers of shares bought back	830,000 shares	834,000 shares	989,000 shares	1,490,000 shares	1,000,000 shares
Amount of shares bought back (NT$)	NTD 53,368,184	NTD 54,074,598	NTD 51,705,794	NTD 82,534,958	NTD 50,564,662
Ratio of the number of shares already repurchased to the number of shares intended to be	83%	83.4%	98.9%	99.3%	100%

repurchased (%)					
The number of repurchased shares that have been cancelled or transferred	830,000 shares	0 shares	0 shares	1,490,000 shares	0 shares
Accumulated number of the Company's shares held by the Company	0shares	834,000 shares	1,823,000 shares	1,823,000 shares	2,823,000 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0 %	0.84 %	1.83%	1.83%	2.83%

Note 1：The 7th and 8th buyback of the company's shares in 2021 have not yet been transferred.

Note 2：The 9th buyback of the Company's stoke in 2022 was cancelled by the resolution of the board of directors on March 07, 2023, and the base date for capital reduction was set as March 9, 2023. The Ministry of Economic Affairs has approved the capital reduction and cancellation of treasury shares with the letter of MOEA Licensed Commercial No. 11230049990 dated March 27, 2023.

2. The situation of the company's repurchase of the company's shares (which is still in progress): None.

2. Handling of corporate bonds

(1) Corporate bonds outstanding and in process

Types of corporate bonds	Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022
Issue Date	July 13, 2022
Denomination	NT$100,000
Place of issue and trading	—
Par Value	Issued in full par value
Issue Amount	NT$1,000,000,000
Coupon Rate	0%
Term	5 years Maturity date:: 2027.07.13
Guarantor	Not applicable
Trustee	Trust Division of Bank Sinopac company limited
Underwriter	Taichung Commercial Bank Securities Co., Ltd.
Certifying Lawyer	N.A.
Certifying CPA	N.A.
Repayment Method	Repayment of Principal Once Due
Unredeemed Balance	As of April 23, 2023, the balance of corporate bonds that have not been redeemed or converted is 1,000,000 thousand.
Conditions for redemption or	1. From October 14, 2022 (the next day when three full months pass

Types of corporate bonds	Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022
early redemption	since the issuance day) to June 3, 2027 (forty days before the maturity date), if the closing price of the company's common stock exceeds the current conversion price by 30% (inclusive) for 30 consecutive trading days, the Company may, within the next 30 business days, send a "Bond Recall Notice" with a one-month expiration date by registered mail (the aforementioned period is calculated from the date of issuance of the letter by the Company, and the expiry date of the period is taken as the benchmark date of bond recall, and the aforementioned period cannot be the period of cessation of conversion in Article 9) to bondholders (the ones listed in the bondholder register on the fifth business day prior to the date of dispatch of the "Bond Callback Notice". For bondholders who subsequently acquire the convertible corporate bonds due to trading or other reasons, it shall be done by way of announcement). The Company will take back its outstanding convertible corporate bonds in cash at the face value of the bonds within five business days after the bond recovery reference date. 2. From October 14, 2022 (the next day when three full months pass since the issuance day) to June 3, 2027 (forty days before the maturity date), if the outstanding balance of the converted corporate bonds is lower than the original issued 10% of the total amount, the Company may send a " Bond Callback Notice " by registered mail at any time thereafter (the aforementioned period is calculated from the date of issuance of the letter by the Company, and the expiry date of the period is taken as the benchmark date of bond recall, and the aforementioned period cannot be the period of cessation of conversion in Article 9) to bondholders (the ones listed in the bondholder register on the fifth business day prior to the date of dispatch of the "Bond Callback Notice". For bondholders who subsequently acquire the convertible corporate bonds due to trading or other reasons, it shall be done by way of announcement). The Company will take back its outstanding convertible corporate bonds in cash at the face value of the bonds within five business days after the bond recovery reference date. 3. If the creditor fails to reply in writing to the Company's stock affairs agency before the bond recovery benchmark date stated in the "Bond Recovery Notice" (the validity comes effect upon receipt of notice, but for mailing cases, the validity shall be based on the postmark date), the Company will take back its outstanding principal convertible corporate bonds in cash at the face value of the bonds within five business days after the bond recovery reference date. 4. When the Company implements the request for the conversion of corporate bonds, the deadline for bondholders to request conversion is the second business day after the day when OTC trading is terminated. 5. The date when three and four full years pass since the issuance day (July 13, 2025 and July 13, 2026) are the benchmark dates for the bondholders to sell back the bond.Forty days before the sell-back benchmark date (June 3, 2025 and June 3, 2026), the Company shall send a "Notice of Put-back Right Exercise" to bondholders by registered mail (the ones listed in the bondholder register on the fifth business day prior to the date of dispatch of the " Notice of Put-back Right Exercise ". For bondholders who subsequently acquire the

Types of corporate bonds	Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022
	convertible corporate bonds due to trading or other reasons, it shall be done by way of announcement), and ask the OTC trading center to announce the exercise of the bond holder's sell-back right. The bondholder may notify the Company's stock affairs agency in writing within 40 days before the sell-back base date (the validity comes effect upon receipt of notice, but for mailing cases, the validity shall be based on the postmark date), and request the Company to add interest based on the face value of the bonds for redemption [the interest for 3-year bonds is101.5075% of the bond's face value (real yield is 0.50%); the interest for 4-year bonds is102.0151% of the bond's face value (real yield is 0.50%)] The Company accepts the sell-back request and shall redeem the convertible corporate bonds in cash within five business days after the sell-back base date. If the aforementioned date falls on a day when the centralized securities trading market is closed, it will be postponed to the next business day.
Restrictive covenants	(1) Cash Dividend 1. Bondholders who request conversion during January 1 of the current year to 15 business days (exclusive) before the Company's cash dividend transfer closure date of the current year may participate in the distribution of cash dividends for the previous year by the resolution of the shareholders' meeting of the current year. 2. From 15 business days (inclusive) before the closing date of the Company's cash dividends for the current year to the ex-dividend base date (inclusive) of the cash dividends, the conversion of the converted corporate bonds shall be suspended. 3. Bondholders who request conversion from the day following the ex-dividend base date of the current year's cash dividend to December 31 of the current year (inclusive) shall not be entitled to the cash dividend of the previous year issued by the resolution of the shareholders' meeting of the current year. However, it can participate in the cash dividend of the current year issued by the resolution of the shareholders' meeting in the next year. (2) Stock Dividend 1. Bondholders who request conversion from January 1 of the current year to 15 business days (exclusive) before the closing date of the ex-rights transfer of the Company's free allotment of the current year, the converted ordinary shares shall be included in the stock dividend of the year before the resolution of the annual shareholders' meeting. 2. In the current year, the Company shall stop the conversion of the converted corporate bonds from the 15 business days (inclusive) before the book closure date for issuance of bonus shares to the ex-right base date for bonus shares. 3. .Bondholders who request conversion from the day following the ex-right base date for bonus shares to December 31 of the current year (inclusive) shall not be entitled to the cash dividend of the previous year issued by the resolution of the shareholders' meeting of the current year. However, it can participate in the cash dividend of the current year issued by the resolution of the shareholders' meeting in the next year.

Types of corporate bonds		Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022
Name of rating agency, date and result of rating		N.A.
Other Rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	N.A.
	The issuance and conversion, exchange, or subscription rules	Please refer to the corporate bond section on MOPS for information about bond issuance
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		If calculated based on the current conversion price of NT$65.08 per share, it is estimated that 15,360,000 shares will be converted, and the maximum dilution of the current issued shares of 99,595,393 shares will be 15.42%. The equity dilution of converted corporate bonds depends on the conversion situation, and it occurs gradually and has a deferred effect. Therefore, overall, the impact on the dilution of shareholders' equity is still limited.
Name of the custodian institution of the exchangeable underlyings		N.A.

(2) Corporate bonds due within one year: The third domestic unsecured conversion corporate bond issued by the Company in 2022 is due on July 13, 2027, so there is no corporate bond due within one year.

(3) Those that have issued convertible corporate bonds that can be converted into ordinary shares, overseas depositary receipts, or other securities shall be listed in the table below

April 30, 2023 Unit: NTD

Corporate Bond Type		Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022		
Items \ Year		2021	2022	January 1 to 30 April, 2023
Market Value of convertible corporate bonds	Highest	–	117.5	110
	Lowest	–	101	101
	Average	–	108.77	105.85
Conversion price		–	67.6	65.08
Issue Date and Conversion Price upon Issue		Issue Date :2022.07.13 The conversion price upon issue was 67.60 and it has been adjusted to 65.08 on April 27, 2023.		
Method for performance of conversion obligations		Issuance of new shares		

(4) Issued Exchange Corporate Bonds: None.

(5) Raise and issue ordinary corporate bonds by means of comprehensive declaration: None.

(6) Issued corporate bonds with warrants: None.

(7) Privately Placed Corporate Bonds in The Past Three Years: None.

3、Handling of Special Shares: None.

4、Overseas Depositary Receipts: None.

5、Employee Share Subscription Warrants

(1) As of the publication date of the annual report, the company's employee share subscription warrants and its impact on shareholders' rights and interests:

May 15, 2023

Type of employee share subscription warrants	The first issue of employee stock option certificates in 2018	The first issue of employee stock option certificates in 2021
Effective registration date	September 05, 2018	October 12, 2021
Issue Date	June 1, 2019	November 15, 2021
Duration	4 years	5 years
Number of Units Issued	1,000	500
Ratio of the number of issued subscribable shares to the total number of issued shares	1.17%	1.17%
Subscription Period	2021/06/01~2023/05/31	2023/11/15~2026/11/14
Exercise method	Issuance of new shares	Issuance of new shares
Vesting period and percentage (%)	The accumulative share subscription ratio after 2 years is 50% The accumulative share subscription ratio after 3 years is 100%	The accumulative share subscription ratio after 2 years is 50% The accumulative share subscription ratio after 3 years is 75% The accumulative share subscription ratio after 4 years is 100%
Number of shares subscribed through exercise of the warrants	970,000shares	0 share
Amount of the shares subscribed through exercise of the warrants (NT$)	NT$15,064,750	NT$0
Number of unexercised shares	30,000 shares	500,000 shares
Subscription price per share of the unexercised shares	NTD 14.8	NTD 30.1
Ratio of the number of unexercised shares to the total number of issued shares (%) (Note)	0%	0.50%
The effect on shareholders' equity	The duration of this share warrant certificate is 4 years, and it will be implemented two years after the date of issuance. It will dilute the equity of the original ordinary shareholders year by year, so the dilution effect and impact on shareholders' equity are still limited.。	The duration of this share warrant certificate is 5 years, and it will be implemented two years after the date of issuance. It will dilute the equity of the original ordinary shareholders year by year, so the dilution effect and impact on shareholders' equity are still limited.

Note: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' change registration information.

(2) Accumulated until the date of publication of the annual report, the manager who obtained the employee stock option certificate and the names of the top ten employees who obtained the certificate and the number of shares that can be subscribed, the status of the acquisition and the status of subscription:

Unit: share, NTD: thousand, May 15, 2022

	Job Title	Name	Release Date	Number of subscriptions acquired	The ratio of the number of subscriptions obtained to the total number of issued shares (Note 4)	Executed (Note 1)				Unexecuted (Note 2)			
						Number of subscriptions	Warrant price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares (Note 4)	Number of subscriptions	Warrant price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares (Note 4)
Mnager	General Manager	Eric Chang	2019.06.01 2021.11.15	325,000 33,000	0.36%	310,000	15.4~15.7	4,794	0.31%	15,000 33,000	14.8 30.1	1,215	0.05%
	Chief Technology Officer	KS Chen											
	Vice General Manager	Vic Chao											
	Vice General Manager	Jack Huang											
	Vice General Manager	Erwin Wu											
	Vice General Manager	James Lai											
	Vice General Manager	Harry Huang											
	Vice General Manager	Robert Chu											
	Director	Allen Lin											

	Job Title	Name	Release Date	Number of subscriptions acquired	The ratio of the number of subscriptions obtained to the total number of issued shares (Note 4)	Executed (Note 1)				Unexecuted (Note 2)			
						Number of subscriptions	Warrant price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares (Note 4)	Number of subscriptions	Warrant price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares (Note 4)
	Special Assistant	Alex Liao											
	Special Assistant	Martin Yeh											
	Accounting Director	Max Tsao											
	Financial Director	Sonia Lu											
Staff	Vice Director	CS HSIEN	2019.06.01 2021.11.15	247,000 16,000	0.26%	247,000	15.4~15.7	3,841	0.25%	16,000	30.1	482	0.02%
	Vice Director	Woody Chen											
	Vice Director	ML Wu											
	Vice Director	David Wang											
	Manager	Ching-Te, Ho,											
	Manager	SH Lin											
	Manager	Kevin Kuo											
	Manager	Cho-Chun, Chung											
	Manager	Ching-Lung, Cheng											
	Manager	YM Chen											
	Manager	Chin-Nan, Tsao											
	Employee	CHun-Jen, Wang											

Note 1: Including managers and employees (those who have resigned or died should be specified), individual names and titles should be disclosed, but their acquisition and subscription conditions can be disclosed in a consolidated manner.
Note 2: The number of columns depends on the actual number of issuances.
Note 3: The top ten employees with the number of shares that can be subscribed for the share option certificate refer to employees other than managers.
Note 4: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' change registration information.
Note 5: The price of employee stock options that have been executed shall disclose the price of the stock options at the time of execution.
Note 6: The subscription price of unexecuted employee stock options shall disclose the adjusted stock subscription price calculated according to the issuance method.

6、Status of Employee Restricted Stock: None.

7、Status of New Share Issuance in Connection with Mergers and Acquisitions

(1) In the most recent year and as of the date of publication of the annual report, completed mergers and acquisitions or transfer of shares from other companies to issue new shares: None.

(2) In the most recent year and as of the publication date of the annual report, the board of directors has passed a resolution to acquire new shares or issue new shares by transferring shares from other companies: None.

8、Implementation of Company's capital allocation plans:

In the last three years and as of the most recent period, the Company has issued the third domestic unsecured conversion corporate bond in July 2022, and issued 10,000 thousand new shares in cash capital increase in 2021 , and has not acquired or transferred shares of other companies to issue new shares so far. The content, implementation and benefits of the above-mentioned securities issuance plan are explained as follows:

（1）The plan and implementation of the third domestic unsecured conversion corporate bond issued in July 2022 are as follows:

1.The content of plan

(1) Approval date and document number of the competent authority:
Financial-Supervisory-Securities-Corporate1110346535 on June 22, 2022.

(2) Total funds required for the plan: NT$1,010,000 thousand

(3) Sources of funds: Issued 10,000 domestic unsecured convertible corporate bonds for the third time, each with a par value of NT$100 thousand, issued at 101% of the face value, and the amount raised was NT$1,010,000 thousand. The issuance period is five years, and the coupon rate was 0% .

(4) Planned Projects and Estimated Fund Utilization Progress

Unit: NTD thousand

Planned Projects	Estimated Finish Time	Total Funds Required	Estimated Fund Utilization Progress								
			2022		2023				2024		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Plant Construction	2024 Q3	640,000	2,925	2,925	108,190	53,758	94,868	103,017	79,876	96,882	97,559
Working Capital Replenishment	2023 Q1	370,000	150,000	150,000	70,000	—	—	—	—	—	—
Total		1,010,000	152,925	152,925	178,190	53,758	94,868	103,017	79,876	96,882	97,559

(5) Any and all changes to the plan, the source of funds and the manner of their utilization, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, the date on which the change to the plan was reported at a shareholders' meeting, and the date on which such information was uploaded to the information disclosure website specified by the FSC :Not applicable.

2. Capital utilization estimates and possible resulting effects

(1) The progress of the capital utilization and the planned project

Unit: NTD thousand

Item	Execution Situation			Situation, reason and improvement plan of ahead of schedule or behind schedule
Plant Construction	Amount of Payout	Expected	114,040	The main reason is that the land of Qiaotou Science Park is still in the process of land preparation. It is expected that the project will be contracted and construction will begin after the completion of the site preparation in June 2023., so the overall project will be postponed.
		Actual	1,580	
	Capital Utilization Progress	Expected	17.82%	
		Actual	0.25%	
Working Capital Replenishment	Amount of Payout	Expected	370,000	Replenishment of working capital has been completed as planned in the first quarter of 2023.
		Actual	370,000	
	Capital Utilization Progress	Expected	100.00%	
		Actual	100.00%	

(2) Resulting effects of project execution

(A) Plant construction

In this fundraising plan, the Company expects to use NT$640,000,000 for the construction of the plants. Since the current plants and office space can no longer meet the future operating needs. In response to the growth of the semiconductor industry market demand and also the increased manpower required for future new product development and expansion of operation scale, the Company plans to integrate the plants with the office space to improve the Company's overall competitiveness. The new plant is expected to be completed in September 2024. The 1st and 2nd floors are planned as equipment assembly machine production areas, which can increase production and sales. It is estimated that the operating profits that can be injected from 2024 to 2028 will be NT$7,600,000, NT$110,000, NT$183,000, NT$183,000, and NT$183,000, respectively. The expected capital payback period is about 3.84 years.

(B) Working capital replenishment

In this fundraising plan, it is estimated that NTD370,000,000 will be used to enrich working capital in order to meet the increased demand for working capital in future business development. The funds raised will replace bank financing. In addition to reducing the Company's dependence on banks, improving long-term capital stability, strengthening the ability to flexibly dispatch funds and strengthening the company's financial structure, it can also save interest expenses and improve the Company's operating competitiveness.. If the working capital

needs are met with bank loans, based on the Company's current average bank loan interest rate of about 1.81%, it is estimated that interest expenses will be saved by about NTD 2,790,000 in 2022, and it is estimated that interest expenses will be saved by about NTD 6,697,000 each year.

(2) The plan and implementation of the 2021 cash capital increase and issuance of 10,000,000 new shares are as follows:

1.The content of plan

(1) Approval date and document number of the competent authority: Financial Supervisory Commission Approval No. 1100339633 on April 27, 2021.

(2) Total funds required for the plan: NT$660,000,000.

(3) Sources of funds: Cash capital increase issued 10,000,000 new shares, with a face value of NT$10 per share, an issue price of NT$66 per share, and a total amount of NT$660,000,000 raised.

(4) Planned Projects and Estimated Fund Utilization Progress

Unit: NTD thousand

Project	Estimated Completion Date	Total Funding Required	Estimated Fund Utilization Progress		
			2021		2022
			Q3	Q4	Q1
Repayment of loans from financial institutions	2021 Q4	100,000	50,000	50,000	—
Working Capital Replenishment	2022 Q1	560,000	150,000	200,000	210,000
Total		660,000	200,000	250,000	210,000

(5) The content of the change plan, the source and use of funds, the reason for the change, the benefits before and after the change, and the date when the change plan is submitted to the shareholders' meeting, and the date of inputting the information to the website designated by the Financial Supervisory Commission: Not applicable.

2. Implementation status and benefits

(1) Plan Implementation Progress

Item	Execution situation			Situation, reason and improvement plan of ahead of schedule or behind schedule
Repayment of loans from financial institutions	Amount of Payout	Expected	100,000	The repayment of loans from financial institutions has been completed as planned in the fourth quarter of 2021.
		Actual	100,000	
	Implementation progress	Expected	100.00%	
		Actual	100.00%	
Working Capital Replenishment	Amount of Payout	Expected	560,000	Replenishment of working capital has been completed as planned in the first quarter of 2022.
		Actual	560,000	
	Implementation progress	Expected	100.00%	
		Actual	100.00%	

(2) Benefits of Plan Execution

(A) Repayment of loans from financial institutions

This fundraising plan will be completed in the third quarter of 2021, of which NTD 100,000,000 will be used to repay loans from financial institutions. If calculated based on the interest rate proposed to repay loans from financial institutions, it is estimated that the interest expenses in 2021 and each year in the future can be saved as follows: NTD 420,000 and NTD 1,808,000, in addition to moderately reducing the financial burden, can also improve the financial structure and enhance the solvency, reduce the bank's dependence and increase the space for flexible use of funds, thereby improving the company's medium and long-term competitiveness. It has a positive effect on the overall operation and development of the Company.

(B) Working capital replenishment

In this fundraising plan, it is estimated that NTD 560,000,000 will be used to enrich working capital in order to meet the increased demand for working capital in future business development. The funds raised will replace bank financing. In addition to improving the bank's dependence on long-term capital stability, strengthening the ability to flexibly dispatch funds and strengthening the Company's financial structure, it can also save interest expenses and improve the Company's operating competitiveness. If the working capital needs are met with bank loans, based on the Company's current average bank loan interest rate of about 1.76%, it is estimated that interest expenses will be saved by about NTD 4,617,000 in 2021, and it is estimated that interest expenses will be saved by about NTD 9,856,000 each year.

Unit: NTD thousand

Item		Before Fundraising		After Fundraising	
		2020.12.31	2021.03.31	2021.12.31	2022.03.31
Basic Information	Operating Income	1,625,942	536,282	2,020,865	773,763
	Business Interest	233,475	101,911	312,610	125,231
	Net Profit (loss) for the Period	161,266	85,877	243,979	116,667
	Interest expense (Note)	3,024	958	1,916	896
	Earnings Per Share (NTD)	2.00	1.00	2.62	1.18
	Current Assets	1,618,826	1,907,798	2,666,741	3,091,925
	Current Liabilities	790,336	977,466	931,543	1,350,829
	Total Liabilities	870,737	1,049,390	1,020,942	1,507,855
Financial Structure	Debt Ratio	38.20%	40.38%	30.15%	39.24%
	Ratio of long-term funds to real estate, plant and equipment	409.63%	460.76%	678.81%	725.91%
Debt Repayment Ability	Current Ratio	204.83%	195.18%	286.27%	228.89%
	Quick Ratio	130.67%	123.52%	170.63%	137.26%

Source of data: Individual financial statements audited and certified by accountants and the company's own individual statements.

Note: Only bank loan interest expenses are listed.

The Company is a professional semiconductor equipment manufacturer, and its main business is the supply of semiconductor packaging equipment and PCB soft board equipment. In the laser part, laser cutting machines and laser marker are the main products, and plasma equipment is mainly plasma cleaning machines. As for the flexible board, the main supply is lamination equipment. The Company's operating income in 2021 and the first quarter of 2022 are 2,020,865 thousand and 773,763 thousand respectively, compared with 1,625,942 thousand in 2020 and 536,282 thousand in the first quarter of 2021 before financing, an increase of 24.29% and 44.28% respectively. Interest expenses in 2021 and the first quarter of 2022 are 1,916 thousand and 896 thousand respectively, 3,024 thousand in 2020 and 958 thousand in the first quarter of 2021, which are respectively 1,108 thousand and 62 thousand less than before financing. In addition, in terms of financial structure and solvency, the debt ratios in 2021 and the first quarter of 2022 are both lower than before financing, and the ratio of long-term funds to real estate, plant and equipment, current ratio and quick ratio are all higher than before financing.

To sum up, the Company's 2021 follow-on offering case and 2022 corporate bond issuance case, except that the land of Qiaotou Science Park is still in the process of land preparation and has not yet been contracted to start construction, other resulting effects of project has shown its benefits, and there are no major abnormalities.

V、Operational Overview

ⅰ、Company Management

1. Business Scope

(1) The main business scope of the Group includes semiconductor packaging and testing, LED packaging and testing flexible circuit board (FPC) process, passive component manufacturing process, smart phones and the most advanced production equipment for wearable products, which are described as follows according to the company:

Ａ. Parent company－E&R Engineering Corporation

a. R&D, manufacturing and sales of laser printing, laser cutting and other automation equipment.

b. R&D, manufacturing and sales of laser application equipment.

c. R&D, manufacturing and sales of plasma cleaning machines.

d. R&D, manufacturing and sales of FPC(Flexible Printed Circuit) equipment.

Ｂ. Subsidiary

(1) Subsidiary－TECH-WAVE industrial Co. Ltd.

Manufacturing and sales of FPC and modules related to touch panels.

(2) Subsidiary－E&R Semiconductor Materials Co., Ltd.

SMD packaging material trading business。

(3) Subsidiary－Crystal entec Corp..

Electronic material processing business.

Ｃ. Sub-subsidiary

(1) Sub-subsidiary－E&R(Dongguan) Semiconductor Materials Co., Ltd., and Wuxi E&R Semiconductor Materials Technology Co., Ltd.

Design and manufacture of packaging tapes for semiconductor / LED / passive components.

(2) Sub-subsidiary－E&R PRECISION EQUIPMENT CO.,LTD, Chen Tai Trading(Shanghai) CO.,LTD, and Jiangsu E&R Technology Co., Ltd.

Manufacturing, sales and after-sales service of automation equipment.

(2) Proportion of Business

Unit: NTD thousand

Item	Main Product	2021		2022	
		Net Operating Revenues	Proportion (%)	Net Operating Revenues	Proportion (%)
Semiconductor Equipments	Laser Equipments	1,563,104	61.42	2,081,466	64.58
	Plasma Equipments	167,085	6.57	338,551	10.50
	FPC Equipments	23,770	0.93	11,760	0.36

Electronic Component Products	FPC	98,464	3.87	68,820	2.14
	SMD Packaging Materials	393,990	15.48	379,210	11.77
Other		298,369	11.72	343,191	10.65
Total		2,544,782	100.00	3,222,998	100.00

(3) The Company's current product items:

Main industry category	Product Category	Main Products	Important Purpose or Function
Semiconductor Equipments	Laser Equipments Plasma Equipments Laser Equipments Plasma Equipments	Laser Printer	*IC components and LED components are printed for identification and traceability.
		Wafer Laser Printer	*Wafer printing and wafer QR code.
		Laser Pattern Marking machine	*Flexible board or glass ITO touch circuit production, silver paste circuit production
		Laser IC Shaped Cutting Machine	*Wearable components cutting and manufacturing. *SIP IC cutting and manufacturing *Sapphire cutting and manufacturing. *Reinforced glass cutting and manufacturing. *Ceramic substrate cutting and manufacturing.
		Laser Ceramic Drilling Machine	* LED ceramic substrate drilling *3D IC substrate drilling *Smartphone glass screen drilling
	Soft Board Equipments Laser Equipments	Plasma Cleaner	*IC package lead frame cleaning *IC packaging substrate cleaning *Process cleaning before LED packaging and testing
		Wafer level packaging laser plasma processing equipment	*Wafer dicing
	Plasma Equipments	Molding Press	*FPC manufacturing
		Bonding Machine	*FPC manufacturing
		Roll-to-roll Process Equipment	*FPC manufacturing
		Soft Board Punching Equipment	*FPC manufacturing
		FPC Wet Process Equipment	*FPC manufacturing
	Other (spare)	Parts and professional maintenance services	*Income from spare parts replacement and maintenance of the above equipment
Electronic Component Products	FPC	Design and manufacture of FPC and module components related	*Flexible FPC for touch control is used for signal connection and transmission of terminal products

Main industry category	Product Category	Main Products	Important Purpose or Function
		to touch panel	
	SMD Packaging Material	Design and manufacture of packaging tape and cover tape for semiconductor/LED/ passive components	*Loading and protection of surface mount components SMD

(4) New products planned to be developed:

A. Rapid laser drilling equipment for precision circuit boards (FPC & HDI)

B.RTR laser cutting equipment

C. Wafer level plasma micro etching equipment

D. Semiconductor and Micro Led related testing equipment

E.ABF large carrier board process equipment

F. Third-generation semiconductor application equipment

2. Industry Overview:

(1) Current status and development of the industry

A. Global Semiconductor (Equipment) Industry Overview

SEMI announced that the global sales of semiconductor manufacturing equipment in 2022 hit a new high, with a YOY 5% increase to reach US$107.6 billion. For the third consecutive year. China remained the largest semiconductor equipment market in 2022 despite a 5% slowdown in the pace of investments in the region year over year, accounting for USD 28.3 billion in billings. Taiwan, the second-largest destination for equipment spending, recorded an increase of 8% to USD 26.8 billion, marking the fourth straight year of growth for the region. Equipment sales to Korea contracted 14% to USD 21.5 billion. Annual semiconductor equipment investments in Europe surged 93%, while North America logged a 38% increase. Sales to the Rest of the World and Japan increased 34% and 7% year over year, respectively. Terry Tsao, SEMI Global Chief Marketing Officer & President of Taiwan says "The record high for semiconductor manufacturing equipment sales in 2022 stems from the industry's drive to add the fab capacity required to support long-term growth and innovations in key end markets including high-performance computing and automotive. Additionally, the results reflect investments and determination across regions to avoid future semiconductor supply chain constraints like those that surfaced during the pandemic." Global sales of wafer manufacturing equipment increased slightly by 8% in 2022 and other front-end related equipment also increased slightly by 11%. The demand for chip

packaging equipment failed to continue the strong growth in 2021, and there was a 19% decline in 2022. Total test equipment sales were also down 4% year-over-year

According to media coverage, the division of the global semiconductor industry due to the confrontation between the United States and China continues. In Japan and the United States, which have semiconductor manufacturing equipment manufacturers, the export value of semiconductor equipment to mainland China declined for the first time in three years in 2022. The background is that the United States restricts the export of chip manufacturing equipment to mainland China, and Japan and the Netherlands are expected to follow suit. The chaos in the supply chain may expand in the future. The main reasons for the reduction of semiconductor equipment manufacturers' exports to mainland China:

(A)During this period, mainland China implemented a "Dynamic Clearing" policy. This strict control has led to a stagnation of production and equipment investment.

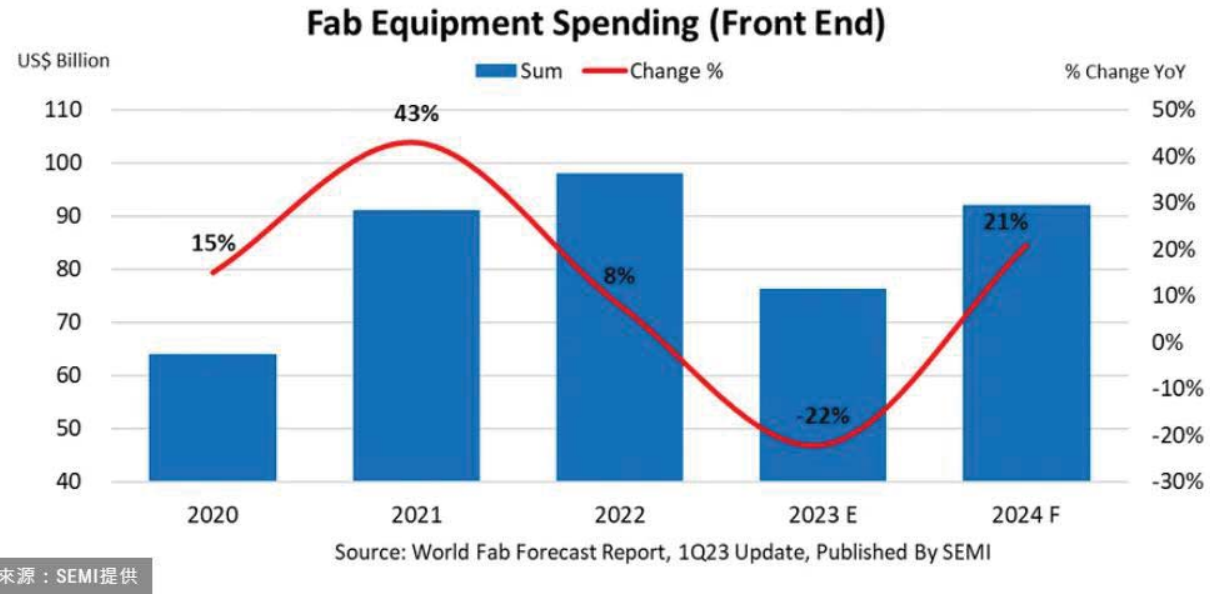
(B)The semiconductor market, which has been in short supply in the past, has shrunk sharply from the second half of 2022. In 2022, the import of semiconductor equipment in mainland China decreased by 15% compared with 2021, and reduced to 34.7 billion US dollars, which is the first decrease in three years. According to China Customs statistics, from January to February 2023, the import of semiconductor equipment decreased by 21% compared with the same period of the previous year, and the import of semiconductors decreased by 25%.

(C)Restrictions imposed by the U.S. in October on exports of equipment and software for producing advanced chips and also the slowdown in semiconductor market has caused the recession to expand.

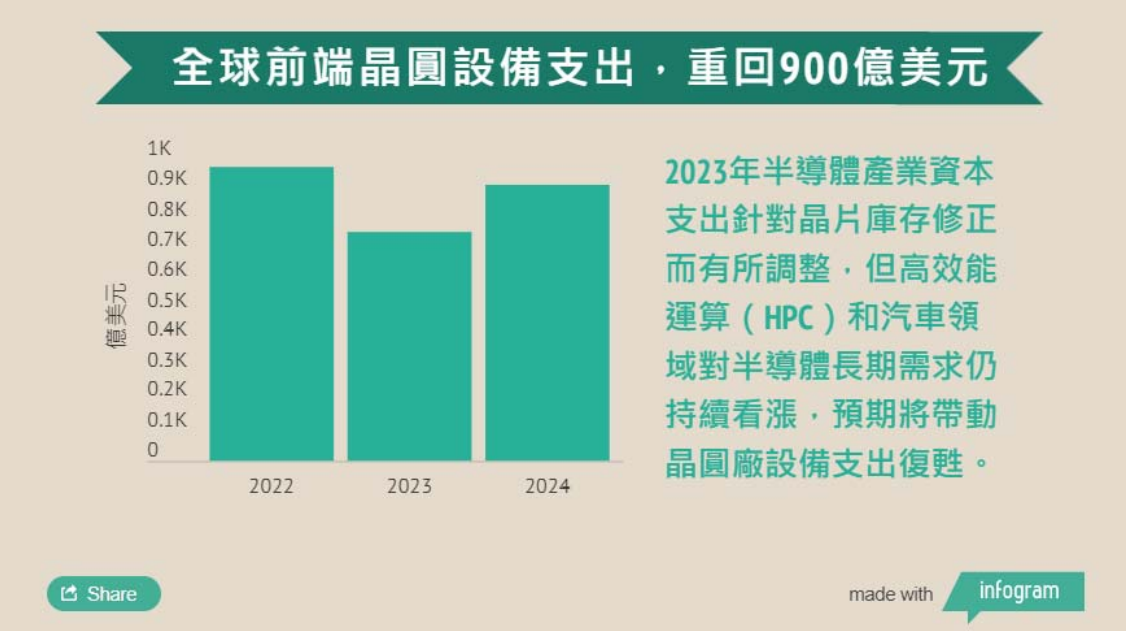
In 2023, the prosperity of the semiconductor industry will slow down. Under the haze of high inventory, memory manufacturers have started to reduce production, and semiconductor foundries have also reported that investment has slowed down. Including the equipment and engineering industries, their operations may be affected this year, and they will face the dilemma of stagnant growth. Global fab equipment spending could drop by 22%. According to the forecast of SEMI, due to weak chip demand and high inventory of consumer and mobile devices, global fab equipment spending may drop to US$76 billion this year, a 22% decrease year-over-year (YoY). Among them, the foundry industry expenditure will be reduced by 12.1%, and memory industry will be significantly reduced by 44.4%.

SEMI announced the latest quarterly World Fab Forecast (WFF). Global fab equipment spending for front-end facilities is expected to decrease 22% YoY to US$76 billion in 2023 from a record high of US$98 billion in 2022 before rising 21% YoY to US$92 billion in 2024 to reclaim lost ground, due to the weakening chip demand and

higher inventory of consumer and mobile devices. Semiconductor industry capital spending in 2023 has been adjusted for semiconductor inventory correction, but long-term semiconductor demand in the high-performance computing (HPC) and automotive segments remains bullish, and is expected to lead to a recovery in fab equipment spending next year. SEMI Global Marketing Director and President of Taiwan Terry Chao, said: "This quarter's SEMI Global Fab Forecast Report shows the industry's preliminary outlook for 2024. The global fab production capacity is expected to expand steadily to meet the needs of the automotive, computing and a series of emerging applications will fuel the long-term growth of the semiconductor industry in the future.". Covering 2022 to 2024, the SEMI World Fab Forecast report shows the global semiconductor industry capacity increasing by 4.8% this year after a 7.2% rise in 2022. Capacity growth is expected to continue in 2024, rising 5.6%. With more suppliers providing foundry services to increase global capacity, the foundry segment is expected to lead the semiconductor expansion in 2023 with US$43.4 billion in investments, a 12.1% YoY decline. However, driven by demand for artificial intelligence and high-performance computing, the long-term development of semiconductors is still promising. After the supply chain inventory is effectively eliminated, the industrial boom is expected to recover in 2024, and the demand for equipment and engineering will also recover accordingly. In 2024, investment is expected to grow by 12.4%, reaching US$48.8 billion.

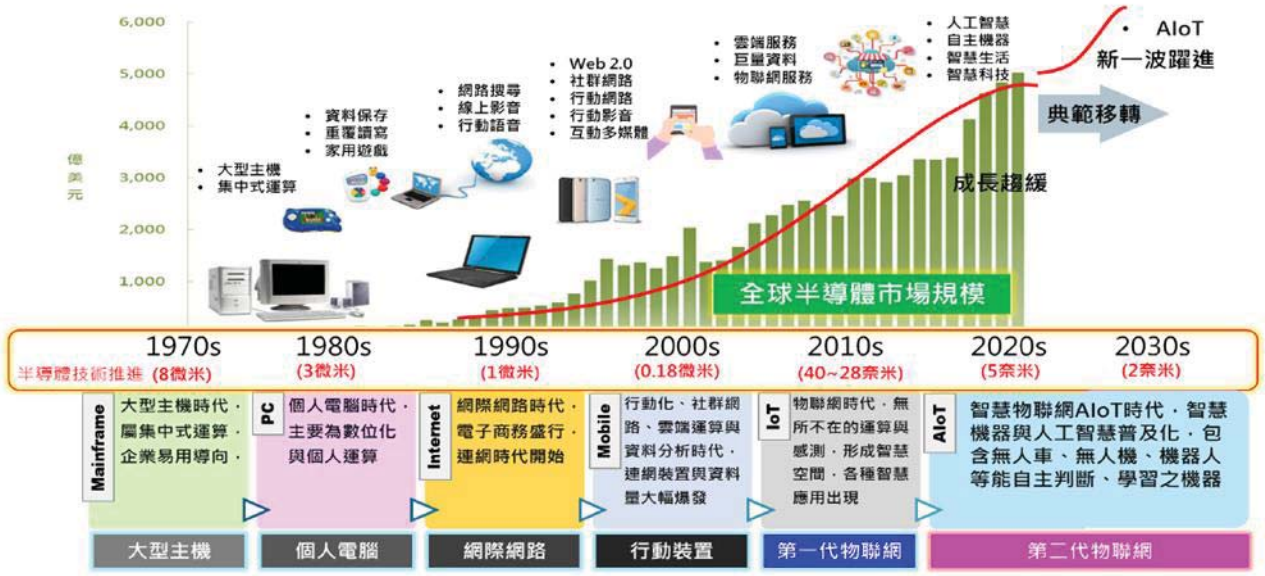


來源：SEMI提供



Source: 2023.03.22 Semiconductor and Electronic Industry, Published by Business Next

The overall global environment under the COVID-19 epidemic has prompted the birth of a new "non-contact" type of life. Shen Jong-chin also mentioned in the "Global Competitiveness of Taiwan's Resilient Supply Chain" published at the end of 2022 that global ICT development is entering the AIoT generation from the PC and mobile phone generation. With ICT getting more intelligent, 5G+AI+IoT detonates the next generation of super Internet, so the world needs more semiconductor. Optimistic about the future AIoT application market, ICT manufacturers continue to invest in multiple application carriers, and AIoT will be the driving force for the future growth of semiconductors. 5G ,AI ,HPC... and other applications will drive the development direction of global IC manufacturing technology and industry. In terms of the global semiconductor foundry industry, Taiwan's advanced manufacturing process is still a global leader. In addition, the expanding application of automotive electronics and electric vehicles, ADAS, edge computing and other demands increase the demand for high-speed and accurate signal transmission of HPC. Countries around the world are avoiding chip supply from being limited to specific regions or manufacturers, and have launched plans to support domestic semiconductors. In the short term, process technology capabilities and production costs are not competitive, and should have little impact on the global chip foundry layout. However, this provides a new round of business opportunities for semiconductor equipment manufacturers



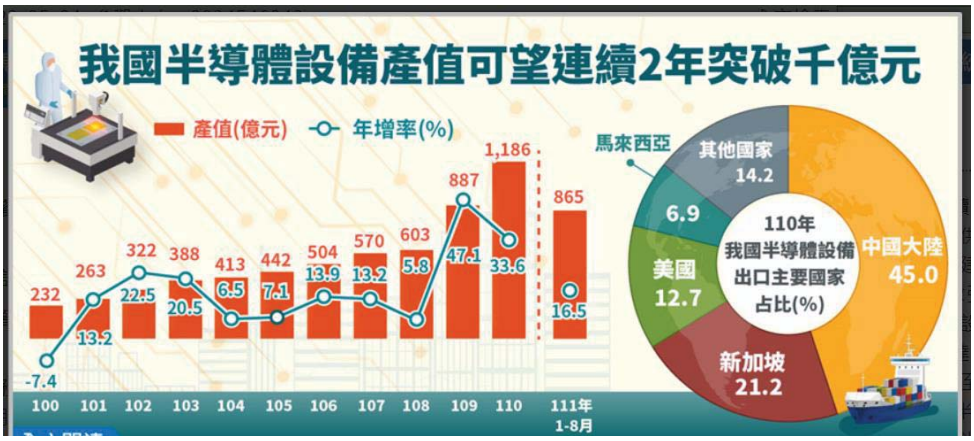
Source:Global Competitiveness of Taiwan's Resilient Supply Chain, Published by Shen Jong-chin

Source：Global Competitiveness of Taiwan's Resilient Supply Chain, Published by Shen Jong-chin

B.Overview of Taiwan's electronics and semiconductor (equipment) industries

According to the statistics on the production and sales of semiconductor equipment announced by the Department of Statistics of the Ministry of Economic Affairs, the production value of semiconductor equipment in my country reached NT$118.6 billion in 2021, continuing to hit new highs. As semiconductor manufacturers has continued to invest in advanced processes in Taiwan, it has driven the clustering effect of the localization of the supply chain, attracting international companies to invest and build factories in Taiwan. In addition, in recent years, 5G, Internet of Things, automotive

electronics and other applications have driven strong demand for chips. The industry is actively expanding factories to increase production capacity, resulting in an average annual increase of 17.7% in the average production value of semiconductor equipment in my country from 2012 to 2021. In the first half of 2022, the demand for applications such as automotive electronics and high-performance computing was still hot, and the semiconductor industry continued to increase production expansion. As a result, the production value of semiconductor equipment in the first eight months was NT$86.5 billion, a 16.5% YOY increase. Since Taiwan is the most important chip production base in the world, it has attracted foreign semiconductor equipment companies to set up factories in Taiwan. In addition, domestic companies have actively invested in research and development to effectively enhance their international competitiveness. As a result, the amount of direct export of semiconductor equipment has jumped rapidly in recent years and accounted for nearly 50%. Due to the weak global demand for end products and the continuous inventory adjustment of the industrial chain, our country's exports and manufacturing production index in January to February 2023 decreased by 19.2% and 16.0% respectively. Looking forward to the future, the continuous promotion of emerging technology applications such as 5G, high-performance computing, automotive electronics, and artificial intelligence, coupled with the continuous destocking of the industrial supply chain, will help inject our country's manufacture production capacity. Inflation, interest rate hikes, Russia-Ukraine war, U.S.-China technology disputes and other uncertain factors have interfered. The recent adjustment of financial pressures in Europe and the United States has also affected the prospects of manufacturers. The subsequent development and performance of our country's manufacturing industry requires close attention and appropriate responses.

