

Stock Symbol: 8027



鈦昇科技股份有限公司

E&R ENGINEERING CORPORATION

2023 Annual Report

Annual report query website: [http : //mops.twse.com.tw](http://mops.twse.com.tw)

Publication Date: May 15, 2024

Part 1. The Name, title, contact number and email address of the spokesperson and acting spokesperson of the company

Spokesperson: Allen Lin

Job Title: Sales & Service Dept Director

Tel: [07] 615-6600

E-mail: spokesman_8027@enr.com.tw

Vice Spokesperson: Kevin Chang

Job Title: Sales & Service Dept Director

Tel: [07] 615-6600

E-mail: spokesman_8027@enr.com.tw

Part 2. Addresses and telephone numbers of the head office, branch offices and factories

Head Office: 61 Heng Shan Rd, Yan-Chao District, Kaohsiung 824 Taiwan.

Tel: [07] 615-6600

Branch: No. 6-2, E. 3rd St., Nanzi Dist., Kaohsiung City 811, Taiwan (R.O.C.).

Tel: [07] 364-7766

Part 3. Name, address, website and telephone number of the stock transfer agency.

Name: SinoPac Securities Corporation

Address: 3F., No. 17, Bo'ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.).

Tel: [02] 2381-6288

Website: <http://www.nsc.com.tw>

Part 4. The name, firm name, address, website and telephone number of the certified accountant for the latest annual financial report

Certified Accountants: **CPAs** Lee Ching Ling, Lee Kuo Ming

Firm name: Crowe (TW) CPAs

Address: 27F.-1, No. 6, Siwei 3rd Rd., Lingya Dist., Kaohsiung City 802 , Taiwan (R.O.C.)

Tel: [07] 331-2133

Website: <http://www.crowehorwath.tw>

Part 5. The name of the trading venue for the listing and trading of overseas securities and the method for inquiring about the information of the overseas securities: Not applicable.

Part 6. The company website: <http://www.enr.com.tw>

Table of Contents

One. Report to Shareholders.....	1
I. Operating Results in 2023	1
II. 2024 Outline of Business Plan.....	2
III.Future Development Strategy	3
IV. Influenced by the external competitive, regulatory, and general economic environment.....	4
Two. Company Profile	5
I. Date of incorporation: October 28, 1994.....	5
II. Company history	5
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.....	6
Three. Corporate Governance Report	9
I. The System of Organization	9
II. Information on directors, supervisors, general managers, deputy general managers, assistant managers, heads of various departments and branches	12
III. Remuneration paid to directors, supervisors, general manager and vice general manager(s) (including independent directors) in the most recent year.....	29
IV.The state of corporate governance	38
V. Information Regarding Audit Fees:	83
VI. CPA’s information: No such thing.	83
VII. 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.	83
VIII.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:	83
IX. 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:	83
X. 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:	86
Four. Fundraising Situation	87
I. Capital and Shares	87
II. Handling of corporate bonds	96

III. Handling of Special Shares: None	100
IV.Overseas Depositary Receipts: None.....	100
V. Employee Share Subscription Warrants.....	100
VI. Status of Employee Restricted Stock: None.	104
VII. Status of New Share Issuance in Connection with Mergers and Acquisitions.....	104
VIII.Implementation of Company's capital allocation plans:	109
Five. Operational Overview	109
I. Company Management	109
II. Overview of Market, Production, and Sales.....	124
III. The number of employees in the recent two years and till the end of April of 2022:	132
IV.Environmental Expenditure Information	132
V. Labor Relations.....	132
VI. Information security management:	136
VII. Major Contracts.....	137
Six. Financial Overview	137
I. Balance sheet and income statement in recent five years	137
II. Financial analysis in recent five years	142
III. The review report of the supervisor or audit committee for the most recent annual financial report: please refer to page 158.....	146
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 159-262.....	146
V. The Company's financial report approved by an accountant for the most recent year: Please refer to pages 263~365.....	146
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.	146
Seven. Financial Status Review, Analysis of Financial Performance, and Risk.....	147
I. Financial Status.....	147
II. Financial Performance	148
III. Cash Flow	149
IV.Recent Years Major Capital Expenditures and Impact on Financial and Business: N/A.....	149
V. Long-term Equity Investment Policy and Results	149
VI. Analysis and evaluation of risk events in the recent year and up to the date of publication the annual report	150

VII. Other Necessary Supplements: N/A.....	155
Eight. Special Disclosures.....	156
I. Relevant information of related companies	156
II. Private Placement Securities in 2021 and as of the Date of this Annual Report: None.....	160
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.....	160
IV. Other Necessary Supplement: None.....	160
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 Date: N/A.....	160
Appendix I.....	163
Consolidated Financial Statements for the Recent Year and Independent Auditors' Report.	163
Appendix II.....	267
Financial Statements for the Recent Year and Independent Auditors' Report	267

One. Report to Shareholders

E&R Engineering Corporation 2023 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 2023 and the business plan for 2024:

I. Operating Results in 2023

(I) Business Plan Implementation Results

After several years of diving and training, the Group has become a major supplier of several industrial equipment spanning IC packaging and testing, wafer-level packaging, system-in-package and FPC processes. However, in 2023, factors such as virus variants, high inflation, and the ongoing Russia-Ukraine conflict, which escalated global inflation pressures, led central banks worldwide to embark on an unprecedented tightening cycle, departing from the previous loose monetary policies. Many countries raised interest rates to combat high inflation, leading to reduced consumer spending and corporate investment, resulting in a noticeable cooling of global economic demand. Additionally, regional conflicts and climate change have also impacted geopolitical issues globally, causing reductions and delays in customer orders, a decline in capacity utilization rates, longer inventory turnover times, conservative enterprise equipment investment intentions, and a slowdown in planned capital expenditures. Moreover, the escalating US-China tech war has affected global development, with the US imposing chip export controls on China and actively forming alliances internationally against China, leading to a bifurcation in the global supply chain. While the Chinese economy rebounded due to relaxed control measures, close monitoring of its economic impact is still necessary. Finally, aside from the Russia-Ukraine conflict, the timing of when additional regional conflicts this year will end is another significant uncertainty affecting global economic performance. With factors such as interest rate hikes and cuts in various countries, US-China tensions, geopolitical issues, and energy price fluctuations intersecting in 2024, the volatility in economic conditions is sustained.

In summary, the group's consolidated operating income in 2023 was NT\$1,549,374,000, a decrease of approximately 51.93% compared with the consolidated operating income of NT\$3,222,998,000 in 2022. The net profit after tax attributable to the parent company for the year was NT\$30,911,000, with an earnings per share of NT\$0.32.

(II) Budget execution:

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

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

Unit: NTD thousand			
Item		2023	2022
Financial income and expenditure	Operating income	1,549,374	3,222,998
	Operating profit	614,281	1,124,060
	Net profit (loss) after tax	23,575	390,135
Profitability	Return on Assets (%)	0.83	9.58
	Return on Equity (%)	0.95	15.42
	Operating (loss) profit to paid-in capital ratio (%)	1.71	39.94

One. Report to Shareholders

E&R Engineering Corporation 2023 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 2023 and the business plan for 2024:

I. Operating Results in 2023

(I) Business Plan Implementation Results

After several years of diving and training, the Group has become a major supplier of several industrial equipment spanning IC packaging and testing, wafer-level packaging, system-in-package and FPC processes. However, in 2023, factors such as virus variants, high inflation, and the ongoing Russia-Ukraine conflict, which escalated global inflation pressures, led central banks worldwide to embark on an unprecedented tightening cycle, departing from the previous loose monetary policies. Many countries raised interest rates to combat high inflation, leading to reduced consumer spending and corporate investment, resulting in a noticeable cooling of global economic demand. Additionally, regional conflicts and climate change have also impacted geopolitical issues globally, causing reductions and delays in customer orders, a decline in capacity utilization rates, longer inventory turnover times, conservative enterprise equipment investment intentions, and a slowdown in planned capital expenditures. Moreover, the escalating US-China tech war has affected global development, with the US imposing chip export controls on China and actively forming alliances internationally against China, leading to a bifurcation in the global supply chain. While the Chinese economy rebounded due to relaxed control measures, close monitoring of its economic impact is still necessary. Finally, aside from the Russia-Ukraine conflict, the timing of when additional regional conflicts this year will end is another significant uncertainty affecting global economic performance. With factors such as interest rate hikes and cuts in various countries, US-China tensions, geopolitical issues, and energy price fluctuations intersecting in 2024, the volatility in economic conditions is sustained.

In summary, the group's consolidated operating income in 2023 was NT\$1,549,374,000, a decrease of approximately 51.93% compared with the consolidated operating income of NT\$3,222,998,000 in 2022. The net profit after tax attributable to the parent company for the year was NT\$30,911,000, with an earnings per share of NT\$0.32.

(II) Budget execution:

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

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

Unit: NTD thousand			
Item		2023	2022
Financial income and expenditure	Operating income	1,549,374	3,222,998
	Operating profit	614,281	1,124,060
	Net profit (loss) after tax	23,575	390,135
Profitability	Return on Assets (%)	0.83	9.58
	Return on Equity (%)	0.95	15.42
	Operating (loss) profit to paid-in capital ratio (%)	1.71	39.94

	Profit (loss) Before tax to paid-in capital ratio (%)	3.89	48.96
	Earnings per share	0.32	3.94

(IV) Research and Development Status:

Unit: NTD thousand		
Item	2023	2022
R&D expenses	207,420	208,505
Operating revenue	1,549,374	3,222,998
Ratio (%)	13	6

The Company has been continuously committed to the research and development of semiconductor production equipment, and has been deeply engaged in laser marking, 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. 2024 Outline of Business Plan

(I) 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.

(II) 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. In 2023, under the theme of AI in the semiconductor industry, the strong demand for high-end technology has led the entire electronics industry into the AI wave, filling a large part of the economic losses in uncertainty. Investments in high-end semiconductors, energy-saving, and green energy-related equipment continue to increase, driving the continuous expansion of the advanced

process market. Coupled with the ongoing demand for automotive electronics and industrial needs, this supports the operational performance of electronic machinery manufacturers. We are pleased to see the slow digestion of inventory in the electronics industry in the first half of the year; the dawn of the US interest rate hike cycle is imminent, and the economy is starting to move positively, with inflation declining and unemployment remaining low. China has gradually emerged from the shadow of the epidemic in 2023 but is facing difficulties in the chip industry blockade, prompting a new wave of internal supply chain adjustments.

Continuing into 2024, post-pandemic and geopolitical factors still pose challenges, although the economy is gradually easing. In addition to dedicating efforts to complete various development projects to meet new demands, the Group will also diversify its market reach in 2024, expanding into different regions and industries. The Group continues to research and develop next-generation rapid laser application modules to enhance the productivity of high-end packaging in response to the transformation in new materials. The demand for laser application equipment such as laser grooving and laser machining on third-generation semiconductors like GaN, SiC, Glass, ABF, and other new materials will increase due to the combined characteristics of low thermal effects and high precision advantages of our equipment.

Furthermore, the Group has introduced numerous domestic and international Ph.D.-level talents in recent years, actively investing in research and development of more advanced semiconductor packaging laser micro-processing technology. We have already obtained a considerable number of patents, integrating laser and plasma application technologies to provide customers with complete solutions. This will further develop future sectors such as 5G, Micro LED, high-end glass substrates, super-speed computers, and electric vehicles.

(III) Important Production and Marketing Policy

1. In terms of marketing research and development, in addition to continuously cultivating existing marketing channels, we are actively expanding into the European, American, and Northeast Asian markets. With regards to the "Taiwan plus one" initiative, the Group will continue to maintain a keen sense of awareness, following our customers' footsteps while simultaneously exploring new customer bases. We aim to increase our existing product lines by introducing new marketing channels to major global manufacturers. Additionally, we emphasize the development of next-generation processes and equipment, focusing on highly complementary products to expand the completeness of our product line.
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

- (I) 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.
- (II) 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.

(III) 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.

(IV) 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.

(V) 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.

(VI) 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

(I) 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.

(II) 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.

(III) As the era of high-speed transmission approaches, 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. Particularly as electronic and semiconductor processes enter an era of higher complexity through heterogeneous integration, laser, plasma, and next-generation equipment and technologies have become necessary and indispensable. The Group is fully equipped with these technologies and possesses unique advantages in this regard.

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

(V) 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.

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

I sincerely hope that all shareholders will continue to give E&R Engineering Corp. support and encouragement, and continue to give E&R 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



Two. Company Profile

I. Date of incorporation: 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 E&R 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.
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.

Date	Important Events
	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.
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 by NT\$ 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

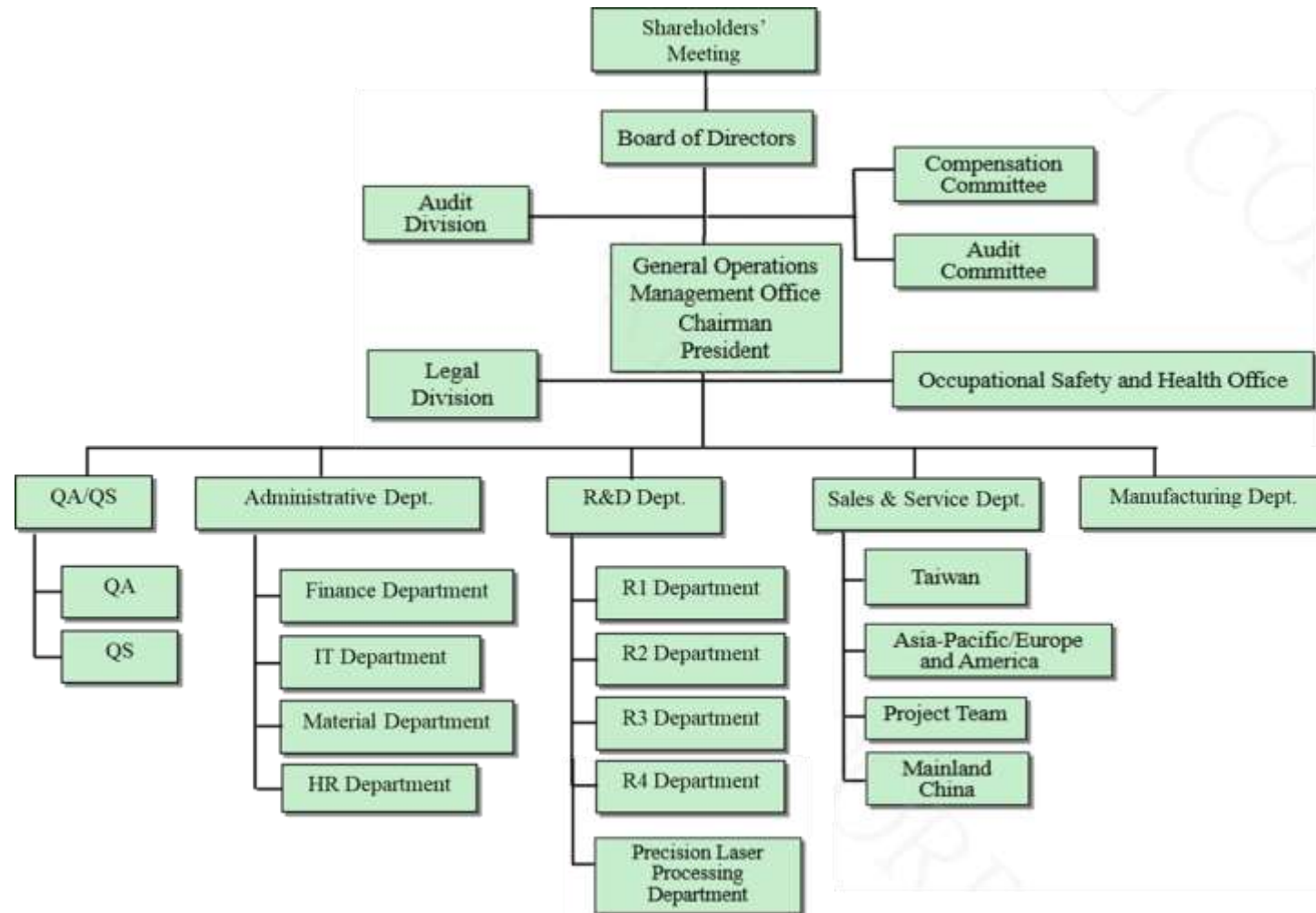
Date	Important Events
	employee rights, increased capital by NT\$280,000 with employee stock options, and the paid-in capital amounted to NT\$540.05 million.
May 2017	Employee stock options were increased by NT\$4.01 million, the first domestic convertible corporate bonds were converted into share capital 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 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.

Date	Important Events
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 stocks of NT\$14.9 million Paid-in capital was NT\$995.95 million.
September 2023	Treasury stocks worth NT\$10 million were repurchased and cancelled, resulting in a paid-in capital of NT\$985.95 million.
May 2024	Convertible corporate bonds increased capital by NT\$41.4 million and the paid-in capital was NT\$1,027.35 million.

Three. Corporate Governance Report

I. The System of Organization

(I) Organizational Structure



(II) 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.
General Operations Management Office		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.
Legal Division		1. Collecting and organizing legal information, and serving as the point of contact for legal litigation cases. 2. Reviewing, drafting, and revising contracts and related documents.
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.
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.