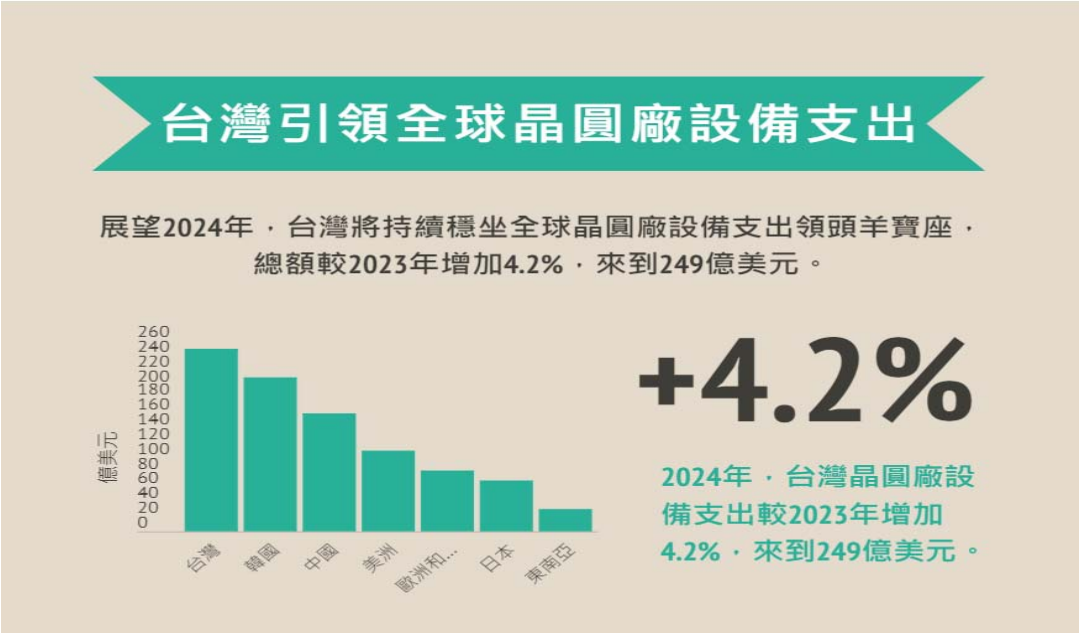


Source: Department of Statistics of Ministry of Economic Affairs

According to Overview of the Current Economic Situation (Special Topic: Development Trend of Fixed Investment) published by the Department of Statistics of the Ministry of Economic Affairs (special topic: fixed investment development trend), since the outbreak of the US-China trade war and the COVID-19 epidemic in 2018, the global economy has been turbulent. Due to our country’s active improvement of the

investment environment, semiconductor manufacturers have expanded advanced manufacturing processes, 5G and green energy facilities continue to be built, coupled with the increased investment in Taiwan by international technology companies and the return of Taiwanese businessmen, the fixed investment has continued to rise. In 2022, it has exceeded NT$6 trillion, reaching NT$6.27 trillion, a real growth rate of 6.2%. In recent years, due to the continuous injection of semiconductor manufacturers and green energy industries, the investment in machinery and equipment has grown strongly, and the proportion has gradually increased, rising to 37.5% in 2022.It is predicted that the uncertainty of the global economic outlook in 2023 will remain high. Enterprises are becoming more cautious on capital expenditure, while fixed investment will slow down. However, as semiconductor manufacturers continue to invest in advanced manufacturing processes, continue to build green energy facilities, and continue to implement three major programs for investing in Taiwan, investment momentum will be supported. According to the forecast of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan in February this year, the amount of fixed investment will continue to hit a new high in 2023. However, the real growth rate of fixed investment after excluding the impact of commodity prices will drop slightly by 0.2% due to the high base factor of the previous year, of which private investment decreased by 1.1% YoY, while government and public enterprises increased by 5.6% YoY and 4.0% YoY respectively, ending five consecutive years of positive growth

Despite the continuous innovation of high-end semiconductor product technology, the investment in high-end semiconductors, energy-saving and green energy related equipment continues to increase, which promotes the continuous expansion of the advanced process market. In addition, the demand for automotive electronics and industry is still there, which will help the operating performance of electronic machinery manufacturers. Taiwan's semiconductor industry has the advantages of industry clustering, serving customers in the United States, Japan, Europe and the world. Moreover, the advanced manufacturing processes (5nm/3nm/2nm) lead the world and play a key role. Taiwan is expected to retain the global lead in fab equipment spending in 2024 with USD 24.9 billion in investments, a 4.2% YoY increase, followed by Korea at USD 21 billion, a YoY 41.5% jump. While China is forecast to place third in equipment spending worldwide in 2024, U.S. export controls are expected to limit the region’s spending to USD 16 billion, comparable to the region’s investments in 2023.

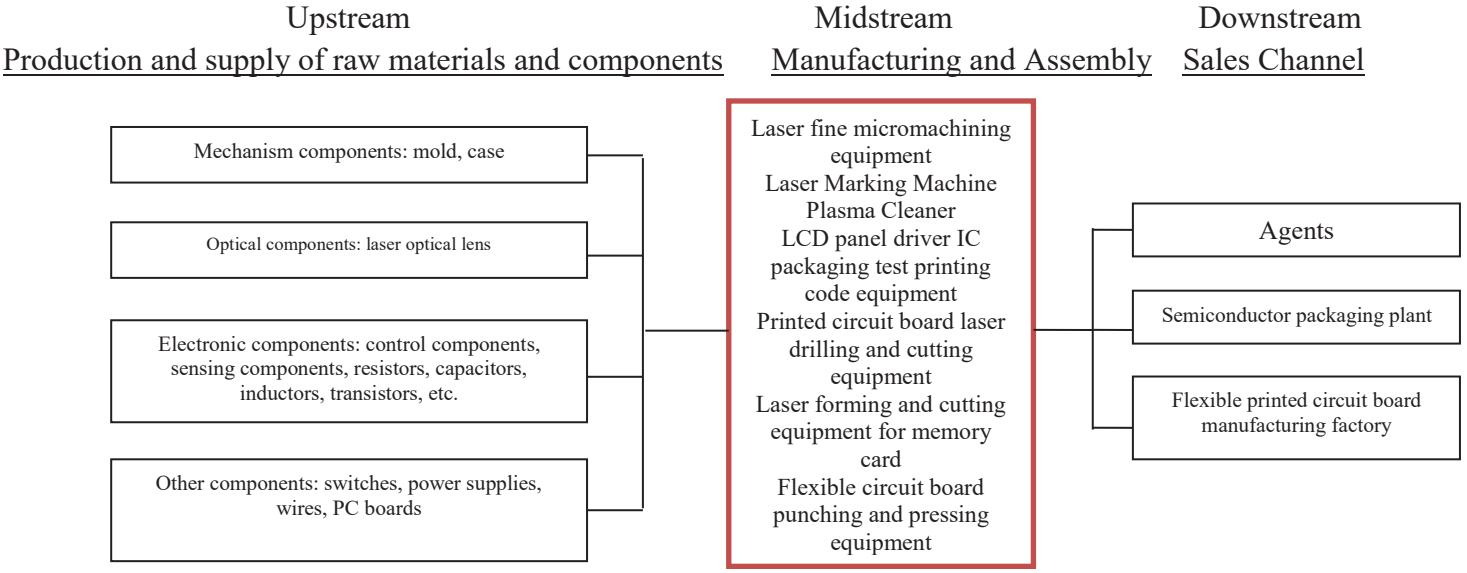


Source: 2023.03.22 Semiconductor and Electronic Industry, Published by Business Next (quoted from SEMI)

(2) The relationship between the upstream, midstream and downstream industry

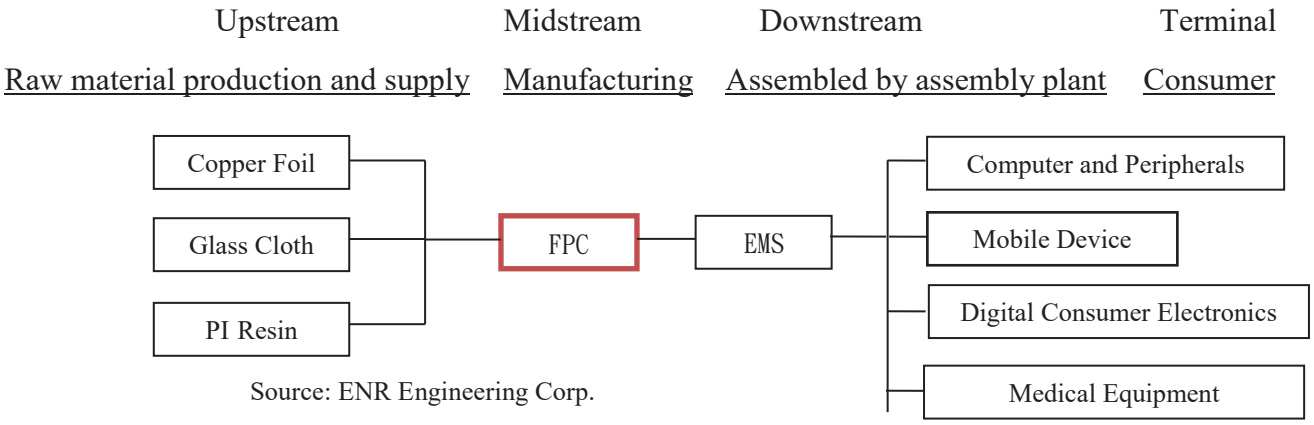
The upstream, midstream and downstream correlations of the Group's product industries are listed as follows:

A. Electronic and semiconductor production equipment manufacturing



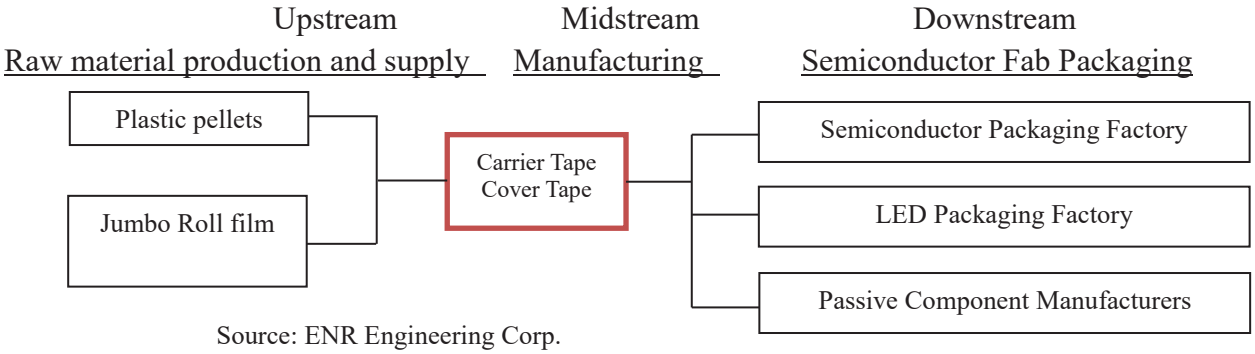
Source: ENR Engineering Corp.

B. Flexible Printed Circuit board manufacturing



Source: ENR Engineering Corp.

C. Semiconductor Manufacturing



Source: ENR Engineering Corp.

(3) Various development trends of products

A. 5G enters the stage of large-scale commercial use

The three major technologies and applications of 5G are Mobile Broadband Communication (eMBB), Massive Machine Type Communication (mMTC), and Low Latency Communication (uRLLC). The increasing maturity of 5G technology will drive the development and popularization of smart phones, base stations, VR/AR equipment and other application fields. In addition, gallium nitride (GaN) is more able to withstand high voltage, high frequency and high temperature working conditions than traditional silicon semiconductor materials, and will develop rapidly under the drive of 5G to accelerate process improvement and cost reduction. It is possible to help the expansion of the semiconductor industry.

B. Wafer Manufacturing Heterogeneous Integration

The 7nm process technology is still the most advanced mass production technology at present, and the 5nm process technology will be put into mass production in the first half of 2020. For the semiconductor manufacturing industry, 5D and 3D stacked packaging technologies are generally recognized heterogeneous integration solutions, and these bare chips that are "heterogeneously integrated" in a chip through stacked packaging have different functions. The process nodes are also different. If a unified interface standard is used for data communication and transmission, chip design, manufacturing and packaging can be greatly simplified. As a result, the Chiplet concept came into being and began to be accepted by the semiconductor industry, which is the trend of wafer manufacturing in the future.

C. EDA moves towards cloud technology and supports AI to improve the consistency of system design

Significant progress has been made in the application of machine learning to chip design. AI can be used in EDA tools to help accelerate the process, and can support the 7nm process node, fundamentally changing the chip design process and mode. It is a new application field for the semiconductor industry.

D. The recovery of the memory market drives the R&D of new technologies and processes

The 3D stacking of NAND flash memory is the current research and development focus, and the 128-layer 3D NAND will be commercially mass-produced in 2020, which can reduce the cost of each bit. In addition, the focus of DRAM is on the 10nm process to improve performance and efficiency by reducing the circuit and spacing. These two markets are one of the key factors leading the recovery of the semiconductor industry.

(4) Product Competition

The world's smart communication electronics industry is developing rapidly. ENR Engineering Corp. is a technology company specializing in the design and manufacture of semiconductors, high-end substrate materials, LEDs, passive components and other high-end automation equipment and SMD packaging materials. The main products of ENR Engineering Corp. and its subsidiaries are laser printers, laser micromachining machines, laser cutting machines, laser drilling machines, laser marking machines, plasma cleaning machines, FPC process equipment and SMT Precision packaging carrier tape.

Among them, laser printers, laser micromachining equipment, laser cutting machines, laser drilling machines, and laser scribing machines are the laser solutions provided by ENR Engineering and its subsidiaries. Laser Marking Machine is an earlier developed product, and now it can mark products of different materials, and the customer market is concentrated in Asia. However, due to the launch of smart phones and wearable products, traditional precision processing technology can no longer meet the more subtle needs , precision micromachining has become an important technology to solve this demand, and laser micromachining technology is in great demand. ENR Engineering and its subsidiaries continue the laser application technology, and the research and development has expanded to laser cutting, laser drilling and laser line manufacturing equipment. It is also used for cutting or drilling thin wafers, wearable products, ceramic substrates and other components. In response to the trend of special-shaped cutting in smart phones and wearable products, it guides the investment of laser application manufacturers. At present, the main competitors come from the United States, Japan, Germany and Taiwan.

In terms of plasma cleaning machines, ENR Engineering and its subsidiaries are the first manufacturers in Taiwan to develop this technology application equipment and use it for the IC packaging and testing industry. This technology is applied to IC semiconductor packaging and testing and LED packaging and testing. It is combined with process technology to improve the packaging quality of customers. Competitors are mainly from American and Japanese manufacturers. Recently, in response to environmental protection, the trend of nanotechnology is on the rise, and different technologies need to be matched. The services we provide in different industries also have performance.

In terms of FPC process equipment, the FPC manufacturing industry is an important group under the development of smart phones and tablet computer industries. In order to make smart mobile devices light, thin, short and small, the demand for flexible circuit boards has increased significantly. ENR Engineering and its subsidiaries currently provide automation equipment for different processes. On the basis of dry and wet equipment processes, they continue to provide high value-added equipment and services, such as: pressing, forming, uncapping,

electroplating, etc.

Carrier tape products are a mature market compared to the above equipment, and there are many competitors. Moreover, competing factories in mainland China use price-cutting competition to gain market share, which is a potential threat to other competitors. Among them, Surface-Mount Device (SMD) is highly automated in the manufacturing process. The quality of the packaging material used not only affects the production process, but also has a major impact on the quality of SMD. At present, SMD packaging materials regardless of unit price, material quality and reliability is the focus of most electronic component manufacturers, and quality is therefore the focus and opportunity of ENR Engineering and its subsidiaries. ENR Engineering and its subsidiaries invest in and develop high-precision and micro products. For ENR Engineering and its subsidiaries, the competitors are manufacturers from the United States and Japan.

3. Technology and R&D Overview

(1) The technical level of the business

A. Application Technology of Laser Marking and Cutting System

Laser printers and cutting machines are mainly manufactured with Taiwan's local high-precision mechanisms and components, with PLC (Programmable Logic Controller) and PC Base control systems, through man-machine interface technology and high-speed servo control, more precise achieve precision processing of active and passive components, and complete the single-machine automatic function. Secondly, with the integration of electromechanical systems, combined with network integration control, the multi-machine connection control can achieve the purpose of precise measurement and analysis technology, so that manufacturing managers can quickly obtain technology integration information, which can be used as a sharp tool to improve management technology capabilities. In addition, due to the increasingly finer products, high processing precision requirements, and rigorous design and manufacturing requirements, the products of the Group provide high positioning accuracy, can be applied to a variety of materials, and have the characteristics of testing for a single product, making laser printing and cutting the strength of our company. In recent years, it has also obtained patents for dust collection devices for laser processing, wafer leveling devices, wafer laser cutting machines, wafer leveling suction cup structures, etc., and competes with similar companies in Europe, the United States, and Japan.

B. Application Technology of Laser Drilling and Grooving

Due to the use of CIF sensors driven by smart phones and smart cars, the technology of laser drilling has been paid more and more attention. Since the Group's strength lies in etching the products to be drilled, the processed products can be almost free

from defects and cracks. In addition, the current level of technology not only has high precision, but also provides faster processing speed than traditional ones. In terms of laser grooving, the group is divided into two application levels: wide groove application and deep groove application. The group's advantage lies in the technology can be applied to a variety of materials. The use of cold processing can reduce processing defects and cracks, maintain the quality of processed products, and can match the needs of plasma cleaning and dry ice cleaning to provide customers with diversified services.

C. Visual Inspection System Technology

Laser marking and cutting machines use vision for precise positioning and quality inspection of products. This technology makes good use of photoelectric industry technology (CCD) and sensor technology to quickly pick and place the tested products to achieve the effect of quality management. This technology combined with a marking or cutting machine can reduce costs and achieve the effect of one machine with multiple functions.

D. Tecnology of Plasma Cleaning Application

Plasma cleaning and application technology. Plasma cleaning uses vacuum dry cleaning technology, cooperates with the design and development of precision molds, and is effectively applied to the cleaning and manufacturing of the IC packaging industry and the LED packaging industry before, during and after the process. The advantage of the Group's plasma cleaning is that there is no complete alternative in the market, and it is the most effective method in the process. In recent years, the application technology of plasma cleaning has been widely used, and it can also be applied to the cleaning of other LED and machine board manufacturing, or textile and nanotechnology with environmental protection effects. Compared with the wet cleaning technology, the quality of this technology is greatly improved to meet customer needs. Another advantage of the Group is temperature control, which is the focus of plasma cleaning applications, to reduce damage to products and provide higher quality services.

E. The Technology of Flexible Printed Circuit Board Application

In addition to cooperating with foreign optical manufacturers, in the past few years, we have actively developed the roll-to-roll production process, and introduced actual production and sales to improve production yield and cost advantages for customers. Joined in the development of more advanced laser drilling process technology and roll-to-roll vacuum stamping machine in 2014, thereby enhancing the competitiveness of the Group's equipment in the market.

F. Flexible Printed Circuit Board Manufacturing

The main development technology of the Group's flexible printed circuit boards in the future will focus on the development of narrow-pitch flexible boards, as well as the technology development of multi-layer boards and rigid-flex boards.

G. Development of high-speed precision production equipment for micro-sized packaging tapes

In response to the needs of different customers, the Group has round molds, flat molds, and consistent production equipment. In response to the needs of micro-sized products, we integrates laser, punching and photoelectric detection technologies, and invests in and develops this production equipment. The Group ensures its compatibility and high-quality products, and can protect customers' components during storage and transportation, and can fully meet customers' needs for various order quantities or different sizes and precision of carrier tapes, expanding business and profit scale.

(2) Research and development personnel and their academic experience

The group's R&D personnel mainly have a college degree or above, and 38.52% of them have a master's or doctoral degree. As of March 31, 2023, there were a total of 136 R&D personnel.

Year / Educational qualifications	End of 2021		End of 2022		As of March 31, 2023	
	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Master degree or above	51	39.53	52	36.88	52	38.24
University (College)	77	59.69	88	62.41	83	61.03
High school	1	0.78	1	0.71	1	0.74
Total	129	100.00	141	100.00	136	100.00

(3) Annual R&D expenses for the past five years

Unit: NTD thousand

Item	2018	2019	2020	2021	2022
Research and development expenditures	141,541	139,798	151,771	159,650	208,505
Net Operating Revenue	2,051,365	1,468,944	2,040,567	2,544,782	3,222,998
Percentage of Net Operating Revenue	6.90%	9.52%	7.44%	6.27%	6.47%

Source of data: Financial reports audited and certified by accountants.

The Group's annual research and development expenditures account for more than 6% of the Group's net operating revenue, and it is expected that the annual R&D investment in the future will maintain or exceed 6% of its net operating revenue.

(4) Successfully developed technology or product

Technologies and products successfully developed in the past five years

Year	Successfully developed technologies and products	R&D content	Application field
2018	B3000 Plus Large Size Panel Laser Marking Machine	1. QC camera system manages marking quality 2. Double-headed laser and high elastic loading and unloading foup	Laser Panel Marking
	Backside wafer Laser scribing Wafer Level Backside Delineation Machine	1. Precise platform. 2. The positioning system on the front and back. 3. Femtosecond laser.	12" wafer backside Laser Scribing
2019	Substrate Compound Laser Marking	1. Dual laser marking control. 2. High resolution, large field of view marking quality inspection	TWIN LASER Marking+AOI
	On Tray Laser Marking (with PMI QC, PnP)	1. The design of loading and unloading materials with multiple trays. 2. Product serial number detection information integration. 3. Fast positioning by line scanning.	On tray Laser Marking
2020	Laser Grooving System, Si Wafer	1. Laser micromachining technology. 2. Precise motion control. 3. Spin coating technology	Laser low-k grooving
	Laser Dicing System Si Wafer	1. Ultrafast laser control technology. 2. Optical, mechanical and electrical integration control.	Laser wafer dicing
	Laser Drilling System ,Si Wafer	1. Laser spot scheduling technology. 2. Processing path optimization technology. 3. Multi-beam Spectrophotometry.	Laser drilling
	SIP Laser Cutting (substrate type)	1. Product cutting laser focus dynamic control. 2. Integration of cutting and grooving marking process. 3. High-precision product working platform.	SIP UV Laser cutting
2021	Laser Dicing System , Glass Wafer	1. Bessel beam optical path design. 2. Processing path optimization technology. 3. Development of spot shaping technology	Laser glass cutting
2022	Laser Via drilling system	1.Fan-out wafer/panel level packaging drilling. 2. High-speed laser drilling optical module technology	ABF drilling
	Plasma Dicing	1.High-speed cutting process development. 2. Automated production/ vacuum chamber design	Silicon wafer cutting Hardness wafer cutting

4. Long-Term And Short-Term Business Development Plans

(1) Short Term Development Plan

A. Increase in sales service bases and marketing channels. In addition to continuing to deepen the original mainland and Southeast Asian markets, the Group is also actively expanding the European, American and Northeast Asian markets, and is currently cooperating with customers. The Group will continue to launch new products to deeply cultivate existing customers, and add new marketing channels for existing products to global manufacturers.

B. Improve the sales support system for agents, fully cooperate with trading partners, and improve marketing channels.

C. Continue to develop and improve production technology, reduce costs, actively develop new products with various niches, develop diversified products based on the company's existing scale, and extend core areas to different industries to grasp market opportunities.

D. Through cooperative education, participating in high-level talent training programs, and applying for substitute military service, we will expand the channels for recruiting talents. Strengthen the professional training of talents, and closely communicate with research institutions and academic institutions. In addition, the R&D performance evaluation and reward system is carried out internally, and excellent talents are retained to enhance the strength of the R&D department.

F. Promote the investor relationship of OTC companies, increase the company's popularity and recruit excellent talents to join.

G. Strengthen ERP to effectively manage accounts receivable and inventory inventory, and increase the speed of customer acceptance through active customer service, and speed up the turnover rate of accounts receivable and inventory.

(2) Long-Term Development Plan

A. Due to the rise of trends such as artificial intelligence, 5G network, Internet of Things, and VR/AR applications, it will become the company's future profit source to develop the blue ocean market with the Group's professional technology - micro laser processing technology and precision plasma surface treatment technology. weapon.

B. Provide products suitable for different classes, and promote the company's high-tech image through the corporate identification system to enhance popularity and create higher added value and market share.

C. Grasp market trends, strengthen sales of existing products to expand market scale, and actively promote and cooperate with newly developed products by selecting potential customers. In addition to continuously improving and developing the technology of our own products, we will further assist customers shorten their

product development timelines.

D. Improve product quality and strengthen after-sales service, continue to uphold the concept of sustainable management in operation, establish a good corporate culture, and attach importance to social responsibility.

E. Develop ESG sustainable management, attach importance to environmental protection, actively practice social responsibility and implement corporate governance...etc.

ii、Overview of Market, Production, and Sales

1. Market Analysis

(1) Geographic distribution of major product markets

The main products of our company are semiconductor manufacturing equipment, flexible printed circuit board manufacturing equipment, flexible printed circuit board, semiconductor packaging materials, electronic materials, etc. The main sales areas are as follows:

Unit：NT1000；%

Year / Area	2021		2022	
	Revenue	Percentage%	Revenue	Percentage%
Taiwan	643,713	25.30	1,071,432	33.24
China and other regions	1,901,069	74.70	2,151,566	66.76
Total	2,544,782	100.00	3,222,998	100.00

(2) Future market status and growth potential

A. The era of 5G application

5G drives the upgrading of semiconductor chips, the promotion of fab construction, and the steady growth of the packaging and testing market. It is a great opportunity for equipment manufacturers. However, opportunities also come with challenges: as products become thinner, lighter, as well as requiring more functions. The process equipment must be able to execute each step precisely and maintain the yield rate of the output product. Due to the development of artificial intelligence, equipment manufacturers must also combine control and IT technologies to develop intelligent manufacturing and processing systems. The following is the development direction of the integrated market.

(A) Specialization

The IC manufacturing process is gradually oriented by professional division of labor. Compared with the previous IDM model, the number of manufacturers in each process step has increased, and the focus of packaging and testing is also different. For equipment manufacturers to meet the needs of customers and add more machines in a limited area, unifying standardization and variable design

of equipment is a way to improve space-saving, which is the future development direction.

(B) High automation technology

In response to the increase in the demand for process machines, the cost will increase while expanding. Therefore, helping manufacturers to reduce energy consumption, improve processing efficiency, and provide high-automation technology to increase profits is the target.

(C) Technical refinement

Due to the limitations of Moore's law and the increasing complexity of products, and in response to the rapid growth of IoT in recent years, SiP will become the mainstream trend in the next few years. The key to the competition of manufacturers lies in their IC capabilities. Therefore, whether it is packaging or testing, the manufacturing process must be more precise and accurate. For equipment manufacturers, precision and accuracy are the directions of future equipment research and development.

B. Develop diversified products to expand the scope of product applications

Nowadays, 3C consumer products are becoming light, thin, short and multi-functional. All walks of life hope to obtain the maximum function at the lowest cost. Semiconductor packaging factories and flexible printed circuit board manufacturers are bound to be greatly affected by this, and eager to purchase such items, which one machine contain with multiple funtions. Take the E&R'S subsidiary as an example, TECH-WAVE INDUSTRIAL CO., LTD., Which develops the flexible circuit board manufacturing industry. In order to fully understand the industry's future, and to ensure the future development of its terminal products. The parent company can develop the latest equipment in real time, and provide its customers with semiconductors through the subsidiary, Dongguan E&R and Wuxi E&R to develop packaging tapes and cover tapes required for ICs, LEDs and passive components in the semiconductor manufacturing industry after packaging to provid the best integration service. Laser-related equipment is developing towards a multi-purpose machine. Laser printers are not only used as a semiconductor packaging process to print barcodes for tracking, but also make divisions in the system so that customers can confirm product status in the shortest time. Other Related equipments can also be modularized and different laser heads can be used for scribing or cutting. Therefoe, even in a recession, customers can use replacement or upgrade methods to increase the application range of the machine while reducing capital expenditures.

In addition to the original semiconductor production, manufacturing and other industrial chains, the recent application of products in the prospect of precision medicine and digital medicine, and the rise of international environmental protection economic awareness, its core technology is extended to environmental protection, biomedicine and other directions. Semiconductor technology can be applied to the biomedical industry, breaking through existing technologies, and providing innovative testing equipment in the medical field to assist in the development of new medicine. Using semiconductor technology to develop equipments that used in different fields is a new trendy market for the future equipment manufacturers.

C. Standardization of Smart Devices

Combining domestic software resources to develop smart software modules, and develop smart machines for precision and performance monitoring and compensation, so that design parameters can meet process requirements, such as automatic optical inspection-establish, a smart manufacturing system for production decision support, it develops comprehensive automation and standardization, so that products with the same specifications can consistently solve most of the problems in the process. Take E&R as an example, Laser imprinting machines and cutting machines use visual inspection for precise positioning and quality inspection of products, and make good use of photoelectric industry technology (CCD) and sensor technology to quickly pick and place tested products to achieve the effect of quality management. Through the intelligentization of the system, it will help manufacturers reduce costs and achieve better efficiency in the future. To E&R, this will also increase the value of equipment and product competitiveness.

(3) Differentiation and Competitive Advantage

A. Excellent international marketing ability

In the domestic semiconductor production equipment market, in addition to cooperating with major foreign manufacturers to develop competitive products as a long-term agency relationship, E&R has also established a good and mutually beneficial cooperative relationship with agents, and has successfully promoted to Southeast Asia and China for the marketing, manufacturing and after-sales service. In terms of LED process equipment, our customers are mainly domestic and China’s LED manufacturers. In the part of packaging and carrying tape, we also provid service in the central and southern regions in China.

B. High quality and diverse products

In addition to the IC packaging and testing factory equipment, E&R's automated multi-functional equipment has completed the development of LED and FPC equipment. In terms of touch panel-related flexible circuit boards and module components, the integration of upstream and downstream is carried out by introducing strategic partners. Semiconductor, design, and manufacture of packaging tapes for LED and passive components, due to the diverse customer base, in order to meet the needs of various customer tapes, we design and develop molds and produce tapes according to the product sizes required by customers to meet customer needs.

C. Instant customer service system

E&R has perfect after-sales service and instant on-site service to provide local services quickly which meets customers' needs. After-sales service maintenance personnel have many experience and conduct in-depth research on the production process of customers' products to help customers solve problems and to improve the precision and yield.

D. Improve supply chain integration capabilities

E&R has a complete system of component system structure, and cooperates well with suppliers. Except for a few key parts and components that are supplied by two or more foreign suppliers, the supply of goods is stable and no shortage of materials, supplied by domestic manufacturers. Assembly and processing parts are also supplied by Domestic professional third-party manufacturers, therefore the supply chain is complete and the production cost is also reduced.

(4) Favorable/Unfavorable Factors for the Company’s Development

A. Favorable Factors：

(A) Industrial Precision Requirements

With the trend of 3C products and optical components becoming thinner and shorter, the demand for precision of production equipment in the semiconductor manufacturing industry is also increasing. The company has been deeply involved in laser application technology and precision mechanical equipment for more than 20 years. Through years of accumulation of key technologies and R&D innovation capabilities, we have created pur superior integration capabilities. Integrate the most advanced laser femtosecond technology into the IC micromachining process, continuously improving the precision, equipment stability, and processing speed. Our high quality has been approved and adopted by domestic and foreign manufacturers.

(B) Excellent Sales and R & D team

E&R's Sales, customer service, and R&D teams have been investing in

equipment and machine manufacturing for a long time. We continuously accumulate manufacturing and service experiences,expand customer network, and understanding what customer needs.

(C) Efficient service

To serve customers instantly, E&R has set up a North, Central and South Offices and service bases in Bangkok, Thailand, Penang, Malaysia, and Manila, the Philippines, providing 24-hour instant maintenance services. Also, we actively deploy and provide the most immediate services through reinvestment in China.

B. Unfavorable factors and countermeasures for future development：

(A) Requires continuous and significant R&D investment to remain competitive

The industry in which the Group operates is a technology-intensive industry, and the market environment is changing rapidly. It is necessary to continuously invest in research and development funds and cultivate R&D technical teams to cope with the ever-growing and innovative market.

Specific countermeasures:

Fully obtain the support of major investors for investment in research and development. Continuously accumulate the company's competitiveness, enhance investors' trust in the company, strengthen the ability to raise long-term stable funds in the capital market, continue to improve research and development capabilities and technical levels, and strengthen international competition force.

(B) The characteristics of this industry cause the aging of accounts receivable to be relatively long, which is not conducive to the operation of funds

The machine equipment industry completes the payment according to the delivery and acceptance. The acceptance period can sometimes be as long as one year. The characteristics of the industry result in a longer aging of accounts receivable, which is not conducive to capital turnover.

Specific countermeasures:

In recent years, E&R has continued to strengthen the management and collection of accounts receivable and has continuously developed high-precision equipment to create market exclusivity, enhance the bargaining power with customers and actively improve the conditions for payment terms.

(C) Labor costs are gradually increasing in China

In the past, due to the high domestic labor costs, to reduce operating costs, E&R moved SMD electronic packaging materials to China, where labor costs

were lower. To provide instant services for semiconductor equipment customers, we also established a service base in China. But in recent years, as China guarantees its people to increase the minimum wage of the people year by year, it will gradually increase the operating costs of subsidiaries, and the continuous increase in costs will reduce profit margins.

Specific countermeasures:

In order to reduce the impact of labor costs, the E&R's reinvestment in China actively uses automation equipment to reduce the impact of rising labor costs. We also research and develop SMD packaging material manufacturing high-speed automation equipment to achieve internal business integration.

2. Main Purposes and Production Processes of Key Products

(1) Main Purposes of Key Products

A. Laser printers are used for identification machines at the end of the IC packaging and testing process.

B. Laser micro-cutting machine is used in the molding and manufacturing of semiconductor components.

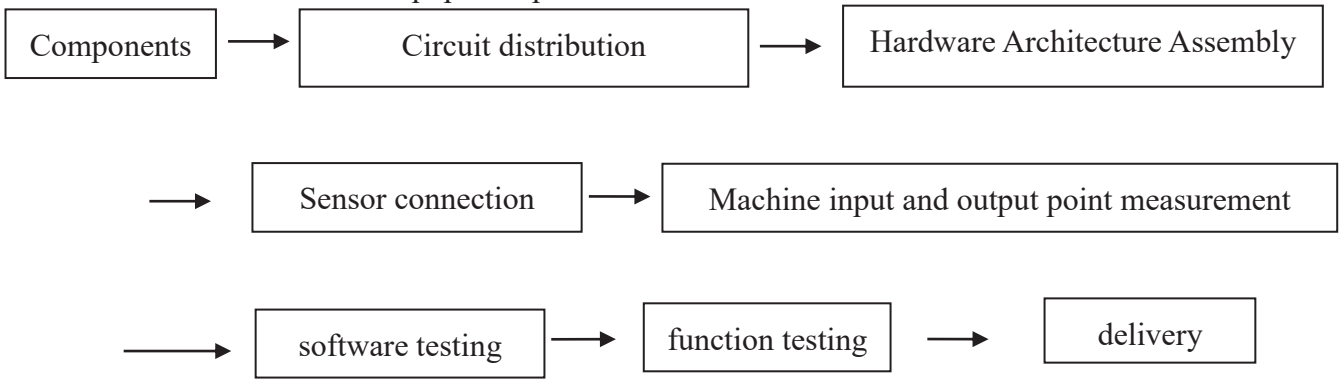
C. Plasma cleaning machine is used for cleaning in IC and LED manufacturing process.

D. Flexible board equipment is used in the FPC industry product process.

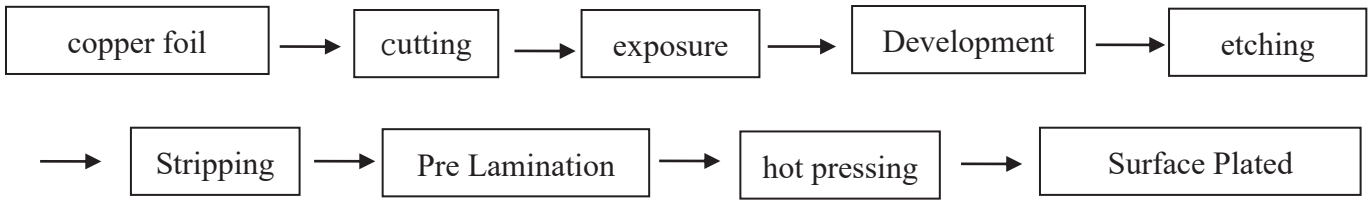
E. SMD packaging materials are used for the packaging of IC industry,
diode industry, passive component industry, LED industry and other components.

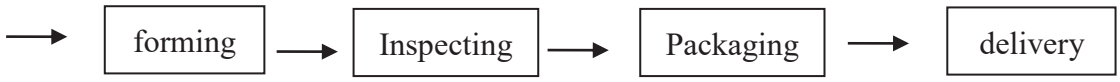
(2) Production Processes of Key Products

A. Automation equipment process

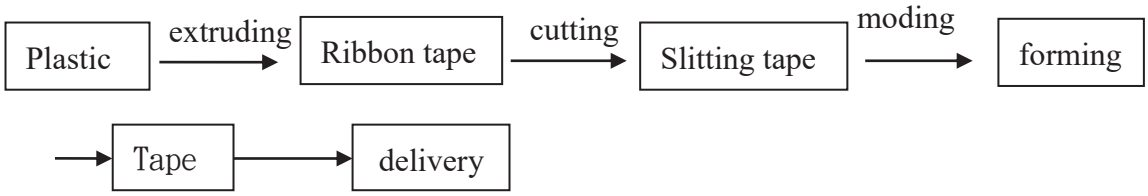


B. Flexible Printed Circuit Board Process





C. SMD packaging process



3. Supply status of main materials

The main materials of the Company's products are laser sources, laser optical path components, RF vacuum generators, matches, pumps and plastic rolls, etc. There are many suppliers, but the proportion of purchases from each manufacturer is not high, so there is no excessive concentration of purchase sources. In addition, we maintains long-term good cooperative relations with many suppliers, to ensure the stability of supply sources.

4. Explanation of significant deviation in the gross profit margin of major products or departments in the recent two years

Unit: NT/1000

Item \ Year	2021	2022	Increase or decrease	Ratio of change (%)
Operating Revenue	2,544,782	3,222,998	678,216	26.65
Gross Profit	854,522	1,124,060	269,538	31.54
Gross Profit Margin (%)	33.58	34.88	1.3	3.87
Analysis of gross profit margin deviation over 20%: The deviation in gross profit margin in the two periods does not reach 20%.				

5. List of major suppliers and customers

(1) The purchases amount and percentage of suppliers who have accounted for more than 10% of the total purchases amount in any of the most recent two fiscal years:

Unit: NT/1000

Item	2021				2022				2023 First Quarter			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with E&R	Name	Amount	Percentage of annual net purchases (%))	Relationship with E&R	Name	Amount	Percentage of net purchases up to the first quarter of 2023(%))	Relationship with E&R
1	Company A	506,528	27.25	N/A	Company A	385,512	21.18	N/A	Company A	48,155	24.11	N/A
2	Other	1,352,589	72.75	N/A	Other	1,434,830	78.82	N/A	Other	151,611	75.89	N/A
	Net purchases	1,859,117	100.00	—	Net Purchases	1,820,342	100.00	—	Net Purchases	199,766	100.00	—

Explanation of reasons for increase or decrease:

The largest supplier remained the same for the two years

(2) The sales amount and percentage of the customers who have accounted for more than 10% of the total sales amount in any of the most recent two fiscal years:

Unit: NT/1000

Item	2021				2022				2023 First Quarter			
	Name	Amount	Percentage of annual net sales (%)	Relationship with E&R	Name	Amount	Percentage of annual net sales (%)	Relationship with E&R	Name	Amount	Percentage of net sales up to the first quarter of 2023(%))	Relationship with E&R
1	Customer A	220,434	8.66	N/A	Customer A	549,301	17.04	N/A	Customer A	41,119	10.01	N/A
2	Customer B	342,623	13.46	N/A	Customer B	533,348	16.55	N/A	Customer B	198,121	48.24	N/A
3	Other	1,981,725	77.88	N/A	Other	2,140,349	66.41	N/A	Other	171,475	41.75	N/A
	Sales	2,544,782	100.00	—	Sales	3,222,998	100.00	—	Sales	410,715	100.00	—

Explanation of reasons for increase or decrease:

It is mainly affected by the capital expenditure for expansion needs of sales customers in each year.

6. Production volume and value in the most recent 2 fiscal years

Unit: NT/1000/Set

Fiscal Year / Output Main Products	2021			2022		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Laser equipment	Note 1	234	865,228	Note 1	257	1,224,741
Plasma equipment			102,140			186,838
FPC equipment			14,807			8,781
FPC	Note 2	2,869	73,138	Note 2	2,504	56,505
SMD packaging material	693,342	696,204	340,780	583,864	3,071,210	329,233
Maintenance service and others	Note 3	Note 3	294,167	Note 3	Note 3	292,840
Total	—	—	1,690,260	—	—	2,098,938

Note 1: Customized production, each machine has different production time according to the complexity of the product. Therefore, it is impossible to estimate the production capacity.

Note 2: It is a subsidiary or a relatively low-amount revenue item. The nature of the industry is different, so the production capacity is not listed.

Note 3: It is a subsidiary or a relatively low-amount revenue item. The industry is different, the shipping unit has differences and inconsistent, so the output cannot be disclosed.

7. Sales volume and value in the most recent 2 fiscal years

Unit: NT/1000/Set

Year / Sales / Main Products	2021				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Laser	45	313,907	189	1,249,197	79	659,316	181	1,422,150
plasma		64,280		102,805		153,680		184,871
FPC equipment		13,151		10,619		6,451		5,309
FPC	2,472	70,098	397	28,366	2,069	55,684	334	13,136
SMD packaging material	15,948	8,609	680,256	385,381	18,990	11,095	760,856	368,115
Maintenance service and others	Note	173,668	Note	124,701	Note	185,206	Note	157,985
Total	—	643,713	—	1,901,069	—	1,071,432	—	2,151,566

Note 1: Sales volume is not calculated due to inconsistent product units.

iii、The number of employees in the recent two years and till the end of April of 2022:

Year		2021	2022	Until the end of April, 2023
Number of Workers	DL	216	221	222
	IDL	331	358	354
	Total	547	579	576
Average Age		40	39	39
Average Service Years		7	7	7
Educational Distribution Ratio (%)	Master or above	12.55	11.74	11.98
	Bachelor/Associate/Diploma	32.16	33.76	33.51
	High School	20.20	23.24	23.26
	Below senior high school	35.10	31.26	331.25
	Total	100.00	100.00	100.00

iv、Environmental Expenditure Information

1.According to the laws and regulations, who should apply for a pollution facility installation permit or a pollution discharge permit, or should pay pollution prevention and control fees, or should set up a special environmental protection unit personnel, the description of the application, payment or establishment: Not applicable.

2.Investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits: Not applicable.

3.In the last two years and up to the publication date of the prospectus, the company's process of improving environmental pollution. If there is a pollution dispute, it should explain the process of handling it: None.

4.In the last two years and up to the publication date of the public statement, the total amount of losses (including compensation) and disposals suffered by the Company due to environmental pollution, and disclosure of its future countermeasures (including improvement measures) and possible expenditures (including failure to adopt countermeasures) If the estimated amount of possible loss, disposition and compensation cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained): None.

5.The impact of the current pollution situation and its improvement on the company's earnings, competitive position and capital expenditure, and its expected major environmental protection capital expenditure in the next two years: Not applicable.

v、Labor Relations

1.List the Company's various employee welfare measures, advanced education, training, retirement systems, and their implementation status, as well as the agreement between labor and management and the protection measures for various employee rights and interests.

The Company usually emphasizes two-way communication between labor and capital and attaches great importance to the benefits of employees. Here is the explanation as follows:

(1)Employee welfare measures

A. Subsidies for marriage/birth/funeral/travel/birthday etc.

B. In addition to the labor and health insurance for employees of the Company, the Company also has group insurance and regularly holds employee medical examinations.

C. Employee stock subscriptions, employee bonuses, and employee performance bonuses are implemented by the Company's articles of association and related measures.

D. Regularly or irregularly hold employee education and training, internal training or external training can apply to improve the professional skills of employees.

E. Employees are entitled to special leave according to their years of service.

F. The Company also set up an "Employee Welfare Committee" to promote employee benefits and organize tourism activities, assist in the establishment of associations and provide financial subsidies.

(2) Advanced training and training

The Company encourages employees to study, enrich their knowledge, and train them to apply intelligence to improve work efficiency. The following events may be held at any time, for detailed measures, please refer to the "Administrative Measures for Education and Training"

A.Determine and implement various newcomer training and management, professional... and other business training.

B. Select and dispatch employees with excellent grades to go abroad for internships or inspections.

C. Select employees with excellent grades to study business-related courses.

(3) Retirement system and its implementation

A. The Company has a preferential retirement method for employees.

B. In accordance with the provisions of the Labor Standards Law, the company has established a Labor Retirement Reserve Fund Supervision Committee, which stipulates employee retirement measures, and regularly allocates labor retirement reserve funds according to laws and regulations and deposits them in a special bank account in Taiwan. The committee is responsible for the retirement reserve funds management and use matters.

C. The Labor Pension Regulations came into effect on July 1, 2005, and adopted a definite appropriation system. After the implementation, employees can choose to apply the pension provisions related to the "Labor Standards Act", or apply the pension system of the Act and retain the working years before the Act. For

employees to whom this regulation applies, the company's monthly contribution to employee pensions shall not be lower than 6% of the employee's monthly salary.

D. In accordance with the provisions of the No. 18 Bulletin of the Financial Accounting Standards of the Republic of China, an actuary is appointed to evaluate and calculate the labor retirement reserve, and submit an actuarial evaluation report.

(4) The situation of the agreement between labor and management:

The Company handles everything in accordance with the relevant provisions of the labor law, and both labor and management follow the employment contract, work rules and various management regulations; the company's labor relationship is harmonious, and there are no major labor disputes and losses. In the future, we will continue to strengthen the communication and coordination between labor and management, and try our best to implement welfare measures to promote a more harmonious labor relationship in order to eliminate the possibility of labor disputes.

In addition, the company also holds regular labor-management meetings in accordance with Article 83 of the Labor Standards Law. Any measures related to labor-management relations have been fully negotiated and communicated by both parties, so no major labor-management disputes have occurred.

(5) Measures to protect employees' rights and interests

A. The Company attaches great importance to employee benefits and two-way communication channels. It has established a comprehensive document management system, which contains various management methods, and clearly defines employee rights and obligations and welfare items to protect employee rights and interests.

B. In terms of personnel safety, according to the provisions of the Occupational Safety and Health Law, new recruits will be notified of the Company's internal operating hazards and related regulations on the day of registration, so that new recruits can understand the Company's environment and hazards.

C. In terms of machinery and appliance safety, according to the detailed rules and regulations of the law, all kinds of machines and appliances are maintained by qualified maintenance manufacturers, and all operating colleagues have qualified operation certificates (photographs).

D. In terms of environmental safety, environmental monitoring is carried out every six months according to laws and regulations, and the monitoring results are published on the company's website and bulletin board. If there is any environmental hazard, it will be improved according to the monitoring consultant company.

2. Losses due to labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the estimated amount that may occur at present and in the future: None.

vi、 Information security management:

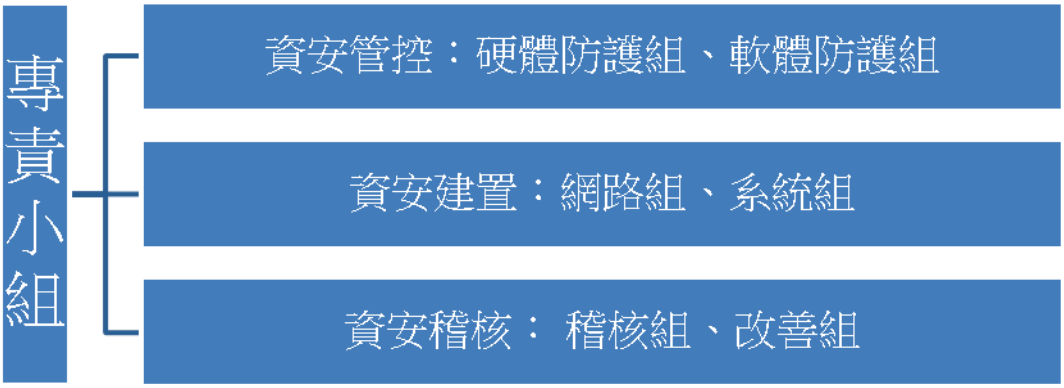
1. Describe the information security risk management framework, information security policies, specific management plans, and resources invested in information security management.

(1) Information and communication security management strategy and structure

It is the Company's commitment to partners, shareholders and customers to protect the Company's intellectual property and prevent the leakage of client confidential information. It implements management control and audit control, and manages and controls information and communication standard procedures in accordance with procedures, operation instructions and form documents.

Organizational division of labor promotes information security control through information security management and control, information system construction, and information security audit teams, implements the protection of electronic documents of the Company's intellectual property and prevents the leakage of confidential information delivered by customers and developed by the Company.

Customers and suppliers (external supply chain collaboration manufacturers) can rest assured and entrust under trust, achieving a win-win situation and increasing business opportunities.



(2) Management plan and input resources

The information security management protection plan is to use the information security system to encrypt and protect the company's internal electronic data files to avoid damage by interested parties and data theft and leakage. The resources invested in purchasing software and hardware equipment and education and training are as follows:

A. The hardware of the company's information equipment is protected by network firewalls, endpoint security software, and anti-virus software, so that the electronic files placed on it can be preserved, and the preservation policy that prevents intellectual property from flowing into the hands of competitors can enable customers and cooperation Manufacturers have more trust, resulting in a win-win situation and more opportunities for business cooperation.

B. E-mail social engineering drills to increase the security awareness of malicious e-mails, raise awareness of non-official spam, and avoid "opening attached files" or "clicking on links" to cause harm by implanting malicious programs into computers.

C. Internal employee information education and training, strengthen information security thinking and have a sense of crisis for the Company information and information equipment used.

2. List the losses, possible impacts, and countermeasures for major information security incidents in the most recent year and as of the date of publication of the annual report. If they cannot be reasonably estimated, the facts that cannot be reasonably estimated should be explained: no major information security incidents occurred .

vii、Major Contracts

Contract Type	Contracted Party	Contract Period	Key Content	Restrictive Clause
Land leasing contract	Taiwan Sugar Corporation	2011.10~2055.01	Lease 8 plots of land at No. 555 and 556 in Xinglong Section, Yanchao District, totaling 17,715.5 square meters of superficial rights.	N/A
Financing contract	Taiwan Cooperative Bank	2021.12.14~2041.12.14	Medium- and long-term mortgage-backed loans	Fab 3
		2022.01.14~2029.01.14		Fab 3 and auxiliary equipment
		2022.01.14~2027.01.14		Fab 2
Bank guarantee	Taiwan Cooperative Bank	2018.04.27~2023.04.27	The second guaranteed conversion of corporate bonds in China	30% guarantee of corporate debt
Plant lease contract	Liang, Ping	2021.08.21~2023.08.20	Plant lease in Qingxi Town, Dongguan City	N/A
Plant lease contract	Wuxi Puxin Technology Industry Development Co., Ltd.	2020.04.01~2025.03.31	Plant lease in Hanjiang Town, New District, Wuxi City	N/A
Plant lease contract	Chielung Industrial co., ltd.	2017.09.01~2027.08.31	Plant lease in(Tech Wave) Datong Street, Tucheng District, New Taipei City	N/A
Land leasing contract	Southern Taiwan Science Park Bureau	2022.12.08~2042.12.31	Plant Land Lease in Ciaotou Science Park	N/A

VI、Financial overview

i、Balance sheet and income statement in recent five years

1. Balance Sheet and Consolidated Income Statement

(1) Balance Sheet

A.International Financial Reporting Standards - Consolidated Financial Statements of E&R and Subsidiaries.

Unit: NT/1000

Item \ Year		Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as of March.31.2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		1,859,284	1,464,058	1,849,519	2,961,781	3,858,718	3,643,633
Property, Plant and Equipment		363,175	415,657	442,654	435,686	576,327	594,962
Intangible assets		7,087	13,594	21,934	18,744	11,831	20,446
Other assets		192,300	295,494	208,978	208,141	291,714	285,216
Total assets		2,421,846	2,188,803	2,523,085	3,624,352	4,738,590	4,544,257
Current liabilities	Before distribution	693,171	513,596	909,442	1,052,292	823,443	825,257
	After distribution	716,833	513,596	1,014,130	1,210,532	1,018,988	—
Non-current liabilities		483,285	564,444	153,160	146,906	1,279,328	1,269,424
Total liabilities	Before distribution	1,176,456	1,078,040	1,062,602	1,199,198	2,102,771	2,094,681
	After distribution	1,200,118	1,078,040	1,167,290	1,357,438	2,298,316	—
Equity attributable to owners of the parent company		1,184,375	1,057,777	1,408,715	2,364,781	2,566,564	2,381,484
Share capital		806,082	814,617	854,313	1,001,021	1,010,854	995,954
Capital surplus		338,327	338,638	439,159	1,164,065	1,271,597	1,240,018
Retained earnings	Before distribution	99,498	(34,748)	161,269	275,587	508,838	295,172
	After distribution	75,836	(34,748)	56,581	117,347	313,293	—
Other equity		(6,617)	(11,852)	(11,063)	(11,185)	(36,409)	(35,992)
Treasury shares		(52,915)	(48,878)	(34,963)	(64,707)	(188,316)	(113,668)
Non-controlling interests		61,015	52,986	51,768	60,373	69,255	68,092
Total equity	Before distribution	1,245,390	1,110,763	1,460,483	2,425,154	2,635,819	2,449,576
	After distribution	1,221,728	1,110,763	1,355,795	2,266,914	2,440,274	—

Note: The financial information of each year has been checked and verified by accountants or reviewed.

B.International Financial Reporting Standards - E&R's Individual Financial Statements

Unit: NT/1000

Item \ Year		Financial Information in Recent Five Years (Note1)					Financial information as of March.31.2023 (Note 2)
		2018	2019	2020	2021	2022 年	
Current assets		1,623,362	1,267,244	1,618,826	2,666,741	3,490,422	Not applicable.
Investments using the equity method		202,364	166,899	203,376	251,815	445,064	
Property, Plant and Equipment		238,548	312,513	363,523	361,540	363,809	
Intangible assets		6,872	13,366	21,738	18,479	11,252	
Other assets		172,383	202,186	71,989	87,148	190,912	
Total assets		2,243,529	1,962,208	2,279,452	3,385,723	4,501,459	
Current liabilities	Before distribution	577,841	408,304	790,336	931,543	709,749	
	After distribution	601,503	408,304	895,024	1,089,783	905,294	
Non -current liabilities		481,313	496,127	80,401	89,399	1,225,146	
Total liabilities	Before distribution	1,059,154	904,431	870,737	1,020,942	1,934,895	
	After distribution	1,082,816	904,431	975,425	1,179,182	2,130,440	
Share capital		806,082	806,082	814,617	854,313	1,001,021	
Capital surplus		338,327	338,638	439,159	1,164,065	1,271,597	
Retained earnings	Before distribution	99,498	(34,748)	161,269	275,587	508,838	
	After distribution	75,836	(34,748)	56,581	117,347	313,293	
Other equity		(6,617)	(11,852)	(11,063)	(11,185)	(36,409)	
Treasury shares		(52,915)	(48,878)	(34,963)	(64,707)	(188,316)	
Non-controlling interests		—	—	—	—	—	
Total equity	Before distribution	1,184,375	1,057,777	1,408,715	2,364,781	2,566,564	
	After distribution	1,160,713	1,057,777	1,304,027	2,206,541	2,371,019	

Source: Note 1: Individual financial statements verified and certified by accountants

Note 2: There is no individual financial statement for the first quarter of 2022, so it is not applicable.

C.Taiwan’s Financial Accounting Standards - Consolidated Financial Statements of the Company and its Subsidiaries

Since 2013, E&R has adopted the International Financial Reporting Standards to prepare financial reports, so it is not applicable.

D.Taiwan’s Financial Accounting Standards - The Company's Individual Financial Statements

Since 2013, E&R has adopted the International Financial Reporting Standards to prepare financial reports, so it is not applicable.

(2)Comprehensive income statement

A. International Financial Reporting Standards –

Consolidated Financial Statements of the Company and its Subsidiaries

Unit: NT/1000

Item \ Year	Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as of March.31.2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	2,051,365	1,468,944	2,040,567	2,544,782	3,222,998	410,715
Gross profit	579,019	348,850	656,549	854,522	1,124,060	153,919
Operating income	86,726	(103,811)	213,355	312,169	403,758	20,730
Non-operating income and expenses	11,364	10,409	(23,585)	(7,390)	91,204	(1,087)
Profit before income tax	98,090	(93,402)	189,770	304,779	494,962	19,643
Net income for the period from continuing operations	95,908	(87,822)	154,070	244,142	390,135	14,934
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss) for the period	95,908	(87,822)	154,070	244,142	390,135	14,934
Other comprehensive income (loss) for the period (net of Income Tax)	(2,743)	(7,414)	3,057	378	(23,466)	609
Total comprehensive income for the period	93,165	(95,236)	157,127	244,520	366,669	15,543
Net income attributable to owners of parent	100,215	(80,860)	161,266	243,979	390,789	16,289
Net income (loss) attributable to noncontrolling interests	(4,307)	(6,962)	(7,196)	163	(654)	(1,355)
Total comprehensive income attributable to owners of parent	97,939	(87,207)	163,936	244,641	366,495	16,705
Total comprehensive income, attributable to non-controlling interests	(4,774)	(8,029)	(6,809)	(121)	174	(1,162)
Earnings per share (NTD)	1.27	(1.01)	2.00	2.62	3.94	0.17

Note: The financial information of each year has been checked and verified by accountants or reviewed.

B.International Financial Reporting Standards –
the company's individual financial statements

Unit: NT/1000

Item \ Year	Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as of March.31.2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	1,058,653	994,650	1,625,942	2,020,865	2,758,667	Not applicable
Gross profit	513,269	306,733	601,203	761,560	1,062,337	
Operating income	97,743	(74,153)	233,475	312,610	422,424	
Non-operating income and expenses	6,166	(12,943)	(35,847)	(9,872)	71,909	
Profit before income tax	103,909	(87,096)	197,628	302,738	494,333	
Net income for the period from continuing operations	100,215	(80,860)	161,266	243,979	390,789	
Loss from discontinued operations	—	—	—	—	—	
Net income (loss) for the period	100,215	(80,860)	161,266	243,979	390,789	
Other comprehensive income (loss) for the period (net of Income Tax)	(2,276)	(6,347)	2,670	662	(24,294)	
Total comprehensive income for the period	97,939	(87,207)	163,936	244,641	366,495	
Net income attributable to owners of parent	—	—	—	—	—	
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	
Total comprehensive income attributable to owners of parent	97,939	(87,207)	163,936	244,641	366,495	
Total comprehensive income, attributable to non-controlling interests	—	—	—	—	—	
Earnings per share (NTD)	1.27	(1.01)	2.00	2.62	3.94	

Source: Note 1: Individual financial statement verified and certified by accountants

Note 2: There is no individual financial statement for the first quarter of 2022, so it is not applicable.

C. Taiwan's Financial Accounting Standards - Consolidated Financial Statements of the Company and its Subsidiaries

Since 2013, E&R has adopted the International Financial Reporting Standards to prepare financial reports, so it is not applicable.

D. Taiwan's financial accounting standards - the company's financial statements

Since 2013, E&R has adopted the International Financial Reporting Standards to prepare financial reports, so it is not applicable.

2.Name and audit opinion of accountants in the recent five years

Year	Firm	CPA	Audit Opinion
2018	Crowe (TW) CPAs	LEE CHING LING、TSAI,SHU-MAN	N/A
2019	Crowe (TW) CPAs	LEE CHING LING、TSAI,SHU-MAN	N/A
2020	Crowe (TW) CPAs	LEE CHING LING、TSAI,SHU-MAN	N/A
2021	Crowe (TW) CPAs	LEE CHING LING、TSAI,SHU-MAN	N/A
2022	Crowe (TW) CPAs	LEE CHING LING、LEE KUO MING	N/A

ii、Financial analysis in recent five years

1. International Financial Reporting Standards - Consolidated Financial Statement

Item	Year	Financial Information for the most Recent Five Years (Note1)					Financial information as of March.31.2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio (%)	48.58	49.25	42.12	33.09	44.38	46.1
	Ratio of long-term capital to property, plant and equipment (%)	475.99	403.03	364.54	590.35	679.33	625.08
Solvency (%)	Current Ratio (%)	268.23	285.06	203.37	281.46	468.61	441.51
	Quick Ratio (%)	168.57	161.61	125.19	166.75	312.06	288.5
	Times Interest Earned (Times)	14.06	(9.85)	22.80	46.39	38.68	4.74
Operating Performance	Accounts receivable turnover (times)	3.08	2.45	4.08	3.86	4.23	2.4
	Average collection days	119	149	89	95	86	152
	Inventory turnover (times)	2.43	1.80	2.17	1.83	1.78	0.86
	Accounts payable turnover (times)	4.34	3.90	4.61	3.80	4.92	3.75
	Average days in sales	150	203	168	199	205	424
	Property, Plant and Equipment Turnover (Times)	5.45	3.77	4.75	5.79	6.37	2.81
	Total Asset Turnover (Times)	0.94	0.64	0.87	0.83	0.77	0.35
Profitability	Return on Total Assets (%)	4.72	(3.44)	6.84	8.10	9.58	1.63
	Return on Equity (%)	8.01	(7.45)	11.98	12.57	15.42	2.35
	Ratio of income before tax to paid-in capital (%)	12.17	(11.47)	22.21	30.45	48.96	1.97
	Net profit margin (%)	4.68	(5.98)	7.55	9.59	12.10	3.64
	Earnings Per Share (NT$)	1.27	(1.01)	2.00	2.62	3.94	0.17
Cash Flow	Cash Flow Ratio (%)	(Note2)	52.21	(Note2)	2.04	(Note2)	19.62
	Cash Flow Adequacy Ratio (%)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	14.4
	Cash Reinvestment Ratio (%)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	3.53
Leverage	Operating Leverage	6.42	(Note2)	3.18	2.79	2.59	8.05
	Financial Leverage	1.09	0.92	1.04	1.02	1.03	1.34

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.):

1.Increase in debt to assets ratio: Mainly due to the issuance of convertible bonds in 2022.

2. Increase in current ratio and quick ratio: Mainly due to the substantial growth in revenue in 2022 and the

increase in current assets due to the issuance of convertible bonds.

3. Increase in return on equity:Mainly due to substantial growth in operating income.
4. Increase in the ratio of income before tax to paid-in capital, net profit margin and earnings per share: Mainly due to the substantial growth in operating income and profits in 2022.

Note 1: The consolidated financial information of each year has been checked and certified by accountants.
Note 2: Negative numbers are not expressed.
Note 3: The financial information has been reviewed by accountants.

2. International Financial Reporting Standards - Individual Financial Statement

Item \ Year		Financial Information for the Most Recent 5 Years (Note1)					Financial information as of March.31.2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio (%)	47.21	46.09	38.20	30.15	42.98	Not applicable.
	Ratio of long-term capital to property, plant and equipment (%)	698.26	497.23	409.63	678.81	1,042.23	
Solvency (%)	Current Ratio (%)	280.94	310.37	204.83	286.27	491.78	
	Quick Ratio (%)	181.37	181.20	130.67	170.63	334.11	
	Times Interest Earned (Times)	17.53	(15.22)	39.83	103.80	47.53	
Operating Performance	Accounts receivable turnover (times)	2.58	1.93	3.90	3.43	3.9	
	Average collection days	142	189	94	106	94	
	Inventory turnover (times)	1.99	1.32	1.92	1.56	1.62	
	Accounts payable turnover (times)	3.39	2.77	3.88	3.12	4.35	
	Average days in sales	184	277	190	234	225	
	Property, Plant and Equipment Turnover (Times)	6.54	3.61	4.81	5.57	7.61	
	Total Assets Turnover (Times)	0.76	0.47	0.77	0.71	0.70	
Profitability	Return on Total Assets (%)	5.32	(3.60)	7.80	8.70	10.12	
	Return on Equity (%)	8.85	(7.21)	13.08	12.93	15.85	
	Ratio of income before tax to paid-in capital (%)	12.89	(10.69)	23.13	30.24	48.9	
	Net profit margin (%)	6.64	(8.13)	9.92	12.07	14.17	
	Earnings Per Share (NT$)	1.27	(1.01)	2.00	2.62	3.94	
Cash Flow	Cash Flow Ratio (%)	(Note2)	67.52	(Note2)	(Note2)	(Note2)	
	Cash Flow Adequacy Ratio (%)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	
	Cash Reinvestment Ratio (%)	(Note2)	14.32	(Note2)	(Note2)	(Note2)	
Leverage	Operating Leverage	3.74	(Note2)	2.27	2.16	2.04	
	Financial Leverage	1.07	0.93	1.02	1.01	1.03	
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)							

1.Increase in debt to assets ratio: Mainly due to the issuance of convertible bonds in 2022.
2. Increase in ratio of long-term capital to property, plant and equipment: Mainly due to the issuance of convertible bonds in 2022.
3. The increase in current ratio and quick ratio: Mainly due to the substantial growth in revenue in 2022 and the increase in current assets due to the issuance of convertible bonds.
4. Decrease in times interest earned: It is due to the increase in the interest expense of convertible bonds in 2022, resulting in a decrease in the times interest earned.
5 Increase in property, lant and equipment turnover (times): Mainly due to the substantial growth in operating income.
6. Increase in return on equity: Mainly due to the substantial growth in operating income.
7. Increase in the ratio of income before tax to paid-in capital, net profit margin and earnings per share: Mainly due to the substantial growth in operating income and profits in 2022.

Note 1: The consolidated financial information of each year has been checked and certified by accountants.
Note 2: Negative numbers are not expressed.
Note 3: The financial information has been reviewed by accountants.

* Glossary
1. Capital Structure Analysis
(1) Debt Ratio = Total Liabilities / Total Assets
(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
(1) Current Ratio = Current Assets / Current Liabilities
(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
(1) Average Collection Turnover = Net Sales / Average Trade Receivables (including Accounts
Receivable and Notes Receivable originated from operation)
(2) Days Sales Outstanding = 365 / Average Collection Turnover
(3) Average Inventory Turnover = Cost of Sales / Average Inventory
(4) Average Inventory Turnover Days = 365 / Average Inventory Turnover
(5) Average Payment Turnover = Cost of Sales / Average Trade Payables (including Accounts
Payable and Notes Payable originated from operation)
(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
(7) Total Assets Turnover = Net Sales / Average Total Asset
4. Profitability Analysis
(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
(2) Return on Equity = Net Income / Average Shareholders' Equity
(3) Operating Income to Paid-in Capital Ratio = Operating Income / Paid-in Capital
(4) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
(5) Net Margin = Net Income / Net Sales
(6) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number
of Shares Outstanding
5. Cash Flow
(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) /
(Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

3. Taiwan's Financial Accounting Standards - Consolidated Financial Statements of the Company and its Subsidiaries
Since 2013, E&R has adopted the International Financial Reporting Standards to prepare financial reports, so it is not applicable.

4. Taiwan's financial accounting standards - the company's financial statements
Since 2013, E&R has adopted the International Financial Reporting Standards to prepare financial reports, so it is not applicable.

iii. The review report of the supervisor or audit committee for the most recent annual financial report: please refer to page 156.

iv. The most recent annual financial report, including the accountant's audit report, the balance sheet of the two-year comparison, the comprehensive income statement, the statement of equity changes, the cash flow statement, and notes or attachments: please refer to pages 157-259.

v. The Company's financial report approved by an accountant for the most recent year: Please refer to pages 260-362.

vi. The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2021 and as of the date of this Annual Report: None

VII、Financial status review, analysis of financial performance, and risk

i、Financial Status

1.Comparative analysis of financial status in recent two year

Unit: NT/1000

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	2,961,781	3,858,718	896,937	30
Property, Plant and Equipment	435,686	576,327	140,641	32
Right-of-use Assets	127,895	185,154	57,259	45
Intangible Assets	18,744	11,831	(6,913)	(37)
Other Assets	80,246	106,560	26,314	33
Total Assets	3,624,352	4,738,590	1,114,238	31
Current Liabilities	1,052,292	823,443	(228,849)	(22)
Non-current Liabilities	146,906	1,279,328	1,132,422	771
Total Liabilities	1,199,198	2,102,771	903,573	75
Share Capital	1,001,021	1,010,854	9,833	1
Capital Surplus	1,164,065	1,271,597	107,532	9
Retained Earnings	275,587	508,838	233,251	85
Other equity	(11,185)	(36,409)	(25,224)	226
Treasury shares	(64,707)	(188,316)	(123,609)	191
Equity attributable to owners of the parent	2,364,781	2,566,564	201,783	9

Item \ Year	2021	2022	Difference	
			Amount	%
company				
Non-controlling interests	60,373	69,255	8,882	15
Total Equity	2,425,154	2,635,819	210,665	9

Analysis of those with a change of more than 20% in the last two years, and the amount of change is more than NT$10 million:

1. Increase in current assets: Mainly due to the issuance of convertible bonds in 2022 and the substantial growth in revenue, resulting in an increase in cash and cash equivalents.
2. Increase in property, plant and equipment: Mainly due to the construction of plants in Jiangsu E&R.
3. Increase in right-of-use assets: The main reason is that the Company leased land in Qiaotou Science Park in 2022.
4. Increase in other assets: Mainly due to the increase in deferred income tax and non-current financial assets at fair value through profit or loss.
5. Decrease in current liabilities: Mainly due to the decrease in accounts payable.
6. Increase in non-current liabilities: Mainly due to the issuance of convertible bonds in 2022.
7. Increase in retained earnings: Mainly due to the substantial increase in profits in 2022.
8. Decrease in other equity: Mainly due to the increase in unrealized losses of financial assets measured at fair value through other comprehensive income.
9. Increase in treasury shares: Mainly due to the execution of repurchase of the company's shares in 2022 due to the maintenance of the Company's credit and shareholders' rights and interests.

ii、Financial Performance

1. Analysis of operating results in the recent two years

Unit: NT/1000

Item \ Year	2021	2022	Increased/decreased amount	Change percentage (%)
Net Operating Revenue	2,544,782	3,222,998	678,216	27
Cost of Revenue	1,690,260	2,098,938	408,678	24
Gross Profit	854,522	1,124,060	269,538	32
Operating Expenses	542,353	720,302	177,949	33
Operating Income	312,169	403,758	91,589	29
Non-operating Income and Expenses	(7,390)	91,204	98,594	1,334
Net income before tax from continuing operations	304,779	494,962	190,183	62
Income tax expense (benefit)	60,637	104,827	44,190	73
Net income after tax from continuing operations	244,142	390,135	145,993	60

Analysis of those with a change of more than 20% in the recent two years, and the amount of change is more than NT$10 million:

1. Increase in net operating revenue: Mainly due to the continued prosperity of the semiconductor industry and the demand for plant expansion from customers.Hence, the company's revenue and profit have increased significantly
2. Increase in cost of revenue: Due to the substantial growth of operating revenue, cost of revenue has increased relatively.
3. Increase in gross profit: Same as the above 1.
4. Increase in operating expenses: Due to the increase in operating revenue, the provision of performance bonuses and employee remuneration increased.
5. Increase in operating income: Same as the above 1.
6. Increase in non-operating income and expenses: Mainly due to exchange benefits arising from exchange rate changes.
7. The increase in net income before tax from continuing operations: Due to the increase in operating income and non-operating income.
8. Increase in income tax expense: Due to increase in net income before tax.
9. The increase in net income after tax from continuing operations: Due to the increase in both operating income and the non-operating income.

2.Expected sales and its basis:

Since the Company has not prepared a financial forecast, it does not predict the turnover. Overall, it depends on the industrial environment, customer product and capacity demands, market supply and demand, and competition conditions.

3.Possible impact on the Company's future financial business and response plan:

The Company will continue to develop high-end new products and reduce production costs to increase overall revenue and profit. In addition, in response to the possible impact of future financial business, the Company will formulate development strategies and operating guidelines by the overall operating goals, and implement the plan to achieve the goals.

iii、Cash Flow

1.Analysis of cash flow changes in the most recent years

Unit: NT/1000

Item \ Year	2021	2022	Increase (decrease) change percentage	
			Amount	%
Cash provided by (used in) operating activities	21,451	(233,709)	(255,160)	(1,190)
Cash provided by (used in) investing activities	30,794	(203,235)	(234,029)	(760)
Cash provided by (used in) financing activities	441,692	834,285	392,593	89
Net increase (decrease) in cash and cash equivalents	493,937	399,889	(94,048)	(19)
Cash flow analysis: 1. Cash provided by (used in) operating activities: Mainly due to the increase in operating capital due to revenue growth and the issuance of unsecured convertible corporate bonds, which were placed in fixed deposits for more than 3 months 2. Cash provided by (used in) investing activities: Mainly due to the construction of plants in Jiangsu E&R. 3. Cash provided by (used in) financing activities: Mainly due to the issuance of unsecured convertible corporate bonds in 2022.				

2.Remedial Actions for Liquidity Shortfall

As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

3.Cash Flow Projection for next year:

Cash at beginning(1)	Net cash flows from operating activities(2)	Net cash flows from investing and financing activities (3)	Cash Balance (1)+(2)+(3)	Contingency plans for insufficient cash position	
				Investing activities	Financing activities
1,064,828	(50,000)	(350,000)	664,828	-	-
1.Operating activities: It is expected that the company's operations will slow down compared with the previous year, resulting in cash outflows from operating activities 2. Investing activities: Due to the construction of plants in Jiangsu E&R and in Qiaotou Science Park. 3. Financing activities: Cash outflow due to distribution of cash dividends.					

iv、Recent Years Major Capital Expenditures and Impact on Financial and Business:N/A

v、Long-term Equity Investment Policy and Results

1. Investment policy for the most recent year

The Company's management level makes reinvestment based on factors such as operational needs or consideration of the Company's future growth, mainly for long-term strategic investment, and draws up an investment plan. Joint venture partners, shareholding

ratio, reference price and financial status and other items will be evaluated in detail. In addition, the Company also keeps abreast of the operating conditions of the invested companies and analyzes the investment results for the companies it has invested in, so as to benefit the management as a follow-up evaluation for post-investment management.

2. The main reasons for the profit or loss of reinvestment and the improvement plan

Unit: NT/1000

Reinvestment company	Current (profit) loss of the invested company	Reinvestment Policy	Main reasons for profit or loss	Improvement plan
TECH-WAVE INDUSTRIAL CO., LTD	2,519	Mainly engaged in the manufacturing, processing, and trading of flexible circuit boards	Profit in 2021 due to the increase in order and revenue	N/A
E&R Semiconductor Materials Co., Ltd	(1,271)	Invested in E&R(Dongguan)Semiconductor Materials Co., Ltd. and GAIN PROIT HOLDING LTD. to engage in the production and sales of SMD packaging materials.	The main reason is that the number of orders received by the reinvestment company is not enough to cover the operating expenses, resulting in losses.	Strengthen the development of new customers and reduce operating costs
ENRICHMENT TECH.CO.	353	Invested in Chen Tai Trading(Shanghai) CO.,LTD., E&R PRECISION EQUIPMENT CO.,LTD.. and Wuxi E&R Semiconductor Materials Technology Co., Ltd.	The main reason is that Wuxi E&R Semiconductor Materials Technology Co., Ltd has increased the order growth of gross profit products, resulting in profits in 2021.	N/A
Crystal Entec Corporation	(1,226)	Main electronic material processing business	The company incurred losses because its operations did not reach the economic scale.	Urging investee companies to improve operational efficiency
Excellent Internation Holding Limited	(9,575)	Invested in Jiangsu E&R Technology Co., Ltd.	The reinvestment company is still in the stage of building factories in the initial stage of operation.	N/A

3. Investment plan for the upcoming year: This will be evaluated based on the business strategy of the Group and operational needs.

vi、Analysis and evaluation of risk events in the recent year and up to the date of publication the annual report

1.The impact of interest rate, exchange rate, and inflation on the company's profit and loss and solution:

(1) Variable interest rate

E&R's capital planning is based on the principle of stable construction, and safety management is the priority in capital allocation. Considering the future development, in addition to maintaining a good relationship with banks to strive for more favorable interest rates, we also considering the costs of different sources of funds and choose

appropriate funds. The way of financing is to meet the needs of growth; however, the current low-interest rate has little impact on our company.

(2) Changes in foreign exchange rates

E&R's foreign currency transactions are mainly generated by exporting goods and importing raw materials. Currently, it adopts a natural hedging policy for exchange rates. Considering that the exchange rate has fluctuated greatly in recent years, the Finance Department collects bank information in a timely manner, pays close attention to exchange rate changes, and adopts more active hedging methods when necessary to reduce the impact of exchange rate changes on the Company.

(3) Inflation

The Company has no material impact due to inflation.

2.Risks Associated with High-Risk/Highly Leveraged Investments; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

(1) All investments of E&R's have been carefully evaluated and handled in accordance with the "Procedures for Acquisition or Disposal of Assets" and the approval authority. As of the publication date of the annual report, no high-risk and high-leverage investments have been made.

(2) Fund financing and endorsement guarantees for subsidiaries due to operational needs are handled by the Company's "fund lending to others operating procedures" and "endorsement guarantee operating procedures" regulations, and all information is promptly and accurately announced under laws and regulations.

(3) The trading policy of derivatives is implemented by the E&R's "Procedures for Acquisition or Disposal of Assets". The Company's derivatives trading has always been conservative to avoid risks rather than profit. Therefore, hedging adjustments are made according to the changes in foreign currency positions as needed, and forward foreign exchange is mainly selected as a hedging tool. However, the above operations may still cause losses in the transaction itself due to exchange rate fluctuations. The Company has promptly and accurately announced various transaction information under laws and regulations.

3.Future R&D plans and estimated expenses

E&R's automation equipment is based on laser application as the core technology. To ensure the long-term advantages of E&R's R&D capabilities and enhance its competitiveness, we continuously invest a large number of R&D funds. We actively recruit excellent R&D talents, implements training and cultivation to enhance the capabilities. Also, we raise the technical threshold, and widen the competition distance among peers. Therefore, our research and development strategy are as follows:

(1) Fully understand the market and customer needs, take their satisfaction as the main axis, and jointly develop new products with customers to meet customer needs and provide customers with products with better quality and performance.

(2) E&R's long-term training of R & D professionals, conduct R & D performance evaluation and reward system, retain and strive for outstanding talents to enhance the strength of the R & D department. The Company expects that research and development expenses will remain at 5% to 10% of net operating income in the coming year.

(3) Fully interact with research institutions and academic units, ask for advice from various experts and scholars, and accumulate the E&R's R&D strength.

4.The domestic and international impact of major policy and legal changes on the E&R's financial business and countermeasures

The daily operations are handled by relevant domestic and foreign laws and regulations. Also, we always pay attention to domestic and foreign political and economic development trends, and the changes in regulations, to adjust operating strategy. In the most recent year and up to the publication date of the annual report, there have been no major domestic and foreign policy and legal changes that have affected the Company's finances and business.

5.The impact of technological changes and industrial changes on E&R's financial business and countermeasures

The Company continues to invest resources in the research and development of new technologies and new products to cooperate with the market development of business units. Sales team collect new information from the market at all time and cooperate with R&D personnel to develop equipment that meets customer needs. Technological changes and industrial changes in the most recent year and up to the publication date of the annual report have no significant impact on the company's financial business.

6.The impact of corporate image change on corporate crisis management and countermeasures

Since E&R's establishment, we have actively strengthened internal management, focused on business operations, and committed to maintaining the Company's corporate image, and complying with relevant laws and regulations. To crisis management and various abnormal responses, we take controls immediately to eliminate potential risks. In the most recent year and up to the publication date of the annual report, there has been no incident of corporate crisis management due to changes in corporate image.

7.Expected benefits, possible risks, and countermeasures of mergers and acquisitions

In the most recent year and as of the publication date of the annual report, E&R has not carried out a merger and acquisition plan. However, if there is a merger and acquisition plan in the future, we will uphold a prudent assessment attitude and fully consider the synergy of mergers and acquisitions to ensure the interests of the Company and shareholders. .

8.Expected benefits, possible risks and countermeasures of plant expansion

The Company expands its operating scale based on the growth of its industry market to enhance its competitiveness and market share, and builds an overall use space to meet the needs of mid- and long-term operational development to improve overall operating performance and management efficiency.

In order to improve the stability of the operation, the rented plant is replaced by the self-built plant. At the same time, in response to the government's recent promotion of the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan " policy, and also for the sake of the Company's sustainable operation and strengthen the Company's industrial competitiveness, the Company has planned to build its ownplants in Qiaotou Science Park. The Company intends to invest NT$640,000 thousand to support the construction of the plant, such as civil engineering, electromechanical and plant affairs. Among them, the first and second floors above the ground are planned to establish a precision equipment assembly area for the production of high-end semiconductor processes - wafer laser marking equipment and other related laser equipment, wafer-level packaging laser micromachining equipment and wafer-level packaging plasma processing equipment, providing future flexible production space to meet the needs of the semiconductor equipment market. It is estimated that after the official inaugurated of the production space of equipment assembly in the fourth quarter of 2024 , the estimated increase in production(sales) volume, production(sales) value, gross profi and operating income is shown in the following table:

Unit: Set/1000NT

Year	Product Category	Quantity	Operating Revenue	Cost of goods sold	Gross Profit Margin	Operating Income
2024	Laser Equipment	2	30,000	17,400	12,600	6,600
	Plasma Cleaning Equipment	4	20,000	15,000	5,000	1,000
2025	Laser Equipment	28	420,000	230,000	190,000	106,000
	Plasma Cleaning Equipment	16	80,000	60,000	20,000	4,000
2026	Laser Equipment	45	675,000	364,500	310,500	175,500
	Plasma Cleaning Equipment	25	125,000	92,500	32,500	7,500
2027	Laser Equipment	45	675,000	364,500	310,500	175,500
	Plasma Cleaning Equipment	25	125,000	92,500	32,500	7,500
2028	Laser Equipment	45	675,000	364,500	310,500	175,500
	Plasma Cleaning Equipment	25	125,000	92,500	32,500	7,500
Total		260	2,950,000	1,693,400	1,256,600	666,600

9.Risks and Countermeasures Faced by Concentration of Purchases or Sales

(1) The risk of concentration purchases

E&R has been in contact with various suppliers for many years. In addition to maintaining a good cooperative relationship, a stable supply source, and no shortage or interruption of supply that affects production operations. We keep conducting various related feasibility assessments, considering conditions such as quality, product yield, delivery date, and supply stability, and actively looking for new suppliers to avoid the risk of centralized purchases.

(2) Sales concentration risk

E&R's equipment and products cover semiconductor, packaging and testing, and LED industries. We try our best to maintain current customers and actively develop new products. We also try to diversify the product structure to expand customers and orders for different products. The company's sales ratio to single customer in 2021 has not reached 20%, so there is no risk in sales concentration.

10.The impact, risks, and countermeasures of the large number of equity transfers or replacements on the Company of Directors, supervisors, or shareholders holding more than 10% of the shares: None.

11.The impact, risks, and countermeasures of the change of management rights on the Company:

The Company's management team is committed to the sustainable development. In the most recent year and up to the date of publication of the annual report, there has been no change in management rights.

12.For litigation or non-litigation events, the Company and its directors, supervisors, general manager, people in charge, shareholders holding more than 10% of the shares, and major lawsuits that have been confirmed or are still pending in the subsidiary company shall be listed. If the result may have a significant impact on shareholders' rights or securities prices, shall disclose the facts of the dispute, the amount of the suing subject, the date of commencement of the litigation, the main parties involved in the litigation, and the status of the settlement as of the publication date of the annual report: N/A

13.Information security risk assessment analysis and countermeasures：

The internet is developing in a fast pace, and the threats to network security are also increasing. E&R has constructed a complete information security protection system to ensure the safety of operations. We also formulates relevant operating procedures related to the use of computerized information systems to implement internal control systems and maintain information security policies.

The target of the E&R's Electronic Information Security Policy：

(1) Set up information security management measures, and promote the importance of information security from time to time.

(2) Respect intellectual property rights and protect suppliers, customers, and company information.

(3) Prevent computer virus attacks.

(4) Ensure that all information security accidents or suspicious security weaknesses should be responded to upwards following the appropriate reporting mechanism, and properly investigated and handled.

(5) Comply with the requirements of relevant laws or regulations, and achieve the goal of business continuity.

The above measures can still effectively protect the Company's information security and prevent improper access and hacker intrusion. In 2021 and as of the date of publication of the annual report, although we had experienced security threats, but the database and information systems have been properly backed up and restored promptly, which did not cause significant impact on the company. Besides, there are no cases or regulatory investigations related to this. We will continue to strengthen the protection of our information security and purchase relevant information equipment and software to implement the internal control system and maintain information security policies.