Unit name	Main Business and Duties	
	Material Control	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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

(I) Director Information

1. Director Information

April 22, 2024; 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	2023.06.21	3 years	1994.10.24	2,697,811	4.13	4,200,334	4.09	—	—	900,656	0.88	Department of Mechanical Engineering, CYCU. Chairman of Yiwei Enterprise Company	Chairman and Chief Strategy Officer of the Company Director of E&R Semiconductor Materials Co., Ltd. Director of TECH-WAVE Industrial Co., Ltd.	—	—	—	—
Vice Chairman	Republic of China	KS Chen	Male 71~80 years old	2023.06.21	3 years	1994.10.24	897,903	1.38	949,428	0.92	224,382	0.22	—	—	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. Corporation representative of Jiangsu E&R Technology Co., Ltd.	—	—	—	—
Director	Republic of China	Eric Chang	Male 61~70 years old	2023.06.21	3 years	2002.06.21	798,620	1.22	1,059,661	1.03	11,664	0.01	—	—	Department of Industrial Engineering and Engineering Management, NTHU.	General Manager of the Company Chairman of Tech-Wave Industrial 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	
																Graduate Institute of Business Administration, NTU. Executive Vice President of the Company Manager of Baisha Electric Motor Co., Ltd.	General Manager of E&R Semiconductor Materials Co., Ltd. Director of E&R (Dongguan) Semiconductor Materials Co., Ltd. Director of Wuxi E&R Semiconductor Materials Technology Co., Ltd. Director of Jiangsu E&R Technology Co., Ltd. Independent Director of Zen Voce Co., Ltd. Corporate Director Representative of ShyaWei Optonics Corporation				
Corporate Director	Republic of China	Donghua Investment Co., Ltd.	—	2023.06.21	3 years	2017.06.20	1,484,431	2.27	769,650	0.75	—	—	—	—	—	—	—	—	—	—	—
		Representative : Ray Hou	Male 51~60 years old	2023.06.21		2020.06.18	—	—	—	—	4,422	0.00	—	—	—	Department of Accountancy and Graduate Institute of Finance, NCKU. Partner of Ernst & Young and Director of Kaohsiung Office Director of Hou Rongxian Accounting Firm. Head of Family Tree Co., Ltd.	Director of Hou Rongxian Accounting Firm. Head of Family Tree Co., Ltd. Representative. Corporation Representative Director of Jia Wei Lifestyle, Co., Ltd Independent Director of T.Y.C. Brother Industrial Co., LTD. Independent Director of Ji Yuan Packaging Holdings Co., Ltd. Independent Director of Mospec Semiconductor Co., Ltd. Independent Director of United Fiber Optic Communication 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	
Director	Republic of China	Harry Huang	Male 51~60 years old	2023.06.21	3 years	2020.06.18	1,034,288	1.27	1,216,680	1.18	—	—	—	—	Department of Economics, NTU Business Associate of Fuhua Investment Trust Vice President of Business of Clone International Biotech Co., Ltd.	Vice President of the General Operation Management Office of the Company Director and CEO of Jiangsu E&R Technology Co., Ltd. Director of King Tech Vietnam CO., LTD. Director of King Tech Transmission Corp.	—	—	—	—
Director	Republic of China	Kuang shu Hsueh	Male 61~70 years old	2023.06.21	3 years	2020.06.18	444,657	0.55	447,333	0.44	116,110	0.11			Department of Electronics, KWIIC. Chairman of Chaoyue Chemical Co., Ltd.	Supervisor of Jiangsu E&R Technology Co., Ltd.	—	—	—	—
Independent Director	Republic of China	Carlos Huang (Note 1)	Male 61~70 years old	2020.06.18	3 years	2013.11.29	—	—	—	—	—	—	—	—	Technology Industrial Engineering and 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	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	
															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 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.	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	
															Ford Lio Ho Motor Co., Ltd. Area Manager					
Independent Director	Republic of China	Eddy Peng (Note2)	Male 51~60 years old	2023.06.21	3 years	2023.06.21	—	—	—	—	—	—	—	—	Ph.D. candidate of Biological Science and Technology, NYCU Graduate of EMBA , NYCU Master of Biomedical Engineering,, NCKU	Vice President of Hermes-Epitek Corp. President of Hermes-Epitek (Shanghai) Corp. Chairman & President of Hermes Advanced Therapy Systems Corp. Chairman of Synaspire Corp. Chairman of Alliance Precision (Hefei) Inc. Chairman of Chemical Mechanical Planarization User Group Taiwan Director of CMP of Hermes-Epitek Corp.	—	—	—	—

Note 1: Stepped down from the shareholder meeting on June 21, 2023.

Note 2: Newly appointed at the shareholder meeting on June 21, 2023.

2. Major shareholders of corporate shareholders:

April 22, 2024

Corporate shareholder name	Corporate shareholder's major shareholder
Donghua Investment Co., Ltd.	Kimi Lin(90%) 、 Michel Wang (10%)

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

April 22, 2024

Corporate shareholder name	Corporate shareholder's major shareholder
—	—

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

Name	Condition	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

Name \ Condition	Professional qualifications and experience (Note 1)	Conditions of Independence (Note 2)	Number of Independent Directors of Other Public Companies
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 (Note 3)	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

Name \ Condition	Professional qualifications and experience (Note 1)	Conditions of Independence (Note 2)	Number of Independent Directors of Other Public Companies
Eddy Peng (Note 4)	He is currently serving as an independent director, a member of the audit committee, and a member of the compensation committee for the Company. Additionally, he holds the positions of Vice President of Hermes-Epitek Corp., President of Hermes-Epitek (Shanghai) Corp., Chairman & President of Hermes Advanced Therapy Systems Corp., Chairman of Synaspire Corp., Chairman of Alliance Precision (Hefei) Inc. and Chairman of Chemical Mechanical Planarization User Group Taiwan. He possesses extensive knowledge and experience in business operations and do not have any circumstances as stipulated 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:
 - A. Employees of the company or its affiliates.
 - B. Directors and supervisors of the company or its affiliates.
 - C. 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.
 - D. 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).
 - E. 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.
 - F. 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.

- G. 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.
- H. 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.
- I. Provide audits for the company or related enterprises, or the accumulated remuneration in the last two years exceeds NT\$500,000

Note 3: Stepped down from the shareholder meeting on June 21, 2023.

Note 4: Newly appointed at the shareholder meeting on June 21, 2023.

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 (Note 1)	Male	Republic of China			✓		10	✓	✓	✓		✓		✓
JF Lu	Male	Republic of China			✓		6	✓	✓	✓		✓		✓
Alex Kao	Male	Republic of China		✓			3	✓	✓	✓	✓		✓	✓

Eddy Peng (Note 2)	Male	Republic of China		✓			1	✓	✓	✓		✓		✓
-----------------------	------	----------------------	--	---	--	--	---	---	---	---	--	---	--	---

Note 1: Stepped down from the shareholder meeting on June 21, 2023.

Note 2: Newly appointed at the shareholder meeting on June 21, 2023.

(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 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.

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

April 22, 2024; 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	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
President	Republic of China	Eric Chang	Male	1998.08	1,059,661	1.03	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. General Manager of E&R Semiconductor Materials Co., Ltd. Director of E&R(Dongguan) Semiconductor Materials Co., Ltd. Director-f Wuxi E&R Semiconductor Materials Technology Co., Ltd. Director of Jiangsu E&R Technology Co., Ltd. Independent Director of Zen Voce Co., Ltd. Representative of the legal director of Shyawei Optronics Corporation.	N.A.	N.A.	N.A.	—
Chief Technology Officer	Republic of China	KS Chen	Male	1997.12	949,428	0.92	224,382	0.22	—	—	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	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	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
												(Dongguan)Semiconductor Materials Co., Ltd. Legal representative of Jiangsu E&R Technology Co., Ltd.				
Sales & Service Dept President	Republic of China	Vic Chao	Male	1995.11	458,104	0.45	6,121	0.01	—	—	Graduated from Department of Mechanical Engineering, National Taiwan University of Science and Technology Master degree of the Industrial Engineering the University of Alabama Taiwan Jinfeng Business Specialist	N.A.	N.A.	N.A.	N.A.	—
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	3,000	0.00	—	—	—	—	Department of Electrical Engineering, NTUST.	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	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
											Mater of the Institute of Electrical Engineering, NTHU. Philips Electronic Building Elements Industries (Taiwan) Ltd.					
R&D Dept Vice President	Republic of China	Martin Yeh	Male	2021.01	14,000	0.01	—	—	—	—	Ph.D., Department of Atomic Science, NTHU. R&D Associate Manager of Shih Her Technologies Inc.	N.A.	N.A.	N.A.	N.A.	
R&D Dept Vice President	Republic of China	Robert Chu	Male	2016.01	38,000	0.04	—	—	—	—	Undergraduate of the Department of Electrical Engineering, National Cheng Kung University Senior Engineer of Sunrising Eco-Friendly Technology Co., Ltd.	N.A.	N.A.	N.A.	N.A.	—
Subsidiary General Manager	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. General Manager of Jiangsu E&R Technology Co., Ltd.	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	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
Subsidiary CEO	Republic of China	Harry Huang	Male	2019.12	1,216,680	1.18	—	—	—	—	Department of Economics, NTU Business Associate of Fuhua Investment Trust Vice President of Business of Clone International Biotech Co., Ltd.	CEO of Jiangsu E&R Technology Co., Ltd. Director of King Tech Vietnam CO., LTD. Director of King Tech Transmission Corp.	N.A.	N.A.	N.A.	—
Sales & Service Dept. Director	Republic of China	Allen Lin	Male	2019.11	28,000	0.03	—	—	—	—	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.	—
Accounting Supervisor / Corporate Governance Officer	Republic of China	Max Cao	Male	2008.06	0	0.00	-	—	—	—	Graduated from the Institute of Finance, National Cheng Kung University GenMont Biotech Incorporation Accounting Section Chief Deloitte & Touche Audit Team	N.A.	N.A.	N.A.	N.A.	—
Financial Officer	Republic of China	Sonia Lu	Female	2020.04	3,000	0.00	—	—	—	—	Master of the Department of International Business, NKUST.	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	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
											Inotera Memories, Inc. Section Manager. The Orchard Corporation Of Taiwan Ltd. Vice Team Leader					

(III) 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.

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

(I) Remuneration of Directors (including independent directors)

December 31, 2023; 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	
Chairman	Michel Wang	0	0	0	0	1,100	1,100	230	230	4.30	5.64	19,332	19,834	307	307	180	0	180	0	64.12	86.20	N.A.
Vice Chairman	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 (Note 4)	1,380	1,380	0	0	0	0	255	255	5.29	6.94	0	0	0	0	0	0	0	0	0.34	0.34	N.A
Independent Director	JF Lu																					
Independent Director	Alex Kao																					
Independent Director	Eddy Peng (Note 5)																					
1. Description of the remuneration policy, system, standards, and structure for independent directors, and the correlation between the remuneration amount and factors such as responsibilities, risks, and time commitment: The Company provides remuneration to directors, the president, and vice presidents based on the ratios and ranges stipulated in the company’s articles of association. This remuneration is determined by referencing the salary levels of similar positions in the industry, the scope of responsibilities of the positions, and the contribution to the achievement of the Company's operational goals. The procedure for determining remuneration considers the Company's overall operational performance, as well as individual performance and contribution to the Company's performance, to provide reasonable compensation. 2. In addition to what is disclosed in the above table, the remuneration received by the company's directors for providing services in the most recent year (such as serving as a non-employee consultant for the parent company/all companies included in the financial report/invested enterprises, etc.): None. 3.In accordance with the Company's articles of association, the remuneration for the chairman, vice chairman, and directors is determined by the board of directors based on their level of participation in the Company's operations, the value of their contributions, and by referencing domestic and international industry standards. The articles of association also stipulate that directors’ remuneration shall not exceed 3% of the annual profit, and this remuneration does not include independent directors. The Company's remuneration principles are as follows: (1.) Independent directors do not participate in the distribution of directors' remuneration. (2.) Since all independent directors serve on the audit and remuneration committees, participating in discussions and resolutions of related committee meetings, they receive a fixed salary, and their business execution expenses are slightly higher than those of general directors. (3.) Since the chairman does not distribute employee remuneration, the chairman’s director remuneration is slightly higher than that of general directors. 4.Apart from the remuneration disclosed in the above table, there is no instance in the most recent year where any director received remuneration for providing services to any company included in the financial report (such as serving as a non-employee consultant). 5.Stepped down from the shareholders' meeting on June 21, 2023. 6.Newly appointment at the shareholders' meeting on June 21, 2023.																						

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	Michel Wang、KS Chen、Eric Chang、Harry Huang、Ray Hou、Kuang shu Hsueh、Carlos Huang、JF Lu、Alex Kao	Michel Wang、KS Chen、Eric Chang、Harry Huang、Ray Hou、Kuang shu Hsueh、Carlos Huang、JF Lu、Alex Kao	Ray Hou、Kuang shu Hsueh、Carlos Huang、JF Lu、Alex Kao	Michel Wang、KS Chen、Eric Chang、Harry Huang、Ray Hou、Kuang shu Hsueh、Carlos Huang、JF Lu、Alex Kao
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	—	—	Harry Huang	Harry Huang
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	—	—	Michel Wang、KS Chen、Eric Chang	Michel Wang、KS Chen、Eric Chang
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)	—	—	—	—
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	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.

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

(III) Remuneration of of President and Vice President

December 31, 2023; 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	15,842	16,852	913	913	13,336	13,336	352	—	352	—	98.46	133.42	N.A.
CTO	KS Chen													
CSO	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.)	Vic Chao 、Harry Huang 、James Lai 、 Jack Huang 、Erwin Wu 、Robert Chu	Vic Chao 、Harry Huang 、James Lai 、 Jack Huang 、Erwin Wu 、Robert Chu
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	KS Chen 、Eric Chang	KS Chen 、Eric Chang
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)	—	—
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.

Note1.: 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).

Note2.: Fill in the latest annual general manager and deputy general manager salary, position bonus, retirement pension, and severance pay.

Note3.: 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.

Note4.: 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.

Note5.: 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.

Note6.: 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.

Note7.: 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.

Note8.: 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.

Note9.:

- 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.

(IV) Remuneration of the top five top executives: Not applicable

(V) The name of the manager who distributes employee bonus and distribution situation:

December 31, 2023; Unit: NTD thousand

	Job Title	Name	Stock Amount	Cash Amount	Total	The ratio of sum to net income (%)
Managers	President	Eric Chang	—	422	422	1.37%
	Chief Technology Officer	KS Chen				
	Sales & Service Dept. 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 General Manager	James Lai				
	Subsidiary CEO	Harry Huang				
	Sales & Service Dept. Director	Allen Lin				
	R&D Dept. Vice President	Martin Yeh				
	Accounting Supervisor / Corporate Governance Officer	Max Cao				
	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".

(VI) 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 (%)			
	2022		2023	
	The Company	Companies included in financial reports	The Company	Companies included in financial reports
Director's Remuneration	9.66%	9.88%	70.83%	95.00%
President and Vice President Remuneration	9.16%	9.62%	98.49%	133.42%

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 remuneration for the Company's managers includes monthly salaries and various bonus systems, retirement systems, and assessment systems, all of which have been approved by the Remuneration Committee and submitted to the Board of Directors for resolution and execution. The salary adjustments, bonuses, and other remuneration for senior managers are based on the Company's operational performance, individual performance, and contribution. These considerations include contributions and performance in economic, environmental, and social dimensions, which are part of the Company's governance indicators for sustainable development. The Human Resources unit drafts recommendations, which are then reported to the Remuneration Committee. After review by the committee, the proposals are submitted to the Board of Directors for resolution and execution.

The remuneration for managers, such as the president and vice presidents, is handled according to company regulations. This includes fixed remuneration such as a fixed monthly salary, various job allowances, and year-end bonuses. Retirement funds (including both new and old retirement systems) and welfare funds are allocated monthly according to the Company's "Retirement Plan". Additionally, variable remuneration includes performance bonuses, employee compensation, employee stock options, and treasury shares, among other compensations, which are awarded based on special circumstances and the achievement of operational performance. There is a positive correlation between these remunerations and operational performance. The amounts paid are disclosed according to legal requirements, and future risks are considered to be limited.

IV. The state of corporate governance

(I) Operation of the Board of Directors:

The number of meetings in the most recent year (2023) was 8, and in 2024 until the publication date of the annual report, there were 2 meetings, and the board of directors held a total of 10 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	1	90	Re-elected on June 21, 2023
Director	KS Chen	9	1	90	Re-elected on June 21, 2023
Director	Eric Chang	10	—	100	Re-elected on June 21, 2023
Corporate Director	Donghua Investment Co., Ltd. Representative : Ray Hou	10	—	100	Re-elected on June 21, 2023
Director	Harry Huang	10	—	100	Re-elected on June 21, 2023
Director	Kuang shu Hsueh	10	—	100	Re-elected on June 21, 2023
Independent Director	Carlos Huang	4	—	100	Re-elected on June 21, 2023
Independent Director	JF Lu	10	—	100	Re-elected on June 21, 2023
Independent Director	Alex Kao	10	—	100	Re-elected on June 21, 2023
Independent Director	Eddy Peng	6		100	Newly appointed on June 21, 2023

Other matters to be recorded:

I. 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:

(I) 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.

(II) 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.

II. When a director implements the revocation of an interest-related proposal, the director's name, content of the proposal, reason for recusal and participation in voting shall be stated:

i. March 07, 2023 Board of Directors Meeting

1. Since Michel Wang, KS Chen, Eric Zhang, and Harry Huang are 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 Michel Wang appointed Mr. Carlos Huang, an independent director, as the acting chairman of this proposal.

2. Proposal content:

- (A) Proposal 3: The Company's 2022 annual manager performance bonus case.
3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.
- ii. May 3, 2023 Board of Directors Meeting
1. Since KS Chen, Eric Zhang, and Harry Huang are the senior managers of the Company, proposal 1 to 2 are related to their bonuses and remuneration, and interests are avoided in accordance with the law.
 2. Proposal content:
 - (a) Proposal 1: The Company's 2022 Employee Compensation Distribution.
 - (b) Proposal 2: The Company's 2023 Performance Bonuses for Company Managers.
 3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.
- iii. June 5, 2023 Board of Directors Meeting
1. Since the fact that Proposal 1 involves Vice Chairman KS Chen and Proposals 4 and 5 involve Director Harry Huang, they recused themselves from discussions and voting on these matters in accordance with the law.
 2. Proposal content:
 - 乙、 Proposal 1: Appointment of the Executive Vice Chairman of the Group.
 - 丙、 Proposal 2: Personnel changes in the Company's invested entity, "Jiangsu E&R Technology Co., Ltd."
 - 丁、 Proposal 3: Appointment of the General Manager of the Company's Carrier Tape Business Unit.
 3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.
- (IV) June 21, 2023 Board of Directors Meeting
1. Due to the fact that Proposal 1 involves Vice Chairman KS Chen and Proposals 2 and 3 involve Independent Directors JF Lu, Alex Kao, and Eddy Peng, they recused themselves from discussions and voting on these matters in accordance with the law.
 2. Proposal content:
 - (a) Proposal 1: Appointment of the Executive Vice Chairman of the Group.
 - (b) Proposal 2: Discussion on the appointment of members for the fifth term of the "Remuneration Committee."
 - (c) Proposal 3: Discussion on the appointment of members for the second term of the "Audit Committee."
 3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.
- (V) August 10, 2023 Board of Directors Meeting
1. Proposal 1 involves Independent Directors JF Lu, Alex Kao, and Eddy Peng, who recused themselves from discussions and voting on this matter in accordance with the law.
 2. Proposal content:
 - (a) Proposal 1: Adjustment of the monthly remuneration for the Company's independent directors.
 3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.
- (VI) November 01, 2023 Board of Directors Meeting
1. Since Michel Wang, KS Chen, Eric Zhang, and Harry Huang are the senior managers of

the Company, proposal 1 to 3 are related to their bonuses and remuneration, and interests are avoided in accordance with the law.