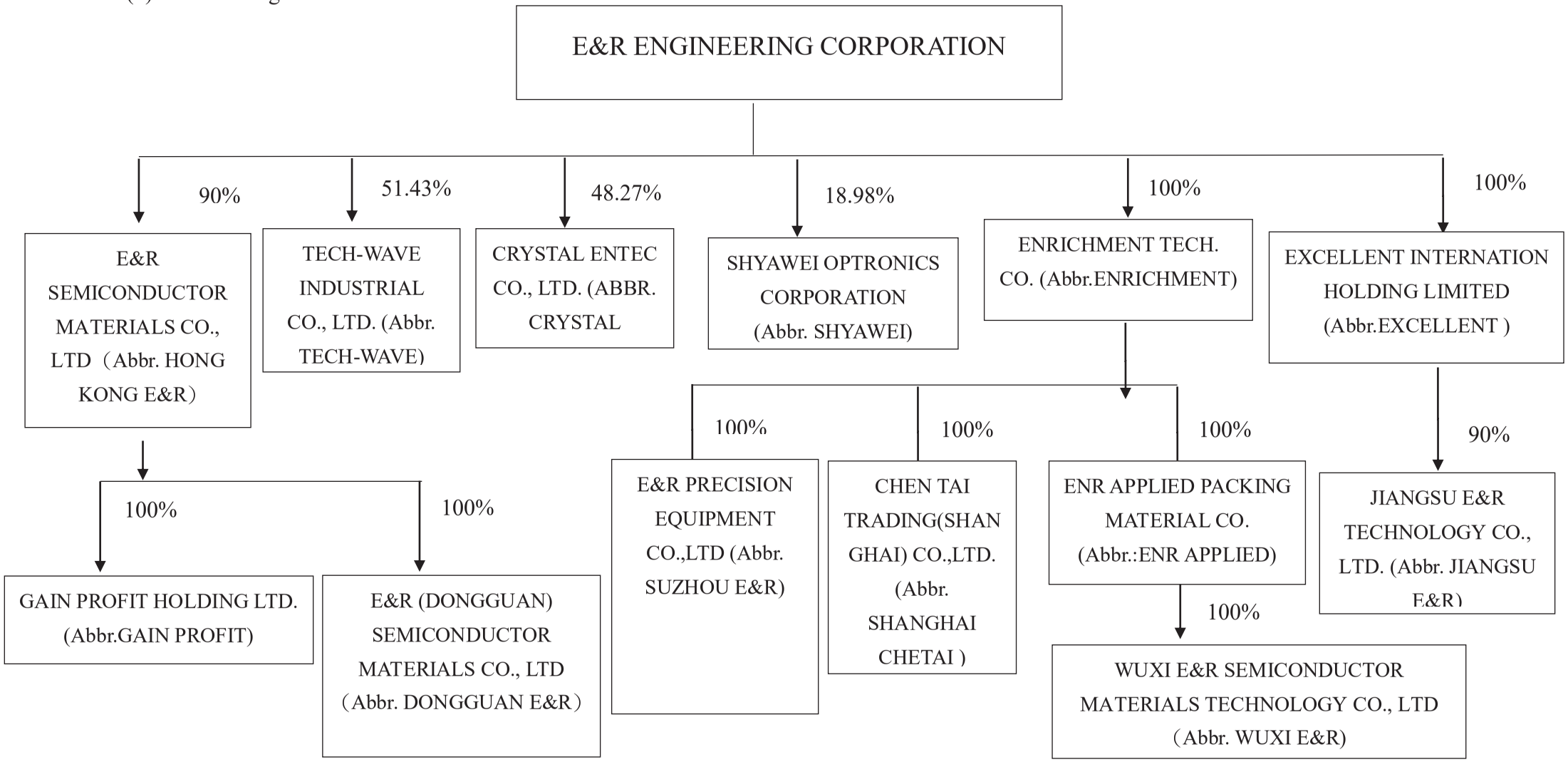
vii、Other Necessary Supplements: N/A

VIII、Special Disclosures

i、Relevant information of related companies

1. Summary of Affiliated Enterprises

(1) Affliated Organization Chart



(2) Basic Data of Affiliated Enterprises

December. 31. 2022；Unit: 1000 NT

Name of Corporation	Date of Establishment	Address	Capital	Major Business / Production Items
E&R Semiconductor Materials Co., Ltd.	2002.2.25	Room 1308, 13/F, Progress Commercial Building, 9 Irving Street, Causeway Bay, Hong Kong	HKD15,000	SMD packaging material buying and selling business
E&R (Dongguan) Semiconductor Materials Co., Ltd.	2002.4.30	No. 38 Puxing West Road, Sanxing Village Committee, Qingxi Town, Dongguan City	HKD28,180	SMD packaging material buying and selling business
ENRICHMENT TECH CO.	2004.2.16	Offshore Chambers,P.O. Box217,Apia,Samoa	USD5,265	Investment holding
EnR Applied Packing Material Co.	2004.3.18	Offshore Chambers,P.O. Box217,Apia,Samoa	USD5,016	Investment holding
Wuxi E&R Semiconductor Materials Technology Co., Ltd	2004.5.25	B-3 Standard Factory Building, Block 42, Hanjiang Road, Wuxi National High-tech Industrial Development Zone	USD5,000	SMD packaging material buying and selling business
TECH-WAVE INDUSTRIAL CO., LTD.	1994.3.25	No. 15, Datong Street, Tucheng District, New Taipei City	NTD48,613	Flexible circuit board manufacturing and processing
Chen Tai Trading(Shanghai) Co.,Ltd.	2007.10.24	Room 1906, No. 1399 Jinqiao Road, Pudong New Area, Shanghai	USD500	Automation equipment sales and after-sales service
Gain Profit Holding Limited	2013.06.19	Portcullis TrustNet Chambers,Maxkar,Building,P.O.Box1225,Apia,Samoa	USD100	SMD packaging material buying and selling business
E&R PRECISION EQUIPMENT CO.,LTD.	2014.12.29	Room 3116, Building 7, Founder Zhigu, No. 155 Suhong East Road, Suzhou Industrial Park	USD1,000	Automation equipment production and sales
CRYSTAL ENTEC CO., LTD.	2014.02.13	No. 8-2, East 3rd Street, Nanzi Processing Export Zone, Kaohsiung City	NTD22,500	Electronic material processing
Excellent Internation Holding Limited	2019.05	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD9,709	Investment holding
Jiangsu E&R Technology Co., Ltd.	2019.11	No. 3 Jingkai Road, Nantong Economic and Technological Development Zone, Jiangsu Province	RMB71,900	Automation equipment production and sales

(3) Data for Common Shareholders of Treated-as Controlled Companies and Affiliates:N/A。

(4) Business of E&R and its affiliated enterprises

A. Designing, manufacturing, and selling Laser, Plasma, and Flexible Printed Circuit related machinery and equipment.

B. Manufacturing and selling SMD packaging materials.

C. Manufacturing, processing, and selling Flexible Printed Circuit Board

(5) Directors, Supervisors and Presidents of Affiliated Enterprises

December. 31. 2022

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares/Capital contribution amount	Shareholding
E&R Semiconductor Materials Co., Ltd.	Director	Michel Wang KS Chen Eric Chang	(E&R engineering corporation holds 13,500,000 Shares)	90%
E&R (Dongguan) Semiconductor Materials Co., Ltd.	Corporate representative Director	KS Chen Eric Chang Hsing-Chi, Liu Hua-Ti, Tung	(E&R Semiconductor Materials CO., Ltd.. holds HKD 28,180 Thousand)	100%
ENRICHMENT TECH CO.	Director	Michel Wang	(E&R engineering corporation holds USD4,905 Thousand)	100%
EnR Applied Packing Material Co.	Director	Michel Wang KS Chen Eric Chang	(ENRICHMENT TECH CO. holds USD5,016 Thousand)	100%
Wuxi E&R Semiconductor Materials Technology Co., Ltd	Corporate representative Director	KS Chen Eric Chang Bob Chen Kuo-Chen, Chuang Ching-Jen, Chen	(EnR Applied Packing Material Co. holds USD5,000 Thousand)	100%
TECH-WAVE INDUSTRIAL CO., LTD.	Corporate representative	James Lai	(ENRICHMENT TECH CO. holds USD500 Thousand)	100%
Chen Tai Trading(Shanghai) Co.,Ltd.	Director Director Supervisor	Eric Chang Michel Wang Shu-Hua, Chao Chung-Ping, Chu Alex Liao KS Chen	(E&R engineering corporation holds 2,500,000 Shares)	51.43%
Gain Profit Holding Limited	Director	Michel Wang	(E&R Semiconductor Materials Co., Ltd holds USD100)	100%
E&R PRECISION EQUIPMENT CO.,LTD.	Corporate representative Director Supervisor	KS Chen Michel Wang Eric Chang Max Tsao	(ENRICHMENT TECH CO. Holds USD1,000 Thousand)	100%
CRYSTAL ENTEC CO., LTD.	Chairman Director Supervisor	Eric Chang KS Chen Hung-Tum, Wang Max Tsao	(E&R engineering corporation holds 1,086,000 Shares)	48.27%
Excellent Internation Holding Limited	Director	Michel Wang	(E&R engineering corporation holds USD9,709 Thousand)	100%
Jiangsu E&R Technology Co., Ltd.	Corporate representative Director Supervisor	KS Chen Eric Chang Harry Huang Michel Wang	(EXCELLENT INTERNATION HOLDING LIMITED holds RMB 65,150Thousand)	90.61%

(6)Summarized Operating Results of E&R subsidiaries

December. 31. 2022；Unit: 1000 NT

Company	Capital	Assets	Liabilities	Net Worth	Operating Revenues	Operating Income (Loss)	Net Income (Loss)	Earnings (Loss) Per Share (NT$)
E&R Semiconductor Materials Co., Ltd. (Note1)	15,000	48,812	19,936	28,876	42,733	(151)	(335)	Not applicable.
E&R (Dongguan) Semiconductor Materials Co., Ltd. (Note2)	29,621	44,689	18,067	26,622	45,316	(167)	424	Not applicable.
ENRICHMENT TECH CO. (Note3)	5,265	2,122	59	2,063	12	12	12	0
EnR Applied Packing Material Co. (Note3)	5,016	1,673	0	1,673	384	384	384	0.04
Wuxi E&R Semiconductor Materials Technology Co., Ltd (Note2)	40,098	38,656	27,019	11,637	40,041	1,048	2,582	Not applicable.
Chen Tai Trading(Shanghai) Co.,Ltd. (Note2)	3,457	4,662	1,903	2,759	11,217	(1,730)	(1,682)	Not applicable.
TECH-WAVE INDUSTRIAL CO., LTD. (Note4)	48,613	89,708	38,473	51,235	69,255	2,135	2,519	0.52
Gain Profit Holding Limited(Note3)	0.1	919	858	61	2,484	65	0.07	Not applicable.
E&R PRECISION EQUIPMENT CO.,LTD. (Note2)	6,274	477	115	362	115	(963)	(821)	Not applicable.
CRYSTAL ENTEC CO., LTD. (Note4)	22,500	14,274	762	13,512	3,909	(1,833)	(1,226)	(0.55)
Excellent Internation Holding Limited(Note3)	9,709	8,173	0	8,173	0	(322)	(322)	(0.05)
Jiangsu E&R Technology Co., Ltd.(Note2)	71,900	73,874	11,057	62,817	5,630	(3,256)	(2,399)	Not applicable.

(Note1)：Unit: HKD Thousand

(Note2)：Unit: RMB Thousand

(Note3)：Unit: USD Thousand

(Note4)：Unit: NTD Thousand

2.Consolidated Financial Statements of Affiliated Enterprises: Please refer to pages 157-259; Statement of Consolidated Financial Statements of Affiliated Enterprises: Please refer to page 156.

3.Relationship report: The Company is not a subsidiary company of other companies, so there is no need to prepare a relationship report.

ii、Private Placement Securities in 2021 and as of the Date of this Annual Report: None

iii、In the recent year and as of the publication date of the annual report, the holding or disposal of the Company's stocks by subsidiaries: None.

iv、Other Necessary Supplement: None.

Commitments：

In response to the requirements of No. 10401005591 issued by the OTC Securities, Taipei Exchange. E&R has commited to add "The Company shall not waive its obligation of capital increase in each future year to Hong Kong E&R Semiconductor Materials Co., Ltd. (Hereinafter referred to as Hong Kong E&R), ENRICHMENT TECH.CO. (Hereinafter referred to as ENRICHMENT, and TECH-WAVE INDUSTRIAL CO., LTD, in the "Procedures for acquiring or disposing of assets". ENRICHMENT shall not give up the capital increase of EnR applied Packing Material Co. (hereinafter referred to as EnR Applied) and ChenTai Trading (Shanghai) Co.,Ltd. in the future years; EnR Applied shall not give up the capital increase of Wuxi E&R Semiconductor Materials Technology Co., Ltd. in the future. If each of the companies needs to give up the capital increase or dispose of the above-mentioned companies, due to strategic alliance considerations or other approvals by Taipei Exchange, must be approved by a special resolution of the Company's board of directors. If the handling method is revised in the future, it should be stated in the market observation post system for major information disclosure. Besides, an official letter should be sent to Taipei Exchange for reference.

The Company's "Procedures for acquiring or disposing of assets" has added this article, and it was submitted and approved to the shareholders' regular meeting on June 25, 2015. Although the "Procedures for acquiring or disposing of assets" were revised in 2017, 2019, and 2020, there is no amendment to the provision

v、Disclosure of Events Which May Have a Significant Influence on Stockholders' Equity or Share Price, in Compliance with Item 2, Paragraph 2 In Article 36 of the Securities and Exchange Act of the R.O.C. during 2021 and as of the Annual Report Printing Datet: N/A.

Statement of Internal Control System

Date: March 07, 2023

Based on the self-evaluation of internal control system of the Company in 2022, we hereby state that:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably ensure the achievement of the following aims: (a) Theeffectiveness and efficiency of business operation (including the aims of profit, achievement and protection of asset security); (b) The reliability of financial reports; and (c) The compliance of the relevant laws/regulations.

II. Due to the innate limitation in designing a faultless internal control system, this system can only assure the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of internal control system could alter over time due to the change of business environment or situation. Since the Company's internal control system is provided with a self-monitoring mechanism, the Company will take corrective actions in response to any identified deficiencies.

III. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the Guidelines for the Establishment of Internal Control Systems by Public Companies (the Guidelines). Internal control systems adopted in these Regulations shall comprise the following five constituent elements according to the management and control process: (1) Control environment, (2) Risk assessment, (3) Control activities, (4) Information and communication, and (5) Monitoring activities. Each factor also includes several items. Please refer to the Guidelines for the preceding items.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2022 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of financial reports; (c) The compliance of the relevant laws/regulations.

VI. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the Security and Exchange Act.

VII. This statement was approved by the board of directors of the company on March 07, 2023. Among the _9_ directors present, _0_ objected. The rest agreed with the content of this statement and hereby declare it.

E&R Engineeting Corporation

Chairman of the Board: Michel Wang

President: Eric Chang

Audit Committee Review Report

The board of directors sent the company's 111th annual business report, financial statements and earnings distribution proposals, among which the individual financial statements and consolidated financial statements have been reviewed and completed by Crowe Global, and an audit report has been issued.

The above-mentioned business report, financial statements andprofit distribution proposal have been reviewed by the audit committee and found that there is no inconsistency, and the report is as above in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act.

Please check.

Sincerely,

The 112th Annual General Meeting of Shareholders of E&R Engineering Corporation

Chairman of the Audit Committee:

Alex Kao

March 7, 2023

Appendix I

Consolidated Financial Statements for the Recent Year and Independent Auditors' Report

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of E&R Engineering Co., Ltd. as of and for the year ended December 31, 2022 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, E&R Engineering Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

E&R Engineering Co., Ltd.

By

_____

Ming-Chin Wang
Chairman

March 7, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E&R Engineering Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of E&R Engineering Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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, we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of inventory

Please refer to Note 4(8) to the consolidated financial statements for the accounting policy of inventories, Note 5(2)F for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(5) for inventory valuation.

Description of key audit matter:

As of December 31, 2022, inventory was $1,198,804 thousand and accounted for 26% of the total assets. Due to rapid changes in technology may lead to write-downs of slow-moving inventories to their net realizable values. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included the understanding of the feature of the product and the inventory aging to confirm the appropriateness of the inventory evaluation method ; Testing the book value of the inventory to assess the rationality of the change in the impairment loss of the inventory, obtaining the inventory status of the Group and compare the actual write-offs of the past to assess the appropriateness of the valuation for obsolescent and damaged inventories.

Revenue recognition

Please refer to Note 4(18) to the consolidated financial statements for the accounting policy of revenue recognition, Note 5(1) A and Note 5(2) A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6 (27) for the description of revenue recognition.

Description of key audit matter:

The Group's sales revenue is easily influenced by various factors such as the industry boom and market environment, and has a significant impact on the utilization rate of the Group (the levy of idle capacity loss), inventory risk and cash flow. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Group's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date; analyzing of the trend of product sales and comparing the number of relevant changes or differences with the budget to confirm whether there is a significant exception.

Other Matters

We have also audited the standalone financial statements of E&R Engineering Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion with other matters paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission 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 the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Crowe

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 in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Crowe

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

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

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

and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 audit resulting in this independent auditors' report are Ching Ling Lee and Kuo Ming Lee.

Crowe (TW) CPAs

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
March 7 , 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the 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 financial statements are those generally accepted and 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 consolidated financial statements shall prevail

E&R ENGINEERING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	$1,064,828	22	$664,939	18
Financial assets at fair value through profit or loss - current	6.2	114,943	2	266,148	7
Notes receivable, net	6.3	22,880	-	20,392	1
Accounts receivable, net	6.4	751,950	16	730,235	20
Other receivables		9,184	-	11,013	-
Current income tax assets		32	-	253	-
Inventories	6.5	1,198,804	26	1,164,409	33
Prepayments		90,245	2	42,646	1
Other financial assets - current	6.6	605,852	13	61,746	2
Total current assets		3,858,718	81	2,961,781	82
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.7	36,181	1	21,745	1
Property, plant and equipment	6.8	576,327	13	435,686	11
Right-of-use assets	6.9	185,154	4	127,895	4
Intangible assets	6.10	11,831	-	18,744	1
Deferred income tax assets	6.33	50,779	1	40,970	1
Refundable deposits	6.11	12,700	-	14,531	-
Other financial assets - noncurrent	8	6,900	-	3,000	-
Total noncurrent assets		879,872	19	662,571	18
TOTAL ASSETS		$4,738,590	100	$3,624,352	100
Liabilities and Equity					
CURRENT LIABLITIES					
Short-term loans	6.12	$4,500	-	$18,182	1
Contract liabilities-current	6.27	37,187	1	185,222	5
Notes payable		6,844	-	9,532	-
Accounts payable		315,327	6	521,924	13
Other payables	6.13	233,936	5	165,440	5
Current income tax liability		86,839	2	39,809	1
Provisions - current	6.14	92,859	2	58,835	2
Lease liabilities - current	6.9	28,754	1	23,031	1
Advance receipts		398	-	-	-
Current portion of long-term loans	6.15	16,799	-	30,257	1
Total current liabilities		823,443	17	1,052,292	29
NONCURRENT LIABILITIES					
Financial liabilities at fair value through profit or loss - noncurrent	6.2	19,800	-	-	-

Liabilities and Equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
Bonds payable	6.16	931,470	20	-	-
Long-term loans	6.17	89,731	2	56,156	2
Deferred income tax liabilities	6.33	4,077	-	2,209	-
Lease liabilities - noncurrent	6.9	129,842	3	76,562	2
Long-term deferred revenue	6.18	22,748	-	-	-
Net defined benefit liability - noncurrent	6.19	10,604	-	11,979	-
Guarantee deposits	9.7	71,056	2	-	-
Total noncurrent liabilities		1,279,328	27	146,906	4
TOTAL LIABILITIES		$2,102,771	44	$1,199,198	33
EQUITY					
Share capital	6.20				
Common stock		1,007,703	21	1,000,475	28
Bond conversion entitlement certificates		3,026	-	546	-
Advance receipts for ordinary share		125	-	-	-
Capital surplus	6.21	1,271,597	28	1,164,065	31
Retained earnings	6.23				
Legal reserve		38,028	1	16,127	-
Special reserve		11,185	-	11,063	-
Unappropriated retained earnings		459,625	10	248,397	8
Other equity	6.24	(36,409)	(1)	(11,185)	-
Treasury shares	6.25	(188,316)	(4)	(64,707)	(2)
Total equity attributable to owners of the parent		2,566,564	55	2,364,781	65
NON-CONTROLLING INTERESTS	6.26	69,255	1	60,373	2
TOTAL EQUITY		2,635,819	56	2,425,154	67
TOTAL LIABILITIES AND EQUITY		$4,738,590	100	$ 3,624,352	100

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

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2022		2021	
Item	Note	Amount	%	Amount	%
OPERATING REVENUE	6.27	$3,222,998	100	$2,544,782	100
OPERATING COST	6.3	(2,098,938)	(66)	(1,690,260)	(67)
GROSS PROFIT (LOSS)		1,124,060	34	854,522	33
OPERATING EXPENSES					
Sales and marketing		(311,460)	(10)	(213,475)	(8)
General and administrative		(192,660)	(6)	(174,558)	(7)
Research and development expense		(208,505)	(6)	(159,650)	(6)
Expected credit losses (reversal)	6.4	(7,677)	-	5,330	-
Total operating expenses		(720,302)	(22)	(542,353)	(21)
INCOME (LOSS) FROM OPERATIONS		403,758	12	312,169	12
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.29	10,848	-	1,292	-
Other income	6.30	9,524	-	8,449	-
Other gains and losses	6.31	83,967	3	(10,987)	-
Finance cost	6.32	(13,135)	-	(6,144)	-
Total non-operating income and expenses		91,204	3	(7,390)	-
INCOME (LOSS) BEFORE INCOME TAX		494,962	15	304,779	12
INCOME TAX BENEFIT (EXPENSE)	6.33	(104,827)	(3)	(60,637)	(2)
NET INCOME (LOSS)		390,135	12	244,142	10
OTHER COMPREHENSIVE INCOME (LOSS)	6.34				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		1,241	-	737	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI		(27,767)	(1)	292	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		(248)	-	(147)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		3,390	-	(543)	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(82)	-	39	-
Total other comprehensive income (loss), net of income tax		(23,466)	(1)	378	-

Item	Note	Year Ended December 31 2022 Amount	%	2021 Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS)		$366,669	11	$244,520	10
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		390,789	12	243,979	10
Non-controlling interests		(654)	-	163	-
		390,135	12	244,142	10
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		366,495	11	244,641	10
Non-controlling interests		174	-	(121)	-
		366,669	11	244,520	10
EARNINGS (LOSS) PER SHARE					
Basic	6.36	$3.94		$2.62	
Diluted	6.36	$3.65		$2.56	

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

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent												
	Capital Stock				Retained Earnings			Other Adjustment Item					
	Common Stock	Certificate of Bond Exchange Rights	Proceeds-New Issued	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
BALANCE AT JANUARY 1, 2021	$841,523	$12,790	$ -	$439,159	$ -	$ -	$161,269	($11,063)	$ -	($34,963)	$1,408,715	$51,768	$1,460,483
Allocate and appropriated retained earnings:													
Legal reserve	-	-	-	-	16,127	-	(16,127)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	11,063	(11,063)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(104,688)	-	-	-	(104,688)	-	(104,688)
Net income (loss) in 2021	-	-	-	-	-	-	243,979	-	-	-	243,979	163	244,142
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	784	(414)	292	-	662	(284)	378
Total comprehensive income (loss) in 2021	-	-	-	-	-	-	244,763	(414)	292	-	244,641	(121)	244,520
Capital increase in cash	100,000	-	-	558,350	-	-	-	-	-	-	658,350	-	658,350
Convertible corporate bond conversion	50,237	546	-	159,155	-	-	-	-	-	-	209,938	-	209,938
Bond conversion entitlement certificate	12,790	(12,790)	-	-	-	-	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	-	-	(107,460)	(107,460)	-	(107,460)
Retirement of treasury stock	(8,300)	-	-	(21,311)	-	-	(23,757)	-	-	53,368	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	481	-	-	-	-	-	-	481	(481)	-
Share-based payment transactions	4,225	-	-	19,254	-	-	(2,000)	-	-	24,348	45,827	-	45,827
Increase (Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	9,207	9,207
Others- right of entry	-	-	-	8,977	-	-	-	-	-	-	8,977	-	8,977
BALANCE AT DECEMBER 31, 2021	1,000,475	546	-	1,164,065	16,127	11,063	248,397	(11,477)	292	(64,707)	2,364,781	60,373	2,425,154
Allocate and appropriated retained earnings:													
Legal reserve	-	-	-	-	21,901	-	(21,901)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	122	(122)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(158,240)	-	-	-	(158,240)	-	(158,240)
Due to the issuance of convertible corporate bonds	-	-	-	66,566	-	-	-	-	-	-	66,566	-	66,566
, the equity component items are recognized - stock options													
Net income (loss) in 2022	-	-	-	-	-	-	390,789	-	-	-	390,789	(654)	390,135
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	930	2,543	(27,767)	-	(24,294)	828	(23,466)
Total comprehensive income (loss) in 2022	-	-	-	-	-	-	391,719	2,543	(27,767)	-	366,495	174	366,669
Convertible corporate bond conversion	-	4,358	-	13,582	-	-	-	-	-	-	17,940	-	17,940
Bond conversion entitlement certificate	1,878	(1,878)	-	-	-	-	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	-	-	(134,241)	(134,241)	-	(134,241)
The difference between the actual acquisition or disposal	-	-	-	-	-	-	-	-	-	-	764	-	764
of the subsidiary company's equity price and book value													
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(228)	-	-	-	(228)	-	(228)
Share-based payment transactions	5,350	-	125	26,514	-	-	-	-	-	10,632	42,621	-	42,621
Increase(Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	8,708	8,708
Others- right of entry	-	-	-	106	-	-	-	-	-	-	106	-	106
BALANCE AT DECEMBER 31, 2022	$1,007,703	$3,026	$125	$1,271,597	$38,028	$11,185	$459,625	($8,934)	($27,475)	($188,316)	$2,566,564	$69,255	$2,635,819

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

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31 2022	2021
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$494,962	$304,779
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation	114,716	111,354
Amortization expense	8,954	9,191
Expected credit losses (reversal)	7,677	(5,330)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	10,006	(949)
Interest expense	13,135	6,144
Interest income	(10,848)	(1,292)
Dividend income	(473)	-
Share-Based Benefit Compensation Cost	23,589	22,301
Loss (gain) on disposal and retirement of property, plant and equipment	(679)	(2,286)
Property, plant and equipment transfer to expense	67	-
Others	(464)	-
Total income and expenses having no effect on cash flows	165,680	139,133
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	147,078	(26,471)
Notes receivable	(2,507)	(3,309)
Accounts receivable	(29,426)	(173,801)
Other receivables	3,565	446
Inventories	(83,289)	(518,201)
Prepayments	(47,599)	(18,093)
Other financial assets	(562,289)	(12,172)
Total net changes in operating assets	(574,467)	(751,601)
Net changes in operating liabilities:		
Contract liabilities	(148,095)	170,474
Notes payable	(2,688)	1,894
Accounts payable	(206,597)	177,250
Other payables	66,054	22,594
Provisions	34,024	11,764
Net defined benefit liability	(134)	(5)
Total net changes in operating liabilities	(257,436)	383,971

Item	Year Ended December 31 2022	2021
Total changes in operating assets and liabilities	(831,903)	(367,630)
Total adjustments	(666,223)	(228,497)
Cash generated from (used in) operations	(171,261)	76,282
Interest received	9,112	1,373
Dividends received	473	-
Interest paid	(6,186)	(5,987)
Income tax refund (paid)	(65,847)	(50,217)
Net cash generated from (used in) operating activities	(233,709)	(21,451)
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(42,203)	(21,453)
Acquisition of investments accounted for using equity method	(183,910)	(40,024)
Proceeds from disposal of property, plant and equipment	8,802	2,756
Increase in refundable deposits	-	(3,134)
Decrease in refundable deposits	1,831	-
Acquire intangible assets	(2,038)	(6,001)
Decrease in other financial assets	14,283	98,650
Net cash generated from (used in) investing activities	(203,235)	30,794
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	3,482
Decrease in short-term loans	(13,682)	-
Issuance of corporate bonds	1,005,070	-
Increase in long-term loans	86,000	65,000
Repayment of long-term loans	(47,970)	(91,891)
Increase in guarantee deposits received	71,056	-
Repayments of principal of lease liabilities	(25,742)	(22,811)
Increase in other liabilities - noncurrent	23,652	-
Cash dividend	(158,240)	(104,688)
Cash capital increase	-	658,350
Employee exercise stock options	8,432	6,633
Treasury stock buyback cost	(134,241)	(107,460)
Employee purchase treasury stock	10,600	16,893
Changes in non-controlling interests	9,244	9,207
Others	106	8,977
Net cash generated from (used in) financing activities	834,285	441,692
4.EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,548	(230)
5.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	399,889	493,707
6.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	664,939	171,232
7.CASH AND CASH EQUIVALENTS, END OF YEAR	$1,064,828	$664,939

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

1. GENERAL INFORMATION

E&R Engineering Co., Ltd. (collectively as the "Company") was incorporated in October 1994, and stocks were traded at emerging stock market since January 3, 2003. The board of directors decided to impose the withdrawal of trading at emerging stock market on November 13, 2008 and re-registered on November 12, 2013. Stocks were approved for sale on the counter by Taipei Exchange (TPEx) on March 27, 2015. The Company engages mainly in the planning, designing, manufacturing, installing and selling of automatic machines, related components, computer software and pollution controlling equipment.

The principal operating activities of Company and its subsidiaries (collectively as the "Group") are described in Note 4(3)B. In addition, the Company has no ultimate parent company.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 7, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(1) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds Before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 4)
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the New IFRSs above are effective for annual periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented, January 1, 2021, in the financial statements in which the entity first applies the amendments.

Note 3: An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note 4: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note 5: The amendments to IFRS 9 apply to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 apply to fair value measurement on or after the beginning of the first annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 apply to the annual reporting periods beginning on or after January 1, 2022.

A. Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

These amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. In addition, the amendment also clarified that the normal operating cost of a test asset refers to the expenditure for assessing whether the technology and physical properties of the asset are sufficient to be used to produce or provide goods or services, lease to others, or for management purposes.

The Group shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments. The cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

B. Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract (for example, direct labor and materials); and (b) an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others).

C. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

D. Annual Improvement to IFRS 2018-2020

The annual improvements amend several Standards. Among which, the amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from the original one, only fees paid or received between the Group (the borrower) and the lender, including fees paid or received by either the Group or the lender on the other’s behalf, shall be included in the ‘10 percent’ test of discounting present value of the cash flows under the new terms.

Base on the Group’s assessment, the above standards and interpretations have no significant effect on the Company’s financial position and financial performance.

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

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendment to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for otherwise specified with for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

A. Amendments to IAS 1 “Disclosure of Accounting Policies”

This amendment clarifies that when the scale or nature of a transaction, other event or situation is material, and the relevant accounting policy information is also material to the financial report, the relevant material accounting policy information should be disclosed. Conversely, if the enterprise determines that the scale or nature of a transaction, other event or situation is not significant or the relevant accounting policy information is not significant although it is significant, it does not need to disclose non-significant accounting policy information, but the enterprise prepares accounting the conclusion that the policy information is insignificant does not affect the relevant disclosures required by other IFRS standards.

B. Amendments to IAS 8 “Definition of Accounting Estimates”

This amendment defines accounting estimates as the monetary amount of financial statements subject to measurement uncertainty, and provides further explanations, except for corrections due to errors in the previous period, the impact of changes in input values or measurement techniques on accounting estimates is a change in accounting estimates.

C. Amendment to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

If the taxable temporary difference arising from a single transaction at the time of original recognition is the same as the deductible temporary difference, the above exemption does not apply. When the enterprise applies this amendment for the first time, it shall recognize deferred income tax on all temporary differences related to lease and decommissioning obligations on the start date of the earliest comparative period expressed (January 1, 2022), and the cumulative effect is recognized as an adjustment to the initial balance of retained earnings on that date. (Or other components of interest, as appropriate). For other transactions that occurred after January 1, 2022, the application of this amendment should be postponed, and the group should recompile the comparative period information when applying this amendment for the first time.

The group has assessed that the above standards and interpretations have no significant impact on the group's financial position and financial performance.

(3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application IFRS 17 and IFRS 9 – Compare Information”	January 1, 2023
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants "	January 1, 2024

As of the date the accompany consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the accompany consolidated financial statements have been prepared under the historical cost convention:
   a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   b. Liabilities on cash-settled share based payment arrangement measured at fair value.
   c. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

Investee / Subsidiary	Main Businesses	Percentage of Ownership	
		December 31, 2022	December 31, 2021
1.E&R Engineering Co., Ltd.			
E&R Semiconductor Materials Ltd.	Selling of semiconductor packaging materials	90.00%	81.00%
Tech Wave Technology Co., Ltd.	Manufacturing machining and selling of flexible printed circuit	51.43%	51.43%
Enrichment Tech. Corporation	Investments	100.00%	100.00%
Crystal Entec Technology Co., Ltd.	Processing of electronic materials	48.27%(Note)	48.27%(Note)
2. E&R Semiconductor Materials Ltd.			
DG E&R Semiconductor Materials	Manufacturing and selling of semiconductor packing materials	100.00%	100.00%
Gain Profit Holding Limited	Selling of semiconductor packing materials	100.00%	100.00%
3.Enrichment Tech. Corporation			
ENR Applied Packing Material Corporation	Investments	100.00%	100.00%
Chen-Tai Trade (shanghai) Co., Ltd.	Customer service of automatic equipment	100.00%	100.00%
Suzhou E&R Precision Equipment Co., Ltd.	Manufacturing and selling of automatic equipment	100.00%	100.00%
4.ENR Applied Packing Material Corporation Co., Ltd.			
Wuxi E&R Semiconductor Material Technology	Manufacturing and selling of semiconductor packing materials	100.00%	100.00%
5.Excellent Internation Holdings Limited	Investments	100.00%	100.00%
JS E&R Engineering Co., Ltd.	Manufacturing and selling of automatic equipment	90.61%	90.00%

(Note: In 2021, Crystal Entec Technology Co., Ltd. handled the cash capital increase. The group did not subscribe in accordance with the shareholding ratio, resulting in a shareholding ratio reduced to 48.27%. However, the group still obtained more than half of the directors' seats. It is judged that the Group has the substantive ability to lead the relevant activities of Crystal Entec Technology Co., Ltd., so it is still listed as a subsidiary.)

Changes in subsidiaries: None

C. Subsidiaries not included in the consolidated financial reports: None.

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

E. Material restrictions: Cash on hand and cash in banks of $144,196 thousand in China are under exchange controls and will be restricted to export (Expect for export by normal dividends).

F. Contents of the parent company's securities held by subsidiaries: None.

G. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

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

B. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

C.For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;
c. Assets that are expected to be realized within twelve months from the balance sheet date;
d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
a. Liabilities that are expected to be paid off within the normal operating cycle;
b. Liabilities held mainly for trading purposes;
c. Liabilities that are to be paid off within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).
d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

a. Category of financial assets
Financial assets are recognized on a trade date basis.
Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments. at FVTOCI.

(a) Financial asset at FVTPL

For certain financial assets are classified as at FVTPL when such a financial asset is mandatorily and designated classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

When the financial assets meet one of the following conditions, the Group designates them as measured at fair value through profit and loss at the time of initial recognition:

i. It is a mixed (combined) contract; or
ii. It can eliminate or significantly reduce measurement or recognition inconsistencies; or
iii. It is an investment that manages and evaluates its performance on a fair value basis based on written risk management or investment strategies.

Financial assets at fair value through profit or loss are measured at fair value, dividends generated are recognised in other income, and interest income and gains or losses arising from remeasurement are recognised in other gains and losses.

(b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
ii. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

i. Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the Group's right clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

(a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

(b) The Group always recognize lifetime Expected Credit Loss (i.e. ECL) for accounts receivables. For other financial assets, the Group recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

(c) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(d) The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is meet:

(a) The contractual rights to receive cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instrument measured at fair value through other comprehensive income, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of equity instruments at fair value through other comprehensive income in its entirety, the cumulative profit and loss will be transferred directly to retain earning without reclassified into profit and loss.

B. Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Except for the following conditions, all financial liabilities are measured at amortized cost in accordance with the effective interest method:

(a) Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or is designated as at fair value through profit or loss. Financial liabilities classified as held for trading are mainly for repurchasing in the short term when they occur, and derivatives other than financial guarantee contracts or designated and effective hedging instruments. Financial assets meet one of the following conditions, the Group

designates them as measured at fair value through profit and loss at the time of initial recognition:

i. It is a mixed (combined) contract; or

ii. It can eliminate or significantly reduce measurement or recognition inconsistencies; or

iii. It is an instrument that manages and evaluates its performance on a fair value basis based on written risk management or investment strategies.

(b) Financial liabilities at FVTPL are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(c) As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

(8) Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the

assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

Service lives estimated as follows:

Buildings:

Main building, 25 to 50 years;

Others, 3 to 35 years;

Machinery and transportation equipment, 1 to 8 years;

Other equipment, 2 to 10 years;

D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10)Leases

The Group assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Group allocates the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

A. The Group as a lessee

Except for payments for low-value assets and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

Except for right-of-use assets that meet the definition of investment real estate, right-of-use assets are presented in the balance sheet as a single line item.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be

acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liabilities

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Group will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the standalone balance sheet.

(11)Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(12)Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(13)Provisions

Provisions (including short-term employee benefits, onerous purchase contract, and warranty estimation) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic

resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(14)Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

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

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and

liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(15)Share capital and treasury shares

A. Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

B. Treasury Shares

When the Group acquires its outstanding shares, the repurchase considerations (including all directly accountable costs) are recognized under treasury shares and shown as a deduction in equity. Gains on disposal of treasury shares should be recognized under "capital surplus - treasury stock transactions"; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there is insufficient capital surplus to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted-average method for the purpose of repurchased shares.

When the Group's treasury shares are retired, the treasury share account should be credited, and the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury shares in excess of the sum of its par value and premium on stock should first be offset against capital surplus from similar types of treasury share transactions, and

the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury shares in excess of its carrying value should be credited to capital surplus from similar types of treasury share transactions.

(16)Share-based payment transactions

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(17)Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax

is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(18)Revenue Recognition

The Group recognizes revenues based on the following steps:

A. Identifying the contracts;
B. Identifying obligations in the contracts;
C. Determining prices;
D. Allocating prices into the obligations in the contracts;
E. Recognizing revenues while fulfilling the obligations.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A. Goods sales

The Group manufactures and sells machines and relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the

customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsoleteness. The Group recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

B. Revenue from dividends and interests

a. Dividend revenue from investments is recognized when the rights of shareholders to receive payment are established, provided that the economic profits arising from such transaction are highly probable to flow to the Group and the amount of such benefits can be reliably measured.

b. Interest revenue is recognized based on outstanding principal and applicable effective interest according to passage of time on an accrual basis.

(19)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

(20)Government subsidy

Government subsidies are recognized at fair value when it is reasonably certain that the Group will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the group. If government subsidy is used to compensate for expenses or losses that have occurred, or for the purpose of providing the Group with immediate financial support and there is no future related cost, it is recognized in the profit and loss during the period when it can be received. Government subsidies related to property, plant and equipment are recognized as non-current liabilities, and recognized as profits and losses on a straight-line basis based on the estimated useful life of the relevant assets.

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

In the preparation of the standalone financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

(1) Critical judgements in applying accounting policies

A. Revenue recognition

The Group follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Group is acting as a principal or an agent in that transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one of the following situations:

a. The Group gains control over the goods from the other party before transferring goods to customers.
b. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
c. The Group gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Group controls the goods or services before transferring goods or services to customers:

a. The Group has primary responsibilities for the goods or services it provides;
b. The Group bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).
c. The Group has the discretion to set prices.

B. Judgment of financial asset classification

The Group assesses the business model of financial assets based on the hierarchy that reflects the Group of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Group continues to assess the adequacy of its business model and monitors the financial

assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Group delays the adjustment of the subsequent classification of financial assets. The Group reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

C. Lease term

In determining the lease term, the Group considers all the facts and circumstances that create an economic incentive to exercise (or not exercise) the option, including all expected change in facts and circumstances from the commencement date until the exercise date of the option. Factors considered include the contractual terms and conditions for the optional period, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Group's operations, etc. The lease term is reassessed if a significant change in circumstance that are within the control of the Group occurs.

(2) Critical accounting estimates and assumptions

A. Revenue Recognition

The Group recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

B. Estimated impairment of financial assets

The provisions for impairment of trade receivables, investment in debt instruments and financial guarantee contract are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Group determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Group refers to the analysis of the investee’s financial position and operating outcome, recent trading price, quotes on non-active market of

same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Group updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

D. Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

E. Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

F. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

G. Impairment assessment on investment using equity method

The Group assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value cannot be recoverable. The Group assesses the recoverable amount based on a projected future cash flow and receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

H. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these

assumptions could significantly impact the carrying amount of defined pension obligations.

I. Lessees' incremental borrowing rates

At the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	December 31 2022	December 31 2021
Cash on hand	$1,874	$1,240
Checking account	420	328
Demand deposits	445,181	577,253
Cash equivalents:		
Time deposits with original maturities less than 3 months	617,353	86,118
Total	$1,064,828	$664,939

A. The financial institutions dealing with the Group are credit worthy, and the Group does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

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

Item	December 31 2022	December 31 2021
Financial assets - current		
Non-derivative financial assets at FVTPL		
Domestic listed stock and ETF	$5,130	$506
Mutual funds	107,514	264,178
Corporation bonds	2,299	1,390
Callable bonds options	-	74
Total	$114,943	$266,148
Financial assets – non-current		
Bond call options	$19,800	$-

A. The Group recognized net gain (loss) on financial assets and liabilities at FVTPL were ($10,006) thousand and $949 thousand for the year ended December 31, 2022 and 2021, respectively.

B. The Group had no financial assets at fair value through profit or loss pledged to others.
C. Please refer to Note 12 for credit risk management and evaluation method.

(3) Notes receivable, net

Item	December 31 2022	December 31 2021
At amortized cost		
Notes receivable	$22,923	$20,416
Less: Loss allowance	(43)	(24)
Net	$22,880	$20,392

A. The Group had no notes receivable pledged to others.
B. Please refer to Note 6(4) for the relevant disclosure of loss allowance for notes receivable.

(4) Accounts receivable, net

Item	December 31 2022	December 31 2021
At amortized cost		
Accounts receivable	$766,720	$737,482
Less: Loss allowance	(14,770)	(7,247)
Net	$751,950	$730,235

A. The accounts receivable that were neither past due nor impaired was following the Group's credit policy determined by reference to the industry characteristics, operation scale and current financial position of the counterparties. The average credit period on sales of goods for automated equipment was 4-6 months, 6-9 months for soft board equipment (except for the final payment, the final payment is generally about 10%-30%, and the credit period is based on the agreement, usually within 1 year after delivery.); other divisions were 3-4 months.

B. The Group had no account receivable pledged to others.

C. The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to preparation matrix, past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivable and accounts receivable is not further distinguished between the Group's different customer base.

D. The Group measures the loss allowance for notes receivable, accounts receivable and other receivables according to the preparation matrix (including related parties):

December 31, 2022	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1%	$ 681,741	($2,643)	$ 679,098
Past due within 30 days	0%-20%	52,994	(5,564)	47,430
Past due 31-180 days	0%-20%	27,131	(1,709)	25,422
Past due over 181-365 days	0%-50%	21,067	(2,221)	18,846
Past over than 1 year	0%-100%	4,898	(864)	4,034
Counterparties show signs of default	100%	1,812	(1,812)	-
Total		$789,643	($14,813)	$774,830

December 31, 2021	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1%	$626,947	($2,861)	$624,086
Past due within 30 days	0%-20%	79,507	(1,947)	77,560
Past due 31-180 days	0%-20%	48,000	(1,645)	46,355
Past due 181-365 days	0%-50%	3,010	(384)	2,626
Past over than 1 year	0%-100%	-	-	-
Counterparties show signs of default	100%	434	(434)	-
Total		$757,898	($7,271)	$750,627

E. Movements of the loss allowance for notes and accounts receivable (include related parties) were as follows:

Item	Year Ended December 31 2022	2021
Beginning balance	$7,271	$13,797
Add: Provision for impairment	7,677	-
Less: Reversal of impairment	-	(5,330)
Less: Write-offs	(188)	(1,166)
Less: Foreign exchange differences	53	(30)
Ending balance	$14,813	$7,271

The above provision has already taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables (such as L/C) were $76,462 thousand and $30,405 thousand as of December 31, 2022 and 2021, respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Group's trade receivables for offsetting the contract amount were $188 thousand and $1,166 thousand for the years ended December 31, 2022 and 2021, respectively.

F. Please refer to Note 12 for the relevant credit risk management and assessment method.

(5) Inventories and operating costs

Item	December 31	
	2022	2021
Raw materials	$616,934	$548,189
Work in process	302,095	309,985
Finished goods	279,775	306,235
Total	$1,198,804	$1,164,409

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2022 and 2021 were as follows:

Item	Year Ended December 31	
	2022	2021
Cost of goods sold	$2,038,973	$1,663,466
Loss (Gain) on inventory valuation	56,085	21,586
Loss on disposal of inventory	1,363	713
Unallocated overheads and labor cost	2,517	4,495
Total	$2,098,938	$1,690,260

B. The Group recognized inventory valuation loss of $56,085 thousand and $21,586 thousand for the years ended December 31, 2022 and 2021, respectively, as a result of raising some product prices and reducing some inventory.

C. The Group had no inventories pledged to others.

(6) Other financial assets - current

Item	December 31	
	2022	2021
Time deposits with original maturities over 3 months	$587,461	$25,172
Restricted assets	18,391	36,574
Total	$605,852	$61,746

(7) Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31 2022	December 31 2021
Equity instruments：		
Domestic listed stocks	$63,656	$21,453
Subtotal	$63,656	$21,453
Valuation adjustment	(24,475)	292
Total	$36,181	$21,745

A. The Group invests in domestic listed and unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Group believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Group elects to designate such investment as to be measured at FVTOCI.

B. For related credit risk management and means of assessing, please refer to Note 12.

C. As of December 31, 2022 and 2021, the Group had no financial assets at FVTOCI pledged as collateral.

(8) Property, plant and equipment

Item	December 31 2022	December 31 2021
Land	$51,515	$51,515
Buildings	288,435	284,920
Machinery and equipment	396,588	386,090
Office equipment	16,843	17,168
Transportation facilities	14,945	9,026
Miscellaneous equipment	454,590	401,534
Equipment to be inspected and construction in progress	159,768	17,342
Total cost	$1,382,684	$1,167,595
Less: Accumulated depreciation	(796,467)	(722,158)
Less: Accumulated impairment	(9,890)	(9,751)
Total	$576,327	$435,686

	Land	Buildings and Structures	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2022	$51,515	$284,920	$386,090	$427,728	$17,342	$1,167,595
Additions	-	3,599	10,210	16,105	156,402	186,316
Disposals	-	(141)	(2,811)	(13,546)	(6,000)	(22,498)
Reclassification	-	-	2,065	5,737	(7,802)	-
Transfer from inventories	-	-	-	50,020	-	50,020
Transfer to inventories	-	-	-	(1,423)	-	(1,423)
Transfer to expenses	-	-	-	(67)	-	(67)
Foreign exchange differences	-	57	1,034	1,824	(174)	2,741
Balance at December 31, 2022	$51,515	$288,435	$396,588	$486,378	$159,768	$1,382,684
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$98,081	$345,631	$288,197	$ -	$731,909
Depreciation	-	13,944	13,298	59,579	-	86,821
Disposals	-	(141)	(2,811)	(11,423)	-	(14,375)
Transfer to inventories	-	-	-	(168)	-	(168)
Foreign exchange differences	-	19	602	1,549		2,170
Balance at December 31, 2022	$ -	$111,903	$356,720	$333,734	$ -	$806,357

	Land	Buildings and Structures	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2021	$51,515	$278,581	$381,386	$381,036	$8,468	$1,100,986
Additions	-	1,779	5,420	17,810	13,662	38,671
Disposals	-	(223)	(1,150)	(10,027)	-	(11,400)
Reclassification	-	4,800	582	(582)	(4,800)	-
Transfer from inventories	-	-	-	46,057	-	46,057
Transfer to inventories	-	-	-	(6,099)	-	(6,099)
Foreign exchange differences	-	(17)	(148)	(467)	12	(620)
Balance at December 31, 2021	$51,515	$284,920	$386,090	$427,728	$17,342	$1,167,595
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$85,009	$328,824	$244,499	$ -	$658,332
Depreciation	-	13,299	17,925	54,387	-	85,611
Disposals	-	(223)	(1,150)	(10,027)	-	(11,400)
Transfer to inventories	-	-	31	(281)	-	(250)
Foreign exchange differences		(4)	1	(381)		(384)
Balance at December 31, 2021	$ -	$98,081	$345,631	$288,197	$ -	$731,909

(Note)Including transportation facilities, office equipment and miscellaneous equipment.

A. The details of interest capitalized: None.

B. Impairment loss of property, plant and equipment amounted to both $0 thousand for the year ended December 31, 2022 and 2021.

C. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

D. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment	$186,316	$38,671
Decrease (increase) in equipment payable	(2,406)	(3,687)
Decrease (increase) in equipment notes payable	-	5,040
Cash paid for acquisition of property, plant and equipment	$183,910	$40,024

(9) Lease agreement

A. Right-of-use assets

Item	December 31	
	2022	2021
Land	$141,864	$64,457
Buildings	124,542	123,174
Transportation facilities	6,227	7,295
Total cost	$272,633	$194,926
Less: Accumulated depreciation	(87,479)	(67,031)
Accumulated impairment	-	-
Net	$185,154	$127,895

Cost	Land	Buildings	Transportation facilities	Total
Balance at January 1, 2022	$64,457	$123,174	$7,295	$194,926
Additions	76,942	4,887	2,055	83,884
Derecognition	-	(4,924)	(3,123)	(8,047)
Effect of exchange rate changes	465	1,405	-	1,870
Balance at December 31, 2022	$141,864	$124,542	$6,227	$272,633

Accumulated Depreciation and Impairment				
Balance at January 1, 2022	$10,411	$52,589	$4,031	$67,031
Depreciation	2,527	23,067	2,301	27,895
Derecognition	-	(4,924)	(3,123)	(8,047)
Effect of exchange rate changes	8	592	-	600
Balance at December 31, 2022	$12,946	$71,324	$3,209	$87,479

Cost	Land	Buildings	Transportation facilities	Total
Balance at January 1, 2021	$31,996	$118,165	$6,348	$156,509
Transfer from other non-current assets	32,593	-	-	32,593
Additions	-	5,374	1,696	7,070
Derecognition	-	-	(749)	(749)
Effect of exchange rate changes	(132)	(365)	-	(497)
Balance at December 31, 2021	$64,457	$123,174	$7,295	$194,926

Accumulated Depreciation and Impairment				
Balance at January 1, 2021	$8,193	$31,391	$2,512	$42,096
Depreciation	2,216	21,259	2,268	25,743
Derecognition	-	-	(749)	(749)
Effect of exchange rate changes	2	(61)	-	(59)
Balance at December 31, 2021	$10,411	$52,589	$4,031	$67,031

B. Lease liabilities

	December 31	
Item	2022	2021
Carrying amount of lease liabilities		
- current	$28,754	$23,031
- noncurrent	$129,842	$76,562

Ranges of discount rates for lease liabilities were as follows:

December 31	
2022	2021
1.56%-3.53%	1.80%-3.53%

Please refer to Note 12(2) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Group leased some land, buildings and vehicles for operations, with the lease periods of 1 to 50 years. Part of the lease may be extended with its duration and is calculated based on the area of the land leased and the rate based on the announced land value of the current year. In accordance with the contract, without the lessor's consent, the Group is not allowed to sublet the leased object to the third party. There was no sign of impairment of right-of-use assets, hence the Group didn't assess the impairment as of December 31, 2022.

D. Sublet: None.

E. Other lease information:

a. The current lease relevant expense information was as follows:

Item	Year Ended December 31	
	2022	2021
Short-term lease expense	$5,512	$6,023
Low-value asset lease expense	$346	$439
Variable lease payments that excluded in the measurement of lease liabilities	$ -	$ -
Total cash outflow for leases (Note)	($31,600)	($29,273)

(Note): Including principle paid for current lease liabilities.

(10)Intangible assets

Item	December 31	
	2022	2021
Computer software	$24,243	$29,657
Others	5,000	5,000
Total cost	$29,243	$34,657
Less: Accumulated amortization	(17,412)	(15,913)
Net	$11,831	$18,744

Cost	Computer Software	Others	Total
Balance at January 1, 2022	$29,657	$5,000	$34,657
Additions	2,038	-	2,038
Derecognition	(7,458)	-	(7,458)
Effect of exchange rate changes	6	-	6
Balance at December 31, 2022	$24,243	$5,000	$29,243

Accumulated amortization and impairment			
Balance at January 1, 2022	$13,663	$2,250	$15,913
Amortization	7,954	1,000	8,954
Derecognition	(7,458)	-	(7,458)
Effect of exchange rate changes	3	-	3
Balance at December 31, 2022	$14,162	$3,250	$17,412

	Computer Software	Others	Total
Cost			
Balance at January 1, 2021	$23,957	$5,000	$28,957
Additions	6,001	-	6,001
Derecognition	(300)	-	(300)
Effect of exchange rate changes	(1)	-	(1)
Balance at December 31, 2021	$29,657	$5,000	$34,657
Accumulated amortization and impairment			
Balance at January 1, 2021	$5,773	$1,250	$7,023
Amortization	8,191	1,000	9,191
Derecognition	(300)	-	(300)
Effect of exchange rate changes	(1)	-	(1)
Balance at December 31, 2021	$13,663	$2,250	$15,913

(11)Refundable deposits

	December 31	
Item	2022	2021
Customs deposit	$-	$127
Rent deposits	7,683	8,010
Performance deposits	3,219	3,173
Others	1,798	3,221
Total	$12,700	$14,531

(12)Short-term loans

	December 31, 2022	
Borrowings Nature	Amount	Interest
Credit loan	$4,500	2.47%

Borrowings Nature	December 31, 2021 Amount	Interest
Material loans	$9,882	0.938%-0.94%
Credit loan	8,300	1.97%
Total	$18,182	

Please refer to Note 8 for pledged asset information.

(13)Other payables

Item	December 31 2022	2021
Wages and salaries payable	$68,977	$61,890
Commission payable	64,800	38,370
Social security and provident fund payable	11,569	11,209
Insurance payable	4,507	3,807
Interest payable	94	58
Payable on equipment	6,866	4,460
Employees, directors and supervisors compensation payable-current	43,000	23,000
Others	34,123	22,646
Total	$233,936	$165,440

(14) Provisions - current

Item	December 31 2022	2021
Employee benefits	$10,222	$9,101
Warranty provisions	82,637	49,734
Total	$92,859	$58,835

	Employee Benefits	Provisions for warranty	Total
Balance at January 1, 2022	$9,101	$49,734	$58,835
Additional provisions recognized	10,063	66,819	76,882
Used in current period	(8,942)	(33,916)	(42,858)
Balance at December 31, 2022	$10,222	$82,637	$92,859

	Employee Benefits	Provisions for warranty	Total
Balance at January 1, 2021	$7,678	$39,393	$47,071
Additional provisions recognized	9,099	53,493	62,592
Used in current period	(7,676)	(43,152)	(50,828)
Balance at December 31, 2021	$9,101	$49,734	$58,835

A. Provision for employee benefits represents vested short-term service leave entitlements accrued.

B. The group provides warranties on machine products sold. Provision for warranty is estimated based on these products' historical warranty data.

(15)Long-term loans and corporate bonds payable - current portion

Item	December 31 2022	2021
Corporate bonds payable	$ -	$17,913
Long-term loans	16,799	12,344
Total	$16,799	$30,257

(16)Bonds Payable

Item	December 31 2022	2021
The second secured convertible domestic bonds	$ -	$18,000
The third unsecured convertible domestic bonds	1,000,000	-
Subtotal	$1,000,000	$18,000
Less: discounts on bonds payable	(68,530)	(87)
Less: current portion	-	(17,913)
Net	$931,470	$ -

A. Second secured convertible domestic bonds:

a. The Company issued the 2nd secured domestic convertible bonds, which was approved by the regulatory authority on June 4, 2018. The total issuance amount is $400,000 thousand and it is zero coupon bonds with the maturity of 5 years from June 20, 2018 to June 20, 2023. The convertible bonds are guaranteed by Taiwan Cooperative Bank Co., Ltd. The guarantee period is from bond amount collected to the date on which the bond principal and interest for bond conversion are fully settled. The scope of the guarantee includes the liabilities of the subordinated main debts such as the unpaid principal of the converted bonds plus the interest compensation payable.

b. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds. In the beginning, the conversion price was $42.22.The company adjusts the conversion price due to changes in share capital, and the conversion price was $41.31 and $42.14 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, all the shares have been converted.

c. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligation attached to the bonds are also extinguished.

d. The Company may repurchase all the bonds outstanding in cash at the bonds' face value after the following events occur during the period from the date after three months of the bonds issued to 40 days before the maturity date: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.

e. The bond holders have the right to require the Company to redeem all or any portion of the bonds at 3 year anniversary of the issuance, at the principal amount of the bonds with an interest calculated the rate of 3.03% per annum. As of December 31, 2022, the redemption were $0 thousand.

f. In accordance with the conversion provisions, after the bonds' conversion become effective, the rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

g. As of December 31, 2022, the Company redeemed the issued convertible bonds from open market by own funds at principal amount to $0 thousand.

h. Please refer to Note 8 for the collateral of bonds payable.

i. The adjustment of the second bonds payable and cash flow are as follows:

	Year Ended December 31	
Item	2022	2021
Conversion of bonds payable	$18,000	$214,400
Less: write-off of discounts on bonds payable	(39)	(1,597)
Less: write-off of financial assets at fair value through profit or loss	(21)	(2,865)
Changes in equities	(17,940)	(209,938)
Cash paid	$ -	$ -

B. Third unsecured convertible domestic bonds:

a. The Company issued the 1st secured domestic convertible bonds, which was approved by the regulatory authority on June 22, 2022. The total issuance amount is $1,000,000 thousand and it is zero coupon bonds with the maturity of 5 years

from July 13, 2022 to July 13, 2027. At maturity, the convertible bonds will be repaid in cash at the price of the bonds' face value by the company.

b. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds. As of December 31, 2022, the conversion price was $67.60, and the converted shares were $0 thousand shares.

c. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligation attached to the bonds are also extinguished.

d. In accordance with the conversion provisions, the bond holders have the right to require the Company to convert shares at any time during the period from the date after three months of the bonds issued to the maturity date, except for the accordance with the conversion provisions and suspension of the transfer period in accordance with regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares. The Company may repurchase all the bonds outstanding in cash at the bonds' face value.

e. After the following events occur during the period from the date after three months of the bonds issued to 40 days before the maturity date: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.

f. The bond holders have the right to require the Company to redeem all or any portion of the bonds at 3 year or 4 year anniversary of the issuance, at the principal amount of the bonds with an interest calculated the rate of 1.5075% and 2.0151% per annum. As of December 31, 2022, the redemption were $0 thousand.

g. As of December 31, 2022, the Company redeemed the issued convertible bonds from open market by own funds at principal amount to $0 thousand.

h. The adjustment of the third bonds payable and cash flow are as follows:

	Year Ended December 31	
Item	2022	2021
Conversion of bonds payable	$1,000,000	$ -
Less: write-off of discounts on bonds payable	(75,396)	-
Less: write-off of financial liabilities at fair value through profit or loss	13,900	-
Capital surplus-stock warrants for corporate bond conversion	66,566	-
Cash received	$1,005,070	$ -

(17)Long-term loans and current portion of long-term loans

Item	December 31 2022	2021
Mortgage loans	$106,530	$68,500
Subtotal	$106,530	$68,500
Less: portion due within one year	(16,799)	(12,344)
Long-term loans	$89,731	$56,156
Interest rate range	1.86%-1.96%	1.36%-1.90%

Refer to Note 8 for assets pledged as collateral for long-term loans.

(18) Long-term deferred revenue

Item	December 31 2022	2021
Deferred revenue:		
Factory construction subsidy	$17,638	$ -
Equipment subsidy	5,972	-
Subtotal	23,610	-
Less: Cumulative recognized revenue	(464)	-
Less: Transfer to advance receipts within one year	(398)	-
Balance at December 31	$22,748	$ -

The factory construction subsidy is the subsidy for the factory construction given by the Nantong Ecommic & Technological Development Area’s management committee , due to signing an investment agreement with the Group’s subsidiary-Js E&R Engineering Co.,Ltd.

(19)Pension

A. Defined contribution plans

a. The pension system of the "Labor Pension Act" applicable to the company and Tech Wave Technology Co., Ltd. in the Group defined contribution retirement plan managed by the government, and 6% of the employee's monthly salary is transferred to the personal account of the Labor Insurance Bureau.

b. The employees of the Group's subsidiaries in foreign regions are members of the local government's retirement benefit plan. The Group's obligation to the retirement benefit plan operated by the local government is only to allocate a specific proportion of salary costs to the retirement benefit plan.

c. The total expenses recognized in the statements of comprehensive income were $30,516 thousand and $27,020 thousand, representing the contributions payable to these plans by the Group at the rates specified in the plans for the years ended December 31, 2022 and 2021, respectively.

B. Defined benefit plans

a. The company and Tech Wave Technology Co., Ltd. in the Group has defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 2.51% and 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Group does not have any rights to intervene in the investments of the Funds.

b. The amounts arising from the defined benefit obligation of the Group in the balance sheets were as follows:

	December 31	
Item	2022	2021
Present value of defined benefit obligation	$30,119	$32,560
Fair value of plan assets	(19,515)	(20,581)
Net defined benefit liabilities(assets)	$10,604	$11,979

c. Movements of the net defined benefit liabilities were as follows:

	Year Ended December 31, 2022		
Item	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance, at January 1	$32,560	($20,581)	$11,979
Service cost			
Service cost-current	-		-
Interest expense (income)	193	(123)	70
Recognized in profit or loss	$193	($123)	$70

Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($1,603)	($1,603)
Actuarial loss (gain)			
Changes in demographics assumptions	(1,457)	-	(1,457)
Experience adjustments	1,819	-	1,819
Recognized in other comprehensive income	$362	($1,603)	($1,241)
Contributions from the employer	$ -	($204)	($204)
Benefits paid from plan assets	(2,996)	2,996	-
Balance at December 31	$30,119	($19,515)	$10,604

	Year Ended December 31, 2021		
Item	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	$33,960	($21,239)	$12,721
Service cost			
Service cost-current	-	-	-
Interest expense (income)	133	(82)	51
Recognized in profit or loss	$133	($82)	$51
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($315)	($315)
Actuarial loss (gain) -			
Changes in financial assumptions	(716)	-	(716)
Experience adjustments	(294)	-	294
Recognized in other comprehensive income	($422)	($315)	($737)
Contributions from the employer	-	(56)	(56)
Benefits paid from plan assets	(1,111)	1,111	-
Balance at December 31	$32,560	($20,581)	$11,979

d. Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

e. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2022	December 31, 2021
Discount rate	1.25%-1.30%	0.55%-0.60%
Future salary increase rate	2.00%-2.50%	2.00%
The weighted average duration of the defined benefit obligation	8-11 years	9-12 years

(a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 6th version of Taiwan Standard Ordinary Experience Mortality Tables.

(b) If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
Item	2022	2021
Discount Rate		
0.25% higher	($561)	($1,000)
0.25% lower	$589	$1,078
Expected rates of salary increase		
0.25% higher	$521	$995
0.25% lower	($500)	($932)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

f. The Group expects to make contributions of $206 thousand to the defined benefit plans for the year ended December 31, 2023.

(20)Share capital

A. Movements in the number of the Company's ordinary shares outstanding were as follows:

	Year Ended December 31, 2022	
Item	Shares (in thousands)	Amount
Balance at January 1	100,048	$1,000,475
Conversion of bonds payable	188	1,878
Employee stock options	535	5,350
Balance at December 31	100,771	$1,007,703

	Year Ended December 31, 2021	
Item	Shares (in thousands)	Amount
Balance at January 1	84,153	$841,523
Conversion of bonds payable	6,303	63,027
Capital increase in cash	10,000	100,000
Employee stock options	422	4,225
Retirement of treasury stock	(830)	(8,300)
Balance at December 31	100,048	$1,000,475

a. As of December 31, 2022, the authorized capital are $1,200,000 thousand, consisting of 120,000 thousand shares. (including $5,000 thousands shares for the conversion of stock warrants, preferred shares with stock warrants or corporate bonds with stock warrants.

b. On May 4, 2018, the Company's board of directors resolved to issue employee stock option certificates totaling 1,000 units, and each stock option certificate represents the right to purchase 1,000 shares of E&R. The issuance of stock option certificates was approved by FSC on September 5, 2018.

c. On April 29, 2021, the Company's board of directors resolved to issue employee stock option certificates totaling 500 units, and each stock option certificate represents the right to purchase 1,000 shares of E&R. The issuance of stock option certificates was approved by FSC on October 12, 2021.

d. The Company's employee stock options have been converted to ordinary shares totaling 548 thousand shares and 422 thousand shares, with $15.40 per share and $15.70 per share in 2022 and 2021, respectively. As of December 31, 2022 and 2021, while 13 thousand shares and 0 thousand shares with par value of $125 thousand and 0 thousand were not yet completed the registration, respectively, and was recorded under capital collected in advance.

e. The Company's corporate bonds have been converted to ordinary stock shares totaling $18,000 thousand and $214,400 thousand in 2022 and 2021, and the

numbers of conversion were 436 thousand shares and 5,079 thousand shares. As of December 31, 2022 and 2021, while 133 and 5,024 thousand shares have completed the registration and have been converted to stock capital totaling, 303 thousand shares and 55 thousand shares were not yet completed the registration, and $3,026 thousand and $546 thousand was recorded as bond conversion entitlement certificates, respectively.

f. On March 10, 2021, the Company's board of directors resolved to issue 10,000 thousand ordinary shares, with a par value of $10 for repaying loans and enrich capital. The issuance of ordinary shares was approved by the FSC on April 27, 2021, and the board of directors set the subscription base date at July 14, 2021 with the issue price of $66 per share, and all shares have been paid on July 13, 2021.

(21)Capital surplus

Item	December 31	
	2022	2021
Additional paid-in capital	$1,167,228	$1,141,886
Difference between consideration and carrying amount of subsidiaries acquired or disposed	4,832	4,068
Stock options	74,434	9,134
Treasury share transactions	16,020	-
Others-disgorgement	9,083	8,977
Total	$1,271,597	$1,164,065

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(22) Share-Based Payment

A. Employee stock option-issued on June, 2019

On June 1, 2019, the Company approved to issue employee stock options for 1,000 units. For each share option, the holder may subscribe for 1,000 ordinary shares of the Company at $16 per share, not less than 50% of the Company's ordinary stock closing price. For any subsequent changes in the Company's capital structure, the exercise price is accordingly adjusted. The options are valid for 4 years and exercisable at certain percentages after the second anniversary from the grant date. The compensation costs of employee stock option recorded by the Company were $954 thousand and $3,744 thousand for the years ended December 31, 2022 and 2021, respectively.

a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31			
	2022		2021	
Employee Stock Option	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of year	578	15.70	1,000	15.70
Granted	-	-	-	-
Exercised	(548)	15.40	(422)	15.70
Forfeited	-	-	-	-
Outstanding at end of year	30	15.40	578	15.70
Authorized but not issued yet at end of year	30		578	

b. As of December 31, 2022 and 2021, information about outstanding employee stock options are as follows:

	December 31	
	2022	2021
Range of exercise price (NT$)	15.4	15.7
Weighted-average expected Remaining years	0.42 years	1.42 years

c. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of option granted, and information of calculating the fair value are as follows:

Grant date	June 1, 2019
Dividend yield	0%
Expected volatility	41.92%~43.92%
Risk-free interest rate	0.54%~0.55%
Expected life	3~3.5 years
The fair value of weight-average price (Per share)	$14.86~$15.02

B. Employee stock option-issued on November, 2021

On November 15, 2021, the Company approved to issue employee stock options for 500 units. For each share option, the holder may subscribe for 1,000 ordinary shares of the Company at $32 per share, not less than 50% of the Company's ordinary stock closing price. For any subsequent changes in the Company’s capital structure, the

exercise price is accordingly adjusted. The options are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date. The compensation costs of employee stock option recorded by the Company were $6,583 thousand and $841 thousand for the years ended December 31, 2022 and 2021, respectively.

a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31			
	2022		2021	
Employee Stock Option	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of year	500	32.00	-	-
Granted	-	-	500	32.00
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at end of year	500	32.00	500	32.00
Authorized but not issued yet at end of year	500		500	

b. As of December 31, 2022 and 2021, information about outstanding employee stock options are as follows:

	December 31	
	2022	2021
Range of exercise price (NT$)	32	32
Weighted-average expected Remaining years	3.875years	4.875 years

c. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of option granted, and information of calculating the fair value are as follows:

Grant date	November 15, 2021
Dividend yield	0%
Expected volatility	43.12%~43.63%
Risk-free interest rate	0.40%~0.43%
Expected life	3.5~4.5 years
The fair value of weight-average price (Per share)	$35.52~$37.02

C. Treasury stock transfer to employees: please refer to Note 6(25).

D. Capital increase in cash reserved for subscription by employees

Year ended December 31, 2022: None.

Year ended December 31, 2021:

The Company's capital increase in cash reserved for subscription by employees were 1,000 thousand shares, and related compensation cost on share-based payment was $5,800 thousand. The details are as follows:

	Equity settlement
	Capital Increase in Cash Reserved for Subscription by employees
Grant date	June 17, 2021
Granted	1,000 thousand shares
Exercised	0 thousand shares
Expired	0 thousand shares
Grant object	The Company's employees
Vesting conditions	Immediately

Fair value was measured using the Black-Scholes Option Pricing Model and the inputs to the model are as follows:

	Capital Increase in Cash Reserved for Subscription by employees
The fair value per share at grant date	$5.80
Share price per share at the grant date	$70.60
Exercise price	$66
Expected volatility (%)	45.12%
Option life	0.056 years
Expected dividend yield rate	0%
Risk free interest rate (%)	0.15%

The compensation cost on share-based payment was $5,800 thousand for the year ended December 31, 2021.

(23)Retained earnings and dividend policy

A. As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:

a. Payment of taxes and duties.

b. Covering prior years' accumulated deficit, if any.

c. Set aside 10% of the remaining amount as legal reserve until the legal reserve equals to the Company's paid-in capital.

d. Set aside a certain amount as special reserve, if any. And the remaining amount plus prior year's unappropriated earnings will be proposed by the board of directors and approved through the shareholders' meeting.

e. The company distribute dividends on cash, after more than two-thirds of the directors, present at the meeting and more than half of the directors agree, the board of directors is authorized to do so and report to the general meeting of shareholders.

The Company's operating environment is the growth stage. In views of capital expenditure demand, business expansion need, and sound financial planning for sustainable development, the Company's dividend policy stipulates appropriated dividend distribution ratio, and at least 10% of total dividends may be distributed as cash dividends. However, the accumulated distributable earnings that are less than 5% of the paid-in capital may not be distributed.

B. Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

C. Special reserve

	December 31	
Item	2022	2021
Reserve for the debit balance of other equities	$11,185	$11,063

While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

D. The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting in June 2022 and August 2021, respectively. Details were summarized below:

	Amount		Dividends Per Share	
Item	2021	2020	2021	2020
Legal reserve	$21,901	$16,127		
Special reserve	122	11,063		
Cash dividends	158,240	104,688	1.6	1.2
Total	$180,263	$131,878		

E. The appropriation of 2022 earnings had been proposed by the Board of Directors on March 7, 2023. Details were summarized below:

Item	Amount	Dividends Per Share
Legal reserve	$39,149	
Special reserve	25,224	
Cash dividends	195,545	2
Total	$259,918	

The appropriations of legal reserve and special reserve for 2022 are to be presented for approval in the shareholders' meeting to be held in June 2023.

F. Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(24)Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance at January 1, 2022	($11,477)	$292	($11,185)
Exchange difference on translation of financial statements of foreign operating institutions	2,543	-	2,543
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(27,767)	(27,767)
Balance at December 31, 2022	($8,934)	($27,475)	($36,409)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance at January 1, 2021	($11,063)	$ -	($11,063)
Exchange difference on translation of financial statements of foreign operating institutions	(414)	-	(414)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	292	292
Balance at December 31, 2021	($11,477)	$ 292	($11,185)

(25)Treasury shares

A. The related information on the treasury share transactions was as follows:

(In Thousand Shares)

	Year Ended December 31, 2022			
Reason to Reacquire	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	1,202	989	(368)	1,823
To maintain the Company's credibility and shareholder's interest	-	1,490	-	1,490

	Year Ended December 31, 2021			
Reason to Reacquire	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	1,209	834	(841)	1,202
To maintain the Company's credibility and shareholder's interest	-	830	(830)	-

a. To transfer to employees the Company's board of directors resolved on October 13, 2022 to buy back up to 1,000 thousand common shares between October 14, 2022, and November 13, 2022. As of the last day of the buyback period, the Company had bought back 989 thousand shares at a total amount of $51,706 thousand.
b. To maintain the Company's credibility and shareholders' interest, the Company's board of directors resolved on October 13, 2022 to buy back up to 1,500 thousand common shares between November 14, 2022 and December 13, 2022. As of the last day of the buyback period, the Company had bought back 1,490 thousand shares at a total amount of $82,535 thousand.
c. To transfer to employees the Company's board of directors resolved on August 17, 2021 to buy back up to 1,000 thousand common shares between September 18, 2021 and October 17, 2021. As of the last day of the buyback period, the Company had bought back 834 thousand shares at a total amount of $54,075 thousand.
d. To maintain the Company's credibility and shareholders' interest, the Company's board of directors resolved on August 17, 2021 to buy back up to 1,000 thousand common shares between August 18, 2021 and September 17, 2021. As of the last day of the buyback period, the Company had bought back 830 thousand shares at a total amount of $53,368 thousand. The treasury shares have been retired in November, 2021.
e. To transfer to employees the Company's board of directors resolved on July 11, 2019 to buy back up to 800 thousand common shares between July 12, 2019 and

September 11, 2019. As of the last day of the buy back period, the Company had bought back 698 thousand shares at a total amount of $20,166 thousand. While 330 thousand shares transfer to employees in 2021, 368 thousand shares will transfer to employees in April, 2022.

f. To transfer to employees the Company's board of directors resolved on October 18, 2018 to buy back up to 1,000 thousand common shares between October 19, 2018 and November 18, 2018. As of the last day of the buyback period, the Company had bought back 993 thousand shares at a total amount of $28,770 thousand, and sold out 2 thousand shares at a total amount of $58 thousand. As of the last day of the buy back period, the balance is 991 thousand shares at a total amount of $28,712 thousand, all of them have been transferring to employees as of December 31, 2021.

B. Based on the Securities and Exchange Act of the ROC, the number of reacquired shares should not exceed 10% of a company’s issued and outstanding shares, and the total purchase amount should not exceed the sum of the retained earnings, additional paid-in capital in excess of par and realized capital surplus.

C. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders’ rights on these shares, such as rights to dividends and to vote.

D. Pursuant to the ROC Securities and Exchange Law, treasury shares that due to transfer to employees should be transferred within three years from reacquisition date, and those haven’t been transferred within the limit are deemed as unissued shares, and they should be retired. And treasury shares that due to maintain the Company's credibility and shareholder's interest should be retired within six months from reacquisition date.

E. In April 2022, the Company transferred 368 thousand shares to employees for subscription in accordance with “Measures for Buying Back Company Shares and Transferring Employees”. On the giving date, it was estimated based on the Black-Scholes evaluation model, and the compensation cost recognized for transferring treasury shares to employees was $16,052 thousand for the year ended December 31, 2022.

a. The transaction details of share-based payment are as follows:

Type	Date	Quantity	Contract period	Vested conditions	The actual retired rate	The expected retired rate
Transferring to employees	2022.4.20	368 thousand Shares	-	Immediately	-	-

b. The Company uses the Black-Scholes evaluation model to estimate the fair value, and the relevant information is as follows:

Type	Date	Share price	Strike price	Expected Volatility rate	Duration (year)	Expected allotment rate	Risk free rate	Fair value (per unit)
Transferring to employees	2022.4.20	$72.5	$28.89	44.13%	0.06	-	0.41%	$43.62

F. In November 2021, the company transferred 330 thousand shares to employees for subscription in accordance with "Measures for Buying Back Company Shares and Transferring Employees". On the giving date, it was estimated based on the Black-Scholes evaluation model, and the compensation cost recognized for transferring treasury shares to employees was $11,916 thousand for the year ended December 31, 2021.

a. The transaction details of share-based payment are as follows:

Type	Date	Quantity	Contract period	Vested conditions	The actual retired rate this year	The expected retired rate
Transferring to employees	2021.11.3	330 thousand Shares	-	Immediately	-	-

b. The Company uses the Black-Scholes evaluation model to estimate the fair value, and the relevant information is as follows:

Type	Date	Share price	Strike price	Expected Volatility rate	Duration (year)	Expected allotment rate	Risk free rate	Fair value (per unit)
Transferring to employees	2021.11.3	$65	$28.89	44.95%	0.07	-	0.23%	$36.11

(26)Non-controlling interests

Item	Year Ended December 31 2022	2021
Balance at January 1	$60,373	$51,768
Attributable to non-controlling interests:		
Net profit (loss)	(654)	163
Other comprehensive income	828	(284)
Increase in non-controlling interests - new acquisition	19,115	9,207
Decrease in non-controlling interests - sale	(9,871)	-
Increase(Decrease) in non-controlling interests - cash capital increase was not subscribed according to the shareholding ratio	228	(481)
Decrease in non-controlling interests - difference between acquisition cost and net equity value	(764)	-
Balance at December 31	$69,255	$60,373

(27)Operating revenues

Item	Year Ended December 31 2022	2021
Revenue from contracts with customer		
Total revenues	$3,227,291	$2,551,773
Sales returns	(888)	(1,378)
Sales discount	(3,405)	(5,613)
Net	$3,222,998	$2,544,782

A. Explain of contract revenue

Sales of mechanical products ,flexible print circuit and semiconductor materials are mainly to downstream customer. It is sold at the price agreed in the contract.

B. Contract revenue details:

The Group's revenue can be categorized into the following main products and area:

2022:

	Automatic machinery	Electronics	Net amount
Main area			
Taiwan	$1,000,942	$70,490	$1,071,432
Hong Kong & China	703,637	224,876	928,513
Southeast Asia	775,240	129,074	904,314
America	280,791	-	280,791
Europe	10,470	-	10,470
Others	132	27,346	27,478
Total	$2,771,212	$451,786	$3,222,998
Main products			
Automatic machinery	$2,771,212	$ -	$2,771,212
Flexible print circuit	-	68,820	68,820
Semiconductor materials	-	379,210	379,210
Others	-	3,756	3,756
Total	$2,771,212	$451,786	$3,222,998
Timing of revenue recognition			
At a certain point of time	$2,771,212	$451,786	$3,222,998
Gradually over time	-	-	-
Total	$2,771,212	$451,786	$3,222,998

2021:

	Automatic machinery	Electronics	Net amount
Main area			
Taiwan	$561,311	$82,402	$643,713
Hong Kong & China	869,535	262,309	1,131,844
Southeast Asia	378,988	111,797	490,785
America	138,022	-	138,022
Europe	58,466	-	58,466
Others	42,312	39,640	81,952
Total	$2,048,634	$496,148	$2,544,782
Main products			
Automatic machinery	$2,048,634	$ -	$2,048,634
Flexible print circuit	-	98,464	98,464
Semiconductor materials	-	393,990	393,990
Others	-	3,694	3,694
Total	$2,048,634	$496,148	$2,544,782
Timing of revenue recognition			
At a certain point of time	$2,048,634	$496,148	$2,544,782
Gradually over time	-	-	-
Total	$2,048,634	$496,148	$2,544,782

C. Contract balances

The Group recognizes the receivable, contract assets and contract liabilities related to contract revenue as follows:

	December 31	
Item	2022	2021
Receivable	$774,830	$750,627
Contract assets	-	-
Total	$774,830	$750,627
Contract liabilities - current	$37,187	$185,282

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there is no other significant changes.

b. Amount from previous period's satisfied performance obligations and beginning contract liabilities recognized in the current period as income were as follows:

Revenue in the current period	Year Ended December 31 2022	2021
From beginning balance- contract liabilities	$182,133	$10,605
From previous period's satisfied performance obligations	$ -	$ -

(28)Labor cost, depreciation and amortization

Item	Year ended December 31, 2022 Operating cost	Operating expenses	Total
Labor cost			
Salaries	$119,884	$319,723	$439,607
Insurance	3,921	21,968	25,889
Pension	14,400	16,186	30,586
Others	6,615	11,052	17,667
Depreciation	49,102	65,614	114,716
Amortization	-	8,954	8,954
Total	$193,922	$443,497	$637,419

Item	Year ended December 31, 2021 Operating cost	Operating expenses	Total
Labor cost			
Salaries	$102,558	$267,852	$370,410
Insurance	3,971	19,086	23,057
Pension	13,536	13,535	27,071
Others	6,432	9,261	15,693
Depreciation (Note)	47,888	60,561	108,449
Amortization	-	9,191	9,191
Total	$174,385	$379,486	$553,871

Note: Excluding other loss of $2,905 thousand.

1. The Company accrued employees' compensation and remuneration to directors at the rates 5%~10% and not higher than 3% of net income before income tax, employees' compensation and remuneration to directors during the period. If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

2. The employees' compensation and remuneration to directors for the years ended December 31, 2022 and 2021 had been approved by the Company's Board of Directors meeting held on March 7, 2023 and March 23, 2022, respectively, and the relevant amounts recognized in the consolidated financial statement were as follows:

	Year ended December 31			
	2022		2021	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	$32,250	$10,750	$16,429	$6,571
Recognized in the annual financial statements	32,250	10,750	16,429	6,571
Difference	$ -	$ -	$ -	$ -

The above mentioned employees' compensation will be paid by cash.

3. Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29)Interest income

	Year Ended December 31	
Item	2022	2021
Interest on bank deposits	$10,843	$1,279
Interest on deposit calculation	5	13
Total	$10,848	$1,292

(30)Other income

	Year Ended December 31	
Item	2022	2021
Rental income	$91	$662
Dividend income	473	-
Others		
Payable unpaid transfer to income	1,443	5,369
Others	7,517	2,418
Subtotal	$8,960	$7,787
Total	$9,524	$8,449

(31)Other gains and losses

Item	Year Ended December 31 2022	2021
Gain (loss) on foreign exchange, net	$93,671	($10,862)
Gain (loss) on disposal of financial assets at FVTPL	1,204	977
Financial assets at FVTPL and gain (loss) on valuation of liabilities	(11,210)	(28)
Gain (loss) on disposal of property, plant and equipment	679	2,286
Others	(377)	(3,360)
Total	$83,967	($10,987)

(32)Finance costs

Item	Year Ended December 31 2022	2021
Interest expense:		
Bank loans	$2,880	$2,194
Convertible bonds	6,914	205
Interest on lease liabilities	3,341	3,745
Less: Amount qualified for capitalization	-	-
Finance costs	$13,135	$6,144

(33)Income tax expense

A. Income tax expense

a.The major components of tax expense were as follows:

Current income tax	Year Ended December 31 2022	2021
Current tax expense	$112,922	$57,684
Undistributed surplus for income tax	3,225	-
Non-offset foreign tax	799	154
Adjustments in tax of prior periods	(3,848)	170
Total	$113,098	$58,008
Deferred income tax		
The origination and reversal of temporary differences	($8,271)	$2,629
Total	($8,271)	$2,629
Income tax expense	$104,827	$60,637

The tax rate applicable to the individuals applying the Income Tax Law of the Republic of China to the Group is 20%. In addition, the tax rate applicable to unappropriated earning is 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax expense recognized in other comprehensive income was as follows:

Item	Year Ended December 31	
	2022	2021
Exchange differences on translation of foreign financial statements	$82	($39)
Remeasurement of defined benefit plans	248	147
Total	$330	$108

B. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31	
	2022	2021
Income before income tax	$494,962	$304,779
Income tax expense at the statutory rate	97,014	60,185
Tax effect of adjusting items:		
Others	10,364	(4,113)
Loss deductions	5,544	1,612
Undistributed surplus for income tax	3,225	-
Adjustment to prior year’s income taxes	(3,848)	170
Non-offset foreign tax	799	154
Deferred income tax expense		
Temporary differences	(8,271)	2,629
Income tax expense recognized in profit or loss	$104,827	$60,637

C. Deferred tax assets and liabilities from temporary differences

	Year Ended December 31, 2022				
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate	Balance, End of Year
Deferred income tax assets:					
Temporary differences					
Net defined benefit liability	$2,395	$ (27)	($248)	$ -	$2,120
Unrealized exchange gain	1,971	(1,964)	-	-	7
Short-term warranty provision	9,790	6,580	-	-	16,370
Unrealized loss on inventories	14,212	2,464	-	-	16,676
Unrealized loss on doubtful debts	-	1,051	-	-	1,051
Unused compensated absences	1,586	195	-	-	1,781
Unused loss deductions	5,187	(330)	-	-	4,857
Investment loss (gain) recognized under equity method	423	59	-	-	482
Others	5,406	2,029	-	-	7,435
Subtotal	$40,970	$10,057	($248)	$ -	$50,779
Deferred income tax liabilities:					
Temporary differences					
Unrealized exchange gain	$ -	($1,892)	$ -	$ -	($1,892)
Gain on investment under equity method	(2,209)	106	(82)	-	(2,185)
Subtotal	($2,209)	($1,786)	($82)	$ -	($4,077)
Total	$38,761	$8,271	($330)	$ -	$46,702

	Year Ended December 31, 2021				
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate	Balance, End of Year
Deferred income tax assets:					
Temporary differences					
Net defined benefit liability	$2,543	($1)	($147)	$ -	$2,395
Unrealized exchange gain	703	1,268	-	-	1,971
Short-term warranty provision	7,800	1,990	-	-	9,790
Unrealized loss on inventories	17,758	(3,546)	-	-	14,212
Unrealized loss on doubtful debts	799	(799)	-	-	-
Unused compensated absences	1,347	239	-	-	1,586
Unused loss deductions	6,773	(1,586)	-	-	5,187
Investment loss (gain) recognized under equity method	2,106	(1,683)	-	-	423
Others	4,596	810	-	-	5,406
Subtotal	$44,425	($3,308)	($147)	$ -	$40,970
Deferred income tax liabilities:					
Temporary differences					
Gain on investment under equity method	($2,927)	$679	$39	$ -	($2,209)
Subtotal	($2,927)	$679	$39	$ -	($2,209)
Total	$41,498	($2,629)	($108)	$ -	$38,761

D. Items with no deferred tax assets recognized:

Item	December 31 2022	2021
Deductible Temporary differences	$26,011	$24,285
Loss deductions	30,215	25,482
Total	$56,226	49,767

F. The tax authorities have ratified Company's income tax returns through Year 2020.

(34)Other comprehensive income (loss)

Item	Year Ended December 31, 2022		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$1,241	($248)	$993
Unrealized gain (loss) on financial assets at FVTOCI	(27,767)	-	(27,767)
Subtotal	($26,526)	($248)	($26,774)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$3,390	($82)	$3,308
Subtotal	$3,390	($82)	$3,308
Recognized in other comprehensive income (loss)	($23,136)	($330)	($23,466)

Item	Year Ended December 31, 2021		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$737	($147)	$590
Unrealized gain (loss) on financial assets at FVTOCI	292	-	292
Subtotal	$1,029	($147)	$882
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	($543)	$39	($504)
Subtotal	($543)	$39	($504)
Recognized in other comprehensive income (loss)	$486	($108)	$378

(35)Transactions with Non-controlling Interests

1. The cash capital increase of the subsidiary, the Group did not subscribe according to the shareholding ratio, as explained below:

A. 2022:

During August 2022, the Group did not subscribe for the cash capital increase equity of the subsidiary JS E&R Engineering CO., LTD according to the shareholding ratio.
As a result, the shareholding ratio increased from 90% to 90.61%. Since the above transactions did not change the Group's control over these subsidiaries, the Group treated them as equity transactions:

	JS E&R Engineering Co., Ltd.
Cash capital increase	$15,986
Net assets of subsidiaries calculated based on changes in relative equity	(16,214)
Recognition of changes in the ownership interests of subsidiaries	($228)

B. 2021:

In May 2021, the Group did not subscribe for the cash capital increase equity of the subsidiary Crystal Entec Technology Co., Ltd. according to the shareholding ratio, resulting in a decrease in the shareholding ratio from 60% to 48.27%.
However, the Group still has more than half of the board seats, and still has the substantive ability to lead the relevant activities of Crystal Entec Technology Co., Ltd., so it is still listed as a subsidiary. Since the above transactions do not change the Group's control over these subsidiaries, the Group treats them as equity transactions:

	Crystal Entec Technology Co., Ltd.
Cash capital increase	$ -
Net assets of subsidiaries calculated based on changes in relative equity	481
Recognition of changes in the ownership interests of subsidiaries	$481

2. Acquisition of additional interests in subsidiaries

A. 2022:

In May 2022, the Group purchased an additional 9% of the issued shares of the subsidiary E&R Semiconductor Materials Ltd. with cash of 9,871 thousand, resulting in an increase in the shareholding ratio from 81% to 90%.

Since the above transaction does not change the Group's control over the subsidiary, the Group treats it as an equity transaction:

	E&R Semiconductor Materials Ltd.
Carrying amount of acquisition of non-controlling interests	$ 10,635
Consideration paid to non-controlling interests	(9,871)
Capital reserve	$764
- the difference between the actual acquisition or disposal of subsidiary equity price and book value	

B. 2021:None.

(36)Earnings per share

Item	Year Ended December 31 2022	2021
(1) Basic earnings (loss) per share		
Net income	$390,789	$243,979
Weighted average shares outstanding (in thousands)	99,245	92,964
Basic earnings per share (after tax)	$3.94	$2.62
(2) Diluted earnings (loss) per share		
Net income	$390,789	$243,979
Interest of convertible bonds	5,531	164
Net income used in computation of diluted earnings per share	$396,320	$244,143
Weighted average shares outstanding (in thousands)	99,245	92,964
Effect of potential dilutive ordinary shares:		
Convertible bonds	7,871	1,470
Effect of employee stock options (in thousands)	570	811
Impact on employees' compensation (in thousands)	847	293
Weighted average number of ordinary shares outstanding after dilution (in thousands)	108,533	95,538
Diluted earnings per share (after tax)	$3.65	$2.56

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Group has no parent and ultimate controlling party.

(2) Related party name and category: None.

(3) Significant transactions with related parties:

A. Sales: None.

B. Purchase: None.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties): None.

F. Balance of payables (excluding borrowing from related parties): None.

G. Prepayments: None.

H. Property transactions: None.

I. Financing activities – lending to related parties: None.

J. Financing activities - borrowing from related parties: None.

K. Guarantee for related parties: None.

L. Others: None.

(4) Key management compensation

	Year Ended December 31	
Related Party Category	2022	2021
Salaries and other short-term employee benefits	$33,531	$32,361
Post-employment benefits	890	571
Other long-term employee benefits	-	-
Separation benefits	-	-
Share-based payments	2,367	1,603
Total	$36,788	$34,535

8、PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

	December 31	
Item	2022	2021
Other financial assets - current	$18,391	$36,574
Other financial assets non-current	6,900	3,000
Property, plant and equipment (net)	206,889	217,388
Total	$232,180	$256,962

9、SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2022, and 2021, the Group issued guarantee notes for bank loans amounting to $906,120 thousand and $955,453 thousand respectively, account guarantee notes Submitted and guarantee notes payables.

(2) As of December 31, 2022 and 2021, the time certificate provided by the group is 710 thousand, to the Kaohsiung Customs Bureau of the Ministry of Finance as a guarantee for the deposit of import and export goods.

(3) The group applied to the Taiwan Small and Medium Enterprise Counseling Foundation, the Information Industry Promotion Association, and the Taipei Computer Association for equipment development projects. The performance guarantees provided by the banks were $4,313 thousand and $28,087 thousand, respectively.