2. Proposal content:

- (a) Proposal 1: The Company's 2023 Performance Bonuses for Company Managers.
- (b) Proposal 2: The Company's 2023 year-end bonuses for senior managers.
- (c) Proposal 3: The Company's 2024 salary adjustments for senior managers.

3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.

(VII) March 06, 2024 Board of Directors Meeting

1. Since KS Chen, Eric Zhang, and Harry Huang are the senior managers of the Company, proposal 3 is related to their bonuses and remuneration, and interests are avoided in accordance with the law. Additionally, Directors Eric Zhang, Harry Huang, and Hou Rongxian are involved in Proposal 6, so they recused themselves from discussions and voting on this matter in accordance with the law.

2. Proposal content:

- (a) Proposal 1: The Company's 2023 Performance Bonuses for Company Managers.
- (b) Proposal 2: Proposal to lift the non-compete restrictions for directors and their representatives.

3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.

(VIII) May 08, 2024 Board of Directors Meeting

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

2. Proposal content:

- (a) Proposal 1: The Company's 2023 distribution of employee compensation.
- (b) Proposal 2: The Company's 2024 Performance Bonuses for Company Managers.

3. Excluding the directors who legally recused themselves from discussion and voting, the chairman consulted with the remaining non-recused directors present, and there were no objections. The proposals were passed as presented.

III. 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 2023, and will disclose the implementation of the evaluation in 2024.

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 06, 2024.	January 1st to December 31st, 2023	1. Overall performance of the board of directors 2. Performance of the Board member 3. Performance of the audit committee 4. Performance of the compensation committee	1. Board self-assessment 2. Board member self-assessment 3. Performance of the audit committee 4. Performance of the compensation committee	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

				<p>evaluation of directors:</p> <p>(1) Control of the Company's goals and tasks.</p> <p>(2) Awareness of directors' responsibilities.</p> <p>(3) The degree of participation in the operation of the company.</p> <p>(4) Internal relationship management and communication.</p> <p>(5) Professional and continuing education of directors.</p> <p>(6) Internal control.</p> <p>3. Items of audit committee performance evaluation:</p> <p>(1) The degree of participation in the operation of the Company.</p> <p>(2) Cognition of the responsibilities of the functional committee.</p> <p>(3) Improve the decision-making quality of functional committees.</p> <p>(4) Composition and member selection of functional committees.</p> <p>(5) Internal control.</p> <p>4. Items of compensation committee performance evaluation:</p> <p>(1) The degree of participation in the operation of the Company.</p> <p>(2) Cognition of the responsibilities of the functional committee.</p> <p>(3) Improve the decision-making quality of functional committees.</p> <p>(4) Composition and member selection of functional committees.</p> <p>(5) Internal control.</p>
--	--	--	--	---

IV. 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:

(I) 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 drafted 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.Since the 10th Board of Directors was elected at the 2020 Annual General Meeting, our company has established three independent directors' seats and formed an Audit Committee to enhance 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.

6.Enhancing communication between board members and the management team, in addition to board meetings, includes organizing roundtable discussions and inviting directors to participate in important company events such as groundbreaking ceremonies for new factories and inauguration ceremonies for completed factories.

(II) 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 07, 2023 (10 th Term, 18 th Session)	1.The Company's 2022 annual business report and financial statements. 2.The Company's 2022 earnings distribution table. 3.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 4.The proposals for ratification of the " Statement of Internal Control System ".
May 3, 2023 (10 th Term, 20 th Session)	1.The case of the Company's consolidated financial statements for the first quarter of 2023. 2.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd." and " Jiangsu E&R Technology Co., Ltd. "
June 05, 2023 (10 th Term, 21 st Session)	1.Appointment of the Group's executive vice chairman. 2.Appointment of the Company's spokesperson and acting spokesperson. 3.Discussion on the Company's proposal to implement the 11th repurchase of treasury shares.

Date of Board Meeting	Important Resolution
June 21, 2023 (11 th Term, 1 st Session)	1.Appointment of the 11th term chairman and vice chairman of the Company. 2.Appointment of the Group's executive vice chairman.
August 10, 2023 (11 th Term, 2 nd Session)	1.Adjustment of the monthly compensation for the Company's independent directors. 2.Approval of the Company's Q2 2023 consolidated financial statements. 3.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 4.Proposal to acquire minority equity stake in investee Company "E&R Semiconductor Materials Co., Ltd."
November 01, 2023 (11 th Term, 3 rd Session)	1.Approval of the Company's Q3 2023 consolidated financial statements. 2.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 3. Approval of the 2024 audit plan.
December 13, 2023 (11 th Term, 4 th Session)	1.Recognition of Guarantees Provided to Investee Company "Tech-Wave Industrial Co., Ltd."
March 06, 2024 (11 th Term, 5 th Session)	1.Approval of the Company's 2023 annual operating report and financial statements. 2.Approval of the 2023 earnings distribution plan. 3.Proposal for additional funding to investee company "Jiangsu E&R Technology Co., Ltd." 4.Proposal for additional funding from investee company "Jiangsu E&R Technology Co., Ltd." to investee company "Chentai (Shanghai) Trading Co., Ltd." 5.Proposal for additional funding to investee company "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 6.Authorization for foreign currency transactions including pre-purchase, pre-sale, currency exchange, and interest rate swap for operational risk hedging needs. 7.Acknowledgment of the Company's "Internal Control System Statement."
May 08, 2024 (11 th Term, 6 th Session)	1.Approval of the Company's Q1 2024 consolidated financial statements. 2.The Company cooperated with Crowe Horwath International's internal adjustment and replacement of accountants. 3.Proposal for additional funding to investee company "Jiangsu E&R Technology Co., Ltd." 4.Proposal for additional funding to investee company "Wuxi E&R Semiconductor Materials Technology Co., Ltd."

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

7. Information on the operation of the Audit Committee:

The Audit Committee has held 6 meetings in the recent (2023) year and 2 meetings in 2024 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 (B)	Number of Delegated Attendance	Rate of Actual Attendance (%) 【(B)/(A)】 (Note)	Remarks
Independent Director	Carlos Huang	3	—	100	Dismissed on June 21, 2023
Independent Director	JF Lu	8	—	100	Re-elected on June 21, 2023
Independent	Alex Kao	8	—	100	Re-elected on June 21, 2023

Director					
Independent Director	Eddy Peng	5		100	Newly appointed on June 21, 2023
Other matters to be recorded: I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes (I) 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
March 7, 2023 (1 st Term, 16th Session)	1.The Company's 2022 annual business report and financial statements. 2.The Company's 2022 earnings distribution table. 3.Proposal to lift the non-compete restrictions for newly appointed directors and their representatives 4.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd." and "Jiangsu E&R Technology Co., Ltd." 5.Acknowledgment of the Company's "Internal Control System Statement."			
2023.05.03 (1st Term, 17th Session)	1.The case of the Company's Q1 2023 consolidated financial statements. 2.Proposal for additional funding to 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.
August 10, 2023 (2nd Term, 1st Session)	1.The case of the Company's Q2 2023 consolidated financial statements. 2.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 3.Proposal to acquire minority equity stake in investee Company "E&R Semiconductor Materials Co., Ltd." 4. Proposal to establish a new overseas holding company.	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
November 01, 2023 (2 nd Term, 2 nd Session)	1.The case of the Company's Q3 2023 consolidated financial statements. 2.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 3.Proposal to approve the 2024 annual audit plan.	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
March 06, 2024 (2 nd Term, 4 th Session)	1.Proposal to approve the investment in "King Tech (Vietnam)Transmission Corp." 2.The case of the Company intending to provide reinvestment company "Tech-Wave Industrial Co., Ltd." endorsement guarantee ratification.	N.A.	All members of the Audit Committee agreed to the motion.	N.A.
December 13, 2023 (2nd Term, 3rd Session)	1.The Company's 2023 annual business report and financial statements. 2.The Company's 2023 earnings distribution table. 3.Proposal to lift the non-competition restrictions on directors and their representatives.	N.A.	All members of the Audit Committee agreed to the motion.	N.A.

	4. Proposal for additional funding to " Jiangsu E&R Technology Co., Ltd." 5. Proposal for additional funding from investee company "Jiangsu E&R Technology Co., Ltd." to investee company "Chentai (Shanghai) Trading Co., Ltd." 6. Proposal for additional funding to investee company "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 7. Authorization for foreign currency transactions including pre-purchase, pre-sale, currency exchange, and interest rate swap for operational risk hedging needs. 8. Proposal to approve the investment in " King Tech Vietnam Co., LTD." 9. Acknowledgment of the Company's "Internal Control System Statement."			
May 08, 2024 (2 nd Term, 5 th Session)	1. The case of the Company's Q1 2024 consolidated financial statements. 2. The company cooperated with Crowe Horwath International's internal adjustment and replacement of accountants. 3. Proposal for additional funding to " Jiangsu E&R Technology Co., Ltd." 4. Proposal for additional funding to investee company "Wuxi E&R Semiconductor Materials Technology Co., Ltd." 5. Proposal to approve the investment in "Uniconn Interconnections Technology Co., Ltd."	N.A.	All members of the Audit Committee agreed to the motion.	N.A.

(II) 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.

II. 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.

III. 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):

(I) 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.

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

1. Annual internal audit plan

2. The internal audit supervisor submits the completed audit reports to each independent director by the end of the following month and enhances audit focus based on the independent directors' feedback.

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

(IV) 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 07, 2023 The Audit Committee	Independent Director Carlos Huang Independent Director JF Lu	1. The accountant's explanation and communication of the Company's 2022 individual and consolidated financial	It was passed without objection.

		Independent Director Alex Kao CPA Lee Ching Ling Audit Supervisor Anita Huang	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.	
	March 08, 2023 The Audit Committee	Independent Director JF Lu Independent Director Alex Kao Independent Director Eddy Peng CPA Lee Kuo Ming	The auditor explained and communicated matters related to the Company's Q2 2023 consolidated financial report.	It was passed without objection.
	November 01, 2023 The Audit Committee	Independent Director JF Lu Independent Director Alex Kao Independent Director Eddy Peng Audit Supervisor Anita Huang	Reported and communicated the 2024 audit plan.	It was passed without objection.
	March 06, 2024 The Audit Committee	Independent Director JF Lu Independent Director Alex Kao Independent Director Eddy Peng CPA Lee Ching Ling Audit Supervisor Anita Huang	1.The auditor explained and communicated matters related to the Company's individual and consolidated financial reports for 2023. 2. Based on self-assessment and internal audit results, communicated that the Company's internal control system complies with all laws and has no significant deficiencies.	It was passed without objection.

IV. The company regularly assesses the independence of the certified public accountant: The Audit Committee is entrusted with overseeing the independence of the certifying audit firm to ensure the impartiality of the financial statements. Generally, the certifying audit firm is not permitted to provide other services to the Company, except for tax-related services or specially approved items. All services provided by the certifying audit firm must be approved by the Audit Committee. To ensure the independence of the certifying audit firm, the Audit Committee annually evaluates the auditors' independence, professionalism, and competence, considering the Audit Quality Indicators (AQIs). This includes assessing whether there are any relationships, business, or financial interests between the auditors and the Company. On March 6, 2024, the second session of the fourth Audit Committee meeting and the eleventh session of the fifth Board of Directors meeting reviewed and approved that Lee Kuo Ming and Lee Ching Ling of Crowe Taiwan CPAs meet the AQIs independence evaluation standards, making them suitable to serve as the Company's financial and tax certifying auditors.

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	✓		After investigation, the accountant has no such situation.

shares).			
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.

(III) 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				
(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.	Meets the Corporate Governance Code of Practice Provisions.
(2) Has the Company kept the list of the dominant shareholders that exercise defacto control of the Company and the parties that	✓		(2) A professional stock affairs agency is in charge, and there are dedicated personnel to handle related matters, and can	Meets the Corporate

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
exercise ultimate control of these dominant shareholders under control?			master the list of major shareholders who actually control the company.	Governance Code of Practice Provisions.
(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.	Meets the Corporate Governance Code of Practice Provisions.
(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 established "Procedures for the Prevention of Insider Trading," which prohibit insiders from trading securities using non-public market information. According to these procedures, insiders are prohibited from buying or selling the Company's listed stocks, other equity-based securities, or non-equity company bonds, either in their own name or through others, during the following periods: After the news becomes clear, before it is made public or within 18 hours after it is made public, and 30 days before the announcement of the annual financial report and during the closed period of the fifteen days before the announcement of each quarterly financial report.	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
3、Composition and Responsibilities of the Board of Directors				
(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".The criteria for selecting board members should comprehensively consider the individual's professional knowledge, experience, business judgment, commitment to the Company's core values, and reputation for ethical behavior and leadership. Furthermore, the diversity of the overall board members' backgrounds, including gender, age, and culture, should be taken into account.	Meets the Corporate Governance Code of Practice Provisions.
(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	✓		(3) The Company has set performance evaluation methods,	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
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?			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.	Meets the Corporate Governance Code of Practice Provisions.
(4) Does the company regularly assess the independence of the Certified Public Accountant?	✓		(4) To ensure the independence of the certifying accounting firm, the Audit Committee annually evaluates the accountants' independence, professionalism, and suitability, referencing Audit Quality Indicators (AQIs). This evaluation includes assessing whether the accounting firm has any business or financial relationships with the Company or its directors. Currently, the certifying accountants have no relationships with the Company or its directors, and their independence is not in doubt.	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
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.)?	✓		<p>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:</p> <p>(1) Reporting company-related information and major events in accordance with statutory announcements.</p> <p>(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.</p> <p>(3) Making the minutes of the board of directors and shareholders' meetings.</p> <p>(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.</p> <p>(5) Affairs related to investor relations.</p> <p>(6) Formulating and revising the articles of association of the Company and other management measures.</p>	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	
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.
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	✓		(2) The Company has designated personnel responsible for collecting company information and disclosing relevant information on the "Market Observation Post System"	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
information, implementing the spokesperson system, and placing the company website during the corporate briefing, etc.)?			and the company website. Additionally, a spokesperson system is implemented to release information externally in accordance with company 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.	Meets the Corporate Governance Code of Practice Provisions.
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 communicate. In addition, it will strengthen the establishment of interactive communication and provide multiple channels for complaints.	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	
			<p>(2) Investor Relations The Company has a spokesperson and acting 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.</p> <p>(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.</p> <p>(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 set up on the Company's website to provide communication channels. If legal issues are involved, professional lawyers or legal</p>	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
			<p>advisers shall be entrusted to assist in handling, so as to safeguard the rights and interests of related parties.</p> <p>(5) Advanced Study of Directors</p> <p>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.</p> <p>(6) Implementation of Risk Management Policies and Risk Measurements</p> <p>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</p>	

Evaluation Items	Operation Condition (Remarks)			Differences and reasons for the actual governance status of listed companies
	Yes	No	Summary Description	
			<p>and issue reports from time to time.</p> <p>(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 relevant contracts signed with customers to ensure the rights and interests of customers, maintain a good relationship, and provide the best service.</p> <p>(8) Circumstances in which the Company purchases liability insurance for directors The company purchases liability insurance for the directors annually.</p>	
<p>9、Based on the latest Corporate Governance Evaluation results released by the Taiwan Stock Exchange Corporation's Corporate Governance Center, the Company has made improvements in several areas, while other areas still require enhancement. Below is a summary of the improvements made and priority measures for areas needing further attention:</p> <p>Improvements Made: (1) Earlier disclosure of insider shareholding changes. (2) Enhanced disclosure on ESG implementation. (3) Earlier announcement of financial and business information.</p> <p>Areas Needing Further Improvement: (1) Comprehensive completion of continuing education for directors. (2) Self-preparation of ESG sustainability reports. (3). Continuous implementation of ESG sustainability policies</p>				

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.

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

1. The Information of Remuneration Committee Members

Condition		Professional Qualifications and Experience (Note 2)	Independence Situation (Note 3)	Number of concurrently serving as members of compensation committees of other public offering companies
Identity (Note 1)	Name			
Independent Director (convener)	Carlos Huang (Note 4)	Please refer to page 17 for information disclosure on the professional qualifications of directors and the independence of independent directors.		0
Independent Director (convener)	JF Lu			0
Independent Director	Eddy Peng (Note 5)			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 17. 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.

Note 4: Stepped down from the shareholder's meeting on June 21, 2023.

Note 5: Newly appointed at the shareholder's meeting on June 21, 2023.

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 01, 2023 to June 20, 2025, the Remuneration Committee held 3 meetings in 2023, and 2 meetings in 2024 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	Dismissed on June 21, 2023
Convener	JF Lu	5	—	100	Re-elected on June 21, 2023
Committee	Alex Kao	5	—	100	Re-elected on June 21, 2023
Committee	Eddy Peng	3	—	100	Newly appointed on June 21, 2023

Other matters to be recorded:

- I. 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.
- II. 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.
- III. 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 03, 2023 (4 th Term, 8 th Session)	1. Discussion on the Company's 2022 total number of directors' and employees' remuneration. 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 the directors present.
May 03, 2023 (4 th Term, 9 th 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 the directors present.
November 01, 2023 (5 th Term, 1 st Session)	1. The Company's 2023 annual manager performance bonus. 2. The Company's 2023 year-end bonus for senior managers. 3. The Company's 2024 salary adjustment for senior managers	All members of the Remuneration Committee present agreed to the motion.	Proposed at the board of directors and approved by all the directors present.
March 06, 2024 (5 th Term, 2 nd Session)	1. The Company's 2023 employees' remuneration distribution proposal. 2. The Company's 2023 director's remuneration distribution proposal. 3. 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 the directors present.
May 08, 2024 (5 th Term, 3 rd Session)	1. The Company's 2023 employees' remuneration distribution proposal. 2. The Company's 2024 annual manager performance bonus.	All members of the Remuneration Committee	Proposed at the board of directors and approved by all the directors

			present agreed to the motion.	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.