(4) As of December 31, 2022 and 2021, the unused letters of credit were as follows:

(In thousands)

Item	December 31			
	2022		2021	
Foreign L/C Amount	USD	691	USD	1,552
	JPY	-	JPY	68,783
	EUR	-	EUR	126

(5) The note endorsement for import goods were as follows:

(In thousands)

Item	December 31			
	2022		2021	
Note endorsement	JPY	143,866	JPY	114,047
	USD	817	USD	1,263

(6)The significant contracts signed with no major expenditure occurred yet were as follows:

Item	December 31	
	2022	2021
Property, plant and equipment	156,886	288,952

(7) The Group signed a plant purchase contract with Zen Voce Co., Ltd. in May 2022, agreed to sell part of the floor of the new factory building of JS E&R Engineering CO., LTD, a subsidiary of the group, after the construction of the new factory building is completed. The group collected a performance bond of $71,056 thousand in July 2022 (recognized guarantee deposits)

(8) In order to meet the needs of long-term operation and development, the Group has been approved by the Southern Science Park Administration Bureau of the Ministry of Science and Technology to enter Qiaotou Science Park. In May 2022, the board of directors approved the lease of land in Qiaotou Science Park from the Southern Science Park Administration of the Ministry of Science and Technology to build a factory building. The Southern Science Park Administration of the Ministry of Science and Technology had transferred the land to the group in December 2022 for building factories construction.

10、SIGNIFICANT DISASTER LOSS: NONE.

11、SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12、OTHERS

(1) Capital risk management

The Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Group's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

(A) Market risk

a. Foreign exchange rate risk

(a) The Group is exposed to exchange rate risk arising from sales, purchases and borrowing transactions denominated in currencies other than the Group's functional currency and from net investments in foreign operations.

The Group's functional currency is mainly New Taiwan dollars.

These transactions are mainly denominated in USD, EUR, CNY and JPY. In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the Group uses foreign currency borrowings to avoid exchange rate risks.

The use of such financial instruments can help the Group reduce but still cannot completely eliminate the impact of foreign currency exchange rate changes.

Since the net investment in foreign operating institutions is a strategic investment, the Group does not hedge against it.

(b) Foreign currency risk and sensitivity analysis

	December 31, 2022					
				Sensitivity analysis		
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	34,755	30.71	1,067,329	increase 1%	10,673	-
JPY:NTD	662,333	0.2311	153,065	increase 1%	1,531	-
CNY:NTD	38,986	4.4094	171,904	increase 1%	1,719	-
USD:CNY	3,929	6.9648	120,648	increase 1%	1,206	-
Financial liabilities						
Monetary item						
USD:NTD	3,346	30.71	102,752	increase 1%	(1,028)	-
USD:HKD	1,915	7.7968	58,805	increase 1%	(588)	-
JPY:NTD	315,900	0.0524	73,004	increase 1%	(730)	-

	December 31, 2021					
				Sensitivity analysis		
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	22,304	27.68	617,388	increase 1%	6,174	-
JPY:NTD	545,345	0.2408	131,319	increase 1%	1,313	-
CNY:NTD	14,669	4.3471	63,768	increase 1%	638	-
USD:CNY	3,026	6.3676	83,763	increase 1%	838	-
Financial liabilities						
Monetary item						
USD:NTD	3,212	27.68	88,898	increase 1%	(889)	-
USD:CNY	1,016	6.3676	28,136	increase 1%	(281)	-
USD:HKD	1,813	7.7981	50,174	increase 1%	(502)	-
JPY:CNY	319,777	0.0554	77,002	increase 1%	(770)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2022 and 2021

would stay the same with the reverse result. Due to the exchange rate volatility, total exchange gain and loss (including realized and unrealized) from the Group's monetary items amounted to $93,671 thousand and ($10,862) thousand for the years ended December 31, 2022 and 2021, respectively.

b. Price risk

Since the Group's investment in securities is classified as financial assets at FVTPL on the standalone balance sheet, the Group exposes to price risks of securities.

The Group mainly invests in domestic listed and fund equity instrument. The price of such equity instruments can be affected by changes in future value of those investment targets.

If the equity instruments price goes increase or decrease by 1%, with all other factors held constant, the net income after tax gain or loss for the years ended December 31, 2022 and 2021 will respectively increase or decrease by $1,149 thousand and $2,661 thousand due to gain or loss on financial assets at FVTPL. The other comprehensive income for the years ended December 31, 2022 and 2021 will increase or decrease by $362 thousand and $217 thousand due to gain or loss on financial assets at FVTOCI.

c. Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

	Carrying Value	
Item	December 31, 2022	December 31, 2021
With fair value interest rate risk:		
Financial assets	$1,204,814	$111,289
Financial liabilities	(1,090,066)	(117,506)
Net	$114,748	($6,217)
With cash flow interest rate risk:		
Financial assets	$470,472	$616,828
Financial liabilities	(111,030)	(86,682)
Net	$359,442	$530,146

(a) Sensitivity analysis of those with fair value interest rate risk:

The Group does not classify any fixed-rate financial assets and liabilities as financial assets at FVTPL and FVTOCI, derivatives (interest rate swaps) have not been designated as hedging tools under the fair value hedging accounting model. Therefore, changes in interest rates on the reporting date will not affect profit or loss and other comprehensive net income.

(b) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Group were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase in the market interest will decrease the net profit by $3,594 thousand and $5,301 thousand for the years ended December 31, 2022 and 2021, respectively.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

a. Business elated credit risk

To maintain the quality of accounts receivable, the Group has established the procedures for credit risk management with regards to its operations. Risk assessment on individual customer includes factors that could affect the customer's ability to pay, such as the customer's financial status, the Group's internal credit ratings, historical transactions and current economic conditions.

b. Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the Group's financial departments. The Group does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. In addition, the Group does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI.

(a) Credit concentration risk

As of December 31, 2022 and 2021 the top ten clients accounted for 44% and 39% of the Group's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(b) Measurement of expected credit impairment loss:

(I) Accounts receivables and contract assets apply the simplified approach. Please refer to Note 6.(4) for details.

(II)Indications for determining whether the credit risk is increased significantly: None (the Group does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI).

(c) Collaterals and other credit enhancement held to avoid credit risks from financial assets:

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the standalone balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

		Decreased amount of maximum exposure to credit risks			
December 31, 2022	Carrying amount	Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	$4,034	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at FVTPL	114,943	-	-	-	-
Financial assets at FVTOCI	36,181	-	-	-	-
Total	$ 155,158	$ -	$ -	$ -	$ -

		Decreased amount of maximum exposure to credit risks			
December 31, 2021	Carrying amount	Collateral	Net settlement agreement	Other credit enhancement	Total
Financial instruments to which the impairment requirements of IFRS 9 are not applicable					
Financial assets at FVTPL	$266,148	$ -	$ -	$ -	$ -
Financial assets at FVTOCI	21,745	-	-	-	-
Total	$287,893	$ -	$ -	$ -	$ -

(C) Liquidity risk

a. Liquidity risk management:

The Group's objecting in managing liquidity risk is to maintain a sufficient level of cash and cash equivalents, highly-liquid marketable securities and credit lines with banks for daily operations in order to ensure the financial flexibility of the Group.

b. Financial Liabilities Maturity Analysis：

	December 31, 2022						
Non-derivative financial liabilities :	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Short-term loans	$ -	$4,500	$ -	$ -	$ -	$4,500	$4,500
Notes payable	6,844	-	-	-	-	6,844	6,844
Accounts payable	315,327	-	-	-	-	315,327	315,327
Other payables	153,885	80,051	-	-	-	233,936	233,936
Long-term loans (including current portion)	8,335	8,464	16,850	42,187	30,694	106,530	106,530
Bonds payable	-	-	-	1,000,000	-	1,000,000	931,470
Lease liabilities	16,465	16,143	31,940	29,159	94,689	188,396	158,596
Total	$500,856	$109,158	$48,790	$1,071,346	$125,383	$1,855,533	$1,757,203
Derivative financial liabilities :							
Financial liabilities at FVTPL-non-current	$ -	$ -	$ -	$19,800	$ -	$19,800	$19,800
Total	$ -	$ -	$ -	$19,800	$ -	$19,800	$19,800

Further information for lease liabilities with repayment periods was as follows:

	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$32,608	$61,099	$28,947	$29,852	$28,053	$7,837	$188,396

	December 31, 2021						
Non-derivative financial liabilities :	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Short-term loans	$9,882	$8,300	$ -	$ -	$ -	$18,182	$18,182
Notes payable	9,532	-	-	-	-	9,532	9,532
Accounts payable	521,924	-	-	-	-	521,924	521,924
Other payables	133,775	31,665	-	-	-	165,440	165,440
Long-term loans (including current portion)	6,146	6,198	12,553	16,445	27,158	68,500	68,500
Bonds payable	-	-	18,000	-	-	18,000	17,913
Lease liabilities	13,521	12,609	25,326	36,170	28,901	116,527	99,593
Total	$694,780	$58,772	$55,879	$52,615	$56,059	$918,105	$901,084

Further information for lease liabilities with repayment periods was as follows:

	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$26,130	$61,496	$8,490	$6,696	$4,898	$8,817	$116,527

The Group does not expect that the occurrence point of cash flow in maturity analysis will be significantly earlier or the actual amount will be significantly different.

B. Types of Financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$1,064,828	$664,939
Notes receivable and account receivable	774,830	750,627
Other receivables	9,184	11,013
Other financial assets - current	605,852	61,746
Other financial assets - non-current	6,900	3,000
Refundable deposits	12,700	14,531
Financial assets at FVTPL - current	114,943	266,148
Financial assets at FVTOCI - non-current	36,181	21,745
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	4,500	18,182
Notes payable and account payables	322,171	531,456
Other payables	233,936	165,440
Long-term loans (including current portion)	106,530	68,500
Bonds payable (including current portion)	931,470	17,913
Lease liabilities (including current portion)	158,596	99,593
Financial liabilities at FVTPL – non-current	19,800	-

(3) Fair Value Information:

A. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3) C.

B. Definition of the three levels in fair value:

Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the group's investment in listed stocks, beneficiary certificates, Taiwan Central Government Bonds, which are popular bonds and fair value of derivatives with public quotations in an active market is included in Level 1.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government bonds that are not popular, corporate bonds, financial bonds, convertible corporate bonds and most of the derivatives that the group invests is included in Level 2.

Level 3:

Unobservable inputs for the asset or liability. The fair value of the Group’s investment in certain derivative instruments, equity investment without active market and investment property is included in Level 3.

C. Financial instruments not measured at fair value:

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, except those listed in the table below, including cash and cash equivalents, accounts receivables, other financial assets, refundable deposits, short term loans, accounts payable, lease liabilities, long-term loans (including current portion) and carrying amount of other financial liabilities, is the reasonable approximation of their fair value.

	December 31, 2022			
		Fair value		
Item	Carrying amount	Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	$931,470	$1,050,000	$ -	$ -

	December 31, 2021			
		Fair value		
Item	Carrying amount	Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	$17,913	$33,840	$ -	$ -

D. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Group's fair value hierarchy was disclosed in the following table:

	December 31, 2022			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$114,943	$ -	$ -	$114,943
Financial assets measured at FVTOCI				
Domestic unlisted stocks	-	-	15,016	15,016
Domestic listed stocks	21,165			21,165
Total	$136,108	$ -	$15,016	$151,124
Liabilities:				
Recurring fair value				
Financial liabilities at FVTPL				
Sell back option	$ -	$19,800	$ -	$19,800

	December 31, 2021			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$266,074	$ -	$ -	$266,074
Redemption and sell back option	-	74	-	74
Financial assets measured at FVTOCI				
Domestic listed stocks	21,745	-	-	21,745
Total	$287,819	$74	$ -	$287,893

E. Fair value valuation technique for instruments measured at fair value:

(A) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active

markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry guild, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Group are stated by their natures and types as follows:

a. Listed stocks: closing prices.

b. closed-end fund：closing prices.

c. Open-end funds: net worth.

d. government bonds: final price.

e. corporate bonds：Weighted average price of $100.。

f. Convertible (exchangeable) corporate bonds: closing price.

(B) Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained by evaluation techniques or by referring to quotations from counterparties. The fair value obtained through evaluation techniques can refer to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other evaluation techniques. Including calculations based on market information available at the balance sheet date using models.

(C) The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate. Structural interest rate derivative financial instruments are based on appropriate option pricing models (such as Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

(D) The output of the evaluation model is an estimated value, and the evaluation technology may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the group. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the group's fair value evaluation model management policy and related control procedures, the management believes that in order to fairly express the fair value of financial instruments and non-financial instruments in the balance sheet, evaluation adjustments are appropriate and necessary.

F. Transfers between Level 1 and Level 2 fair value hierarchy: None.

G. Statement of changes in Level 3 fair value hierarchy

Item	Investment in unquoted financial instruments	
	2022	2021
Balance at January 1	$ -	$ -
Additions	41,000	-
Recognized in profit and loss	-	-
Recognized in other comprehensive income	(25,984)	-
Balance at December 31	$15,016	$ -

H. Quantitative information for fair value measurement of significant unobservable inputs (Level 3):

The fair value of unlisted (counter) group stocks held by the group without an active market is mainly estimated by the market method, and its judgment is based on the evaluation of similar companies, the group's net worth and operating conditions.

The significant unobservable input values used in fair value measurement are listed in the following table:

2022:

Item	evaluation technique	Significant unobservable input value	Interval	Relationship between input value and fair value
Financial assets at FVTOCI - stocks	market approach	Lack of Liquidity Discount Rate	25.95%	The higher the liquidity discount, the lower the fair value estimate

2021: None.

I. Fair value is classified into level 3 evaluation process:

The group's evaluation process for the classification of fair value into the third level uses independent source data to make the evaluation results closer to market conditions, confirm that the source of information is independent, reliable and consistent with other resources and represent executable prices, and regularly calibrate the evaluation model, conduct back testing, update the input values and data required for the evaluation model, and make any other necessary fair value adjustments to ensure that the evaluation results are reasonable.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information(Before consolidation)

A. Financings provided: Table 1

B. Endorsement/guarantee provided: Table 2

C. Marketable securities held: Table 3

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 4.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None. ◦

I. Information about the derivative financial instruments transaction: None.

J. The business relationship and important transactions between the parent company and the subsidiary company: Table 5.

(2) Information on investees: Table 6.

(3) Information on investments in Mainland China: Table 7.

(4) Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 8.

Table 1

E&R ENGINEERING CO., LTD AND SUBSIDIARIES

Financings provided

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 3)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	E&R Engineering Co., LTD	Wuxi E&R Semiconductor Material Technology	Other receivables - related parties (Note 4)	Yes	27,022 (JPY116,930)	27,022 (JPY116,930)	27,022 (JPY116,930)	-	1	56,261 (Note 5)	-	-	-	-	1,026,626	1,026,626
		JS E&R Engineering CO., LTD	Other receivables - related parties	Yes	122,840 (USD 4,000)	122,840 (USD 4,000)	-	-	2	-	Operating capital	-	-	-	1,026,626	1,026,626
		JS E&R Engineering CO., LTD	Other receivables - related parties(Note 4)	Yes	9,832 (USD 93；RMB 1,582)	9,832 (USD 93；RMB 1,582)	9,832 (USD 93；RMB 1,582)	-	1	24,796	-	-	-	-	1,026,626	1,026,626

Note 1. The company and Subsidiaries' financing limits for each borrowing company:
Shall not exceed 40% of the Company's net worth.

Note 2. The maximum balance of financing activities to the company and subsidiaries': Shall not exceed lending company's net worth 40%.

Note 3. The code represents the nature of financing activities as follows:
■Related to trading partner is "1".
■Short-term financing is "2".

Note 4. In principle, the Company tries to handle payment collection for goods sold by related parties in accordance with the payment collection policy for the same transaction with non-related parties. However, if the above-mentioned policies cannot be implemented due to insufficient funds of the related party or due to losses, the company will fully support the operation of the subsidiary to implement the company's mainland market business goals as a more important consideration. The company has also transferred the overdue accounts receivable from Wuxi E&R and JS E&R to other receivables, amounting to $27,022 thousand and $9,832 thousand.

Note 5. For Wuxi E&R's purchase of raw materials, the company lists it as a collection and payment process and does not purchases and sales.

Note 6. The above parent-subsidiary transactions have been reversed.

Table 2

E&R ENGINEERING CO., LTD AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorsers	Endorsees		Endorsement Limit for a Single Entity (Note 2)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to net Worth of the Company	Maximum Amount of Endorsement (Note 3)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Name of endorsees	Relationship (Note 1)										
0	E&R Engineering Co., LTD	Tech Wave Technology Co., Ltd	2	513,313	20,000	20,000	4,500	-	0.78%	1,283,282	Y	-	-
		JS E&R Engineering CO., LTD	2	769,969	61,420 (USD 2,000)	61,420 (USD 2,000)	-	-	2.39%	1,283,282	Y	-	Y

Note1：The following code represents the relationship with the Company :

(1) Trading partner.

(2) Majority owned subsidiary

(3) The Company direct and indirect owns over 50% ownership of the investee company.

(4) A subsidiary jointly owned over 90% by the Company

(5) Guaranteed by the Company according to the construction contract.

(6) An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

(7) Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 2：Endorsements/guarantees provided by the Company to a single enterprise and a single foreign affiliate shall not exceed 20% and 30% of the Company’s net worth, respectively.

Note 3：The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 50% of the Company’s net worth.

Table 3

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars: thousand shares)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
E&R Engineering Co., LTD	Stock－Fubon Financial	-	Financial assets at FVTPL - current	7	414	-	414	
	ETF-Fubon Metaverse	-	Financial assets at FVTPL - current	600	4,716	-	4,716	
	Fund－Allianz Global InvestorsB	-	Financial assets at FVTPL - current	620	4,339	-	4,339	
	Fund－TACB currency market	-	Financial assets at FVTPL - current	9,732	100,235	-	100,235	
	Fund－Cathay US Premium Bond Fund	-	Financial assets at FVTPL - current	298	2,940	-	2,940	
	Corporate bonds－JMC1	-	Financial assets at FVTPL - current	12	1,204	-	1,204	
	Corporate bonds－FUSHENG PRECISION 1	-	Financial assets at FVTPL - current	10	1,095	-	1,095	
		Total			114,943		114,943	
	preferred stock－Fubon Financial Preferred B Share	-	Financial assets at FVTOCI – non-current	144	8,280	-	8,280	
	preferred stock－Fubon Preferred Share	-	Financial assets at FVTOCI – non-current	50	3,020	-	3,020	
	preferred stock－Fubon Preferred C Share	-	Financial assets at FVTOCI – non-current	179	9,865	-	9,865	
	Stock - Shyawei Optronics Corporation	-	Financial assets at FVTOCI – non-current	1,640	15,016	-	15,016	
		Total			36,181		36,181	

Table 4

E&R ENGINEERING CO., LTD AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Year Ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Counter-party	Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
DG E&R Semiconductor Materials	E&R Semiconductor Materials Ltd.	Parent-subsidiary	Sales	150,781	75.28%	270 days	There is no similar type of transaction for comparison, and the agreed price will be handled	60-120 days	58,262	83.23%	

Note. The above parent-subsidiary transactions have been reversed.

Table 5

E&R ENGINEERING CO., LTD AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	E&R ENGINEERING CO., LTD	Wuxi E&R Semiconductor Material Technology	1	Accounts receivable	56,587 (Note 4)	The remaining transactions between the parent and subsidiaries are with no similar transactions. The trading conditions are negotiated by engaging parties. The payment terms were within 270 days.	1.19%
		GAIN PROFIT HOLDING LIMITED	1	Accounts receivable	26,074 (Note 4)	The remaining transactions between the parent and subsidiaries are with no similar transactions. The trading conditions are negotiated by engaging parties. The payment terms were within 270 days.	0.55%
		JS E&R Engineering CO., LTD	1	Sales revenues	16,215	The remaining transactions between the parent and subsidiaries are with no similar transactions. The trading conditions are negotiated by engaging parties. The payment terms were within 270 days.	0.50%
				Accounts receivable	16,557		0.35%
		Wuxi E&R Semiconductor Material Technology	1	Sales revenues	27,022	(Note 5)	0.57%
1	DG E&R Semiconductor Materials	E&R Semiconductor Materials Ltd	2	Sales revenues	150,781	The remaining transactions between the parent and subsidiaries are with no similar transactions. The trading conditions are negotiated by engaging parties. The payment terms were within 270 days.	4.68%
				Accounts receivable	58,262		1.23%

No. (Note 1)	Company Name	Counterparty	Nature of Relation ship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
2	GAIN PROFIT HOLDING LIMITED	DG E&R Semiconductor Materials	3	Sales revenues Accounts receivable	73,912 28,129	The remaining transactions between the parent and subsidiaries are with no similar transactions. The trading conditions are negotiated by engaging parties. The payment terms were within 270 days.	2.29% 0.59%
3	Chen-Tai Trade (shanghai) Co., Ltd	E&R ENGINEERING CO., LTD.	2	Sales revenues	13,831	(Note 6)	0.43%
4	JS E&R Engineering CO., LTD	E&R ENGINEERING CO., LTD	2	Sales revenues	24,796	(Note 5)	0.77%

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1. ◦

Note 2: There are three types of relationships with traders. The type of mark is as follows:

(1) No. 1 represents the transactions from parent company to subsidiary.

(2) No. 2 represents the transactions from subsidiary to parent company.

(3) No. 3 represents the transactions between subsidiaries.

Note 3: The ratio of transaction amount to consolidated revenues or total assets is calculated as follows:

(1) asset/liability items: ending balance to total assets;

(2) profit and loss items: accumulated amount to consolidated revenues.

Note 4: For subsidiaries purchase of raw materials, the company lists it as a collection and payment process and does not purchases and sales.

Note 5: The overdue accounts receivable.

Note 6: Mainly revenues from technical service, etc.

Note 7: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 6

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
Information on investees
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Shares and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Product	Original Investment Amount		Balance as of December 31, 2022			Shareholding ratio x net value of the invested company at the end of the period	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Dividend distribution of the investee company in the current period		Remark
				As of December 31, 2022	As of December 31, 2021	Shares	Percentage of Ownership	Carrying Value				stock dividend	cash dividend	
E&R Engineering Co., LTD	Tech Wave Technology Co., Ltd	New Taipei	Flexible circuit board manufacturing, processing and trading	23,000	23,000	2,500	51.43%	26,349	26,349	2,519	1,295	-	-	-
	E&R Semiconductor Materials Ltd	Hong Kong	Semiconductor packaging material buying and selling	79,639 (HKD19,042)	69,767 (HKD16,425)	13,500	90.00%	102,364	102,364	(1,271)	(1,057)	-	-	-
	ENRICHMENT TECH. CORPORATION	Samoa	investment holding	145,333 (USD 4,186+ NTD18,589)	145,333 (USD 4,186+ NTD18,589)	8,290	100%	62,878	63,365	353	519	-	-	-
	Crystal Entec Technology Co., Ltd	Kaohsiung	Electronic material processing	10,860	10,860	1,086	48.27%	6,522	6,522	(1,226)	(592)	-	-	-
	EXCELLENT INTERNATION HOLDING LIMITED	British Virgin Islands	investment holding	286,430 (USD9,709)	94,883 (USD3,194)	9,709	100%	246,951	250,983	(9,575)	(9,575)	-	-	-
E&R Semiconductor Materials Ltd	GAIN PROFIT HOLDING LIMITED	Samoa	Semiconductor packaging material buying and selling	3 (HKD 1)	3 (HKD 1)	-	100%	(3,031) (HKD-769)	1,866 (HKD474)	2 (HKD1)	(1,767) (HKD-465)	-	-	-
ENRICHMENT TECH. CORPORATION	ENR APPLIED PACKING MATERIAL CORPORATION	Samoa	investment holding	116,979 (USD3,886)	116,979 (USD3,886)	10,755	100%	51,371 (USD1,673)	51,371 (USD1,673)	11,414 (USD 384)	11,414 (USD 384)	-	-	-

Note : The above-mentioned parent-subsidiary transactions have been eliminated.

Table 7

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
Information on investments in Mainland China
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Shares and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
DG E&R Semiconductor Materials	Production and sales of semiconductor packaging materials	HKD 28,180 (Note 1)	(2)	89,907 (HKD22,826)	9,989 (HKD2,536)	-	99,896 (HKD 25,362)	1,875 (HKD 493)	90%	1,687 (HKD444) (2).2	101,491 (HKD 25,767)	-
Wuxi E&R Semiconductor Material Technology	Production and sales of semiconductor packaging materials	USD 5,000 (Note 2)	(2)	156,007 (USD 5,080)	-	-	156,007 (USD 5,080)	11,414 (USD 384)	100%	11,414 (USD 384) (2).2	51,313 (USD 1,671)	-
Chen-Tai Trade (shanghai) Co., Ltd	Automation equipment after-sales service	USD 500	(2)	15,355 (USD 500)	-	-	15,355 (USD 500)	(7,433) (USD -250)	100%	(7,433) (USD -250) (2).2	12,164 (USD 396)	-
Suzhou E&R Precision Equipment Co., Ltd	Production and sales of Automation equipment	USD 1,000	(2)	30,710 (USD 1,000)	-	-	30,710 (USD 1,000)	(3,628) (USD -122)	100%	(3,628) (USD -122) (2).2	1,596 (USD 52)	-
JS E&R Engineering CO., LTD	Production and sales of Automation equipment	RMB 71,900	(2)	95,684 (RMB 21,700)	191,588 (RMB 43,450)	-	287,272 (RMB 65,150)	(10,603) (USD -356)	90.61%	(9,575) (USD -322) (2).2	250,983 (USD 8,173)	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
99,896(HKD 25,362) (Note 3)	99,896(HKD 25,362) (Note 1)	(Note 4)
156,007(USD 5,080) (Note 3)	161,442(USD 5,257) (Note 2)	
15,355(USD 500) (Note 3)	15,355(USD 500)	
30,710(USD 1,000) (Note 3)	30,710(USD 1,000)	
287,272(RMB 65,150) (Note 3)	397,507(RMB 90,150)	

(Note 1) The company's investment in DG E&R Semiconductor Materials is reinvested through E&R Semiconductor Materials Ltd. Hong Kong's investment in DG E&R Semiconductor Materials includes fixed asset valuation investment and cash investment, with a total of HKD$28,180 thousand. In addition, the company purchased additional shares in E&R Semiconductor Materials Ltd (Hong Kong) in May 2022, which increased the company's indirect shareholding in DG E&R Semiconductor Materials from 81% to 90%. Therefore, the company's investment amount in mainland China is calculated as HKD$25,443 thousand based on the shareholding ratio.

(Note 2) The company's investment in Wuxi E&R Semiconductor Material Technology is through ENRICHMENT TECH.CORPORATION's investment in ENR APPLIED PACKING MATERIAL CORPORATIO, then the company will reinvest in Wuxi E&R Semiconductor Material Technology, ENR APPLIED PACKING MATERIAL CORPORATION's investment in Wuxi E&R Semiconductor Material Technology includes fixed asset valuation investment and cash investment of USD$5,080 thousand (the actual capital verification capital is USD$5,080 thousand, and the company's registered capital is USD$5,000 thousand).

(Note 3) The accumulative investment amount remitted from Taiwan to the mainland at the end of the period is calculated based on the company's paid-in capital of the mainland investee company and the shareholding ratio of direct or indirect investment.

(Note 4) Enterprises operating headquarters approved by the Ministry of Economic Affairs are not subject to restrictions on the amount or ratio.

(Note 1) The investment methods are divided into the following three types:

(1) Investing directly to the Mainland China

(2) Reinvesting in the Mainland China through third-region companies (please refer to Table 6)

(3) Others.

(Note 2) In the current period, the investment profit and loss column is recognized:

(1) If during incorporation with no investment income or loss, it should be indicated;

(2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:

1. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.

2. Audited financial statements by parent company’s auditors.

3. Others.

(2) The company's major transactions with mainland investee companies in 2022 are listed as follows:

1. Loans provided with mainland investment company: refer to Table 1 attached in Note 13.

2. Endorsements / guarantees with mainland investment company: refer to Table 2 attached in Note 13.

3. Significant transactions with mainland investment company: refer to Table 4 attached in Note 13.

(3) The above-mentioned parent-subsidiary transactions have been eliminated.

Table 8

E&R ENGINEERING CO., LTD
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Production and sales of Automation equipment Major Shareholder	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of December 31, 2022. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14. SEGMENT INFORMATION

(1) General information

For management purpose, the Group's reportable segments are listed as follows:

A. Automation Equipment: Mainly engaging in production and sales of automation equipment.

B. Flexible Circuit Board: Mainly engaging in flexible circuit board manufacturing, processing and trading .

C. Semiconductor Packing Materials: Mainly engaging in manufacturing and sales of semiconductor packaging materials

D. Other: Mainly engaging in investment holding and electronic material processing .

(2) Measurement basis

The Group uses profit before income tax as the measurement for segment profit and the basis of performance assessment. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4.

(3) Segment financial information

(In thousands)

Year Ended December 31, 2022	Automation Equipment	Flexible Circuit Board	Semiconductor Packaging Materials	Other	Elimination	Total
Sales from external customers	$2,771,212	$68,820	$379,210	$3,756	$ -	$3,222,998
Sales among inter-segment	62,426	435	234,366	152	(297,379)	-
Total sales	$2,833,638	$69,255	$613,576	$3,908	($297,379)	$3,222,998
Operating profit (loss)	$396,130	$2,135	$5,255	($1,833)	$2,071	$403,758
Segment assets	$ -	$ -	$ -	$ -	$ -	$4,738,590
Segment liabilities	$ -	$ -	$ -	$ -	$ -	$2,102,771

(In thousands)

Year Ended December 31, 2021	Automation Equipment	Flexible Circuit Board	Semiconductor Packaging Materials	Other	Elimination	Total
Sales from external customers	$2,048,634	$98,464	$393,990	$3,694	$ -	$2,544,782
Sales among inter-segment	67,550	332	277,246	548	(345,676)	0
Total sales	$2,116,184	$98,796	$671,236	$4,242	($345,676)	$2,544,782
Operating profit (loss)	$297,253	$14,385	$1,876	($4,850)	$3,505	$312,169
Segment assets	$ -	$ -	$ -	$ -	$ -	$3,624,352
Segment liabilities	$ -	$ -	$ -	$ -	$ -	$1,199,198

(4) Production and service information: No disclosure required for only single industry in the Group.

(5) Geographic information:

A. Sales from external customers

	Year Ended December 31	
Area	2022	2021
Taiwan	$1,071,432	$643,713
Hong Kong & China	928,513	1,131,844
Southeast Asia	904,314	490,785
Americas	280,791	138,022
Europa	10,470	58,466
Others	27,478	81,952
Total	$3,222,998	$2,544,782

B. Noncurrent assets

	Year Ended December 31	
Area	2022	2021
Taiwan	$500,764	$433,289
Hong Kong & China	272,548	149,036

(6) Major customers:

	Year Ended December 31, 2022	
Related Party Category	Amount	Percentage of sales
Customer A	$549,301	17.04%

	Year Ended December 31, 2021	
Related Party Category	Amount	Percentage of sales
Customer A	$220,434	8.66%

Appendix II

Financial Statements for the Recent Year and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E&R Engineering Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of E&R Engineering Co., Ltd. (the "Company") as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Crowe

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 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, we do not provide a separate opinion on these matters.

Key audit matters of the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of inventory

Please refer to Note 4(7) to the parent company only financial statements for the accounting policy of inventories, Note 5(2)F for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(6) for inventory valuation.

Description of key audit matter:

As of December 31, 2022, inventory was $1,049,952 thousand and accounted for 23% of the total assets. Due to rapid changes in technology may lead to write-downs of slow-moving inventories to their net realizable values. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included the understanding of the feature of the product and the inventory aging to confirm the appropriateness of the inventory evaluation method ; Testing the book value of the inventory to assess the rationality of the change in the impairment loss of the inventory, obtaining the inventory status of the Company and compare the actual write-offs of the past to assess the appropriateness of the valuation for obsolescent and damaged inventories.

Revenue recognition

Please refer to Note 4(18) to the parent company only financial statements for the accounting policy of revenue recognition, Note 5(1) A and Note 5(2) A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6 (27) for the description of revenue recognition.

Description of key audit matter:

The Company's sales revenue is easily influenced by various factors such as the industry boom and market environment, and has a significant impact on the utilization rate of the Company (the levy of idle capacity loss), inventory risk and cash flow. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date; analyzing of the trend of product sales and comparing the number of relevant changes or differences with the budget to confirm whether there is a significant exception.

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 Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Crowe

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 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 in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in Our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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 audit resulting in this independent auditors' report are Ching Ling Lee and Kuo Ming Lee.

Crowe (TW) CPAs

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
March 7 , 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail

E&R ENGINEERING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
Assets	Note	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	$898,626	20	$559,023	17
Financial assets at fair value through profit or loss - current	6.2	114,943	3	266,148	8
Notes receivable, net	6.3	9,525	-	-	-
Accounts receivable, net	6.4	617,419	14	600,768	18
Accounts receivable due from related parties, net	6.4,7	102,916	2	85,196	3
Other receivables	6.5	8,405	-	9,299	-
Other receivables due from related parties	6.5,7	37,312	1	33,022	1
Inventories	6.6	1,049,952	23	1,043,895	30
Prepayments		69,139	2	33,385	1
Other financial assets - current	6.7	582,185	13	36,005	1
Total current assets		3,490,422	78	2,666,741	79
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.8	36,181	1	21,745	1
Investments accounted for using equity method	6.9	445,064	10	215,815	7
Property, plant and equipment	6.10	363,809	8	361,540	10
Right-of-use assets	6.11	101,530	2	24,676	1
Intangible assets	6.12	11,252	-	18,479	1
Deferred income tax assets	6.33	44,984	1	34,347	1
Refundable deposits		1,317	-	3,380	-
Other financial assets - noncurrent	8	6,900	-	3,000	-
Total noncurrent assets		1,011,037	22	718,982	21
TOTAL ASSETS		$4,501,459	100	$3,385,723	100
Liabilities and Equity					
CURRENT LIABLITIES					
Short-term loans	6.13	$ -	-	$9,822	-
Contract liabilities-current	6.27	36,813	1	185,146	5
Notes payable		-	-	13	-
Accounts payable		289,318	7	490,342	15
Other payables	6.14	183,746	4	118,293	3
Current income tax liability		86,839	2	39,809	1
Provisions - current	6.15	89,695	2	55,863	2
Lease liabilities - current	6.11	6,141	-	1,938	-
Advance receipts		398	-	-	-
Current portion of long-term loans	6.16	16,799	-	30,257	1
Total current liabilities		709,749	16	931,543	27

Liabilities and Equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
NONCURRENT LIABILITIES					
Financial liabilities at fair value through profit or loss - noncurrent	6.2	19,800	-	-	-
Bonds payable	6.17	931,470	21	-	-
Long-term loans	6.18	89,731	2	56,156	2
Deferred income tax liabilities	6.33	4,076	-	2,209	-
Lease liabilities - noncurrent	6.11	95,423	2	21,476	1
Long-term deferred revenue	6.20	5,110	-	-	-
Net defined benefit liability - noncurrent	6.19	8,480	-	9,558	-
Guarantee deposits	9.6	71,056	2	-	-
Total noncurrent liabilities		1,225,146	27	89,399	3
TOTAL LIABILITIES		$1,934,895	43	$1,020,942	30
EQUITY					
Share capital	6.21				
Common stock		1,007,703	22	1,000,475	30
Bond conversion entitlement certificates		3,026	-	546	-
Advance receipts for ordinary share		125	-	-	-
Capital surplus	6.22	1,271,597	29	1,164,065	34
Retained earnings	6.24				
Legal reserve		38,028	1	16,127	-
Special reserve		11,185	-	11,063	-
Unappropriated retained earnings		459,625	10	248,397	8
Other equity	6.25	(36,409)	(1)	(11,185)	-
Treasury shares	6.26	(188,316)	(4)	(64,707)	(2)
TOTAL EQUITY		2,566,564	57	2,364,781	70
TOTAL LIABILITIES AND EQUITY		$4,501,459	100	$ 3,385,723	100

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

E&R ENGINEERING CO., LTD
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2022		2021	
Item	Note	Amount	%	Amount	%
OPERATING REVENUE	6.27	$2,758,667	100	$2,020,865	100
OPERATING COST	6.6	(1,696,330)	(62)	(1,259,305)	(63)
GROSS PROFIT (LOSS)		1,062,337	38	761,560	37
UNREALIZED GROSS PROFIT ON SALES		(3,552)	-	(5,483)	-
REALIZED GROSS PROFIT ON SALES		1,404	-	6,498	-
OPERATING EXPENSES					
Sales and marketing		(279,997)	(10)	(169,854)	(8)
General and administrative		(143,331)	(5)	(123,581)	(6)
Research and development expense		(207,510)	(8)	(158,747)	(8)
Expected credit losses (reversal)	6.4	(6,927)	-	2,217	-
Total operating expenses		(637,765)	(23)	(449,965)	(22)
INCOME (LOSS) FROM OPERATIONS		422,424	15	312,610	15
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.29	9,792	-	731	-
Other income	6.30	5,511	-	5,411	1
Other gains and losses	6.31	76,641	3	(17,589)	(1)
Finance cost	6.32	(10,625)	-	(2,945)	-
Share of profit (loss) of subsidiaries, associates and joint ventures		(9,410)	-	4,520	-
Total non-operating income and expenses		71,909	3	(9,872)	-
INCOME (LOSS) BEFORE INCOME TAX		494,333	18	302,738	15
INCOME TAX BENEFIT (EXPENSE)	6.33	(103,544)	(4)	(58,759)	(3)
NET INCOME (LOSS)		390,789	14	243,979	12
OTHER COMPREHENSIVE INCOME (LOSS)	6.34				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		1,080	-	1,238	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI		(27,767)	(1)	292	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		66	-	(206)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		(216)	-	(248)	-

Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		2,625	-	(453)	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(82)	-	39	-
Total other comprehensive income (loss), net of income tax		(24,294)	(1)	662	-
TOTAL COMPREHENSIVE INCOME (LOSS)		$366,495	13	$244,641	12
EARNINGS (LOSS) PER SHARE					
Basic	6.35	$3.94		$2.62	
Diluted	6.35	$3.65		$2.56	

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

E&R ENGINEERING CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock				Retained Earnings			Other Adjustment Item			
	Common Stock	Certificate of Bond Exchange Rights	Proceeds-New Issued	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	treasury stock	Total Equity
BALANCE AT JANUARY 1, 2021	$841,523	$12,790	$-	$439,159	$-	$-	$161,269	($11,063)	$-	($34,963)	$1,408,715
Allocate and appropriated retained earnings:											
Legal reserve	-	-	-	-	16,127	-	(16,127)	-	-	-	-
Special reserve	-	-	-	-	-	11,063	(11,063)	-	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(104,688)	-	-	-	(104,688)
Net income (loss) in 2021	-	-	-	-	-	-	243,979	-	-	-	243,979
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	784	(414)	292	-	662
Total comprehensive income (loss) in 2021	-	-	-	-	-	-	244,763	(414)	292	-	244,641
Capital increase in cash	100,000	-	-	558,350	-	-	-	-	-	-	658,350
Convertible corporate bond conversion	50,237	546	-	159,155	-	-	-	-	-	-	209,938
Bond conversion entitlement certificate	12,790	(12,790)	-	-	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	-	-	(107,460)	(107,460)
Retirement of treasury stock	(8,300)	-	-	(21,311)	-	-	(23,757)	-	-	53,368	-
Changes in ownership interests in subsidiaries	-	-	-	481	-	-	-	-	-	-	481
Share-based payment transactions	4,225	-	-	19,254	-	-	(2,000)	-	-	24,348	45,827
Others- right of entry	-	-	-	8,977	-	-	-	-	-	-	8,977
BALANCE AT DECEMBER 31, 2021	1,000,475	546	-	1,164,065	16,127	11,063	248,397	(11,477)	292	(64,707)	2,364,781
Allocate and appropriated retained earnings:											
Legal reserve	-	-	-	-	21,901	-	(21,901)	-	-	-	-
Special reserve	-	-	-	-	-	122	(122)	-	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(158,240)	-	-	-	(158,240)
Due to the issuance of convertible corporate bonds	-	-	-	66,566	-	-	-	-	-	-	66,566
, the equity component items are recognized - stock options											
Net income (loss) in 2022	-	-	-	-	-	-	390,789	-	-	-	390,789
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	930	2,543	(27,767)	-	(24,294)
Total comprehensive income (loss) in 2022	-	-	-	-	-	-	391,719	2,543	(27,767)	-	366,495
Convertible corporate bond conversion	-	4,358	-	13,582	-	-	-	-	-	-	17,940
Bond conversion entitlement certificate	1,878	(1,878)	-	-	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	-	-	(134,241)	(134,241)
The difference between the actual acquisition or disposal	-	-	-	764	-	-	-	-	-	-	764
of the subsidiary company's equity price and book value											
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(228)	-	-	-	(228)
Share-based payment transactions	5,350	-	125	26,514	-	-	-	-	-	10,632	42,621
Others- right of entry	-	-	-	106	-	-	-	-	-	-	106
BALANCE AT DECEMBER 31, 2022	$1,007,703	$3,026	$125	$1,271,597	$38,028	$11,185	$459,625	($8,934)	($27,475)	($188,316)	$2,566,564

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

E&R ENGINEERING CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31 2022	2021
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$494,333	$302,738
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation	66,962	59,931
Amortization expense	8,879	9,131
Expected credit losses (reversal)	6,927	(2,217)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	10,006	(949)
Interest expense	10,625	2,945
Interest income	(9,792)	(731)
Dividend income	(473)	-
Share-Based Benefit Compensation Cost	23,589	22,301
Share of loss (profit) of subsidiaries, associates and joint ventures	9,410	(4,520)
Gain on disposal and retirement of property, plant and equipment	(662)	(2,346)
Property, plant and equipment transfer to expense	39	-
Unrealized sales benefit	3,552	5,483
Realized sales benefit	(1,404)	(6,498)
Others	(464)	-
Total income and expenses having no effect on cash flows	127,194	82,530
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	147,078	(26,471)
Notes receivable	(9,550)	1,015
Accounts receivable	(41,273)	(193,785)
Other receivables	2,794	511
Inventories	(54,822)	(511,812)
Prepayments	(35,754)	(19,639)
Other financial assets	(561,595)	(8,259)
Total net changes in operating assets	(553,122)	(758,440)
Net changes in operating liabilities:		
Contract liabilities	(148,333)	171,159
Notes payable	(13)	4
Accounts payable	(201,024)	178,819
Other payables	65,406	20,111
Provisions	33,832	11,221
Net defined benefit liability	2	(5)
Total net changes in operating liabilities	($250,130)	$381,309

Total changes in operating assets and liabilities	(803,252)	(377,131)
Total adjustments	(676,058)	(294,601)
Cash generated from (used in) operations	(181,725)	8,137
Interest received	8,061	703
Dividends received	473	-
Interest paid	(3,664)	(2,777)
Income tax refund (paid)	(65,582)	(49,675)
Net cash generated from (used in) operating activities	(242,437)	(43,612)
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(42,203)	(21,453)
Acquisition of investments accounted for using equity method	(201,419)	(43,263)
Acquisition of property, plant and equipment	(23,597)	(19,596)
Proceeds from disposal of property, plant and equipment	9,537	2,666
Increase in refundable deposits	-	(1,583)
Decrease in refundable deposits	2,063	-
Increase in other receivables-related parties	(5,372)	-
Decrease in other receivables-related parties	-	19,045
Acquire intangible assets	(1,652)	(5,872)
Decrease in other financial assets	11,515	98,570
Net cash generated from (used in) investing activities	(251,128)	28,514
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	9,882
Decrease in short-term loans	(9,882)	-
Issuance of corporate bonds	1,005,070	-
Increase in long-term loans	86,000	65,000
Repayment of long-term loans	(47,970)	(91,891)
Increase in guarantee deposits received	71,056	-
Repayments of principal of lease liabilities	(3,735)	(2,777)
Increase in other liabilities - noncurrent	5,972	-
Cash dividend	(158,240)	(104,688)
Cash capital increase	-	658,350
Employee exercise stock options	8,432	6,633
Treasury stock buyback cost	(134,241)	(107,460)
Employee purchase treasury stock	10,600	16,893
Others	106	8,977
Net cash generated from (used in) financing activities	833,168	458,919
4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	339,603	443,821
5.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	559,023	115,202
6.CASH AND CASH EQUIVALENTS, END OF YEAR	$898,626	$559,023

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

1. GENERAL INFORMATION

E&R Engineering Co., Ltd. (collectively as the "Company") was incorporated in October 1994, and stocks were traded at emerging stock market since January 3, 2003. The board of directors decided to impose the withdrawal of trading at emerging stock market on November 13, 2008 and re-registered on November 12, 2013. Stocks were approved for sale on the counter by Taipei Exchange (TPEx) on March 27, 2015. The Company engages mainly in the planning, designing, manufacturing, installing and selling of automatic machines, related components, computer software and pollution controlling equipment.