(V)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 has established a part-time unit for sustainable development within the Finance Department. Together with other relevant departments, we are committed to promoting various initiatives such as corporate social responsibility, environmental protection, and corporate governance, and reports to the president authorized by the board of directors. Additionally, we formed a Greenhouse Gas Inventory Team in February 2023, and we report on its progress to the Board of Directors at least once a year.	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	It complies with the listed Company's code of practice for sustainable development tasks, and there is no significant 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)	
			to use green energy to reduce the impact on the environment.	
(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.	It complies with the listed Company's code of practice for sustainable development tasks, and there is no significant difference.
(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 operates in the automated manufacturing industry, primarily focusing on research and equipment assembly. The waste generated mainly consists of employees' daily waste, totaling about 12 metric tons annually. As per regulations, there is no requirement to submit a waste disposal plan. Our water usage is also limited to general domestic use, with an average annual consumption of approximately 18,200 cubic meters. Therefore, these are not considered significant issues for our company, and we handle them according to local government regulations. As a result, our disclosure only includes greenhouse gas emissions through the greenhouse gas inventory. The Company has compiled greenhouse gas emission data for the past two years and has published it on our company's website. We fall under Stage 3 of the greenhouse gas inventory and verification disclosure schedule. We have planned to complete the inventory planning by 2026 and verification planning by 2028. We have implemented environmental adjustments by regulating temperature controls. During winter, we raise the air conditioning by 2 degrees and shut it down 2 hours earlier to reduce carbon emissions. We are actively promoting digital operations and recycling paper to minimize paper usage.	

Evaluation Items	Operation Condition (Note 1)			Differences and reasons with the listed company's sustainable development code of practice
	Yes	No	Summary(Note 2)	
			Additionally, we have implemented a waste sorting system to reduce our environmental impact.	
4・Social Issues				
(1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		<p>(1) The Company strictly abides by various labor laws and regulations when formulating management systems and procedures to protect employees' rights and interests.</p> <p>The Company has long been committed to fostering a friendly work environment for employees. As of 2023, female employees make up 22% of the total workforce, with women holding 13% of management positions. In terms of policies, we have established internal regulations such as "Work Rules," "Prevention of Sexual Harassment," and "Recruitment and Employment Management." These policies clearly outline protections for employee rights regarding working hours, attendance, gender, and other aspects, ensuring that colleagues receive proper care and protection.</p> <p>For pregnant employees, in addition to regular monitoring and health consultations, we provide dedicated parking spaces and nursing rooms, ensuring comprehensive care for expectant mothers. We also accommodate employees with lactation needs by offering lactation rooms.</p> <p>The Company is dedicated to creating a gender-friendly work environment, promoting diversity and inclusivity in the workplace to empower women to fully utilize their talents. In 2023, we conducted advocacy on preventing workplace sexual harassment, reaching approximately 321 individuals.</p>	It complies with the listed company's code of practice for sustainable development tasks, and there is no significant 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)	
(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 and subsidies, including employee travel, birthday and wedding and funeral subsidies, and the establishment of company clubs.	It complies with the listed company's code of practice for sustainable development tasks, and there is no significant difference.
(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 conducts regular health checks for employees with longer tenure than required by labor laws, arranges safety education training courses, and ensures the implementation of related regulations and fire safety inspections to maintain employee safety and provide a healthy work 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. In 2023, the Company organized a total of 36 labor safety and workplace security seminars, with approximately 116 participants, including at least two fire drills annually. We also	It complies with the listed company's code of practice for sustainable development tasks, and there is no significant 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)	
			<p>conducted 42 health education lectures with around 349 participants and reached out to 18,600 individuals through health education information campaigns.</p> <p>The Company has obtained certifications such as the Safe Workplace Certification, the Health Start Certification and the Corporate Fitness Certification from Health Promotion Administration, etc. Additionally, we have been recognized as a "CHR Corporate Health Responsibility " by the Common Health Magazine for 2023.</p>	
(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.	It complies with the listed company's code of practice for sustainable development tasks, and there is no significant difference.
(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 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	

Evaluation Items	Operation Condition (Note 1)			Differences and reasons with the listed company's sustainable development code of practice
	Yes	No	Summary(Note 2)	
			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.				
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. We also sponsor school concerts and presentations, among other activities. 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.

(VI) Climate-Related Information of Listed Companies:

1. Implementation of Climate-Related Information

Item	Implementation Status								
(1) Describe the oversight and governance of climate-related risks and opportunities by the board of directors and management.	To effectively address climate change issues, the Company has designated the Sustainability Development Committee as the highest authority for climate change management. This committee keeps track of stakeholder requirements and trends related to climate issues, convenes relevant departments to assess and manage climate risks, and formulates strategies and objectives to report and confirm actions taken to the board of directors. The Sustainability Development Committee reports the progress of greenhouse gas inventories to the board on a quarterly basis.								
(2) Describe how identified climate risks and opportunities affect the business, strategy, and financial planning over the short, medium, and long term. (3) Describe the financial impact of extreme weather events and transition actions.	<p>Based on the climate change risk and opportunity assessment methodology, the Company evaluates the impact of risk items on the Company and the timing of their occurrence.</p> <p>The results of the identification of climate risks and opportunities are as follows:</p> <table border="1"> <tr> <td>Risk Category</td><td> <p>A. Increased frequency of heavy rainfall/typhoons causing plant damage (e.g., exhaust tower damage, leaks), impacting company operations.</p> <p>B. Increased frequency of water shortages, causing unstable water supply to the plant, affecting some production lines.</p> <p>C. Climate warming, leading to increased electricity consumption and power supply strain.</p> <p>D. Climate affecting employee efficiency (attendance) or health (e.g., high temperatures increasing safety risks, or extreme weather causing high absenteeism).</p> </td></tr> <tr> <td>Opportunity Category</td><td> <p>A. Conduct market assessments for renewable energy and low-carbon fuels.</p> <p>B. Plan contingency measures for water and electricity shortages.</p> <p>C. Develop water/electricity saving measures, carbon reduction strategies, and implement improvement projects through ISO systems.</p> <p>D. Collaborate with clients to assess joining international initiatives such as the Science Based Targets initiative (SBTi) and set reduction targets.</p> </td></tr> <tr> <td>Strategy</td><td> <p>A. Conserve energy and reduce utility costs.</p> <p>B. Enhance disaster resilience to minimize operational disruptions.</p> <p>C. Save electricity to reduce costs.</p> </td></tr> <tr> <td>Risk Management</td><td> <p>A. To fulfill our social responsibility to protect the environment, the Company prohibits the use of harmful substances regulated by law in production equipment and disseminates related information to all departments to ensure our products meet customer requirements.</p> </td></tr> </table>	Risk Category	<p>A. Increased frequency of heavy rainfall/typhoons causing plant damage (e.g., exhaust tower damage, leaks), impacting company operations.</p> <p>B. Increased frequency of water shortages, causing unstable water supply to the plant, affecting some production lines.</p> <p>C. Climate warming, leading to increased electricity consumption and power supply strain.</p> <p>D. Climate affecting employee efficiency (attendance) or health (e.g., high temperatures increasing safety risks, or extreme weather causing high absenteeism).</p>	Opportunity Category	<p>A. Conduct market assessments for renewable energy and low-carbon fuels.</p> <p>B. Plan contingency measures for water and electricity shortages.</p> <p>C. Develop water/electricity saving measures, carbon reduction strategies, and implement improvement projects through ISO systems.</p> <p>D. Collaborate with clients to assess joining international initiatives such as the Science Based Targets initiative (SBTi) and set reduction targets.</p>	Strategy	<p>A. Conserve energy and reduce utility costs.</p> <p>B. Enhance disaster resilience to minimize operational disruptions.</p> <p>C. Save electricity to reduce costs.</p>	Risk Management	<p>A. To fulfill our social responsibility to protect the environment, the Company prohibits the use of harmful substances regulated by law in production equipment and disseminates related information to all departments to ensure our products meet customer requirements.</p>
Risk Category	<p>A. Increased frequency of heavy rainfall/typhoons causing plant damage (e.g., exhaust tower damage, leaks), impacting company operations.</p> <p>B. Increased frequency of water shortages, causing unstable water supply to the plant, affecting some production lines.</p> <p>C. Climate warming, leading to increased electricity consumption and power supply strain.</p> <p>D. Climate affecting employee efficiency (attendance) or health (e.g., high temperatures increasing safety risks, or extreme weather causing high absenteeism).</p>								
Opportunity Category	<p>A. Conduct market assessments for renewable energy and low-carbon fuels.</p> <p>B. Plan contingency measures for water and electricity shortages.</p> <p>C. Develop water/electricity saving measures, carbon reduction strategies, and implement improvement projects through ISO systems.</p> <p>D. Collaborate with clients to assess joining international initiatives such as the Science Based Targets initiative (SBTi) and set reduction targets.</p>								
Strategy	<p>A. Conserve energy and reduce utility costs.</p> <p>B. Enhance disaster resilience to minimize operational disruptions.</p> <p>C. Save electricity to reduce costs.</p>								
Risk Management	<p>A. To fulfill our social responsibility to protect the environment, the Company prohibits the use of harmful substances regulated by law in production equipment and disseminates related information to all departments to ensure our products meet customer requirements.</p>								

		<p>B. The Company continuously invests in research and development to modify processes, improve equipment production efficiency, and adjust internal workflows to reduce energy consumption and resource waste caused by internal communication errors, thereby reducing potential environmental risks.</p> <p>C. Greenhouse gas reduction and control efforts span from product design, supplier management, machine assembly, to customer service stages, continuously striving to control greenhouse gas emissions.</p> <p>D. As an equipment design and assembly company, our greenhouse gas emissions are primarily from electricity consumption, with no significant pollutants. We have also planted trees extensively within our plants to achieve carbon neutrality, adhering to this concept in machine development and assembly.</p>	
	Indicators and Targets	Following the " Sustainable Development Roadmap " issued by the Financial Supervisory Commission (FSC) in March 2022, we plan to conduct annual greenhouse gas inventories and verifications with the goal of achieving a 1% carbon reduction each year.	
	Financial Impact	<p>A. Affects assembly progress and increases operating costs.</p> <p>B. Operational impact leading to decreased revenue and profitability.</p> <p>C. Increased electricity consumption, raising costs and carbon emissions.</p>	
(4) Explain how the processes of identifying, assessing, and managing climate risks are integrated into the overall risk management system.	In recent years, global warming has intensified climate change, and awareness of environmental protection, green economy, and conservation has surged. Companies worldwide have introduced corresponding strategies. In response to the impacts of climate change, the Company has formulated corresponding strategies for various risks, aiming to reduce energy consumption and carbon emissions and enhance carbon reduction management performance to achieve corporate sustainability goals. The Company follows the Task Force on Climate-related Financial Disclosures (TCFD) framework to disclose potential future risks and response strategies.		
(5) If scenario analysis is used to evaluate resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and major financial impacts used.	The Company currently does not have quantified assessment results of the financial impact of climate change risks.		
(6) If there are transition plans for managing climate-related risks, describe the content of these plans and the indicators and targets used for identifying and managing physical and transition risks.	The Company currently does not have quantified assessment results of the financial impact of climate change risks, so there are no specific transition indicators.		
(7) If internal carbon pricing is used as a	The Company has not used internal carbon pricing.		

planning tool, explain the basis for setting the prices.	
(8)If climate-related targets are set, explain the covered activities, greenhouse gas emission scopes, planning timeline, annual progress, and other relevant information; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, explain the sources and quantities of the offset emissions or the number of RECs.	Please refer to the annual report's section on "(3) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans. "
(9)The situation of greenhouse gas inventory and assurance, and reduction targets, strategies, and specific action plans (also detailed in 1-1 and 1-2).	Please refer to the annual report's sections on "(1.) Greenhouse Gas Inventory Information for the Last Two Years," "(2.) Greenhouse Gas Verification Information," and " (3.) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans."

2. Greenhouse Gas Inventory and Verification Status for the Last Two Years

(1) Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions (in metric tons CO2e), intensity (metric tons CO2e per million NTD), and data coverage for the last two years.			
Item	2022	2023	
Scope 1: Direct greenhouse gas emissions (metric tons CO2e)	53.8288	93.7432	
Scope 2: Indirect greenhouse gas emissions (metric tons CO2e)	654.1484	644.7540	
Total emissions = Scope 1 + Scope 2 (metric tons CO2e)	707.9772	738.4972	
Greenhouse gas emission intensity (metric tons CO2e per full-time employee)	2.37	2.35	

Notes:

1. Scope 1 refers to direct emissions from sources owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources from transportation, and fugitive emissions. Emission factors are calculated based on the latest data announced by the Energy Administration, Ministry of Economic Affairs, R.O.C (version 6.0.4 of the IPCC Sixth Assessment Report).
2. Scope 2 refers to indirect emissions from energy use, such as purchased electricity. Electricity emission factors are calculated based on the latest emission factors announced by the Energy Administration, Ministry of Economic Affairs, R.O.C.
3. Types of greenhouse gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O).
4. Purchased electricity emission factors are based on the Energy Administration, Ministry of Economic Affairs, R.O.C. announcements: 2022 electricity emission factor = 0.495kgCO₂e; 2023 electricity emission factor = 0.494kgCO₂e.

Note 1: Direct emissions (Scope 1, from sources owned or controlled by the company), energy indirect emissions (Scope 2, from imported electricity, heat, or steam), and other indirect emissions (Scope 3, from company activities but not covered in energy indirect emissions).

Note 2: The scope of direct emissions and energy indirect emissions data should be handled in accordance with the timeline stipulated in Paragraph 2, Article 10 of the " Regulations Governing Information to be Published in Annual Reports of Public Companies " (hereinafter referred to as the Regulations). Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: Greenhouse gas emission intensity can be calculated per unit of product/service or revenue, but at least the data calculated per million NTD revenue should be disclosed.

(2) Greenhouse Gas Verification Information

Describe the verification status for the last two years as of the annual report printing date, including the scope, verification agency, verification standards, and verification opinions.

The Company's greenhouse gas inventory reports in recent years have only undergone internal verification and have not been externally assured. External verification is expected to begin in 2024. °

Note 1: The timeline should be handled in accordance with the provisions of Paragraph 2, Article 10 of the Regulations. If the company does not obtain a complete greenhouse gas assurance opinion by the date of the annual report printing, it should indicate that "complete assurance information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it should indicate that "complete assurance information will be disclosed on the Market Observation Post System," and the complete assurance information should be disclosed in the annual report of the following year.

Note 2: The assurance institution should comply with the relevant regulations for sustainability report assurance institutions set by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

(3) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the baseline year and data for greenhouse gas reduction, reduction targets, strategies, and specific action plans, as well as the achievement of reduction targets.

◆Greenhouse Gas Reduction Baseline Year and Reduction Targets

The Company began conducting greenhouse gas (GHG) inventories as early as 2015. However, it was not until 2023 that we formally established a dedicated GHG Inventory Team. We plan to designate 2023 as our baseline year for carbon reduction, aiming for an annual 1% reduction in accordance with the " Sustainable Development Roadmap " issued by the Financial Supervisory Commission (FSC).

◆GHG Emission Reduction Strategies and Specific Action Plans

1. In 2023, we participated in ASE Group's small manufacturing industries through large-scale manufacturing project, collaborating on supply chain carbon management to collectively meet GHG emission reduction targets and address climate change challenges.
2. We are replacing older, energy-intensive equipment with energy-efficient models.
3. We are installing motion sensors for lighting in stairwells and pantry areas to achieve energy conservation and carbon reduction.

◆Progress Toward Reduction Targets

Since the inventory and verification processes are not yet complete, we will disclose the results based on our reduction strategies once these processes are finalized.

Note 1: The timeline should be handled in accordance with the provisions of Paragraph 2, Article 10 of the Regulations.

Note 2: The base year should be the year in which the inventory was completed based on the consolidated financial reporting boundary. For example, according to Paragraph 2, Article 10 of this operational procedure, companies with a capital amount exceeding 10 billion NTD should complete the inventory of the consolidated financial report for the year 113 by the year 114. Therefore, the base year is 113. If the company has completed the inventory of the consolidated financial report earlier, the earlier year may be used as the base year. Additionally, the data for the base year can be calculated using either a single year or an average of multiple years.

(VII) 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.

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
(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 appropriateness. The Company also has an e-mail (goodfaith@enr.com.tw) 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 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
(2) Has the Company set up a dedicated unit for promoting		✓	(2) Although the company has not yet set up a full-time unit for	

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
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?			corporate integrity management, it has formulated the "Integrity Management Operating Procedures and Behavior Guidelines", which is implemented jointly executed by the operations general management office and the human resources department. These procedures are based on the principles outlined in the 'Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,' and we are gradually implementing them in a systematic manner. Additionally, through internal audit operations, we aim to assess whether our company meets the integrity requirements across various aspects. In addition, the management of the Company also strictly abides by the rules of integrity management and reports to the board of directors at least once a year, aiming to establish a benchmark for good behavior within the Company.	in a step-by-step manner depending on actual needs and relevant regulations.
(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.	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.
(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	✓		(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.	

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
dishonest behavior, or to entrust an accountant to perform the audit?				
(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(goodfaith@enr.com.tw) 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	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?	✓		on the circumstances. The current operation takes the operations general management office and human resources department and the audit office as the reporting channels. If there is a violation of integrity, it will be handled in accordance with the employee	It complies with the listed company's integrity management code.
(3) Does the Company take measures to protect whistleblower from being mistreated due to whistleblowing?	✓		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.	
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.
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				

Evaluation Item	Operation Condition (Note)			Differences and reasons with the listed company's integrity management and the measures taken
	Yes	No	Summary	
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.				

(VIII) 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>).

(VI) 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.

(VII) Implementation Status of Internal Control System

1. Internal Control Statement: Please refer to page 161 for details.
2. Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: none.

(VIII) 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.

(IX) 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	2023.03.07	<ol style="list-style-type: none"> 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 2021 earnings 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	<ol style="list-style-type: none"> 1. The Company plans to implement the 10th repurchase of treasury shares.
Board of Directors	2023.05.03	<ol style="list-style-type: none"> 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 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.

Conference Category	Date	Important Resolutions
Board of Directors	2023.06.05	<ol style="list-style-type: none"> 1. Appointment of the Group's executive vice chairman. 2. Appointment of the Company's spokesperson and acting spokesperson. 3. Appointment of the Company's Chief Sales Officer. 4. Personnel changes in the Company's invested entity, "Jiangsu E&R Technology Co., Ltd. 5. Appointment of the General Manager of the Company's carrier tape business unit. 6. Discussion on the Company's proposal to implement the 11th repurchase of treasury shares.
Shareholders Meeting	2023.06.21	<p>*Report Matters:</p> <ol style="list-style-type: none"> 1. The Company's 2022 annual business report. 2. The Company's 2022 annual audit committee review report. 3. The Company's second domestic secured convertible bonds implementation report. 4. The Company's third domestic secured convertible bonds implementation report 5. The Company's 2022 directors' remuneration and employee dividends distribution report. 6. The Company's 2022 earnings distribution of cash dividends report. 7. The Company's eighth to ninth repurchases of treasury stocks implementation report. 8. The Company revised the 2022 " Rules for Transfer of Treasury Shares to Employees" report. <p>*Approval:</p> <ol style="list-style-type: none"> 1. The Company's 2022 annual business report and financial statements. 2. The Company's 2022 earnings distribution table. <p>*Discussion Matters:</p> <ol style="list-style-type: none"> 1. Proposal of the Company's treasury stock intending to be transferred to employees at a price lower than the average buyback price per share. <p>*Election Matters:</p> <ol style="list-style-type: none"> 1. The case of the Company's re-election of all directors. <p>* Other Motions:</p> <ol style="list-style-type: none"> 1. Proposal to lift the non-compete restrictions for newly appointed directors and their representatives. <p>*Shareholder Questions: None.</p> <p>*Execution of the Shareholders' Meeting:</p> <ol style="list-style-type: none"> 1. The Company's 2022 annual business report and financial statement approval have been approved. 2. The approval of the Company's 2022 earnings distribution table has been approved, and a cash dividend of NT\$2.0030115 per share has been distributed on 2023.05.19. 3. The company's proposed transfer of treasury shares to employees at a price lower than the actual average buy-back price has been approved and has not yet been implemented. 4. The company has elected nine directors (including three independent directors): Michel Wang (Chairman), KS Chen (Executive Vice Chairman), Eric Chang, Harry Huang, Kuang shu Hsueh, Donghua Investment (Representative: Ray Hou), JF Lu (Independent Director), Alex Kao (Independent Director), Eddy Peng (Independent Director).

Conference Category	Date	Important Resolutions
		5. The proposal to life the non-competition restrictions on the newly appointed directors and their representatives has been approved.
Board of Directors	2023.06.21	<ol style="list-style-type: none"> 1.Appointment of the Group's executive vice chairman. 2. Discussion on the appointment of members to the fifth term "Remuneration Committee" of the Company. 3.Discussion on the appointment of members to the second term "Audit Committee" of the Company.
Board of Directors	2023.08.10	<ol style="list-style-type: none"> 1.Adjustment of the monthly compensation for the Company's independent directors. 2.Approval of the Company's Q2 2023 consolidated financial statements. 3.Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd.". 4.Proposal to cease the operations of the invested company "Crystal Entec. Co., Ltd.". 5.Proposal to acquire minority equity stake in investee Company "E&R Semiconductor Materials Co., Ltd. ". 6.Proposal to establish a new overseas holding company. 7.Proposal to change the supervisor of the invested company "Jiangsu E&R Technology Co., Ltd.". 8.Proposal to change the company name and business address of the invested company "Jiangsu E&R Technology Co., Ltd.". 9.Appointment of the general manager of the Company's carrier tape business unit. 10. Proposal to set the capital reduction record date for the tenth treasury share repurchase and cancellation.
Board of Directors	2023.11.01	<ol style="list-style-type: none"> 1.The case of the Company's 2023 annual manager performance bonus. 2.The Company's 2023 year-end bonus for senior managers. 3.The Company's 2024 salary adjustment for senior managers. 4.The case of the Company's Q3 2023 consolidated financial statements. 5. Proposal for additional funding to subsidiary "Wuxi E&R Semiconductor Materials Technology Co., Ltd.". 6.Proposal to approval of the 2024 audit plan. 7.Proposal to approve the banking credit lines for 2024.
Board of Directors	2023.12.13	<ol style="list-style-type: none"> 1.Proposal to approve the investment in " King Tech (Vietnam)Transmission Corp.". 2.Proposal to cease the operations of the invested company "GAIN PROFIT HOLDING LIMITED." 3.The case of the Company intending to provide reinvestment company "Tech-Wave Industrial Co., Ltd." endorsement guarantee ratification. 4.Discussion on the amendment of the "Insider Trading Prevention Management Procedures." 5.Discussion on the amendment of the "Rules for Financial and Business Transactions with Specific Companies, Group Enterprises, and Related Parties."

Conference Category	Date	Important Resolutions
Board of Directors	2024.03.06	<ol style="list-style-type: none"> 1.The total number of directors' and the employees' remuneration of the company in 2023. 2.The Company's 2023 director's remuneration distribution proposal. 3.The Company's 2023 annual manager performance bonus case. 4.The Company's 2023 annual business report and financial statements. 5.The Company's 2023 earnings distribution table. 6.Proposal to lift the non-competition restrictions on directors and their representatives. 7.Proposal for additional funding to " Jiangsu E&R Technology Co., Ltd.". 8.Proposal for additional funding from investee company "Jiangsu E&R Technology Co., Ltd." to investee company "Chentai (Shanghai) Trading Co., Ltd.". 9. Proposal for additional funding to investee company "Wuxi E&R Semiconductor Materials Technology Co., Ltd.". 10. Authorization for foreign currency transactions including pre-purchase, pre-sale, currency exchange, and interest rate swap for operational risk hedging needs. 11. Proposal to approve the investment in " King Tech Vietnam Co., LTD.". 12. Acknowledgment of the Company's "Internal Control System Statement." 13. Proposal to approve the 2024 business plan. 14. Proposal to convene the 2024 Annual General Meeting of Shareholders. 15. Proposal to handle shareholder proposals for the 2024 Annual General Meeting.
Board of Directors	2024.05.08	<ol style="list-style-type: none"> 1.The company's employee remuneration distribution plan for 2023. 2.The Company's 2024 annual manager performance bonus case. 3.The case of the Company's Q1 2024 consolidated financial statements. 4.The company cooperated with Crowe Horwath International's internal adjustment and replacement of accountants. 5.Proposal for additional funding to " Jiangsu E&R Technology Co., Ltd.". 6.Proposal for additional funding to investee company "Wuxi E&R Semiconductor Materials Technology Co., Ltd.". 7.Proposal to approve the investment in "Uniconn Interconnections Technology Co., Ltd.". 8.Proposal to set the record date for the capital increase by converting the third unsecured convertible bonds into common shares in Q1 2024.

(X) 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.

(XI) 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.

V. 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 (TW) CPAs	Lee Ching Ling	2023.01 to 2023.12	2,550	1. Business Registration 33 2. English Version of Financial Report 170 3. Transfer Pricing Documentation Preparation Fee 60	2,846	N.A.
	Lee Kuo Ming	2023.01 to 2023.12		4. Salary Information Checklist for Non-Supervisory Employees 25		

(I) 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.

(II) If the audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason for the reduction of the audit fee shall be disclosed: Not applicable.

VI. CPA's information: No such thing.

(I) About the Former Accountant: Not applicable.

(II) About Successor Accountants: Not applicable.

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

VII. 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.

VIII. 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:

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

Title	Name	2022		2023		Current year to April 22, 2024	
		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	38,000	680,000	—	(490,000)	—	510,000
Vice Chairman / Chief Technology Officer	KS Chen	18,000	—	(245,000)	250,000	—	—
Director and President	Eric Chang	74,000	—	(35,000)	—	—	—
Corporate Director	Donghua Investment Co., Ltd.	—	—	—	—	—	—
Corporate Director Representative	Ray Hou	—	—	—	—	—	—
Director and Vice President	Harry Huang	10,000	80,000	—	—	—	—
Director	Kuang shu Hsueh	—	—	—	—	—	—
Independent Director	Carlos Huang(Note1)	—	—	—	—	—	—
Independent Director	JF Lu	—	—	—	—	—	—
Independent Director	Alex Kao	—	—	—	—	—	—
Independent Director	Eddy Peng(Note2)	—	—	—	—	—	—
Sales & Service Dept. President	Vic Chao	27,000	—	—	—	—	—
Vice President	Jack Huang	9,000	—	(72,000)	—	—	—
Vice President	Erwin Wu	50,000	—	(67,000)	—	(8,000)	—
Vice President	James Lai	22,000	—	—	—	—	—
Vice President	Robert Chu	30,000	—	(30,000)	—	—	—
Director	Allen Lin	34,000	—	(50,000)	—	—	—
Vice President	Martin Yeh	10,000	—	(6,000)	—	(10,000)	—
Accounting Supervisor / Corporate Governance Officer	Max Cao	—	—	—	—	(15,000)	—
Finance Officer	Sonia Lu	(1,000)	—	(7,000)	—	(7,000)	—
Special Assistant	Alex Liao(Note 3)	1,500	—	—	—	NA	NA

Note 1: Dismissed after a comprehensive re-election at the shareholders' meeting on June 21, 2023.

Note 2: Newly appointed after comprehensive re-election at the shareholders' meeting on June 21, 2023.

Note 3: Dismissed on June 30, 2023.

(II) 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 2023.12	Chu, Chun-Yi Chu, Chun-Yi	Child Child	30,000 30,000	Not applicable.
Allen Lin	Gift	2.23.05	Lin, Yi-Cheng	Child	50,000	Not applicable.
Max Tsao	Gift	2022.10 2024.03	Tsao, Po-Hung Tsao, Ken-Han	Child Child	15,000 11,000	Not applicable.
Sonia Lu	Gift	2022.08 2022.08	Li, Chao-Kuo Li, Chao-Hsin	Child Child	10,000 10,000	Not applicable.

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

IX. 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	4,500,000	4.50%	0	0%	0	0%	-	-	-
Michel Wang	4,200,334	4.20%	0	0%	900,956	0.9%	-	-	-
Mao, Chung-Fu	2,109,000	2.11%	0	0%	0	0%	-	-	-
Yang, Chih-Cheng	1,924,000	1.93%	0	0%	0	0%	-	-	-
Kung, Hsiao-Ying	1,754,132	1.76%	0	0%	0	0%	-	-	-
Citi-custodian – UBS Europe SE Investment Account	1,457,428	1.46%							
Chiang, Hsiu-Hua	1,440,000	1.44%							

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	
Tsai, Teng-Shun	1,360,469	1.36%	0	0%	0	0%	-	-	-
JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the special investment accounts of J.P. Morgan Asset Management	1,257,089	1.26%	0	0%	0	0%	-	-	-
Harry Huang	1,216,680	1.22%	0	0%	0	0%	-	-	-

X. 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, 2024; 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
Hong Kong 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%
EXCELLENT INTERNATIONAL HOLDING LIMITED	9,709	100%	—	—	9,709	100%

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

Four. Fundraising Situation

I. Capital and Shares

(I) 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 Convertible bond 7,238	—	06/05/2017 MOEA Licensed Commercial No.10601070530

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
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 Convertible 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 Convertible 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 Convertible 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 Convertible bond 294	—	04/20/2018 MOEA Licensed Commercial No.10701038520
2018.08	19.02	100,000	1,000,000	79,221	792,213	Convertible bond 636	—	08/22/2018 MOEA Licensed Commercial No.10701108020
2018.12	11.9 19.02	100,000	1,000,000	79,783	797,828	Employee stock option new shares 20 Convertible 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 Convertible 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	Convertible bond 1,578	—	10/21/2019 MOEA Licensed Commercial No.10801142100
2020.11	42.22	120,000	1,200,000	84,152	841,524	Convertible bond 2,690	—	11/30/2020 MOEA Licensed Commercial No.10901222280

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
2021.03	42.22	120,000	1,200,000	85,431	854,314	Convertible bond 1,279	—	03/24/2021 MOEA Licensed Commercial No.11001046480
2021.05	42.22	120,000	1,200,000	90,273	902,726	Convertible 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 Convertible 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	Convertible 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 Convertible 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 Convertible bond 3,026 Decrease of treasury shares 14,900	—	27/03/2023 MOEA Licensed Commercial No. 11230049990
2023.08	-	150,000	1,500,000	98,595	985,953	Decrease of treasury shares 10,000	—	2023.08.28 MOEA Licensed Commercial No 11230164030
2024.05	65.08 64.74	150,000	1,500,000	102,735	1,027,355	Convertible bond 4,140	—	Undergoing change of registration.

2.Type of shares

April 22, 2024; Unit: Shares

Type	Authorized Stock			Remark
	Outstanding Shares	Unissued Stock	Total	
Common Stock	102,735,530	47,264,470	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.

(II)Shareholder Structure

April 22, 2024

Shareholder Structure Amount	Government Agency	Financial Institution	Other Corporation	Personal	Foreign Institution and Foreigners	Total
Number of People	0	10	189	31,176	55	31,430
Number of shareholding	0	1,614,155	4,466,790	90,718,920	5,935,665	102,735,530
Shareholding ratio	0.00%	1.57%	4.35%	88.31%	5.77%	100.00%

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

April 22, 2024; Unit: Person; Share

Range of no. of shares held	Number of Shareholders	Shareholding (shares)	Shareholding Ratio (%)
1 to 999	22,710	521,540	0.51
1,000 to 5,000	6,851	13,145,907	12.8
5,001 to 10,000	831	6,473,546	6.3
10,001 to 15,000	295	3,771,001	3.67
15,001 to 20,000	192	3,523,491	3.43
20,001 to 30,000	159	3,967,663	3.86
30,001 to 40,000	83	2,963,241	2.88
40,001 to 50,000	59	2,716,682	2.64
50,001 to 100,000	127	8,894,181	8.66
100,001 to 200,000	63	8,638,324	8.41
200,001 to 400,000	24	6,637,332	6.46
400,001 to 600,000	11	5,128,441	4.99
600,001 to 800,000	4	2,897,320	2.82
800,001 to 1,000,000	7	6,159,627	6
1,000,001 or more	14	27,297,234	26.57
Total	31,430	102,735,530	100

1. List of major shareholders

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

April 22, 2024; Unit: shares

Name of Major Shareholders	Shares	Number of Shares Held	Shareholding Ratio (%)
Chao, Peng-Hsuan		4,500,000	4.50%
Michel Wang		4,200,334	4.20%
Mao, Chung-Fu		2,109,000	2.11%
Yang, Chih-Cheng		1,924,000	1.93%
Kung, Hsiao-Ying		1,754,132	1.76%
Citi-custodian –UBS Europe SE Investment Account		1,457,428	1.46%
Chiang, Hsiu-Hua		1,440,000	1.44%
Tsai, Teng-Shun		1,360,469	1.36%
JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the special investment accounts of J.P. Morgan Asset Management		1,257,089	1.26%
Harry Huang		1,216,680	1.22%

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

Unit: NTD/share

Item		Year	2022	2023	Current year to March 31, 2024
Market price per unit (Note 1)	Highest		88.3	79.6	106
	Minimum		49.5	41.85	64.2
	Average		70.92	65.89	90.27
Net Worth Per Share	Before Distribution		28.25	24.59	25.27
	After Distribution		26.25	24.07	24.77
Earnings Per Share	Weighted average number of shares		99,245	96,569	95,916
	Earnings Per Share (Note 8)	Before Adjustment	3.94	0.32	(0.29)
		After Adjustment	3.94	0.32	(0.29)
Dividends Per Share	Cash Dividends		2	0.5	—
	Free Dividends	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends (Note 3)		—	—	—
Return on Investment Analysis	Price-Earnings Ratio (Note 5)		18	205.91	—
	Price-Dividend Ratio (Note 6)		35.46	131.78	Not applicable
	Cash Dividend Yield (Note 7)		2.82%	0.76%	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.

(V) 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 06, 2024, the board of directors of the Company passed the 2023 earnings distribution proposal. It is proposed to distribute a cash dividend of NTD 0.50085125 per share, which will be distributed on May 03, 2024. The proposal will be reported at the 2024 general meeting of shareholders.

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

(VI) 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.

(VII) 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	<p>If there is any surplus in the Company's annual final accounts, it will be distributed in the following order:</p> <p>(1) Pay taxes according to law.</p> <p>(2) Make up for accumulated losses</p> <p>(3) The statutory surplus reserve is set aside at 10%, except when the statutory surplus reserve has reached the total capital of the company.</p> <p>(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.</p> <p>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.</p>

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)	Discrepancy	Reasons and Solutions
Employees' Remuneration	3,400,000	3,400,000	0	Not Applicable
Director's Remuneration	1,100,000	1,100,000	0	Not Applicable

(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\$3,400,000

B. The proportion of distributed employee remuneration to the net profit after tax and total employee remuneration for the current period: 6.58%.

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 2022 employee and director remuneration distribution plan was approved by the board of directors on March 07, 2023. The Company will distribute NT\$10,750,000 for directors and NT\$32,250,000 for employees, as remuneration, which are not different from the amounts recognized in the 2022 financial statements.

(VIII) 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 8th Time in 2022	The 9th Time in 2022	The 10th Time in 2023
Purpose of repurchase	Transfer shares to employees	Maintain the company's credit and shareholders' rights	Maintain the company's credit and shareholders' rights
Repurchase period	October 14, 2022 to November 11, 2022	November 14, 2022 to December 13, 2022	March 23, 2023 to May 08, 2023
Repurchase price range	NTD50 to NTD80 per share	NTD50 to NTD80 per share	NTD50 to NTD70 per share
Types and numbers of shares bought back	989,000 shares	1,490,000 shares	1,000,000 shares
Amount of shares bought back (NT\$)	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 repurchased (%)	98.9%	99.3%	100%
The number of repurchased shares that have been cancelled or transferred	0 shares	1,490,000 shares	0 shares
Accumulated number of the Company's shares held by the Company	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	1.83%	1.83%	2.83%

shares (%)			
------------	--	--	--

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 stock in 2022 was cancelled by the resolution of the board of directors on March 07, 2023, and the record 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.

Note 3 : The 10th buyback of the Company's stock in 2023 was cancelled by the resolution of the board of directors on August 10, 2023, and the record date for capital reduction was set as August 15, 2024. The Ministry of Economic Affairs has approved the capital reduction and cancellation of treasury shares with the letter of MOEA Licensed Commercial No. 11230164030 dated August 28, 2023.

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

II. Handling of corporate bonds

(I) Corporate bonds outstanding and in-process yet to be redeemed

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 22, 2024, the balance of corporate bonds that have not been redeemed or converted is 730,700 thousand.
Conditions for redemption or early redemption	1. 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 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

Types of corporate bonds	Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022
	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 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 is 101.5075% of the bond's face value (real yield is 0.50%); the interest for 4-year bonds is 102.0151% 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</p>

Types of corporate bonds		Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022
		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		<p>(1) Cash Dividend</p> <ol style="list-style-type: none"> 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. <p>(2) Stock Dividend</p> <ol style="list-style-type: none"> 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.
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	N.A.

Types of corporate bonds		Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022
	to the annual report publication date	
	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.

(II) 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.