The parent company only financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. THE AUTHORIZATION OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 7, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(1) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds Before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 4)
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the New IFRSs above are effective for annual periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented, January 1, 2021, in the financial statements in which the entity first applies the amendments.

Note 3: An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note 4: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note 5: The amendments to IFRS 9 apply to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 apply to fair value measurement on or after the beginning of the first annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 apply to the annual reporting periods beginning on or after January 1, 2022.

A. Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

These amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. In addition, the amendment also clarified that the normal operating cost of a test asset refers to the expenditure for assessing whether the technology and physical properties of the asset are sufficient to be used to produce or provide goods or services, lease to others, or for management purposes.

The Company shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

B. Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract (for example, direct labor and materials); and (b) an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others).

C. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

D. Annual Improvement to IFRS 2018-2020

The annual improvements amend several Standards. Among which, the amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from the original one, only fees paid or received between the Company (the borrower) and the lender, including fees paid or received by either the Company or the lender on the other’s behalf, shall be included in the ‘10 percent’ test of discounting present value of the cash flows under the new terms.

Base on the Company’s assessment, the above standards and interpretations have no significant effect on the Company’s financial position and financial performance.

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

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendment to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for otherwise specified with for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

A. Amendments to IAS 1 “Disclosure of Accounting Policies”

This amendment clarifies that when the scale or nature of a transaction, other event or situation is material, and the relevant accounting policy information is also material to the financial report, the relevant material accounting policy information should be disclosed. Conversely, if the enterprise determines that the scale or nature of a transaction, other event or situation is not significant or the relevant accounting policy information is not significant although it is significant, it does not need to disclose non-significant accounting policy information, but the enterprise prepares accounting the conclusion that the policy information is insignificant does not affect the relevant disclosures required by other IFRS standards.

B. Amendments to IAS 8 “Definition of Accounting Estimates”

This amendment defines accounting estimates as the monetary amount of financial statements subject to measurement uncertainty, and provides further explanations, except for corrections due to errors in the previous period, the impact of changes in input values or measurement techniques on accounting estimates is a change in accounting estimates.

C. Amendment to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

If the taxable temporary difference arising from a single transaction at the time of original recognition is the same as the deductible temporary difference, the above exemption does not apply. When the enterprise applies this amendment for the first time, it shall recognize deferred income tax on all temporary differences related to lease and decommissioning obligations on the start date of the earliest comparative period expressed (January 1, 2022), and the cumulative effect is recognized as an adjustment to the initial balance of retained earnings on that date. (Or other components of interest, as appropriate). For other transactions that occurred after January 1, 2022, the application of this amendment should be postponed, and the company should recompile the comparative period information when applying this amendment for the first time.

The company has assessed that the above standards and interpretations have no significant impact on the company's financial position and financial performance.

(3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application IFRS 17 and IFRS 9 – Compare Information”	January 1, 2023
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants "	January 1, 2024

As of the date the company parent company only financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the accompany parent company only financial statements have been prepared under the historical cost convention:

a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

b. Liabilities on cash-settled share based payment arrangement measured at fair value.

c. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas

involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

C. When preparing the parent company only financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

(3) Foreign currency translation

A. Foreign currency transactions and balance

a. Foreign currency transactions are translated into the functional currency using the spot exchange rate on the transaction date or measurement date, and the translation differences arising from the translation of these transactions are recognized as current profit or loss.

b. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

c. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

B. Translation of foreign operations

a. The operating results and financial position of all the Company's subsidiaries, associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

(c) All resulting exchange differences are recognized in other comprehensive income.

b. When the foreign operation partially disposed of or sold is an associate or a joint venture, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint venture after losing significant influence over the former foreign associate or joint venture, such transactions should be accounted for as disposal of all interest in these foreign operations.

c. When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized within twelve months from the balance sheet date;

d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a. Liabilities that are expected to be paid off within the normal operating cycle;

b. Liabilities held mainly for trading purposes;

c. Liabilities that are to be paid off within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).

d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

a. Category of financial assets

Financial assets are recognized on a trade date basis.

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments. at FVTOCI.

(a) Financial asset at FVTPL

For certain financial assets are classified as at FVTPL when such a financial asset is mandatorily and designated classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

When the financial assets meet one of the following conditions, the Company designates them as measured at fair value through profit and loss at the time of initial recognition:

i. It is a mixed (combined) contract; or

ii. It can eliminate or significantly reduce measurement or recognition inconsistencies; or

iii. It is an investment that manages and evaluates its performance on a fair value basis based on written risk management or investment strategies.

Financial assets at fair value through profit or loss are measured at fair value, dividends generated are recognised in other income, and interest income and gains or losses arising from remeasurement are recognised in other gains and losses.

(b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured

at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

i. Purchased or originated credit-impaired financial assets: for those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's right clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

(a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

(b) The Company always recognize lifetime Expected Credit Loss (i.e. ECL) for accounts receivables. For other financial assets, the Company recognize

lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

(c) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(d) The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is meet:

(a) The contractual rights to receive cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instrument measured at fair value through other comprehensive income, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of equity instruments at fair value through other comprehensive income in its entirety, the cumulative profit and loss will be transferred directly to retain earning without reclassified into profit and loss.

B. Equity instruments

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Except for the following conditions, all financial liabilities are measured at amortized cost in accordance with the effective interest method:

(a) Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or is designated as at fair value through profit or loss. Financial liabilities classified as held for trading are mainly for repurchasing in the short term when they occur, and derivatives other than financial guarantee contracts or designated and effective hedging instruments. Financial assets meet one of the following conditions, the Company designates them as measured at fair value through profit and loss at the time of initial recognition:

i. It is a mixed (combined) contract; or

ii. It can eliminate or significantly reduce measurement or recognition inconsistencies; or

iii. It is an instrument that manages and evaluates its performance on a fair value basis based on written risk management or investment strategies.

(b) Financial liabilities at FVTPL are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(c) As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above

accounting treatment would create or enlarge an accounting in profit or loss, the Company presents all gains or losses on that liability in profit or loss.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

(7) Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

(8) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. As long as the change in shareholding in the subsidiaries does not lead to loss of control, it is to be treated as equity transaction that is to be treated as transactions between the owners. The difference between non-controlling equity adjustment amount and the fair value of payment and receipt is to be recognized as equity.

E. When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. It should reclassify the amount previously recognized in other comprehensive income to profit or loss. When the Company loses control of a subsidiary, gain or loss previously recognized in equity should be reclassified to profit or loss.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

Service lives estimated as follows:

Buildings:

Main building, 25 to 39 years;

Others, 3 to 35 years;

Machinery and transportation equipment, 5 to 8 years;

Other equipment, 3 to 10 years;

D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10)Leases

The Company assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Company allocates the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

A. The Company as a lessee

Except for payments for low-value assets and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

Except for right-of-use assets that meet the definition of investment real estate, right-of-use assets are presented in the balance sheet as a single line item.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liabilities

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Company will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the standalone balance sheet.

(11)Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 years. The estimated useful life and amortization method are reviewed

at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(12)Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(13)Provisions

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

(14)Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

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

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the

present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(15)Share capital and treasury shares

A. Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

B. Treasury Shares

When the Company acquires its outstanding shares, the repurchase considerations (including all directly accountable costs) are recognized under treasury shares and shown as a deduction in equity. Gains on disposal of treasury shares should be recognized under “capital surplus - treasury stock transactions”; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there is insufficient capital surplus to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted-average method for the purpose of repurchased shares.

When the Company’s treasury shares are retired, the treasury share account should be credited, and the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury shares in excess of the sum of its par value and premium on stock should first be offset against capital surplus from similar types of treasury share transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury shares in excess of its carrying value should be credited to capital surplus from similar types of treasury share transactions.

(16)Share-based payment transactions

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(17)Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(18)Revenue Recognition

The Company recognizes revenues based on the following steps:

A. Identifying the contracts;

B. Identifying obligations in the contracts;

C. Determining prices;

D. Allocating prices into the obligations in the contracts;

E. Recognizing revenues while fulfilling the obligations.

The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A. Goods sales

The Company manufactures and sells machines and relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsoleteness. The Company recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

B. Revenue from dividends and interests

a. Dividend revenue from investments is recognized when the rights of shareholders to receive payment are established, provided that the economic profits arising from such transaction are highly probable to flow to the Company and the amount of such benefits can be reliably measured.

b. Interest revenue is recognized based on outstanding principal and applicable effective interest according to passage of time on an accrual basis.

(19)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

(20)Government subsidy

Government subsidies are recognized at fair value when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the company. If government subsidy is used to compensate for expenses or losses that have occurred, or for the purpose of providing the Company with immediate financial support and there is no future related cost, it is recognized in the profit and loss during the period when it can be received. Government subsidies related to property, plant and equipment are recognized as non-current liabilities, and recognized as profits and losses on a straight-line basis based on the estimated useful life of the relevant assets.

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

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

In the preparation of the standalone financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

(1) Critical judgements in applying accounting policies

A. Revenue recognition

The Company follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Company is acting as a principal or an agent in that transaction. When the Company acts as an agent, revenue is recognized on a net basis.

The Company acts as a principal as that it meets one of the following situations:

a. The Company gains control over the goods from the other party before transferring goods to customers.
b. The Company controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
c. The Company gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Company controls the goods or services before transferring goods or services to customers:

a. The Company has primary responsibilities for the goods or services it provides;
b. The Company bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).
c. The Company has the discretion to set prices.

B. Judgment of financial asset classification

The Company assesses the business model of financial assets based on the hierarchy that reflects the Company of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Company continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Company delays the adjustment of the subsequent classification of financial assets. The Company reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

C. Lease term

In determining the lease term, the Company considers all the facts and circumstances that create an economic incentive to exercise (or not exercise) the option, including all expected change in facts and circumstances from the commencement date until the exercise date of the option. Factors considered include the contractual terms and conditions for the optional period, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Company's operations, etc. The lease term is reassessed if a significant change in circumstance that are within the control of the Company occurs.

(2) Critical accounting estimates and assumptions

A. Revenue Recognition

The Company recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

B. Estimated impairment of financial assets

The provisions for impairment of trade receivables, investment in debt instruments and financial guarantee contract are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Company determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Company refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Company updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

D. Impairment assessment of tangible and intangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

E. Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

F. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory

consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

G. Impairment assessment on investment using equity method

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value cannot be recoverable. The Company assesses the recoverable amount based on a projected future cash flow and receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

H. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

I. Lessees' incremental borrowing rates

At the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	December 31	
	2022	2021
Cash on hand	$1,491	$1,065
Checking account	10	10
Demand deposits	179,757	337,255
Foreign currency deposits	190,465	173,309
Cash equivalents:		
Time deposits with original maturities less than 3 months	526,903	47,384
Total	$898,626	$559,023

A. The financial institutions dealing with the Company are credit worthy, and the Company does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Company had no cash and cash equivalents pledged to others.

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

Item	December 31 2022	2021
Financial assets - current		
Non-derivative financial assets at FVTPL		
Domestic listed stock and ETF	$5,130	$506
Mutual funds	107,514	264,178
Corporation bonds	2,299	1,390
Callable bonds options	-	74
Total	$114,943	$266,148
Financial assets – non-current		
Bond call options	$19,800	$-

A. The Company recognized net gain (loss) on financial assets and liabilities at FVTPL were ($10,006) thousand and $949 thousand for the year ended December 31, 2022 and 2021, respectively.

B. The Company had no financial assets at fair value through profit or loss pledged to others.

C. Please refer to Note 12 (2) for credit risk management and evaluation method.

(3) Notes receivable, net

Item	December 31 2022	2021
At amortized cost		
Notes receivable	$9,550	$-
Less: Loss allowance	(25)	-
Net	$9,525	$-

A. The Company had no notes receivable pledged to others.

B. Please refer to Note 6(4) for the relevant disclosure of loss allowance for notes receivable.

(4) Accounts receivable, net

Item	December 31 2022	2021
At amortized cost		
Accounts receivable	$630,445	$606,892
Less: Loss allowance	(13,026)	(6,124)
Net	$617,419	$600,768
Accounts receivable-related parties	$102,916	$85,196
Net-related parties	$102,916	$85,196
Net	$720,335	$685,964

A. The accounts receivable that were neither past due nor impaired was following the Company's credit policy determined by reference to the industry characteristics, operation scale and current financial position of the counterparties. The average credit period on sales of goods for automated equipment was 4-6 months (except for the final payment, the final payment is generally about 10%-30%, and the credit period is based on the agreement, usually within 1 year after delivery.). 4-6 months for general components.

B. The Company had no account receivable pledged to others.

C. Please refer to Note 7 for accounts receivable with related parties.

D. The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to preparation matrix, past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivable and accounts receivable is not further distinguished between the Company's different customer base.

E. The Company measures the loss allowance for notes receivable, accounts receivable and other receivables according to the preparation matrix (including related parties):

December 31, 2022	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1%	$643,519	($1,564)	$641,955
Past due within 30 days	0%-20%	49,544	(5,392)	44,152
Past due 31-180 days	0%-20%	22,077	(1,204)	20,873
Past due over 181-365 days	0%-50%	21,067	(2,221)	18,846
Past over than 1 year	0%-100%	4,897	(863)	4,034
Counterparties show signs of default	100%	1,807	(1,807)	-
Total		$742,911	($13,051)	$729,860

December 31, 2021	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1%	$567,536	($2,319)	$565,217
Past due within 30 days	0%-20%	74,113	(1,677)	72,436
Past due 31-180 days	0%-20%	47,372	(1,582)	45,790
Past due 181-365 days	0%-50%	2,801	(280)	2,521
Counterparties show signs of default	100%	266	(266)	-
Total		$692,088	($6,124)	$685,964

F. Movements of the loss allowance for notes and accounts receivable (include related parties) were as follows:

Item	Year Ended December 31	
	2022	2021
Beginning balance	$6,124	$9,507
Add: Provision for impairment	6,927	-
Less: Reversal of impairment	-	(2,217)
Less: Write-offs	-	(1,166)
Ending balance	$13,051	$6,124

The above provision has already taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables (such as L/C) were $76,462 thousand and $30,405 thousand as of December 31, 2022 and 2021, respectively.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Company's trade receivables for offsetting the contract amount were $0 thousand and $1,166 thousand for the years ended December 31, 2022 and 2021, respectively.

G. Please refer to Note 12 for the relevant credit risk management and assessment method.

(5) Other receivables

Item	December 31 2022	2021
Other receivables		
Sales tax refundable	$6,626	$9,251
Others	1,779	48
Subtotal	$8,405	$9,299
Less: loss allowance	-	-
Subtotal	$8,405	$9,299
Other receivables - related parties		
Overdue receivables	$36,854	$31,482
Others	458	1,540
Subtotal	$37,312	$33,022
Total	$45,717	$42,321

(6) Inventories and operating costs

Item	December 31 2022	2021
Raw materials	$569,520	$512,534
Work in process	292,578	299,082
Finished goods	187,854	232,279
Total	$1,049,952	$1,043,895

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2022 and 2021 were as follows:

Item	Year Ended December 31 2022	2021
Cost of goods sold	$1,643,730	$1,242,905
Loss (Gain) on inventory valuation	52,600	16,400
Total	$1,696,330	$1,259,305

B. The Company recognized inventory valuation loss of $52,600 thousand and $16,400 thousand for the years ended December 31, 2022 and 2021, respectively, as a result of raising some product prices and reducing some inventory.

C. The Company had no inventories pledged to others.

(7) Other financial assets - current

Item	December 31 2022	2021
Time deposits with original maturities over 3 months	$569,854	$8,259
Restricted assets	12,331	27,746
Total	$582,185	$36,005

(8) Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31 2022	2021
Equity instruments：		
Domestic listed stocks	$63,656	$21,453
Subtotal	$63,656	$21,453
Valuation adjustment	(24,475)	292
Total	$36,181	$21,745

A. The Company invests in domestic listed and unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Company believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Company elects to designate such investment as to be measured at FVTOCI.

B. For related credit risk management and means of assessing, please refer to Note 12.

C.As of December 31, 2022 and 2021, the Company had no financial assets at FVTOCI pledged as collateral.

(9) Investments accounted for using equity method

Item	December 31 2022	2021
Subsidiaries:		
Tech Wave Technology Co., Ltd.	$26,349	$24,987
E&R Semiconductor Materials Ltd.	102,364	91,964
Enrichment Tech. Corporation	62,878	60,209
Crystal Entec Technology Co., Ltd.	6,522	7,114
Excellent International Holdings Limited	246,951	67,541
Total	$445,064	$251,815

The percentage of ownership and voting rights held by the company at each balance sheet date as follows:

Item	December 31	
	2022	2021
Tech Wave Technology Co., Ltd.	51.43%	51.43%
E&R Semiconductor Materials Ltd.	90.00%	81.00%
Enrichment Tech. Corporation	100.00%	100.00%
Crystal Entec Technology Co., Ltd.	48.27%	48.27%
Excellent International Holdings Limited	100.00%	100.00%

A. For more information regarding the subsidiaries of the Company, please refer to Note 4(3) to the Company's consolidated financial statements of 2022.

B. The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the subsidiaries' financial statements audited by auditors for the same years.

C. The Company had no investments accounted for using equity method pledged to others as of December 31, 2022 and 2021.

(10) Property, plant and equipment

Item	December 31	
	2022	2021
Land	$51,515	$51,515
Buildings	284,385	280,928
Machinery and equipment	12,157	12,157
Transportation facilities	10,102	4,216
Office equipment	11,548	12,126
Miscellaneous equipment	314,463	271,196
Equipment to be inspected and construction in progress	7,875	6,000
Total cost	$692,045	$638,138
Less: Accumulated depreciation	(328,236)	(276,598)
Less: Accumulated impairment	-	-
Total	$363,809	$361,540

	Land	Buildings and Structures	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2022	$51,515	$280,928	$12,157	$287,538	$6,000	$638,138
Additions	-	3,598	-	6,862	13,137	23,597
Disposals	-	(141)	-	(12,107)	(6,000)	(18,248)
Transfer from inventories	-	-	-	50,020	-	50,020
Transfer to inventories	-	-	-	(1,423)	-	(1,423)
Transfer to expenses	-	-	-	(39)	-	(39)
Reclassification	-	-	-	(5,262)	5,262	-
Balance at December 31, 2022	$51,515	$284,385	$12,157	$336,113	$7,875	$692,045
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$96,670	$12,153	$167,775	$ -	$276,598
Depreciation	-	13,741	4	48,186	-	61,931
Disposals	-	(141)	-	(9,984)	-	(10,125)
Transfer to inventories	-	-	-	(168)	-	(168)
Balance at December 31, 2022	$ -	$110,270	$12,157	$205,809	$ -	$328,236

	Land	Buildings and Structures	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2021	$51,515	$274,572	$12,157	$249,637	$6,240	$594,121
Additions	-	1,779	-	8,217	4,560	14,556
Disposals	-	(223)	-	(10,274)	-	(10,497)
Transfer from inventories	-	-	-	46,057	-	46,057
Transfer to inventories	-	-	-	(6,099)	-	(6,099)
Reclassification	-	4,800	-	-	(4,800)	-
Balance at December 31, 2021	$51,515	$280,928	$12,157	$287,538	$6,000	$638,138
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$83,794	$12,036	$134,768	$ -	$230,598
Depreciation	-	13,099	117	42,981	-	56,197
Disposals	-	(223)	-	(9,692)	-	(9,915)
Transfer to inventories	-	-	-	(282)	-	(282)
Balance at December 31, 2021	$ -	$96,670	$12,153	$167,775	$ -	$276,598

(Note)Including transportation facilities, office equipment and miscellaneous equipment.

A. The details of interest capitalized: None.

B. Impairment loss of property, plant and equipment amounted to both $0 thousand for the year ended December 31, 2022 and 2021.

C. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

D. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment	$23,597	$14,556
Decrease (increase) in equipment notes payable	-	5,040
Cash paid for acquisition of property, plant and equipment	$23,597	$19,596

(11) Lease agreement

A. Right-of-use assets

Item	December 31	
	2022	2021
Land	$108,938	$31,996
Buildings	4,391	-
Transportation facilities	3,799	6,370
Total cost	$117,128	$38,366
Less: Accumulated depreciation and impairment	(15,598)	(13,690)
Net	$101,530	$24,676

Cost	Land	Buildings	Transportation facilities	Total
Balance at January 1, 2022	$31,996	$ -	$6,370	$38,366
Additions	76,942	4,391	552	81,885
Derecognition	-	-	(3,123)	(3,123)
Balance at December 31, 2022	$108,938	$4,391	$3,799	$117,128
Accumulated Depreciation and Impairment				
Balance at January 1, 2022	$9,762	$ -	$3,928	$13,690
Depreciation	1,867	1,464	1,700	5,031
Derecognition	-	-	(3,123)	(3,123)
Balance at December 31, 2022	$11,629	$1,464	$2,505	$15,598

Cost	Land	Transportation facilities	Total
Balance at January 1, 2021	$31,996	$6,348	$38,344
Additions	-	771	771
Derecognition	-	(749)	(749)
Balance at December 31, 2021	$31,996	$6,370	$38,366
Accumulated Depreciation and Impairment			
Balance at January 1, 2021	$8,193	$2,512	$10,705
Depreciation	1,569	2,165	3,734
Derecognition	-	(749)	(749)
Balance at December 31, 2021	$9,762	$3,928	$13,690

B. Lease liabilities

Item	December 31 2022	December 31 2021
Carrying amount of lease liabilities		
- current	$6,141	$1,938
- noncurrent	$95,423	$21,476

Ranges of discount rates for lease liabilities were as follows:

December 31 2022	December 31 2021
1.60%-3.53%	1.85%-3.53%

Please refer to Note 12(2) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Company leased some land, buildings and vehicles for operations, with the lease periods of 3 to 35 years. Part of the lease may be extended with its duration and is calculated based on the area of the land leased and the rate based on the announced land value of the current year. In accordance with the contract, without the lessor's consent, the Company is not allowed to sublet the leased object to the third party. There was no sign of impairment of right-of-use assets, hence the Company didn't assess the impairment as of December 31, 2022.

D. Sublet: None.

E. Other lease information:

a. The current lease relevant expense information was as follows:

Item	Year Ended December 31 2022	2021
Short-term lease expense	$3,972	$3,568
Low-value asset lease expense	$322	$363
Variable lease payments that excluded in the measurement of lease liabilities	$ -	$ -
Total cash outflow for leases (Note)	($8,029)	($6,708)

(Note): Including principle paid for current lease liabilities.

(12)Intangible assets

Item	December 31 2022	2021
Computer software	$23,481	$29,219
Others	5,000	5,000
Total cost	$28,481	$34,219
Less: Accumulated amortization	(17,229)	(15,740)
Net	$11,252	$18,479

	Computer Software	Others	Total
Cost			
Balance at January 1, 2022	$29,219	$5,000	$34,219
Additions	1,652	-	1,652
Derecognition	(7,390)	-	(7,390)
Balance at December 31, 2022	$23,481	$5,000	$28,481
Accumulated amortization and impairment			
Balance at January 1, 2022	$13,490	$2,250	$15,740
Amortization	7,879	1,000	8,879
Derecognition	(7,390)	-	(7,390)
Balance at December 31, 2022	$13,979	$3,250	$17,229

	Computer Software	Others	Total
Cost			
Balance at January 1, 2021	$23,647	$5,000	$28,647
Additions	5,872	-	5,872
Derecognition	(300)	-	(300)
Balance at December 31, 2021	$29,219	$5,000	$34,219
Accumulated amortization and impairment			
Balance at January 1, 2021	$5,659	$1,250	$6,909
Amortization	8,131	1,000	9,131
Derecognition	(300)	-	(300)
Balance at December 31, 2021	$13,490	$2,250	$15,740

(13)Short-term loans

December 31, 2022:None.

	December 31, 2021	
Borrowings Nature	Amount	Interest
Material loans	$9,882	0.938%-0.94%

Please refer to Note 8 for pledged asset information.

(14)Other payables

	December 31	
Item	2022	2021
Accrued payroll	$51,205	$45,582
Commission payable	61,293	30,122
Service fee payable	1,790	1,430
Interest payable	94	47
Insurance payable	4,005	3,377
Bonus to employees and remuneration to directors	43,000	23,000
Others	22,359	14,735
Total	$183,746	$118,293

(15) Provisions - current

Item	December 31 2022	2021
Employee benefits	$7,843	$6,912
Warranty provisions	81,852	48,951
Total	$89,695	$55,863

	Employee Benefits	Provisions for warranty	Total
Balance at January 1, 2022	$6,912	$48,951	$55,863
Additional provisions recognized	7,843	66,593	74,436
Used in current period	(6,912)	(33,692)	(40,604)
Balance at December 31, 2022	$7,843	$81,852	$89,695

	Employee Benefits	Provisions for warranty	Total
Balance at January 1, 2021	$5,640	$39,002	$44,642
Additional provisions recognized	6,912	52,870	59,782
Used in current period	(5,640)	(42,921)	(48,561)
Balance at December 31, 2021	$6,912	$48,951	$55,863

A. Provision for employee benefits represents vested short-term service leave entitlements accrued.

B. The company provides warranties on machine products sold. Provision for warranty is estimated based on these products' historical warranty data.

(16)Long-term loans and corporate bonds payable - current portion

Item	December 31 2022	2021
Corporate bonds payable	$ -	$17,913
Long-term loans	16,799	12,344
Total	$16,799	$30,257

(17)Bonds Payable

Item	December 31 2022	2021
The second secured convertible domestic bonds	$ -	$18,000
The third unsecured convertible domestic bonds	1,000,000	-
Subtotal	$1,000,000	$18,000
Less: discounts on bonds payable	(68,530)	(87)
Less: current portion	-	(17,913)
Net	$931,470	$ -

A. Second secured convertible domestic bonds:

a. The Company issued the 2nd secured domestic convertible bonds, which was approved by the regulatory authority on June 4, 2018. The total issuance amount is $400,000 thousand and it is zero coupon bonds with the maturity of 5 years from June 20, 2018 to June 20, 2023. The convertible bonds are guaranteed by Taiwan Cooperative Bank Co., Ltd. The guarantee period is from bond amount collected to the date on which the bond principal and interest for bond conversion are fully settled. The scope of the guarantee includes the liabilities of the subordinated main debts such as the unpaid principal of the converted bonds plus the interest compensation payable.

b. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds. In the beginning, the conversion price was $42.22.The company adjusts the conversion price due to changes in share capital, and the conversion price was $41.31 and $42.14 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, all the shares have been converted.

c. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligation attached to the bonds are also extinguished.

d. The Company may repurchase all the bonds outstanding in cash at the bonds' face value after the following events occur during the period from the date after three months of the bonds issued to 40 days before the maturity date: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.

e. The bond holders have the right to require the Company to redeem all or any portion of the bonds at 3 year anniversary of the issuance, at the principal amount of the bonds with an interest calculated the rate of 3.03% per annum. As of December 31, 2022, the redemption were $0 thousand.

f. In accordance with the conversion provisions, after the bonds' conversion become effective, the rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

g. As of December 31, 2022, the Company redeemed the issued convertible bonds from open market by own funds at principal amount to $0 thousand.

h. Please refer to Note 8 for the collateral of bonds payable.

i. The adjustment of the second bonds payable and cash flow are as follows:

Item	Year Ended December 31	
	2022	2021
Conversion of bonds payable	$18,000	$214,400
Less: write-off of discounts on bonds payable	(39)	(1,597)
Less: write-off of financial assets at fair value through profit or loss	(21)	(2,865)
Changes in equities	(17,940)	(209,938)
Cash paid	$ -	$ -

B. Third unsecured convertible domestic bonds:

a. The Company issued the 1st secured domestic convertible bonds, which was approved by the regulatory authority on June 22, 2022. The total issuance amount is $1,000,000 thousand and it is zero coupon bonds with the maturity of 5 years from July 13, 2022 to July 13, 2027. At maturity, the convertible bonds will be repaid in cash at the price of the bonds' face value by the company.

b. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds. As of December 31, 2022, the conversion price was $67.60, and the converted shares were $0 thousand shares.

c. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligation attached to the bonds are also extinguished.

d. In accordance with the conversion provisions, the bond holders have the right to require the Company to convert shares at any time during the period from the date after three months of the bonds issued to the maturity date, except for the accordance with the conversion provisions and suspension of the transfer period in accordance with regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares. The Company may repurchase all the bonds outstanding in cash at the bonds' face value.

e. After the following events occur during the period from the date after three months of the bonds issued to 40 days before the maturity date: (i) the closing price of the Company's common shares is above the then conversion price by

30% for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.

f. The bond holders have the right to require the Company to redeem all or any portion of the bonds at 3 year or 4 year anniversary of the issuance, at the principal amount of the bonds with an interest calculated the rate of 1.5075% and 2.0151% per annum. As of December 31, 2022, the redemption were $0 thousand.

g. As of December 31, 2022, the Company redeemed the issued convertible bonds from open market by own funds at principal amount to $0 thousand.

h. The adjustment of the third bonds payable and cash flow are as follows:

	Year Ended December 31	
Item	2022	2021
Conversion of bonds payable	$1,000,000	$ -
Less: write-off of discounts on bonds payable	(75,396)	-
Less: write-off of financial liabilities at fair value through profit or loss	13,900	-
Capital surplus-stock warrants for corporate bond conversion	66,566	-
Cash received	$1,005,070	$ -

(18)Long-term loans and current portion of long-term loans

	December 31	
Item	2022	2021
Mortgage loans	$106,530	$68,500
Subtotal	$106,530	$68,500
Less: portion due within one year	(16,799)	(12,344)
Long-term loans	$89,731	$56,156
Interest rate range	1.86%-1.96%	1.36%-1.90%

Refer to Note 8 for assets pledged as collateral for long-term loans.

(19)Pension

A. Defined contribution plans

a. The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

b. The total expenses recognized in the statements of comprehensive income were $12,109 thousand and $10,800 thousand, representing the contributions payable to these plans by the Company at the rates specified in the plans for the years ended December 31, 2022 and 2021, respectively.

B. Defined benefit plans

a. The Company has defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 2.51% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

b. The amounts arising from the defined benefit obligation of the Company in the balance sheets were as follows:

	December 31	
Item	2022	2021
Present value of defined benefit obligation	$25,043	$27,559
Fair value of plan assets	(16,563)	(18,001)
Net defined benefit liabilities	$8,480	$9,558

c. Movements of the net defined benefit liabilities were as follows:

	Year Ended December 31, 2022		
Item	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance, at January 1	$27,559	($18,001)	$9,558
Service cost			
Interest expense (income)	165	(108)	57
Recognized in profit or loss	$165	($108)	$57
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($1,395)	($1,395)

Actuarial loss (gain)			
Changes in demographics assumptions	(1,374)	-	(1,374)
Experience adjustments	1,689	-	1,689
Recognized in other comprehensive income	$315	($1,395)	($1,080)
Contributions from the employer	$ -	($55)	($55)
Benefits paid from plan assets	(2,996)	2,996	-
Balance at December 31	$25,043	($16,563)	$8,480

	Year Ended December 31, 2021		
Item	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	$29,441	($18,640)	$10,801
Service cost			
Interest expense (income)	88	(56)	32
Recognized in profit or loss	$88	($56)	$32
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($292)	($292)
Actuarial loss (gain) -			
Changes in demographics assumptions	24	-	24
Changes in financial assumptions	(740)	-	(740)
Experience adjustments	(230)	-	(230)
Recognized in other comprehensive income	($946)	($292)	($1,238)
Contributions from the employer	$ -	($37)	($37)
Benefits paid from plan assets	(1,024)	1,024	-
Balance at December 31	$27,559	($18,001)	$9,558

d. Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the

government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

e. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2022	December 31, 2021
Discount rate	1.30%	0.60%
Future salary increase rate	2.00%	2.00%
The weighted average duration of the defined benefit obligation	8 years	9 years

(a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 6th version of Taiwan Standard Ordinary Experience Mortality Tables.

(b) If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
Item	2022	2021
Discount Rate		
0.25% higher	($463)	($576)
0.25% lower	$477	$595
Expected rates of salary increase		
0.25% higher	$411	$517
0.25% lower	($401)	($504)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

f. The Company expects to make contributions of $57 thousand to the defined benefit plans for the year ended December 31, 2023.

(20) Long-term deferred revenue

Item	December 31 2022	2021
Deferred revenue:		
Equipment subsidy	$5,972	$ -
Subtotal	$5,972	$ -
Less: Cumulative recognized revenue	(464)	-
Less: Transfer to advance receipts within one year	(398)	-
Balance at December 31	$5,110	$ -

(21)Share capital

A. Movements in the number of the Company's ordinary shares outstanding were as follows:

Item	Year Ended December 31, 2022 Shares (in thousands)	Amount
Balance at January 1	100,048	$1,000,475
Conversion of bonds payable	188	1,878
Employee stock options	535	5,350
Balance at December 31	100,771	$1,007,703

Item	Year Ended December 31, 2021 Shares (in thousands)	Amount
Balance at January 1	84,153	$841,523
Conversion of bonds payable	6,303	63,027
Capital increase in cash	10,000	100,000
Employee stock options	422	4,225
Retirement of treasury stock	(830)	(8,300)
Balance at December 31	100,048	$1,000,475

a. As of December 31, 2022, the authorized capital are $1,200,000 thousand, consisting of 120,000 thousand shares. (including $5,000 thousands shares for the conversion of stock warrants, preferred shares with stock warrants or corporate bonds with stock warrants.

b. On May 4, 2018, the Company's board of directors resolved to issue employee stock option certificates totaling 1,000 units, and each stock option certificate

represents the right to purchase 1,000 shares of E&R. The issuance of stock option certificates was approved by FSC on September 5, 2018.

c. On April 29, 2021, the Company's board of directors resolved to issue employee stock option certificates totaling 500 units, and each stock option certificate represents the right to purchase 1,000 shares of E&R. The issuance of stock option certificates was approved by FSC on October 12, 2021.

d. The Company's employee stock options have been converted to ordinary shares totaling 548 thousand shares and 422 thousand shares, with $15.40 per share and $15.70 per share in 2022 and 2021, respectively. As of December 31, 2022 and 2021, while 13 thousand shares and 0 thousand shares with par value of $125 thousand and 0 thousand were not yet completed the registration, respectively, and was recorded under capital collected in advance.

e. The Company's corporate bonds have been converted to ordinary stock shares totaling $18,000 thousand and $214,400 thousand in 2022 and 2021, and the numbers of conversion were 436 thousand shares and 5,079 thousand shares. As of December 31, 2022 and 2021, while 133 and 5,024 thousand shares have completed the registration and have been converted to stock capital totaling, 303 thousand shares and 55 thousand shares were not yet completed the registration, and $3,026 thousand and $546 thousand was recorded as bond conversion entitlement certificates, respectively.

f. On March 10, 2021, the Company's board of directors resolved to issue 10,000 thousand ordinary shares, with a par value of $10 for repaying loans and enrich capital. The issuance of ordinary shares was approved by the FSC on April 27, 2021, and the board of directors set the subscription base date at July 14, 2021 with the issue price of $66 per share, and all shares have been paid on July 13, 2021.

(22)Capital surplus

Item	December 31	
	2022	2021
Additional paid-in capital	$1,167,228	$1,141,886
Difference between consideration and carrying amount of subsidiaries acquired or disposed	4,832	4,068
Stock options	74,434	9,134
Treasury share transactions	16,020	-
Others-disgorgement	9,083	8,977
Total	$1,271,597	$1,164,065

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or

may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(23) Share-Based Payment

A. Employee stock option-issued on June, 2019

On June 1, 2019, the Company approved to issue employee stock options for 1,000 units. For each share option, the holder may subscribe for 1,000 ordinary shares of the Company at $16 per share, not less than 50% of the Company's ordinary stock closing price. For any subsequent changes in the Company's capital structure, the exercise price is accordingly adjusted. The options are valid for 4 years and exercisable at certain percentages after the second anniversary from the grant date. The compensation costs of employee stock option recorded by the Company were $954 thousand and $3,744 thousand for the years ended December 31, 2022 and 2021, respectively.

a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31			
	2022		2021	
Employee Stock Option	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of year	578	15.70	1,000	15.70
Granted	-	-	-	-
Exercised	(548)	15.40	(422)	15.70
Forfeited	-	-	-	-
Outstanding at end of year	30	15.40	578	15.70
Authorized but not issued yet at end of year	30		578	

b. As of December 31, 2022 and 2021, information about outstanding employee stock options are as follows:

	December 31	
	2022	2021
Range of exercise price (NT$)	15.4	15.7
Weighted-average expected Remaining years	0.42 years	1.42 years

c. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of option granted, and information of calculating the fair value are as follows:

Grant date	June 1, 2019
Dividend yield	0%
Expected volatility	41.92%~43.92%
Risk-free interest rate	0.54%~0.55%
Expected life	3~3.5 years
The fair value of weight-average price (Per share)	$14.86~$15.02

B. Employee stock option-issued on November, 2021

On November 15, 2021, the Company approved to issue employee stock options for 500 units. For each share option, the holder may subscribe for 1,000 ordinary shares of the Company at $32 per share, not less than 50% of the Company's ordinary stock closing price. For any subsequent changes in the Company's capital structure, the exercise price is accordingly adjusted. The options are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date. The compensation costs of employee stock option recorded by the Company were $6,583 thousand and $841 thousand for the years ended December 31, 2022 and 2021, respectively.

a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31			
	2022		2021	
Employee Stock Option	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)	Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of year	500	32.00	-	-
Granted	-	-	500	32.00
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at end of year	500	32.00	500	32.00
Authorized but not issued yet at end of year	500		500	

b. As of December 31, 2022 and 2021, information about outstanding employee stock options are as follows:

	December 31	
	2022	2021
Range of exercise price (NT$)	32	32
Weighted-average expected Remaining years	3.875years	4.875 years

c. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of option granted, and information of calculating the fair value are as follows:

Grant date	November 15, 2021
Dividend yield	0%
Expected volatility	43.12%~43.63%
Risk-free interest rate	0.40%~0.43%
Expected life	3.5~4.5 years
The fair value of weight-average price (Per share)	$35.52~$37.02

C. Treasury stock transfer to employees: please refer to Note 6(26).

D. Capital increase in cash reserved for subscription by employees

Year ended December 31, 2022: None.

Year ended December 31, 2021:

The Company's capital increase in cash reserved for subscription by employees were 1,000 thousand shares, and related compensation cost on share-based payment was $5,800 thousand. The details are as follows:

	Equity settlement
	Capital Increase in Cash Reserved for Subscription by employees
Grant date	June 17, 2021
Granted	1,000 thousand shares
Exercised	0 thousand shares
Expired	0 thousand shares
Grant object	The Company's employees
Vesting conditions	Immediately

Fair value was measured using the Black-Scholes Option Pricing Model and the inputs to the model are as follows:

	Capital Increase in Cash Reserved for Subscription by employees
The fair value per share at grant date	$5.80
Share price per share at the grant date	$70.60
Exercise price	$66
Expected volatility (%)	45.12%
Option life	0.056 years
Expected dividend yield rate	0%
Risk free interest rate (%)	0.15%

The compensation cost on share-based payment was $5,800 thousand for the year ended December 31, 2021.

(24)Retained earnings and dividend policy

A. As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:
   a. Payment of taxes and duties.
   b. Covering prior years' accumulated deficit, if any.
   c. Set aside 10% of the remaining amount as legal reserve until the legal reserve equals to the Company's paid-in capital.
   d. Set aside a certain amount as special reserve, if any. And the remaining amount plus prior year's unappropriated earnings will be proposed by the board of directors and approved through the shareholders' meeting.
   e. The company distribute dividends on cash, after more than two-thirds of the directors, present at the meeting and more than half of the directors agree, the board of directors is authorized to do so and report to the general meeting of shareholders.

   The Company’s operating environment is the growth stage. In views of capital expenditure demand, business expansion need, and sound financial planning for sustainable development, the Company’s dividend policy stipulates appropriated dividend distribution ratio, and at least 10% of total dividends may be distributed as cash dividends. However, the accumulated distributable earnings that are less than 5% of the paid-in capital may not be distributed.

B. Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company’s paid-in capital.

C. Special reserve

Item	December 31	
	2022	2021
Reserve for the debit balance of other equities	$11,185	$11,063

While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

D. The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting in June 2022 and August 2021, respectively. Details were summarized below:

Item	Amount		Dividends Per Share	
	2021	2020	2021	2020
Legal reserve	$21,901	$16,127		
Special reserve	122	11,063		
Cash dividends	158,240	104,688	1.6	1.2
Total	$180,263	$131,878		

E. The appropriation of 2022 earnings had been proposed by the Board of Directors on March 7, 2023. Details were summarized below:

Item	Amount	Dividends Per Share
Legal reserve	$39,149	
Special reserve	25,224	
Cash dividends	195,545	2
Total	$259,918	

The appropriations of legal reserve and special reserve for 2022 are to be presented for approval in the shareholders' meeting to be held in June 2023.

F. Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(25)Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance at January 1, 2022	($11,477)	$292	($11,185)
Exchange difference on translation of financial statements of foreign operating institutions	2,543	-	2,543
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(27,767)	(27,767)
Balance at December 31, 2022	($8,934)	($27,475)	($36,409)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance at January 1, 2021	($11,063)	$ -	($11,063)
Exchange difference on translation of financial statements of foreign operating institutions	(414)	-	(414)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	292	292
Balance at December 31, 2021	($11,477)	$ 292	($11,185)

(26)Treasury shares

A. The related information on the treasury share transactions was as follows:

(In Thousand Shares)

	Year Ended December 31, 2022			
Reason to Reacquire	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	1,202	989	(368)	1,823
To maintain the Company's credibility and shareholder's interest	-	1,490	-	1,490

Reason to Reacquire	Year Ended December 31, 2021			
	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	1,209	834	(841)	1,202
To maintain the Company's credibility and shareholder's interest	-	830	(830)	-

a. To transfer to employees the Company's board of directors resolved on October 13, 2022 to buy back up to 1,000 thousand common shares between October 14, 2022, and November 13, 2022. As of the last day of the buyback period, the Company had bought back 989 thousand shares at a total amount of $51,706 thousand.
b. To maintain the Company's credibility and shareholders' interest, the Company's board of directors resolved on October 13, 2022 to buy back up to 1,500 thousand common shares between November 14, 2022 and December 13, 2022. As of the last day of the buyback period, the Company had bought back 1,490 thousand shares at a total amount of $82,535 thousand.
c. To transfer to employees the Company's board of directors resolved on August 17, 2021 to buy back up to 1,000 thousand common shares between September 18, 2021 and October 17, 2021. As of the last day of the buyback period, the Company had bought back 834 thousand shares at a total amount of $54,075 thousand.
d. To maintain the Company's credibility and shareholders' interest, the Company's board of directors resolved on August 17, 2021 to buy back up to 1,000 thousand common shares between August 18, 2021 and September 17, 2021. As of the last day of the buyback period, the Company had bought back 830 thousand shares at a total amount of $53,368 thousand. The treasury shares have been retired in November, 2021.
e. To transfer to employees the Company's board of directors resolved on July 11, 2019 to buy back up to 800 thousand common shares between July 12, 2019 and September 11, 2019. As of the last day of the buy back period, the Company had bought back 698 thousand shares at a total amount of $20,166 thousand. While 330 thousand shares transfer to employees in 2021, 368 thousand shares will transfer to employees in April, 2022.
f. To transfer to employees the Company's board of directors resolved on October 18, 2018 to buy back up to 1,000 thousand common shares between October 19, 2018 and November 18, 2018. As of the last day of the buyback period, the Company had bought back 993 thousand shares at a total amount of $28,770 thousand, and sold out 2 thousand shares at a total amount of $58 thousand. As of the last day of the buy back period, the balance is 991 thousand shares at a total amount of

$28,712 thousand, all of them have been transferring to employees as of December 31, 2021.

B. Based on the Securities and Exchange Act of the ROC, the number of reacquired shares should not exceed 10% of a company's issued and outstanding shares, and the total purchase amount should not exceed the sum of the retained earnings, additional paid-in capital in excess of par and realized capital surplus.

C. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

D. Pursuant to the ROC Securities and Exchange Law, treasury shares that due to transfer to employees should be transferred within three years from reacquisition date, and those haven't been transferred within the limit are deemed as unissued shares, and they should be retired. And treasury shares that due to maintain the Company's credibility and shareholder's interest should be retired within six months from reacquisition date.

E. In April 2022, the Company transferred 368 thousand shares to employees for subscription in accordance with "Measures for Buying Back Company Shares and Transferring Employees". On the giving date, it was estimated based on the Black-Scholes evaluation model, and the compensation cost recognized for transferring treasury shares to employees was $16,052 thousand for the year ended December 31, 2022.

a. The transaction details of share-based payment are as follows:

Type	Date	Quantity	Contract period	Vested conditions	The actual retired rate	The expected retired rate
Transferring to employees	2022.4.20	368 thousand Shares	-	Immediately	-	-

b. The Company uses the Black-Scholes evaluation model to estimate the fair value, and the relevant information is as follows:

Type	Date	Share price	Strike price	Expected Volatility rate	Duration (year)	Expected allotment rate	Risk free rate	Fair value (per unit)
Transferring to employees	2022.4.20	$72.5	$28.89	44.13%	0.06	-	0.41%	$43.62

F. In November 2021, the company transferred 330 thousand shares to employees for subscription in accordance with "Measures for Buying Back Company Shares and Transferring Employees". On the giving date, it was estimated based on the Black-Scholes evaluation model, and the compensation cost recognized for transferring treasury shares to employees was $11,916 thousand for the year ended December 31, 2021.

a. The transaction details of share-based payment are as follows:

Type	Date	Quantity	Contract period	Vested conditions	The actual retired rate this year	The expected retired rate
Transferring to employees	2021.11.3	330 thousand Shares	-	Immediately	-	-

b. The Company uses the Black-Scholes evaluation model to estimate the fair value, and the relevant information is as follows:

Type	Date	Share price	Strike price	Expected Volatility rate	Duration (year)	Expected allotment rate	Risk free rate	Fair value (per unit)
Transferring to employees	2021.11.3	$65	$28.89	44.95%	0.07	-	0.23%	$36.11

(27)Operating revenues

	Year Ended December 31	
Item	2022	2021
Revenue from contracts with customer		
Total revenues	$2,759,530	$2,033,525
Sales returns	-	(9,466)
Sales discount	(863)	(3,194)
Net	$2,758,667	$2,020,865

A. Explain of contract revenue

Sales of mechanical products and their components are mainly to downstream customer. It is sold at the price agreed in the contract.

B. Contract revenue details:

The Company’s revenue is mainly related automatic machinery, and the

	Year Ended December 31	
Main area	2022	2021
Taiwan	$962,880	$542,034
Hong Kong & China	729,152	861,044
Southeast Asia	775,240	378,987
America	280,792	138,022
Europe	10,470	58,466
Others	133	42,312
Total	$2,758,667	$2,020,865
Main products		
Automatic machinery	$2,758,667	$2,020,865
Total	$2,758,667	$2,020,865

Timing of revenue recognition		
At a certain point of time	$2,758,667	$2,020,865
Gradually over time	-	-
Total	$2,758,667	$2,020,865

C. Contract balances

The Company recognizes the receivable, contract assets and contract liabilities related to contract revenue as follows:

	December 31	
Item	2022	2021
Receivable	$729,860	$685,964
Contract assets	-	-
Total	$729,860	$685,964
Contract liabilities - current	$36,813	$185,146

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there is no other significant changes.

b. Amount from previous period's satisfied performance obligations and beginning contract liabilities recognized in the current period as income were as follows:

	Year Ended December 31	
Revenue in the current period	2022	2021
From beginning contract liabilities	$182,117	$10,533
From previous period's satisfied performance obligations	$ -	$ -

(28)Labor cost, depreciation and amortization

	Year ended December 31, 2022		
Item	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$25,324	$275,529	$300,853
Insurance	1,872	21,333	23,205
Pension	957	11,209	12,166
Remuneration to directors	-	11,830	11,830
Others	1,012	9,824	10,836
Depreciation	7,079	59,883	66,962
Amortization	-	8,879	8,879
Total	$36,244	$398,487	$434,731

Item	Year ended December 31, 2021		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$20,237	$225,315	$245,552
Insurance	1,786	18,387	20,173
Pension	911	9,921	10,832
Remuneration to directors	-	7,831	7,831
Others	951	8,353	9,304
Depreciation (Note)	4,706	52,321	57,027
Amortization	-	9,131	9,131
Total	$28,591	$331,259	$359,850

Note: Excluding other loss of $2,904 thousand.

1. Additional information of the number of employees and employee benefits expenses for the years ended December 31, 2022 and 2021 were as follows:

Item	December 31	
	2022	2021
The number of employees	299	289
The number of directors who were not adjunct employees	5	5
Average employee benefits expenses	$1,180	$1,007
Average employee salary	$1,023	$865
Changes in adjusting average employee salary	18.3%	8.5%

2. The Company's salary and remuneration policy, including that for directors, managers and employees, is as follows:

(1) Directors' remuneration:

A. The Company's Articles of Incorporation clearly stipulate that not higher than 3% of the annual profit shall be allocated as the director's remuneration.

B. The remuneration to the directors shall be determined by the Board of Directors according to their degree of participation in the operation of the Company, the value of their contribution, and the usual standards of the industry.

(2) Managers' remuneration:

The remuneration to the managers is based on their duties, contributions, the Company's annual operation performance and in consideration of the Company's future risks, and is reviewed by the remuneration committee and submitted to the

Board of Directors for resolution.

(3) Employees' compensation:

The employees' compensation includes monthly salary and various bonuses, annual year-end and performance bonuses, as well as remuneration issued by the Company based on annual profitability.

A. The Company's various salary awards are issued in accordance with the Company's various salary and bonus systems.

B. The Company's Articles of Incorporation clearly stipulate at the rate 5%-10% of the annual profit is used as employees' compensation. The distribution method is proposed by the remuneration committee to the Board of Directors and issued after the Board of Directors' approval.

3. The Company accrued employees' compensation and remuneration to directors at the rates 5%~10% and not higher than 3% of net income before income tax, employees' compensation and remuneration to directors during the period. If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

4. The employees' compensation and remuneration to directors for the years ended December 31, 2022 and 2021 had been approved by the Company's Board of Directors meeting held on March 7, 2023 and March 23, 2022, respectively, and the relevant amounts recognized in the parent company only financial statement were as follows:

	Year ended December 31			
	2022		2021	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	$32,250	$10,750	$16,429	$6,571
Recognized in the annual financial statements	32,250	10,750	16,429	6,571
Difference	$ -	$ -	$ -	$ -

The above mentioned employees' compensation will be paid by cash.

5. Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29)Interest income

Item	Year Ended December 31	
	2022	2021
Interest on bank deposits	$9,787	$718
Interest on deposit calculation	5	13
Total	$9,792	$731

(30)Other income

Item	Year Ended December 31	
	2022	2021
Rental income	$702	$1,182
Dividend income	473	-
Others		
Overestimated transfer to income	810	1,658
Others	3,526	2,571
Subtotal	$4,336	$4,229
Total	$5,511	$5,411

(31)Other gains and losses

Item	Year Ended December 31	
	2022	2021
Financial assets at FVTPL and gain (loss) on valuation of liabilities	($11,210)	($28)
Gain (loss) on disposal of financial assets at FVTPL	1,204	977
Gain (loss) on foreign exchange, net	85,986	(17,872)
Gain (loss) on disposal of property, plant and equipment	662	2,346
Others	(1)	(3,012)
Total	$76,641	($17,589)

(32)Finance costs

Item	Year Ended December 31 2022	2021
Interest expense:		
Bank loans	$2,750	$1,916
Convertible bonds	6,914	203
Interest on lease liabilities	961	826
Less: Amount qualified for capitalization	-	-
Finance costs	$10,625	$2,945

(33)Income tax expense

A. Income tax expense

a.The major components of tax expense were as follows:

Current income tax	Year Ended December 31 2022	2021
Current tax expense	$112,536	$57,428
Undistributed surplus for income tax	3,225	-
Non-offset foreign tax	800	155
Adjustments in tax of prior periods	(3,949)	47
Total	$112,612	$57,630
Deferred income tax		
The origination and reversal of temporary differences	($9,068)	$1,129
Total	($9,068)	$1,129
Income tax expense	$103,544	$58,759

The applicable tax rate used by the Company is 20%, In addition, the tax rate applicable to unappropriated earning is 5%.

b. Income tax expense recognized in other comprehensive income was as follows:

Item	Year Ended December 31 2022	2021
Exchange differences on translation of foreign financial statements	$82	($39)
Remeasurement of defined benefit plans	216	248
Total	$298	$209

B. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31 2022	2021
Income before income tax	$494,333	$302,738
Income tax expense at the statutory rate	98,866	60,547
Tax effect of adjusting items:		
Loss on investment under equity method	1,882	(904)
Realized (unrealized) loss (gain) on inventories	2,408	(3,454)
Realized investment loss	-	(3,828)
Others	9,380	5,067
Undistributed surplus for income tax	3,225	-
Non-offset foreign tax	800	155
Adjustment to prior year's income taxes	(3,949)	47
Deferred income tax expense		
Temporary differences	(9,068)	1,129
Income tax expense recognized in profit or loss	$103,544	$58,759

C. Deferred tax assets and liabilities from temporary differences

	Year Ended December 31, 2022			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$1,911	$ -	($216)	$1,695
Unrealized exchange gain	1,902	(1,902)	-	-
Short-term warranty provision	9,790	6,580	-	16,370
Unrealized loss on inventories	14,050	2,408	-	16,458
Unrealized loss on doubtful debts	-	1,051	-	1,051
Unused compensated absences	1,383	186	-	1,569
Investment loss (gain) recognized under equity method	423	59	-	482
Others	4,888	2,471	-	7,359
Subtotal	$34,347	$10,853	($216)	$44,984

Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	$ -	($1,892)	$ -	($1,892)
Gain on foreign investment under equity method	(2,209)	107	(82)	(2,184)
Subtotal	($2,209)	($1,785)	($82)	($4,076)
Total	$32,138	$9,068	($298)	$40,908

	Year Ended December 31, 2021			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$2,160	($1)	($248)	$1,911
Unrealized exchange gain	625	1,277	-	1,902
Short-term warranty provision	7,801	1,989	-	9,790
Unrealized loss on inventories	17,504	(3,454)	-	14,050
Unrealized loss on doubtful debts	799	(799)	-	-
Unused compensated absences	1,128	255	-	1,383
Investment loss (gain) recognized under equity method	2,106	(1,683)	-	423
Others	4,280	608	-	4,888
Subtotal	$36,403	($1,808)	($248)	$34,347
Deferred income tax liabilities:				
Temporary differences				
Gain on foreign investment under equity method	($2,927)	$679	$39	($2,209)
Subtotal	($2,927)	$679	$39	($2,209)
Total	$33,476	($1,129)	($209)	$32,138

D. Items with no deferred tax assets recognized:

	December 31	
Item	2022	2021
Loss on investment under the equity method	$23,343	$21,666

F. The tax authorities have ratified Company's income tax returns through Year 2020.

(34)Other comprehensive income (loss)

Item	Year Ended December 31, 2022		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$1,080	($216)	$864
Unrealized gain (loss) on financial assets at FVTOCI	(27,767)	-	(27,767)
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit plans	66	-	66
Subtotal	($26,621)	($216)	($26,837)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures:			
Exchange differences on translation of foreign financial statements	$2,625	($82)	$2,543
Subtotal	$2,625	($82)	$2,543
Recognized in other comprehensive income (loss)	($23,996)	($298)	($24,294)

Item	Year Ended December 31, 2021		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$1,238	($248)	$990
Unrealized gain (loss) on financial assets at FVTOCI	292	-	292
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit plans	(206)	-	(206)
Subtotal	$1,324	($248)	$1,076
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures:			
Exchange differences on translation of foreign financial statements	($453)	$39	($414)
Subtotal	($453)	$39	($414)
Recognized in other comprehensive income (loss)	$871	($209)	$662

(35)Earnings per share

Item	Year Ended December 31	
	2021	2020
(1) Basic earnings (loss) per share		
Net income	$390,789	$243,979
Weighted average shares outstanding (in thousands)	99,245	92,964
Basic earnings per share (after tax)	$3.94	$2.62
(2) Diluted earnings (loss) per share		
Net income	$390,789	$243,979
Interest of convertible bonds	5,531	164
Net income used in computation of diluted earnings per share	$396,320	$244,143

Weighted average shares outstanding (in thousands)	99,245	92,964
Effect of potential dilutive ordinary shares:		
Convertible bonds	7,871	1,470
Effect of employee stock options (in thousands)	570	811
Impact on employees' compensation (in thousands)	847	293
Weighted average number of ordinary shares outstanding after dilution (in thousands)	108,533	95,538
Diluted earnings per share (after tax)	$3.65	$2.56

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Company is the ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
E&R Semiconductor Materials Ltd.	Subsidiary
Suzhou E&R Precision Equipment Co., Ltd	Subsidiary
Chen-Tai Trade (shanghai) Co., Ltd	Subsidiary
DG E&R Semiconductor Materials	Subsidiary
Wuxi E&R Semiconductor Materials Technology	Subsidiary
Tech Wave Technology Co., Ltd.	Subsidiary
Crystal Entec Technology Co., Ltd.	Subsidiary
JS E&R Engineering Co., Ltd.	Subsidiary
Gain Profit Holding Limited	Subsidiary
Enrichment Tech. Corporation	Subsidiary
ENR Applied Packing Material Corporation	Subsidiary
Excellent International Holdings Limited	Subsidiary

(3) Significant transactions with related parties:

A. Sales:

a. Sales revenue

	Year Ended December 31	
Related Party Category	2022	2021
Subsidiaries	$20,219	$10,933

Selling parts and accessories with related parties, the prices were based on the General Terms and Conditions, credit matures is about 9 months; selling equipment is according to the term, if the related parties unable to implement because of insufficient funds or loss, the company were postpone payment for fully support subsidiary operations because to implement achievement of global operation goals is

more important considerations. Company will listed postpone payment accounts in other receivables due from related parties.

b. Entrusted to purchase raw materials

In 2022 and 2021, the company has agreed with its subsidiaries that the company will purchase raw materials, Purchasing raw materials are NT$119,807 thousand and NT$141,838 thousand, accounts receivable arising from the above transactions were NT$82,661 thousand and NT$77,937 thousand.

Because there are no similar transactions for comparison, purchasing transactions for the companies mentioned in the preceding paragraph, the collection period is agreed to be 270 days based on the agreed price.

(Note) Purchasing transaction as shown in the previous paragraph handle with collection and payment, not listed in cost of goods purchased and sales, service income is calculated and collected based on a certain percentage of the purchasing agent amount. (Note 7(3) L (a))

B. Purchase:

	Year Ended December 31	
Related Party Category	2022	2021
Subsidiaries	$3,344	$16,769

a. Finished goods: The company purchases products from unrelated parties are no similar transactions for comparison, the terms of the transaction are determined through negotiation between the two parties.

b. Raw materials: The company purchasing goods from related parties mentioned in the previous paragraph according to general purchase conditions, same as other manufacturers, the payment period is about 30-90 days, no significant difference from general manufacturers.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties and contract assets):

	December 31	
Related Party Category	2022	2021
Accounts receivable:		
Subsidiaries	$20,255	$7,259
Other receivables:		
Subsidiaries	$458	$1,540

F. Balance of payables (excluding borrowing from related parties):

Related Party Category	December 31 2022	2021
Accounts payables:		
Subsidiaries	$1,837	$579
Other payables:		
Subsidiaries	$2,150	$ -

G. Prepayments: None.

H. Property transactions:

a. Property, plant and equipment: None.

b. Disposal of property, plant and equipment

Year 2022: None.

Year 2021:

Related Party Category	Transaction Target	2021 Disposal Price	Disposal Gain
Subsidiaries			
JS E&R Engineering CO., LTD	Instruments	$919	$378

Above mentioned transaction prices were negotiated by both parties, as of December 31, 2021 the priced were not received yet.

I. Financing activities – lending to related parties:

a. Ending Balance

Related Party Category	December 31 2022	2021
Subsidiaries		
Wuxi E&R Semiconductor Materials Technology	$27,022	$22,031
JS E&R Engineering CO., LTD	9,832	9,451
Total	$36,854	$31,482

The overdue accounts receivable are regarded as financing.

All loans to related parties in 2022 and 2021 are unsecured loans.

J. Financing activities - borrowing from related parties: None.

K. Guarantee for related parties:

The company borrows from the bank for subsidiaries, and the details of the guarantee provided are as follows:

(In thousand)

	December 31, 2022	
Related Party Category	Currency	Amount
Tech Wave Technology Co., Ltd	NTD	20,000
JS E&R Engineering CO., LTD	USD	2,000

(In thousand)

	December 31, 2021	
Related Party Category	Currency	Amount
Tech Wave Technology Co., Ltd	NTD	20,000

L. Others:

a. Miscellaneous income:

	Year Ended December 31	
Related Party Category	2022	2021
Subsidiary:		
Gain Profit Holding Limited	$624	$827
Crystal Entec Technology Co., Ltd	600	520
Others	555	569
Total	$1,779	$1,916

Mainly income from purchasing services and rent, the lease price is in accordance with the contract, and the rent is charged on a monthly basis.

b. Miscellaneous expenses:

	Year Ended December 31	
Related Party Category	2022	2021
Subsidiary:		
Chen-Tai Trade (shanghai) Co., Ltd	$ 13,457	$ 19,195
Suzhou E&R Precision Equipment Co., Ltd	24,933	3,897
Others	51	1,991
Total	$ 38,441	$ 25,083

Mainly expenses from technical service, etc.

c. Subscription of related parties' capital increase

Year ended December 31, 2022:

Related Party	Investment Increase		Shareholding Ratio	
	Number of shares (thousand shares)	Amount	Before capital increase	After capital increase
Subsidiaries-EXCELLENT	6,515	$ 191,547	100%	100%

Year ended December 31, 2021:

Related Party	Investment Increase		Shareholding Ratio	
	Number of shares (thousand shares)	Amount	Before capital increase	After capital increase
Subsidiaries-EXCELLENT	1,529	$ 43,263	100%	100%

d. The main management of the company acted as joint guarantors for the company's loans.

(4) Key management compensation

Related Party Category	Year Ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$29,928	$28,822
Post-employment benefits	822	503
Share-based payments	2,367	1,603
Total	$33,117	$30,928

8、PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	December 31	
	2022	2021
Other financial assets - current	$12,331	$27,746
Other financial assets non-current	6,900	3,000
Property, plant and equipment (net)	206,889	217,388
Total	$226,120	$248,134

9、SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2022, and 2021, the Company issued guarantee notes for bank loans amounting to $906,120 thousand and $955,453 thousand respectively, account guarantee notes Submitted and guarantee notes payables.

(2) As of December 31, 2022 and 2021, the time certificate provided by the company is 710 thousand, to the Kaohsiung Customs Bureau of the Ministry of Finance as a guarantee for the deposit of import and export goods.

(3) The company applied to the Taiwan Small and Medium Enterprise Counseling Foundation, the Information Industry Promotion Association, and the Taipei Computer Association for equipment development projects. The performance guarantees provided by the banks were $4,313 thousand and $28,087 thousand, respectively.

(4) As of December 31, 2022 and 2021, the unused letters of credit were as follows:

(In thousands)

Item	December 31			
	2022		2021	
Foreign L/C Amount	USD	691	USD	1,552
	JPY	-	JPY	68,783
	EUR	-	EUR	126

(5) The note endorsement for import goods were as follows:

(In thousands)

Item	December 31			
	2022		2021	
Note endorsement	JPY	143,866	JPY	114,047
	USD	817	USD	1,263

(6) The company signed a plant purchase contract with Zen Voce Co., Ltd. in May 2022, agreed to sell part of the floor of the new factory building of JS E&R Engineering CO., LTD, a subsidiary of the company, after the construction of the new factory building is completed. The company collected a performance bond of $71,056 thousand in July 2022 (recognized guarantee deposits)

(7) In order to meet the needs of long-term operation and development, the company has been approved by the Southern Science Park Administration Bureau of the Ministry of Science and Technology to enter Qiaotou Science Park. In May 2022, the board of directors approved the lease of land in Qiaotou Science Park from the Southern Science Park Administration of the Ministry of Science and Technology to build a factory building. The Southern Science Park Administration of the Ministry of Science and Technology had transferred the land to the company in December 2022 for factories construction.

10、SIGNIFICANT DISASTER LOSS: NONE.

11、SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12、OTHERS

(1) Capital risk management

The Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Company's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

(A) Market risk

a. Foreign exchange rate risk

(a) The Company's functional currency is New Taiwan dollars. Many of the Company's operating activities are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company raises loans denominated in foreign currency and derivative financial instruments to hedge the currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements. The derivative financial instruments the Company held with maturities less than 3 months are not qualified for hedge accounting. The net investment in foreign operation is strategic investment. Therefore, the Company does no hedge for it.

(b) Foreign currency risk and sensitivity analysis

	December 31, 2022					
				Sensitivity analysis		
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	34,251	30.71	1,051,863	increase 1%	10,519	-
JPY:NTD	662,282	0.2311	153,053	increase 1%	1,531	-
CNY:NTD	38,983	4.4094	171,894	increase 1%	1,719	-
Non-monetary item						
USD:NTD	10,089	30.71	309,829	increase 1%	-	3,098
HKD:NTD	25,989	3.9388	102,364	increase 1%	-	1,024
Financial liabilities						
Monetary item						
USD:NTD	3,346	30.71	102,752	increase 1%	(1,028)	-
JPY:NTD	143,866	0.2311	33,248	increase 1%	(332)	-

	December 31, 2021					
				Sensitivity analysis		
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	21,866	27.68	605,251	increase 1%	6,053	-
JPY:NTD	545,293	0.2408	131,307	increase 1%	1,313	-
CNY:NTD	14,667	4.3471	63,758	increase 1%	638	-
Non-monetary item						
USD:NTD	4,615	27.68	127,750	increase 1%	-	1,278
HKD:NTD	25,908	3.5496	91,964	increase 1%	-	920
Financial liabilities						
Monetary item						
USD:NTD	3,212	27.68	88,898	increase 1%	(889)	-
JPY:NTD	139,850	0.2408	33,676	increase 1%	(337)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2022 and 2021 would stay the same with the reverse result. Due to the exchange rate volatility, total exchange gain and loss (including realized and unrealized) from the Company's monetary items amounted to $85,986 thousand and ($17,872) thousand for the years ended December 31, 2022 and 2021, respectively.

b. Price risk

Since the Company's investment in securities is classified as financial assets at FVTPL on the standalone balance sheet, the Company exposes to price risks of securities.

The Company mainly invests in domestic listed and fund equity instrument. The price of such equity instruments can be affected by changes in future value of those investment targets.

If the equity instruments price goes increase or decrease by 1%, with all other factors held constant, the net income after tax gain or loss for the years ended December 31, 2022 and 2021 will respectively increase or decrease by $1,149 thousand and $2,661 thousand due to gain or loss on financial assets at FVTPL. The other comprehensive income for the years ended December 31, 2022 and 2021 will increase or decrease by $362 thousand and $217 thousand due to gain or loss on financial assets at FVTOCI.

c. Interest rate risk

The carrying amount of the Company's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

Item	Carrying Value	
	December 31, 2022	December 31, 2021
With fair value interest rate risk:		
Financial assets	$1,102,367	$56,354
Financial liabilities	(1,033,034)	(41,327)
Net	$69,333	$15,027
With cash flow interest rate risk:		
Financial assets	$383,843	$540,599
Financial liabilities	(106,530)	(78,382)
Net	$277,313	$462,217

(a) Sensitivity analysis of those with fair value interest rate risk:

The Company does not classify any fixed-rate financial assets and liabilities as financial assets at FVTPL and FVTOCI, derivatives (interest rate swaps) have not been designated as hedging tools under the fair value

hedging accounting model. Therefore, changes in interest rates on the reporting date will not affect profit or loss and other comprehensive net income.

(b) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Company were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase in the market interest will decrease the net profit by $2,773 thousand and $4,622 thousand for the years ended December 31, 2022 and 2021, respectively.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by counter-parties of financial instruments on the contract obligations. Credit risk of the Company mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

a. Business elated credit risk

To maintain the quality of accounts receivable, the Company has established the procedures for credit risk management with regards to its operations. Risk assessment on individual customer includes factors that could affect the customer’s ability to pay, such as the customer's financial status, the Company’s internal credit ratings, historical transactions and current economic conditions.

b. Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the Company’s financial departments. The Company does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. In addition, the Company does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI.

(a) Credit concentration risk

As of December 31, 2022 and 2021 the top ten clients accounted for 46% and 42% of the Company’s accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(b) Measurement of expected credit impairment loss:

(I) Accounts receivables and contract assets apply the simplified approach. Please refer to Note 6(4) for details.

(II)Indications for determining whether the credit risk is increased significantly: None (the Company does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI).

(c) Collaterals and other credit enhancement held to avoid credit risks from financial assets:

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the standalone balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Company:

		Decreased amount of maximum exposure to credit risks			
December 31, 2022	Carrying amount	Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	$4,034	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at FVTPL	114,943	-	-	-	-
Financial assets at FVTOCI	36,181	-	-	-	-
Total	$ 155,158	$ -	$ -	$ -	$ -

		Decreased amount of maximum exposure to credit risks			
December 31, 2021	Carrying amount	Collateral	Net settlement agreement	Other credit enhancement	Total
Financial instruments to which the impairment requirements of IFRS 9 are not applicable					
Financial assets at FVTPL	$266,148	$ -	$ -	$ -	$ -
Financial assets at FVTOCI	21,745	-	-	-	-
Total	$287,893	$ -	$ -	$ -	$ -

(C) Liquidity risk

a. Liquidity risk management:

The Company’s objecting in managing liquidity risk is to maintain a sufficient level of cash and cash equivalents, highly-liquid marketable

securities and credit lines with banks for daily operations in order to ensure the financial flexibility of the Company.

b. Financial Liabilities Maturity Analysis：

	December 31, 2022						
Non-derivative financial liabilities :	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Accounts payable	$289,318	$ -	$ -	$ -	$ -	$289,318	$289,318
Other payables	140,746	43,000	-	-	-	183,746	183,746
Long-term loans (including current portion)	8,335	8,464	16,850	42,187	30,694	106,530	106,530
Bonds payable	-	-	-	1,000,000	-	1,000,000	931,470
Lease liabilities	4,273	4,094	7,663	17,726	94,688	128,444	101,564
Total	$442,672	$55,558	$24,513	$1,059,913	$125,382	$1,708,038	$1,612,628
derivative financial liabilities :							
Financial liabilities at FVTPL-non-current	$ -	$ -	$ -	$19,800	$ -	$19,800	$19,800
Total	$ -	$ -	$ -	$19,800	$ -	$19,800	$19,800

Further information for lease liabilities with repayment periods was as follows:

	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$8,367	$25,389	$28,947	$29,851	$28,053	$7,837	$128,444

	December 31, 2021						
Non-derivative financial liabilities :	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Short-term loans	$9,882	$ -	$ -	$ -	$ -	$9,882	$9,882
Notes payable	13	-	-	-	-	13	13
Accounts payable	490,342	-	-	-	-	490,342	490,342
Other payables	95,293	23,000	-	-	-	118,293	118,293
Long-term loans (including current portion)	6,146	6,198	12,553	16,445	27,158	68,500	68,500
Bonds payable	-	-	18,000	-	-	18,000	17,913
Lease liabilities	1,579	1,129	2,047	3,898	26,501	35,154	23,414
Total	$603,255	$30,327	$32,600	$20,343	$53,659	$740,184	$728,357

Further information for lease liabilities with repayment periods was as follows:

	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$2,708	$5,945	$6,090	$6,696	$4,898	$8,817	$35,154

The company does not expect that the occurrence point of cash flow in maturity analysis will be significantly earlier or the actual amount will be significantly different.

B. Types of Financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$898,626	$559,023
Notes receivable and account receivable	729,860	685,964
Other receivables	45,717	42,321
Other financial assets - current	582,185	36,005
Other financial assets - non-current	6,900	3,000
Refundable deposits	1,317	3,380
Financial assets at FVTPL - current	114,943	266,148
Financial assets at FVTOCI - non-current	36,181	21,745
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	-	9,882
Notes payable and account payables	289,318	490,355
Other payables	183,746	118,293
Long-term loans (including current portion)	106,530	68,500
Bonds payable (including current portion)	931,470	17,913
Lease liabilities (including current portion)	101,564	23,414
Financial liabilities at FVTPL – non-current	19,800	-

(3) Fair Value Information:

A. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3) C.

B. Definition of the three levels in fair value:

Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the company's investment in listed stocks, beneficiary certificates, Taiwan Central Government Bonds, which are popular bonds and fair value of derivatives with public quotations in an active market is included in Level 1.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government bonds that are not popular, corporate bonds, financial bonds, convertible corporate bonds and most of the derivatives that the company invests is included in Level 2.

Level 3:

Unobservable inputs for the asset or liability. The fair value of the Company’s investment in certain derivative instruments, equity investment without active market and investment property is included in Level 3.

C. Financial instruments not measured at fair value:

Management of the Company thinks that the carrying amount of financial instruments not measured at fair value, except those listed in the table below, including cash and cash equivalents, accounts receivables, other financial assets, refundable deposits, short term loans, accounts payable, lease liabilities, long-term loans (including current portion) and carrying amount of other financial liabilities, is the reasonable approximation of their fair value.

	December 31, 2022			
		Fair value		
Item	Carrying amount	Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	$931,470	$1,050,000	$ -	$ -
Total	$931,470	$1,050,000	$ -	$ -

	December 31, 2021			
		Fair value		
Item	Carrying amount	Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	$17,913	$33,840	$ -	$ -
Total	$17,913	$33,840	$ -	$ -

D. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Company's fair value hierarchy was disclosed in the following table:

	December 31, 2022			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$114,943	$ -	$ -	$114,943
Financial assets measured at FVTOCI				
Domestic unlisted stocks	-	-	15,016	15,016
Domestic listed stocks	21,165			21,165
Total	$136,108	$ -	$15,016	$151,124
Liabilities:				
Recurring fair value				
Financial liabilities at FVTPL				
Sell back option	$ -	$19,800	$ -	$19,800

	December 31, 2021			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$266,074	$ -	$ -	$266,074
Redemption and sell back option	-	74	-	74
Financial assets measured at FVTOCI				
Domestic listed stocks	21,745	-	-	21,745
Total	$287,819	$74	$ -	$287,893

E. Fair value valuation technique for instruments measured at fair value:

(A) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active

markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry guild, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Company are stated by their natures and types as follows:

a. Listed stocks: closing prices.

b. closed-end fund：closing prices.

c. Open-end funds: net worth.

d. government bonds: final price.

e. corporate bonds：Weighted average price of $100.。

f. Convertible (exchangeable) corporate bonds: closing price.

(B) Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained by evaluation techniques or by referring to quotations from counterparties. The fair value obtained through evaluation techniques can refer to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other evaluation techniques. Including calculations based on market information available at the balance sheet date using models.

(C) The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate. Structural interest rate derivative financial instruments are based on appropriate option pricing models (such as Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

(D) The output of the evaluation model is an estimated value, and the evaluation technology may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the company. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the company's fair value evaluation model management policy and related control procedures, the management believes that in order to fairly express the fair value of financial instruments and non-financial instruments in the balance sheet, evaluation adjustments are appropriate and necessary.

F. Transfers between Level 1 and Level 2 fair value hierarchy: None.

G. Statement of changes in Level 3 fair value hierarchy

Item	Investment in unquoted financial instruments	
	2022	2021
Balance at January 1	$ -	$ -
Additions	41,000	-
Recognized in profit and loss	-	-
Recognized in other comprehensive income	(25,984)	-
Balance at December 31	$15,016	$ -

H. Quantitative information for fair value measurement of significant unobservable inputs (Level 3):

The fair value of unlisted (counter) company stocks held by the company without an active market is mainly estimated by the market method, and its judgment is based on the evaluation of similar companies, the company's net worth and operating conditions.

The significant unobservable input values used in fair value measurement are listed in the following table:

2022:

Item	evaluation technique	Significant unobservable input value	Interval	Relationship between input value and fair value
Financial assets at FVTOCI - stocks	market approach	Lack of Liquidity Discount Rate	25.95%	The higher the liquidity discount, the lower the fair value estimate

2021: None.

I. Fair value is classified into level 3 evaluation process:

The company's evaluation process for the classification of fair value into the third level uses independent source data to make the evaluation results closer to market conditions, confirm that the source of information is independent, reliable and consistent with other resources and represent executable prices, and regularly calibrate the evaluation model, conduct back testing, update the input values and data required for the evaluation model, and make any other necessary fair value adjustments to ensure that the evaluation results are reasonable.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Financings provided: Table 1

B. Endorsement/guarantee provided: Table 2

C. Marketable securities held: Table 3

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 4.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None. ◦

I. Information about the derivative financial instruments transaction: None.

(2) Information on investees: Table5.

(3) Information on investments in Mainland China: Table6.

(4) Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table7.

Table 1

E&R ENGINEERING CO., LTD

Financings provided

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 3)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	E&R Engineering Co., LTD	Wuxi E&R Semiconductor Material Technology	Other receivables - related parties (Note 4)	Yes	27,022 (JPY116,930)	27,022 (JPY116,930)	27,022 (JPY116,930)	-	1	56,261 (Note 5)	-	-	-	-	1,026,626	1,026,626
		JS E&R Engineering CO., LTD	Other receivables - related parties	Yes	122,840 (USD 4,000)	122,840 (USD 4,000)	-	-	2	-	Operating capital	-	-	-	1,026,626	1,026,626
		JS E&R Engineering CO., LTD	Other receivables - related parties(Note 4)	Yes	9,832 (USD 93 ; RMB 1,582)	9,832 (USD 93 ; RMB 1,582)	9,832 (USD 93 ; RMB 1,582)	-	1	24,796	-	-	-	-	1,026,626	1,026,626

Note 1. The company and Subsidiaries' financing limits for each borrowing company:
Shall not exceed 40% of the Company's net worth.

Note 2. The maximum balance of financing activities to the company and subsidiaries': Shall not exceed lending company's net worth 40%.

Note 3. The code represents the nature of financing activities as follows:
■Related to trading partner is "1".
■Short-term financing is "2".

Note 4. In principle, the Company tries to handle payment collection for goods sold by related parties in accordance with the payment collection policy for the same transaction with non-related parties. However, if the above-mentioned policies cannot be implemented due to insufficient funds of the related party or due to losses, the company will fully support the operation of the subsidiary to implement the company's mainland market business goals as a more important consideration. The company has also transferred the overdue accounts receivable from Wuxi E&R and JS E&R to other receivables, amounting to $27,022 thousand and $9,832 thousand.

Note 5. For Wuxi E&R's purchase of raw materials, the company lists it as a collection and payment process and does not purchases and sales.

Table 2

E&R ENGINEERING CO., LTD

ENDORSEMENTS/GUARANTEES PROVIDED

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorsers	Endorsees		Endorsement Limit for a Single Entity (Note 2)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to net Worth of the Company	Maximum Amount of Endorsement (Note 3)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Name of endorsees	Relationship (Note 1)										
0	E&R Engineering Co., LTD	Tech Wave Technology Co., Ltd	2	513,313	20,000	20,000	4,500	-	0.78%	1,283,282	Y	-	-
		JS E&R Engineering CO., LTD	2	769,969	61,420 (USD 2,000)	61,420 (USD 2,000)	-	-	2.39%	1,283,282	Y	-	Y

Note1：The following code represents the relationship with the Company :

(1) Trading partner.

(2) Majority owned subsidiary

(3) The Company direct and indirect owns over 50% ownership of the investee company.

(4) A subsidiary jointly owned over 90% by the Company

(5) Guaranteed by the Company according to the construction contract.

(6) An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

(7) Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 2：Endorsements/guarantees provided by the Company to a single enterprise and a single foreign affiliate shall not exceed 20% and 30% of the Company’s net worth, respectively.

Note 3：The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 50% of the Company’s net worth.

Table 3

E&R ENGINEERING CO., LTD
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars: thousand shares)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
E&R Engineering Co., LTD	Stock－Fubon Financial	-	Financial assets at FVTPL - current	7	414	-	414	
	ETF-Fubon Metaverse	-	Financial assets at FVTPL - current	600	4,716	-	4,716	
	Fund－Allianz Global Investors B	-	Financial assets at FVTPL - current	620	4,339	-	4,339	
	Fund－TACB currency market	-	Financial assets at FVTPL - current	9,732	100,235	-	100,235	
	Fund－Cathay US Premium Bond Fund	-	Financial assets at FVTPL - current	298	2,940	-	2,940	
	Corporate bonds－JMC1	-	Financial assets at FVTPL - current	12	1,204	-	1,204	
	Corporate bonds－FUSHENG PRECISION 1	-	Financial assets at FVTPL - current	10	1,095	-	1,095	
		Total			114,943		114,943	
	preferred stock－Fubon Financial Preferred B Share	-	Financial assets at FVTOCI－non-current	144	8,280	-	8,280	
	preferred stock－Fubon Preferred Share	-	Financial assets at FVTOCI－non-current	50	3,020	-	3,020	
	preferred stock－Fubon Preferred C Share	-	Financial assets at FVTOCI－non-current	179	9,865	-	9,865	
	Stock - Shyawei Optronics Corporation	-	Financial assets at FVTOCI－non-current	1,640	15,016	-	15,016	
		Total			36,181		36,181	

Table 4

E&R ENGINEERING CO., LTD

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Year Ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Counter-party	Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
DG E&R Semiconductor Materials	E&R Semiconductor Materials Ltd.	Parent-subsidiary	Sales	150,781	75.28%	270 days	There is no similar type of transaction for comparison, and the agreed price will be handled	60-120 days	58,262	83.23%	

Table 5

E&R ENGINEERING CO., LTD
Information on investees
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Shares and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Product	Original Investment Amount		Balance as of December 31, 2022			Shareholding ratio x net value of the invested company at the end of the period	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Dividend distribution of the investee company in the current period		Remark
				As of December 31, 2022	As of December 31, 2021	Shares	Percentage of Ownership	Carrying Value				stock dividend	cash dividend	
E&R Engineering Co., LTD	Tech Wave Technology Co., Ltd	New Taipei	Flexible circuit board manufacturing, processing and trading	23,000	23,000	2,500	51.43%	26,349	26,349	2,519	1,295	-	-	-
	E&R Semiconductor Materials Ltd	Hong Kong	Semiconductor packaging material buying and selling	79,639 (HKD19,042)	69,767 (HKD16,425)	13,500	90.00%	102,364	102,364	(1,271)	(1,057)	-	-	-
	ENRICHMENT TECH. CORPORATION	Samoa	investment holding	145,333 (USD 4,186+ NTD18,589)	145,333 (USD 4,186+ NTD18,589)	8,290	100%	62,878	63,365	353	519	-	-	-
	Crystal Entec Technology Co., Ltd	Kaohsiung	Electronic material processing	10,860	10,860	1,086	48.27%	6,522	6,522	(1,226)	(592)	-	-	-
	EXCELLENT INTERNATION HOLDING LIMITED	British Virgin Islands	investment holding	286,430 (USD9,709)	94,883 (USD3,194)	9,709	100%	246,951	250,983	(9,575)	(9,575)	-	-	-
E&R Semiconductor Materials Ltd	GAIN PROFIT HOLDING LIMITED	Samoa	Semiconductor packaging material buying and selling	3 (HKD 1)	3 (HKD 1)	-	100%	(3,031) (HKD-769)	1,866 (HKD474)	2 (HKD1)	(1,767) (HKD-465)	-	-	-
ENRICHMENT TECH. CORPORATION	ENR APPLIED PACKING MATERIAL CORPORATION	Samoa	investment holding	116,979 (USD3,886)	116,979 (USD3,886)	10,755	100%	51,371 (USD1,673)	51,371 (USD1,673)	11,414 (USD 384)	11,414 (USD 384)	-	-	-

Table 6

E&R ENGINEERING CO., LTD
Information on investments in Mainland China
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Shares and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
DG E&R Semiconductor Materials	Production and sales of semiconductor packaging materials	HKD 28,180 (Note 1)	(2)	89,907 (HKD22,826)	9,989 (HKD2,536)	-	99,896 (HKD 25,362)	1,875 (HKD 493)	90%	1,687 (HKD444) (2).2	101,491 (HKD 25,767)	-
Wuxi E&R Semiconductor Material Technology	Production and sales of semiconductor packaging materials	USD 5,000 (Note 2)	(2)	156,007 (USD 5,080)	-	-	156,007 (USD 5,080)	11,414 (USD 384)	100%	11,414 (USD 384) (2).2	51,313 (USD 1,671)	-
Chen-Tai Trade (shanghai) Co., Ltd	Automation equipment after-sales service	USD 500	(2)	15,355 (USD 500)	-	-	15,355 (USD 500)	(7,433) (USD -250)	100%	(7,433) (USD -250) (2).2	12,164 (USD 396)	-
Suzhou E&R Precision Equipment Co., Ltd	Production and sales of Automation equipment	USD 1,000	(2)	30,710 (USD 1,000)	-	-	30,710 (USD 1,000)	(3,628) (USD -122)	100%	(3,628) (USD -122) (2).2	1,596 (USD 52)	-
JS E&R Engineering CO., LTD	Production and sales of Automation equipment	RMB 71,900	(2)	95,684 (RMB 21,700)	191,588 (RMB 43,450)	-	287,272 (RMB 65,150)	(10,603) (USD -356)	90.61%	(9,575) (USD -322) (2).2	250,983 (USD 8,173)	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
99,896(HKD 25,362) (Note 3)	99,896(HKD 25,362) (Note 1)	(Note 4)
156,007(USD 5,080) (Note 3)	161,442(USD 5,257) (Note 2)	
15,355(USD 500) (Note 3)	15,355(USD 500)	
30,710(USD 1,000) (Note 3)	30,710(USD 1,000)	
287,272(RMB 65,150) (Note 3)	397,507(RMB 90,150)	

(Note 1) The company's investment in DG E&R Semiconductor Materials is reinvested through E&R Semiconductor Materials Ltd. Hong Kong's investment in DG E&R Semiconductor Materials includes fixed asset valuation investment and cash investment, with a total of HKD$28,180 thousand. In addition, the company purchased additional shares in E&R Semiconductor Materials Ltd (Hong Kong) in May 2022, which increased the company's indirect shareholding in DG E&R Semiconductor Materials from 81% to 90%. Therefore, the company's investment amount in mainland China is calculated as HKD$25,443 thousand based on the shareholding ratio.

(Note 2) The company's investment in Wuxi E&R Semiconductor Material Technology is through ENRICHMENT TECH.CORPORATION's investment in ENR APPLIED PACKING MATERIAL CORPORATIO, then the company will reinvest in Wuxi E&R Semiconductor Material Technology, ENR APPLIED PACKING MATERIAL CORPORATION's investment in Wuxi E&R Semiconductor Material Technology includes fixed asset valuation investment and cash investment of USD$5,080 thousand (the actual capital verification capital is USD$5,080 thousand, and the company's registered capital is USD$5,000 thousand).

(Note 3) The accumulative investment amount remitted from Taiwan to the mainland at the end of the period is calculated based on the company's paid-in capital of the mainland investee company and the shareholding ratio of direct or indirect investment.

(Note 4) Enterprises operating headquarters approved by the Ministry of Economic Affairs are not subject to restrictions on the amount or ratio.

(Note 1) The investment methods are divided into the following three types:

(1) Investing directly to the Mainland China

(2) Reinvesting in the Mainland China through third-region companies (please refer to Table 5)

(3) Others.

(Note 2) In the current period, the investment profit and loss column is recognized:

(1) If during incorporation with no investment income or loss, it should be indicated;

(2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:

1. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.

2. Audited financial statements by parent company’s auditors.

3. Others.

(2) The company's major transactions with mainland investee companies in 2022 are listed as follows:

1. Loans provided with mainland investment company: refer to Table 1 attached in Note 13.

2. Endorsements / guarantees with mainland investment company: refer to Table 2 attached in Note 13.

3. Significant transactions with mainland investment company: refer to Table 4 attached in Note 13.

Table 7

E&R ENGINEERING CO., LTD
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Production and sales of Automation equipment Major Shareholder	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of December 31, 2022. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

鈦昇科技股份有限公司

董 事 長：王 明 慶