(III) 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, 2024 Unit:NTD

Corporate Bond Type		Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds in 2022		
Items	Year	2022	2023	January 1 to 30 April, 2024
Market Value of convertible corporate bonds	Highest	117.5	127	162
	Lowest	101	101	118.35
	Average	108.77	110.79	134.71
Conversion price		67.6	65.08	64.74
Issue Date and Conversion Price upon Issue		Issue Date: July 13, 2022, with an initial conversion price of NT\$67.60. On April 27, 2023, the conversion price was adjusted to NT\$65.08. On April 9, 2024, the conversion price was adjusted to NT\$64.74.		
Method for performance of conversion obligations		Issuance of new shares		

(IV) Issued Exchange Corporate Bonds: None.

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

(VI) Issued corporate bonds with warrants: None.

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

III. Handling of Special Shares: None.

IV. Overseas Depositary Receipts: None.

V. Employee Share Subscription Warrants

(I) 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, 2024

Type of employee share subscription warrants	The first issue of employee stock option certificates in 2021
Effective registration date	October 12, 2021
Issue Date	November 15, 2021
Duration	5 years
Number of Units Issued	500
Ratio of the number of issued subscribable shares to the total number of issued shares	1.17%
Subscription Period	2023/11/15~2026/11/14
Exercise method	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 75% The accumulative share subscription ratio after 4 years is 100%
Number of shares subscribed through exercise of the warrants	0 share
Amount of the shares subscribed through exercise of the warrants (NT\$)	NT\$0
Number of unexercised shares	500,000 shares
Subscription price per share of the unexercised shares	NTD 29.9
Ratio of the number of unexercised shares to the total number of issued shares (%) (Note)	0.50%
The effect on shareholders' equity	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

(II) 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)
Manager	Subsidiary General Manager	James Lai	2021.11.15	49,000	0.05%	0	0	0	0%	49,000	29.9	1,465	0.05%
	Director	Allen Lin											
	Vice President	Martin Yeh											
	Accounting Supervisor	Max Tsao											
	Financial Director	Sonia Lu											
Staff	Director	SJ Hong	2021.11.15	131,000	0.13%	0	0	0	0%	131,000	29.9	3,917	0.13%
	Director	Kevin Chang											
	Manager	Josh Huang											
	Manager	Zhichuang Yang											
	Manager	Zhaoming Chen											
	Manager	Ben Lin											
	Manager	Simon Lin											
	Manager	Qingde He											
	Deputy Manager	Guanyu Zhao											
	Deputy Manager	Lighten Lu											

	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)
	Deputy Manager	Tsun I Meng											
	Deputy Manager	Winphy Lin											
	Deputy Manager	Jason Chang											

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.

VI. Status of Employee Restricted Stock: None.

VII. Status of New Share Issuance in Connection with Mergers and Acquisitions

(I) 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.

(II) 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.

VIII. 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:

(I) 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	445,559	The construction of the factory and office building at Qiaotou Science Park has been progressively contracted out. The groundbreaking ceremony was held on May 9, 2024, and the related construction work is ongoing.
		Actual	5,870	
	Capital Utilization Progress	Expected	69.62%	
		Actual	0.92%	
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 2025. 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 2025 to 2029 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.

(II) 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	Amount of	Expected	560,000	Replenishment of

Item	Execution situation			Situation, reason and improvement plan of ahead of schedule or behind schedule
Capital Replenishment	Payout	Actual	560,000	working capital has been completed as planned in the first quarter of 2022.
	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

Item		Before Fundraising		After Fundraising	
		2020.12.31	2021.03.31	2021.12.31	2022.03.31
	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 ongoing construction of the factory and office building at Qiaotou Science Park, other resulting effects of project has shown its benefits, and there are no major abnormalities.

Five. Operational Overview

I. Company Management

(I) 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:

(1) 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.

(2) Subsidiary

- A. Subsidiary - TECH-WAVE industrial Co. Ltd.
- B. Manufacturing and sales of FPC and modules related to touch panels.
- C. Subsidiary - E&R Semiconductor Materials Co., Ltd.
SMD packaging material trading business.

(3) Sub-subsidiary

- A. 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.
- B. 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	2022		2023	
		Net Operating Revenues	Proportion (%)	Net Operating Revenues	Proportion (%)
Semiconductor Equipments	Laser Equipments	2,093,226	64.94	743,206	47.97
	Plasma Equipments	338,551	10.50	102,802	6.64
Electronic Component Products	SMD Packaging Materials	379,210	11.77	307,822	19.87
Other		412,011	12.79	395,544	25.52
Total		3,222,998	100.00	1,549,374	100.00

3. The Company's current product items:

Main industry category	Product Category	Main Products	Important Purpose or Function
Semiconductor Equipments	Laser 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
		Laser Glass Drilling Machine	*Glass Substrates Drilling
	Plasma 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	*Wafer dicing
	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 to touch panel	*Flexible FPC for touch control is used for signal connection and transmission of terminal products
	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:

- (1) High-Speed Laser Drilling Equipment for ABF Substrates RTR laser cutting equipment
- (2) Wafer level plasma micro etching equipment
- (3) Semiconductor and Micro Led related testing equipment
- (4) Third-generation semiconductor application equipment

(II) Industry Overview:

1. Current status and development of the industry

(1.) Global Semiconductor (Equipment) Industry Overview

Market Intelligence & Consulting Institute, MIC released the "2024 Semiconductor Industry Development and Key Issues" report, indicating that the global semiconductor market significantly shrank in 2023. Memory chip manufacturers endured a tough period, with the second half of the year showing growth hindered by lower-than-expected demand for smartphones, personal computers, and servers, as well as inventory surpluses. While some semiconductor manufacturers benefited from AI and HPC (High-Performance Computing) trends, supporting revenues in advanced processes, manufacturers focused on mature processes faced low capacity utilization, affecting annual revenue performance. Due to weak end-market sales momentum, demand for memory chips was severely impacted, and inventory reduction effects only became evident after several quarters of production cuts by original manufacturers. By the second half of 2023, prices for DRAM and NAND stabilized and began to rise, leading to gradual recovery in revenue and gross margins for major memory manufacturers.

In 2024, it is predicted that global semiconductor market inventory adjustments will be near completion, with shipments of end-application products resuming positive growth. Additionally, long-term demand from automotive, HPC, and AIoT (Artificial Intelligence of Things) sectors will positively contribute to the semiconductor industry's recovery. The global semiconductor market is expected to return to positive growth in 2024. Looking ahead, the long-term development trend for semiconductors remains optimistic. According to Peng Maorong, the prospects are still favorable. The development and deployment of new generation communication and networking technologies and the integration of AI technologies will profoundly change lifestyles and production modes across various application fields. Semiconductors, being the core support for these emerging technologies, will drive continuous growth in demand for semiconductor components. Moreover, the thriving digital economy and significant increases in intelligent applications across various fields will drive the digital transformation of the physical world. Many industries will accelerate the adoption of embedded systems and industrial control technologies, which will, in turn, drive demand for semiconductors in industrial, automotive, and consumer electronics sectors, contributing to the rapid expansion of the global semiconductor market. Reviewing 2023, various market research institutions estimated a decline of 8.2% to 12.1%. For 2024, these institutions predict double-digit growth (13.1% to 20.0%).



Source: 2023.12 WSTS and MIC

Observing global semiconductor manufacturers' investment dynamics, MIC of the Market Intelligence & Consulting Institute presents two key observations. First, global semiconductor capital expenditure in 2023 declined by 13% to \$158.1 billion, indicating an overall pessimistic global economy and market conditions, with investments highly concentrated among a few

major companies. The semiconductor industry requires heavy capital expenditures, with the top five investors (Samsung, TSMC, Intel, Micron, SK Hynix) increasing their share of total capital expenditure from 35% in 2000 to 70% in 2020, maintaining around 60% to 70% in recent years. Global semiconductor capital expenditure is expected to return to positive growth in 2024 but should still be approached cautiously. Most major companies will continue to implement frugal policies, with an estimated slight increase of 2% to \$161.3 billion. Companies with high annual capital expenditure-to-revenue ratios, primarily wafer foundries and large memory manufacturers, have capital expenditures accounting for about 45% to 50% of their revenue, while the overall semiconductor industry average is about 30%. Looking ahead to 2025, global semiconductor capital expenditure is projected to rise to \$182.6 billion, a ten-year high, with an annual growth rate of 13%.

Second, in 2024, memory manufacturers will focus their investments on advanced process nodes such as HBM and DDR5. This shift is driven by the explosive growth of generative AI and HPC applications like supercomputers, which demand high-bandwidth memory (HBM). The three major memory manufacturers are set to launch the fifth generation of HBM (HBM3E) in 2024, with expectations that HBM will account for more than 50% of shipments by the fourth quarter of 2024. Additionally, the global HBM market size will continue to expand. In 2023, the global HBM market was approximately \$4 billion, accounting for about 8% of the DRAM market. By 2024, this share is expected to reach 10% to 15%.



Source: 2024.04 MIC

The International Semiconductor Industry Association (SEMI) pointed out that in 2023, global semiconductor equipment shipments slightly declined to \$106.3 billion, primarily due to slowing market demand and the semiconductor industry's inventory adjustment period. SEMI's Global Semiconductor Equipment Market Report mentioned that last year's global semiconductor equipment sales total, compared to the historical high of \$107.6 billion in 2022, slightly decreased by 1.3% to \$106.3 billion. The top three markets for semiconductor equipment expenditure were China, South Korea, and Taiwan, collectively accounting for 72% of the global equipment market. Last year, China maintained its position as the world's largest semiconductor equipment market, accelerating its investment pace with a 29% increase in expenditure from the previous year, reaching \$36.6 billion. South Korea, the second-largest equipment market, saw its equipment expenditure decrease by 7% to \$19.9 billion due to weak demand and memory market inventory adjustments. Taiwan's equipment sales total declined by 27% to \$19.6 billion after four consecutive years of growth.

Looking ahead to 2024, applications such as generative AI and high-performance computing (HPC) are driving demand, along with a recovery in end-user demand for chips, accelerating the expansion of advanced processes and wafer foundry capacities. SEMI's Global Marketing Director and President of Taiwan, Terry Tsao, stated that global market demand is on a recovery trajectory, and government incentives in various countries are significantly boosting the construction of wafer fabs and equipment investments in key chip manufacturing regions. Additionally, the strategic importance of semiconductors is increasingly influencing global political and economic dynamics, becoming a crucial catalyst for semiconductor capacity

growth. In 2024, 42 wafer fabs are expected to commence operations. The latest quarterly global wafer fab forecast report indicates that from 2022 to 2024, the global semiconductor industry plans to bring 82 new facilities into operation. This includes 11 fabs in 2023 and 42 fabs in 2024, covering production lines for wafers ranging from 4 inches (100 mm) to 12 inches (300 mm).



(Global Fabs forecasts the number of new fabs that will come into operation between 2022 and 2024.)

Source: SEMI

(2.) Overview of Taiwan's Electronics and Semiconductor (Equipment) Industry

According to MIC of Market Intelligence & Consulting Institute, Taiwan's semiconductor industry in 2023 was largely in an inventory adjustment phase. The inventory levels of IC design and memory products significantly declined in the second half of the year, yet end-consumer demand remained weak, affecting overall revenue performance. However, in 2024, driven by advanced manufacturing processes, the revenue of the wafer foundry industry is expected to grow significantly. Memory products, approaching supply-demand balance in the fourth quarter of 2023, will exhibit substantial growth momentum in 2024. For IC design and IC packaging and testing, growth predictions remain conservative due to uncertain end-market demand.



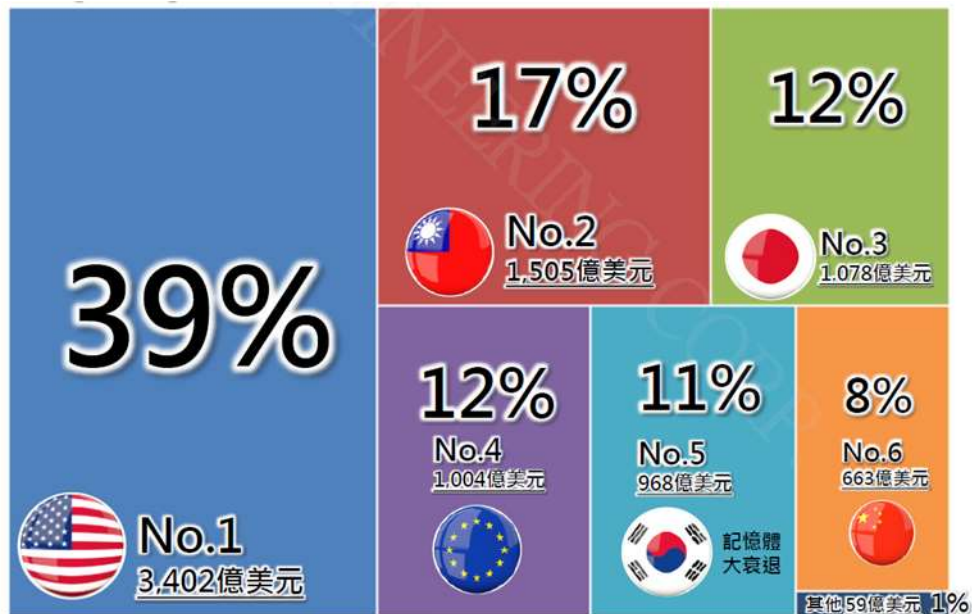
Source: 2024.04 MIC

MIC's assessment of global semiconductor capacity shows that in 2023, the United States firmly held the top position in semiconductor output value (maintaining a 39% market share), followed by Taiwan (17%), Japan, Europe, and South Korea, which slipped from third to fifth place. Global semiconductor capacity is projected to continue growing by 6% in 2024, driven by the recovery of end-user demand, advancements in AI and HPC applications, and various governmental incentive measures. These factors are accelerating the expansion of advanced

manufacturing processes and wafer foundry capacities worldwide. Taiwan's capacity is expected to account for 18% of global capacity in 2024, with a 6% growth in capacity expansion.

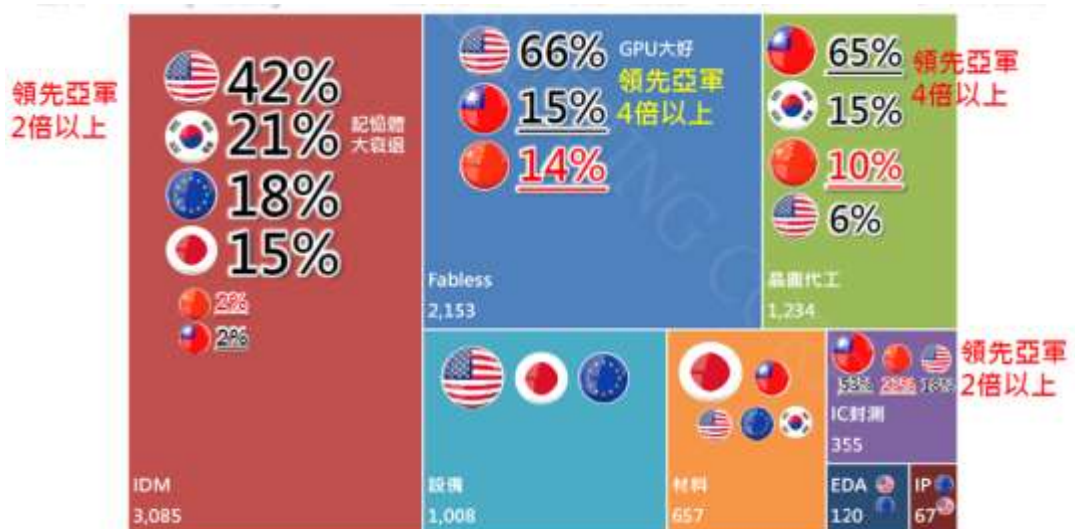
Focusing on the capacity distribution of Taiwan's IC manufacturers, in 2023, 86% of their capacity was based in Taiwan, with 8% in China, 3% in Singapore, 2% in Japan, and 1% in the United States. Looking ahead to 2030, Taiwan is expected to remain the central hub for Taiwanese manufacturers, particularly for the initial mass production of the most advanced processes. It is anticipated that 80% of Taiwanese manufacturers' capacity will still be in Taiwan, with other regions like Japan (7%), China (6%), Singapore (4%), the United States (2%), and Germany (1%) accounting for the remainder.

In 2023, the global semiconductor supply chain's output value reached \$867.9 billion. Taiwan has carved out a significant niche with its specialized division of labor, leading globally in wafer foundry (65% market share) and IC packaging and testing (53% market share), while ranking second in IC design (15% market share).



資料來源：各公司・MIC・2024年4月

Source:2024.04 MIC



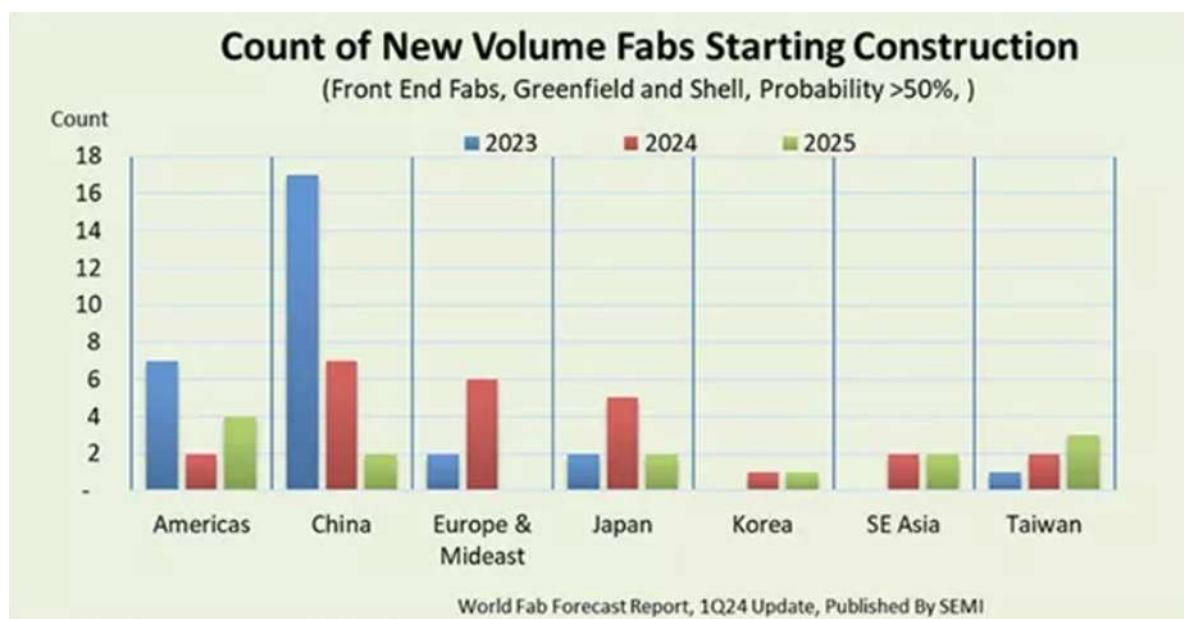
資料來源：各公司・MIC・2024年4月

Source:2024.04 MIC

According to Terry Tsao, SEMI Global Marketing Director and President of SEMI Taiwan, the recovery of the market and government incentive measures in various countries are significantly boosting the construction of wafer fabs and investment in equipment in major chip manufacturing regions. Additionally, the increasing influence of semiconductor strategies on global geopolitical dynamics has become a crucial catalyst for the growth of semiconductor capacity.

Taiwan is expected to maintain its position as the second-largest semiconductor capacity holder globally. The capacity growth rate for 2024 is projected to be 4.2%, with monthly capacity increasing from 5.4 million wafers to 5.7 million wafers. Starting from 2024, five new wafer fabs are expected to begin production.

The World Fab Forecast report, which includes insights into 1,500 global facilities and production lines, reveals that 177 new fabs are expected to start operations in 2023 and beyond. This report provides a comprehensive understanding of future industry trends and developments.



Source: SEMI

According to Witology Markettrend Research Institute, Taiwan's direct export value of semiconductor equipment has surged rapidly, with China, Singapore, the United States, and the Netherlands being the four major export countries, accounting for over 70% of total exports. Taiwan itself, being one of the world's most crucial chip production bases, has a high demand for equipment, attracting many international semiconductor equipment manufacturers to set up factories locally.

A report by the Industrial Technology Research Institute (ITRI) indicates that even though the export value of domestic semiconductor equipment has been increasing annually, the overall export/import ratio remains about 1:5. The Netherlands is the largest import country, followed by Japan, the United States, and Singapore. In recent years, Taiwan's exports of semiconductor equipment to Singapore and Malaysia have significantly increased, primarily due to the development of the packaging and testing industry in these regions and the expansion of production lines by international companies.

Compared to Taiwan's leading position in semiconductor manufacturing, the semiconductor equipment industry is still in its developmental stage and needs more opportunities and growth strategies. Taiwanese equipment manufacturers mainly focus on traditional packaging equipment, contract manufacturing of international company modules, and components, while advanced process equipment relies heavily on imports from leading international equipment suppliers. The equipment market is almost monopolized by major players, and the long development and verification period required for front-end equipment, combined with Taiwan's

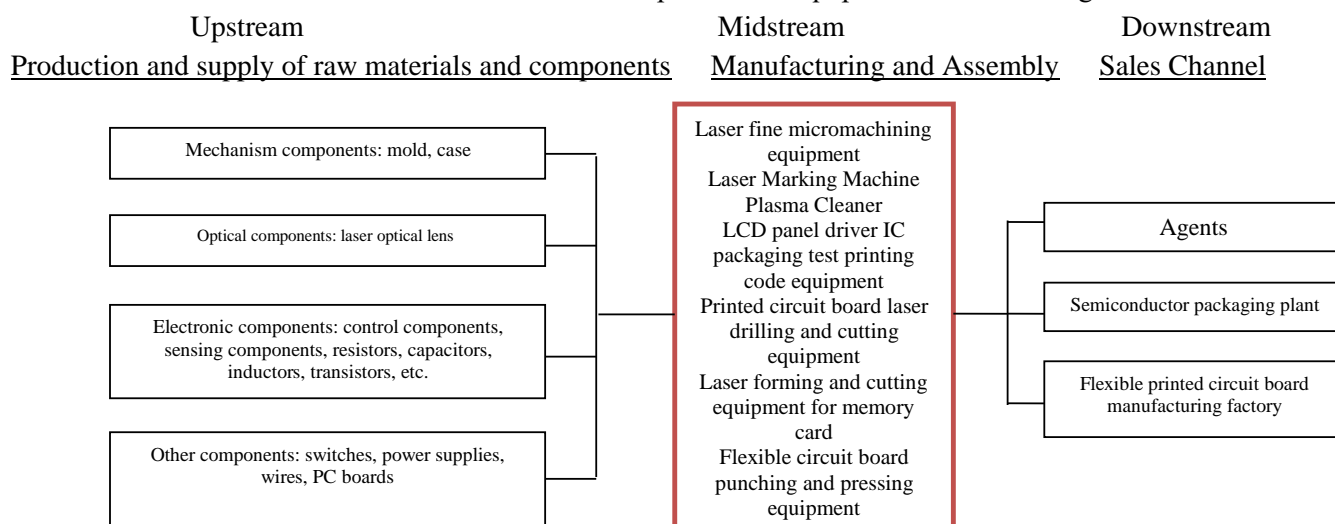
later start, make it difficult for Taiwanese companies to compete. Currently, aside from contract manufacturing for foreign companies, most local manufacturers focus on supplying parts. Despite these challenges, Taiwanese companies have still managed to perform well.

Taiwanese semiconductor equipment companies possess unique backgrounds and strategic positions. The competitiveness of semiconductor equipment depends not only on government support but also on the accumulation of basic sciences and long-term investment in R&D resources. Thus, how to seize international trends, mitigate threats, and create opportunities are critical issues for Taiwan's semiconductor equipment companies. In an unstable global situation, Taiwanese semiconductor equipment companies need to be more flexible in adjusting their strategies, enhancing supply chain resilience, and balancing cooperation and competition. Additionally, they should respond to government policies and subsidies, utilizing government-provided resources to enhance competitiveness and sustain development.

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:

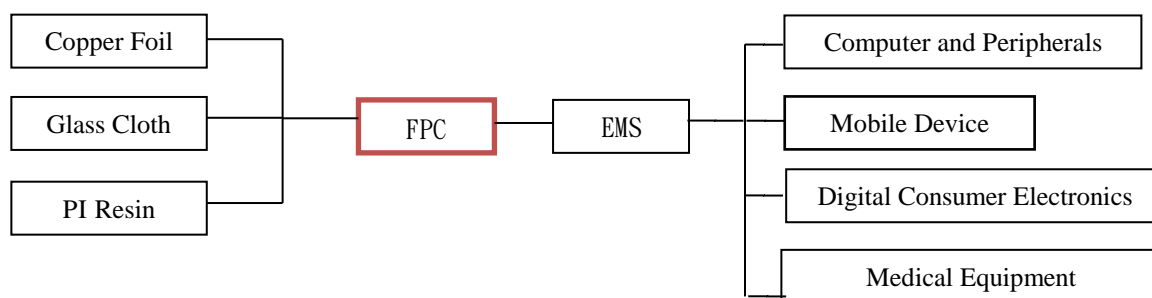
A. Electronic and semiconductor production equipment manufacturing



Source: ENR Engineering Corp.

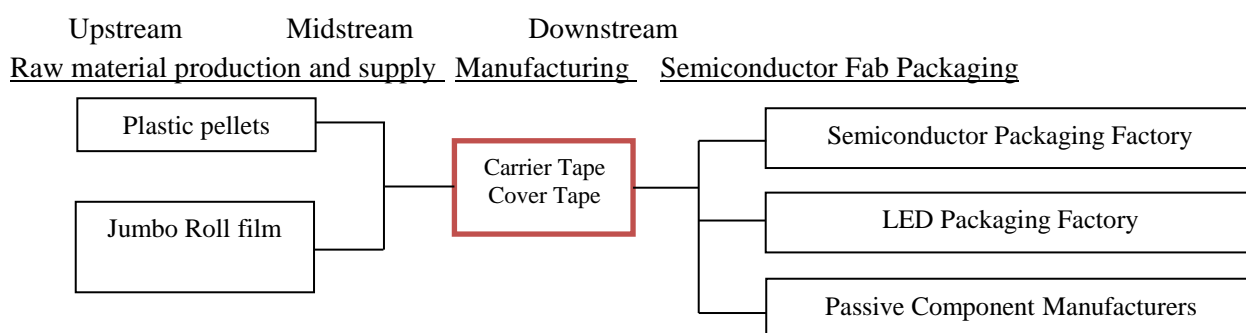
B. Flexible Printed Circuit board manufacturing

Upstream Midstream Downstream Terminal
Raw material production and supply Manufacturing Assembled by assembly plant Consumer



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. 2Wafer Manufacturing Heterogeneous Integration

The 5-nanometer manufacturing process entered mass production in the first half of 2020, while the 3-nanometer (N3B, N3E) manufacturing process achieved mass production by the end of 2023. Additionally, the 2-nanometer process has also developed a backside power rail solution and is expected to be launched in the second half of 2025. 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. Silicon photonics advanced packaging technology and research

With the rise of AI chips driving advanced packaging demand, various packaging technologies are flourishing. Examples include the integrated fan-out (InFO) technology used in mass-producing iPhone processors, 3D integrated circuit (3D IC) stacking, silicon photonics co-packaged optics (CPO), and panel-level packaging (PLP) jointly developed by packaging and testing companies and panel manufacturers. Future technology will focus on "Copper retreats and light enters". Optical products are moving towards being lightweight, compact, and energy-efficient, with silicon photonics and metalens playing important roles. However, the threshold for silicon photonics components is currently high, and the industry is in the stage of developing foundational components and device development. The technology is still immature, and it requires integration of components before entering the stage of large-scale production and processing. The industry first implements CPO, which is powerful in saving about 30% of power consumption, 40% of costs, and increasing data

transmission density, thus saving internal space in data centers. Therefore, CPO technology has gained widespread attention.

D. Advanced glass substrate packaging technology and research

Advanced glass substrate packaging is seen as an important technology to extend the life of Moore's Law, increase transistor density, and unleash powerful computing capabilities. Co-packaging optical component technology (CPO) can increase signal transmission through glass substrate design using optical transmission. Compared to current organic substrates, glass substrates offer unique advantages such as ultra-low flatness, better thermal stability, and mechanical stability, which can enhance interconnect density. These advantages enable chip architects to create high-density, high-performance chip packaging for data-intensive workloads such as AI. Glass substrate solutions will continue to advance the industry beyond 2030, contributing to the progression of Moore's Law.

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 marking machines, laser micromachining machines, laser cutting machines, laser drilling machines, laser scribing tools, laser glass drilling tools, plasma cleaning machines, plasma dicing 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, glass substrates and other components. In response to the trend of special-shaped cutting in smart phones, wearable products and the rise of Silicon Photonics Co-Packaging (CPO), 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 dicing machines mainly perform dry etching under vacuum to process wafers into granules (grainization). This technology allows for processing all cutting paths on the wafer simultaneously, ensuring high UPH even for small granule components. Moreover, it can accommodate progressively narrower cutting paths, potentially increasing the number of granules obtained. Additionally, it offers advantages such as processing various shapes, high cleanliness in the process, and increased granule strength.

Regarding 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.

(III) 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. Technology 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 45.45 % of them have a master's or doctoral degree. As of March 31, 2024, there were a total of 136 R&D personnel

Educational qualifications \ Year	End of 2022		End of 2023		As of March 31, 2024	
	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Master degree or above	52	36.88	68	44.16	70	45.45
University (College)	88	62.41	85	55.19	83	53.90
High school	1	0.71	1	0.65	1	0.65
Total	141	100.00	154	100	154	100

3. Annual R&D expenses for the past five years

Unit: NTD thousand

Item	2019	2020	2021	2022	2023
Research and development expenditures	139,798	151,771	159,650	208,505	207,420
Net Operating Revenue	1,468,944	2,040,567	2,544,782	3,222,998	1,549,374
Percentage of Net Operating Revenue	9%	7%	6%	6%	13%

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.	Laser glass cutting

Year	Successfully developed technologies and products	R&D content	Application field
		2. Processing path optimization technology. 3. Development of spot shaping technology	
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
2023	TGV Laser Modification	1. Ultra-High-Speed Modification Processing Technology	Through Glass Via

(IV) Long-Term and Short-Term Business Development Plans

1. Short Term Development Plan

- (1) 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.
- (2) Improve the sales support system for agents, fully cooperate with trading partners, and improve marketing channels.
- (3) 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.
- (4) 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.
- (5) Promote the investor relationship of OTC companies, increase the company's popularity and recruit excellent talents to join.
- (6) Strengthen ERP to effectively manage accounts receivable and 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

- (1) 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.
- (2) 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.

- (3) 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.
- (4) 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.
- (5) 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

(I) 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	2022		2023	
	Revenue	Percentage%	Revenue	Percentage%
Taiwan	1,071,432	33.24	357,632	23.08
China and other regions	2,151,566	66.76	1,191,742	76.92
Total	3,222,998	100.00	1,549,374	100.00

2. Future market status and growth potential

(1) 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.

(2) 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 functions. 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 provide 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. Therefore, 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.

(3) 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

(1) 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 provide service in the central and southern regions in China.

(2) 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.

(3) 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.

(4) 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

(1) 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 our 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 understand 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.

(2) 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.

(II) Main Purposes and Production Processes of Key Products

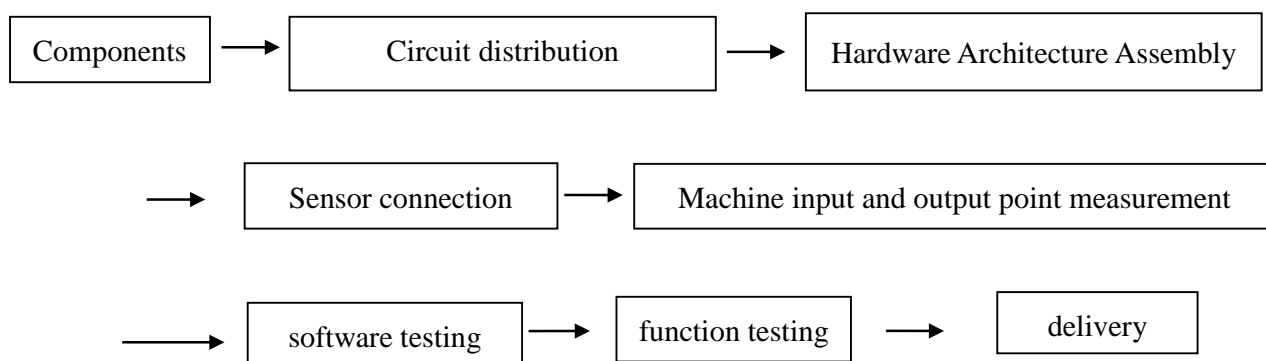
1. Main Purposes of Key Products

- (1) Laser printers are used for identification machines at the end of the IC packaging and testing process.
- (2) Laser micro-cutting machine is used in the molding and manufacturing of semiconductor components.
- (3) Plasma cleaning machine is used for cleaning in IC and LED manufacturing process.
- (4) Flexible board equipment is used in the FPC industry product process.

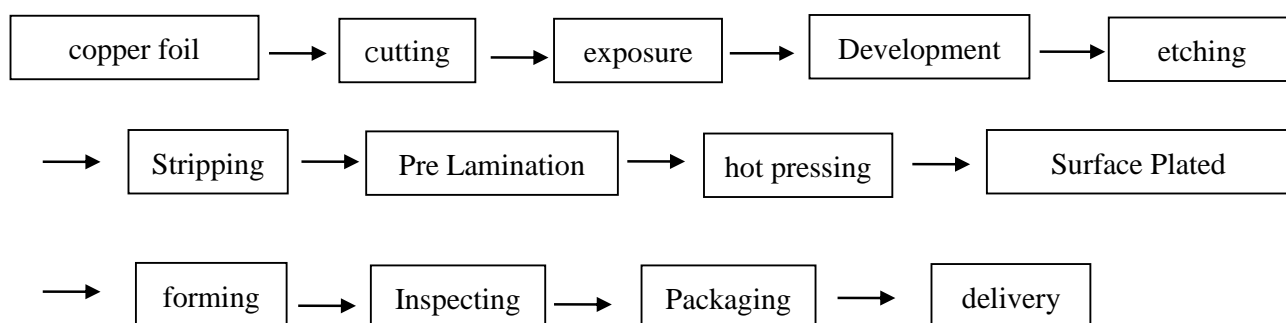
- (5) SMD packaging materials are used for the packaging of IC industry, diode industry, passive component industry, LED industry and other components.

2. Production Processes of Key Products

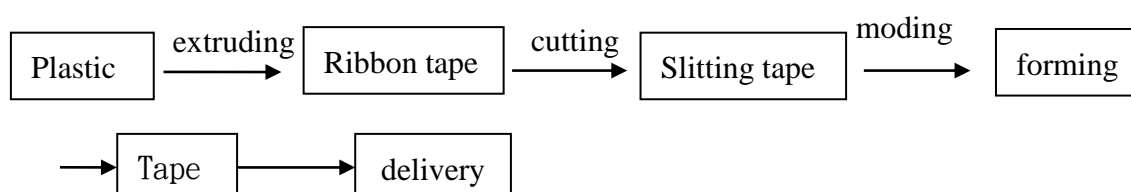
(1) Automation equipment process



(2) Flexible Printed Circuit Board Process



(3) SMD packaging process



(III) 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 maintain long-term good cooperative relations with many suppliers, to ensure the stability of supply sources.

(IV) Explanation of significant deviation in the gross profit margin of major products or departments in the recent two years

Unit: NT/1000

Item \ Year	2022	2023	Increase or decrease	Ratio of change (%)
Operating Revenue	3,222,998	1,549,374	(1,673,624)	(51.93)
Gross Profit	1,124,060	614,281	(509,779)	(45.35)
Gross Profit Margin (%)	34.88	39.64	4.76	13.65
Analysis of gross profit margin deviation over 20%: The deviation in gross profit margin in the two periods does not reach 20%.				

(V) 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	2022				2023				2024 Q1			
	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	385,512	21.18	N/A	Company A	128,986	14.38	N/A	Company A	45,122	19.82	N/A
2	Other	1,434,830	78.82	N/A	Other	768,258	85.62	N/A	Other	182,585	80.18	N/A
	Net purchases	1,820,342	100.00	—	Net purchases	897,244	100.00	—	Net purchases	227,707	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	2022				2023				2024 Q1			
	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 2024(%))	Relationship with E&R
1	Company A	549,301	17.04	N/A	Company B	628,157	40.54	N/A	Company A	56,300	19.56	N/A
2.	Company B	533,348	16.55	N/A	Company A	141,087	9.10	N/A	Company B	50,855	17.67	N/A
3	Other	2,140,349	66.41	N/A	Other	780,130	50.36	N/A	Other	180,692	62.77	N/A
	Net purchases	3,222,998	100.00	—	Net purchases	1,549,374	100.00	—	Net purchases	287,847	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.

(VI) Production volume and value in the most recent 2 fiscal years

Unit: NT/1000/Set

Fiscal Year Output Main Products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Laser equipment	Note 1	257	1,233,522	Note 1	61	375,890
Plasma equipment			186,838			54,071
SMD packaging material	583,864	3,071,210	329,233	686,841	495,758	256,865
Maintenance service and others	Note 2	Note 2	349,345	Note 2	Note 2	248,267
Total	—	—	2,098,938	—	—	935,093

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.

(VII) Sales volume and value in the most recent 2 fiscal years

Unit: NT/1000/Set

Sales Year Main Products	2022				2023			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Laser equipment	79	665,767	181	1,427,459	19	135,068	42	608,138
Plasma equipment		153,680		184,871		43,188		59,614
SMD packaging material	18,990	11,095	760,856	368,115	5,403	9,416	645,741	265,603
Maintenance service and others	Note 1	240,893	Note 1	171,121	Note 1	169,960	Note 1	258,387
Total	—	1,071,432	—	2,151,566	—	357,632	—	1,191,742

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		2022	2023	Until the end of April, 2024
Number of Workers	DL	221	163	163
	IDL	358	416	411
	Total	579	579	574
Average Age		39	38	39
Average Service Years		7	6	7
Educational Distribution Ratio (%)	Master or above	12.94	16.59	17.06
	Bachelor/Associate/Diploma	50.01	48.64	48.61
	High School	16.53	16.67	16.39
	Below senior high school	20.52	18.10	17.94
	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

- (I) 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

- (1) Subsidies for marriage/birth/funeral/travel/birthday etc.
- (2) 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.
- (3) Employee stock subscriptions, employee bonuses, and employee performance bonuses are

implemented by the Company's articles of association and related measures.

- (4) Regularly or irregularly hold employee education and training, internal training or external training can apply to improve the professional skills of employees.
- (5) Employees are entitled to special leave according to their years of service.
- (6) 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"

- (1) Determine and implement various newcomer training and management, professional... and other business training.
- (2) Select and dispatch employees with excellent grades to go abroad for internships or inspections.
- (3) Select employees with excellent grades to study business-related courses.

3. Retirement system and its implementation

- (1) The Company has a preferential retirement method for employees.
- (2) 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.
- (3) 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.
- (4) 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

- (1) 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.

- (2) 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.
- (3) 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).
- (4) 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.
- (5) The Company participates annually in the record-keeping activity for non-disaster working hours conducted by the Industrial Safety and Health Association of the R.O.C.(Taiwan) in accordance with the "Guidelines for the Implementation of Non-Disaster Working Hours Record Activity by Business Units," and has obtained certificates which are announced on the Company's official website.
- (6) The Company makes every effort to promote safety and health work to ensure the safety and hygiene of all employees, taking concrete actions to prevent occupational hazards. We also require our employees to actively participate in safety and health work to establish a good working environment. In 2023, the Company held 36 labor safety and workplace safety training sessions with approximately 116 participants, including at least two fire drills annually. We also conducted 42 health education seminars with approximately 349 participants, and health education information campaigns reached a total of 18,600 participants.
- (7) The Company has obtained certifications for AED safe place certification, the Healthy Workplace Certification and the Corporate Sports Certification by Health Promotion Administration, Ministry of Health and Wealth. Additionally, in 2023, we were recognized as a pledged enterprise by the "Corporate Health Responsibility, CHR" initiative of Common Health Magazine.
- (8) The Company has long been concerned with creating a friendly workplace environment for employees. As of 2023, female employees make up 22% of our total workforce, and women hold 13% of management positions. We have established internal policies such as "Work Rules," "Sexual Harassment Prevention," and "Recruitment and Employment Management," clearly declaring the protection of employees' rights regarding working hours, leave, gender, etc., ensuring proper care for colleagues. For pregnant employees, we provide regular monitoring, health consultations, designated parking spaces, and adequate care. For employees with breastfeeding needs, we have set up lactation rooms. The Company is committed to creating a gender-friendly work environment with diversity and inclusiveness, enabling women to fully develop their potential in the workplace. In 2023, our company conducted workplace sexual harassment prevention campaigns reaching approximately 321 participants.

(II) 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:

(I) 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:

- (1) 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.
- (2) 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.
- (3) Internal employee information education and training, strengthen information security

thinking and have a sense of crisis for the Company information and information equipment used.

- (II) 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
Land Leasing Contract	Southern Taiwan Science Park Bureau	2022.12.08~2042.12.31	Plant Land Lease in Qiaotou Science Park	N/A
Qiaotou Science Park New Construction Project Contract	Verizon Construction	Starting from May 16, 2024, to be completed within 630 calendar days.	E&R Qiaotou Factory New Construction Project	N/A

Six. Financial Overview

I. Balance sheet and income statement in recent five years

(I) Balance Sheet and Consolidated Income Statement

1. Balance Sheet

(1) 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.31.2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		1,464,058	1,849,519	2,961,781	3,858,718	3,081,942	2,914,299
Property, Plant and Equipment		415,657	442,654	435,686	576,327	750,964	885,682
Intangible assets		13,594	21,934	18,744	11,831	16,668	15,987
Other assets		295,494	208,978	208,141	291,714	309,185	325,700
Total assets		2,188,803	2,523,085	3,624,352	4,738,590	4,158,759	4,141,668
Current liabilities	Before distribution	513,596	909,442	1,052,292	823,443	546,050	500,432
	After distribution	513,596	1,014,130	1,210,532	1,018,988	595,879	—
Non-current liabilities		564,444	153,160	146,906	1,279,328	1,263,337	1,156,097
Total liabilities	Before distribution	1,078,040	1,062,602	1,199,198	2,102,771	1,809,387	1,656,529
	After distribution	1,078,040	1,167,290	1,357,438	2,298,316	1,859,216	—
Equity attributable to owners of the parent company		1,057,777	1,408,715	2,364,781	2,566,564	2,305,197	2,464,667
Share capital		814,617	854,313	1,001,021	1,010,854	985,954	1,023,123
Capital surplus		338,638	439,159	1,164,065	1,271,597	1,237,824	1,430,795
Retained earnings	Before distribution	(34,748)	161,269	275,587	508,838	279,600	189,546
	After distribution	(34,748)	56,581	117,347	313,293	229,771	—
Other equity		(11,852)	(11,063)	(11,185)	(36,409)	(31,456)	(12,072)
Treasury shares		(48,878)	(34,963)	(64,707)	(188,316)	(166,725)	(166,725)
Non-controlling interests		52,986	51,768	60,373	69,255	44,175	20,472
Total equity	Before distribution	1,110,763	1,460,483	2,425,154	2,635,819	2,349,372	2,485,139
	After distribution	1,110,763	1,355,795	2,266,914	2,440,274	2,299,543	—

Note1: Financial data for each year has been audited by an accountant.

Note2: Financial data has been reviewed by an accountant.

(2) 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.31.2024 (Note 2)
	2019	2020	2021	2022	2023	
Current assets	1,267,244	1,618,826	2,666,741	3,490,422	2,923,169	Not applicable.
Investments using the equity method	166,899	203,376	251,815	445,064	384,446	
Property, Plant and Equipment	312,513	363,523	361,540	363,809	437,095	
Intangible assets	13,366	21,738	18,479	11,252	16,173	
Other assets	202,186	71,989	87,148	190,912	203,831	
Total assets	1,962,208	2,279,452	3,385,723	4,501,459	3,964,714	
Current liabilities	Before distribution	408,304	790,336	931,543	709,749	456,920
	After distribution	408,304	895,024	1,089,783	905,294	506,749
Non -current liabilities		496,127	80,401	89,399	1,225,146	1,202,597
Total liabilities	Before distribution	904,431	870,737	1,020,942	1,934,895	1,659,517
	After distribution	904,431	975,425	1,179,182	2,130,440	1,709,346
Share capital		814,617	854,313	1,001,021	1,010,854	985,954
Capital surplus		338,638	439,159	1,164,065	1,271,597	1,237,824
Retained earnings	Before distribution	(34,748)	161,269	275,587	508,838	279,600
	After distribution	(34,748)	56,581	117,347	313,293	229,771
Other equity		(11,852)	(11,063)	(11,185)	(36,409)	(31,456)
Treasury shares		(48,878)	(34,963)	(64,707)	(188,316)	(166,725)
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	1,057,777	1,408,715	2,364,781	2,566,564	2,305,197
	After distribution	1,057,777	1,304,027	2,206,541	2,371,019	2,255,368

Note 1: Individual financial reports audited and certified by an accountant.

Note 2: Not applicable due to the absence of individual financial reports for the first quarter of 2024.

(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 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

(1) 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.31.2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	1,468,944	2,040,567	2,544,782	3,222,998	1,549,374	287,847
Gross profit	348,850	656,549	854,522	1,124,060	614,281	92,914
Operating income	(103,811)	213,355	312,169	403,758	16,828	(72,299)
Non-operating income and expenses	10,409	(23,585)	(7,390)	91,204	21,487	40,975
Profit before income tax	(93,402)	189,770	304,779	494,962	38,315	(31,324)
Net income for the period from continuing operations	(87,822)	154,070	244,142	390,135	23,575	(30,298)
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss) for the period	(87,822)	154,070	244,142	390,135	23,575	(30,298)
Other comprehensive income (loss) for the period (net of Income Tax)	(7,414)	3,057	378	(23,466)	3,278	20,257
Total comprehensive income for the period	(95,236)	157,127	244,520	366,669	26,853	(10,041)
Net income attributable to owners of parent	(80,860)	161,266	243,979	390,789	30,911	(27,420)
Net income (loss) attributable to noncontrolling interests	(6,962)	(7,196)	163	(654)	(7,336)	(2,878)
Total comprehensive income attributable to owners of parent	(87,207)	163,936	244,641	366,495	34,663	(8,036)
Total comprehensive income, attributable to non-controlling interests	(8,029)	(6,809)	(121)	174	(7,830)	(2,005)
Earnings per share (NTD)	(1.01)	2.00	2.62	3.94	0.32	(0.29)

Note 1: Financial data for each year has been audited by an accountant.

Note 2: Financial data has been reviewed by an accountant.

(2) 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.31.2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	994,650	1,625,942	2,020,865	2,758,667	1,154,330	Not applicable
Gross profit	306,733	601,203	761,560	1,062,337	585,456	
Operating income	(74,153)	233,475	312,610	422,424	93,260	
Non-operating income and expenses	(12,943)	(35,847)	(9,872)	71,909	(41,584)	
Profit before income tax	(87,096)	197,628	302,738	494,333	51,676	
Net income for the period from continuing operations	(80,860)	161,266	243,979	390,789	30,911	
Loss from discontinued operations	—	—	—	—	—	
Net income (loss) for the period	(80,860)	161,266	243,979	390,789	30,911	
Other comprehensive income (loss) for the period (net of Income Tax)	(6,347)	2,670	662	(24,294)	3,772	
Total comprehensive income for the period	(87,207)	163,936	244,641	366,495	34,683	
Net income attributable to owners of parent	—	—	—	—	—	
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	
Total comprehensive income attributable to owners of parent	(87,207)	163,936	244,641	366,495	34,683	
Total comprehensive income, attributable to non-controlling interests	—	—	—	—	—	
Earnings per share (NTD)	(1.01)	2.00	2.62	3.94	0.32	

Note 1: Individual financial reports audited and certified by an accountant.

Note 2: Not applicable due to the absence of individual financial reports for the first quarter of 2024.

(3) Taiwan's Financial Accounting Standards - Consolidated Financial Statements of the Company and its Subsidiaries

(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.

(II) Name and audit opinion of accountants in the recent five years

Year	Firm	CPA	Audit Opinion
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
2023	Crowe (TW) CPAs	Lee Ching Ling 、 Lee Kuo Ming	N/A

II. Financial analysis in recent five years

(I) International Financial Reporting Standards - Consolidated Financial Statement

Item \ Year		Financial Information for the most Recent Five Years (Note1)					Financial information as of March.31.2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio (%)	49.25	42.12	33.09	44.38	43.51	40.00
	Ratio of long-term capital to property, plant and equipment (%)	403.03	364.54	590.35	679.33	481.08	411.12
Solvency (%)	Current Ratio (%)	285.06	203.37	281.46	468.61	564.41	582.36
	Quick Ratio (%)	161.61	125.19	166.75	312.06	362.92	365.15
	Times Interest Earned (Times)	(9.85)	22.80	46.39	38.68	2.78	(5.38)
Operating Performance	Accounts receivable turnover (times)	2.45	4.08	3.86	4.23	2.55	2.64
	Average collection days	149	89	95	86	143.13	138.26
	Inventory turnover (times)	1.80	2.17	1.83	1.78	0.84	0.76
	Accounts payable turnover (times)	3.90	4.61	3.80	4.92	3.65	3.89
	Average days in sales	203	168	199	205	434.52	480.26
	Property, Plant and Equipment Turnover (Times)	3.77	4.75	5.79	6.37	2.33	1.41
	Total Asset Turnover (Times)	0.64	0.87	0.83	0.77	0.35	0.28
Profitability	Return on Total Assets (%)	(3.44)	6.84	8.10	9.58	0.83	(2.46)
	Return on Equity (%)	(7.45)	11.98	12.57	15.42	0.95	(5.01)
	Ratio of income before tax to paid-in capital (%)	(11.47)	22.21	30.45	48.96	3.89	(3.15)
	Net profit margin (%)	(5.98)	7.55	9.59	12.10	1.52	(10.53)
	Earnings Per Share (NT\$)	(1.01)	2.00	2.62	3.94	0.32	(0.29)
Cash Flow	Cash Flow Ratio (%)	52.21	((Note 2)	2.04	((Note 2)	45.13	(Note 2)
	Cash Flow Adequacy Ratio (%)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	14.82	(Note 2)
	Cash Reinvestment Ratio (%)	10.62	(Note 2)	(Note 2)	(Note 2)	1.16	(Note 2)
Leverage	Operating Leverage	(Note 2)	3.18	2.79	2.59	36.59	(1.23)
	Financial Leverage	0.92	1.04	1.02	1.03	(3.61)	0.94
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. The ratio of long-term capital to property, plant, and equipment has decreased: This is mainly due to the increase in construction in progress for the new factory in Jiangsu E&R.
2. Current ratio has increased: This is mainly due to the slowdown in the semiconductor market in 2023, with customers reducing expansion, leading to a significant decline in revenue compared to the previous year. Consequently, purchases also decreased, causing accounts receivable (and payable) in 2023 to significantly decrease compared to 2022.
3. Times Interest Earned ratio has decreased: This is mainly due to the significant decline in revenue during the period, resulting in decreased operating profit.
4. All turnover rates for operating performance have decreased: This is mainly due to the decrease in revenue during the period, which also led to a relative decrease in the cost of goods sold.
5. All profitability ratios have decreased: This is mainly due to the significant decline in revenue during the period, resulting in decreased operating profit.
6. All cash flow ratios have increased: This is mainly due to the net cash inflow generated from operating activities during the period.
7. Operating leverage has increased: This is mainly due to the decrease in operating income and operating costs during the period, resulting in a relative decrease in operating profit.

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.

(II) International Financial Reporting Standards - Individual Financial Statement

Item \ Year		Financial Information for the Most Recent 5 Years (Note1)					Financial information as of March.31.2024
		2019	2020	2021	2022	2023	of March.31.2024
Financial structure (%)	Debt to assets ratio (%)	46.09	38.20	30.15	42.98	41.86	Not applicable.
	Ratio of long-term capital to property, plant and equipment (%)	497.23	409.63	678.81	1,042.23	802.52	
Solvency (%)	Current Ratio (%)	310.37	204.83	286.27	491.78	639.76	
	Quick Ratio (%)	181.20	130.67	170.63	334.11	428.22	
	Times Interest Earned (Times)	(15.22)	39.83	103.80	47.53	3.66	
Operating Performance	Accounts receivable turnover (times)	1.93	3.90	3.43	3.9	2.06	
	Average collection days	189	94	106	94	177.18	
	Inventory turnover (times)	1.32	1.92	1.56	1.62	0.58	
	Accounts payable turnover (times)	2.77	3.88	3.12	4.35	2.52	
	Average days in sales	277	190	234	225	629.31	
	Property, Plant and Equipment Turnover (Times)	3.61	4.81	5.57	7.61	2.88	
	Total Assets Turnover (Times)	0.47	0.77	0.71	0.70	0.27	
Profitability	Return on Total Assets (%)	(3.60)	7.80	8.70	10.12	1.01	
	Return on Equity (%)	(7.21)	13.08	12.93	15.85	1.27	
	Ratio of income before tax to paid-in capital (%)	(10.69)	23.13	30.24	48.9	5.24	
	Net profit margin (%)	(8.13)	9.92	12.07	14.17	2.68	
	Earnings Per Share (NT\$)	(1.01)	2.00	2.62	3.94	0.32	
Cash Flow	Cash Flow Ratio (%)	67.52	(Note 2)	(Note 2)	(Note 2)	54.01	
	Cash Flow Adequacy Ratio (%)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	11.61	
	Cash Reinvestment Ratio (%)	14.32	(Note 2)	(Note 2)	(Note 2)	1.33	
Leverage	Operating Leverage	(Note 2)	2.27	2.16	2.04	5.27	
	Financial Leverage	0.93	1.02	1.01	1.03	1.26	
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. The ratio of long-term capital to property, plant, and equipment has decreased: This is mainly due to the increase in construction in progress for the new factory in Jiangsu E&R.
2. Current ratio and quick ratio have increased: This is mainly due to the slowdown in the semiconductor market in 2023, with customers reducing expansion, leading to a significant decline in revenue compared to the previous year. Consequently, purchases also decreased, causing accounts receivable (and payable) in 2023 to significantly decrease compared to 2022.
3. Times Interest Earned ratio has decreased: This is mainly due to the significant decline in revenue during the period, resulting in decreased operating profit.
4. All turnover rates for operating performance have decreased: This is mainly due to the decrease in revenue during the period, which also led to a relative decrease in the cost of goods sold.
5. All profitability ratios have decreased: This is mainly due to the significant decline in revenue during the period, resulting in decreased operating profit.
6. All cash flow ratios have increased: This is mainly due to the net cash inflow generated from operating activities during the period.
7. Operating leverage has increased: This is mainly due to the decrease in operating income and operating costs during the period, resulting in a relative decrease in operating profit.

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)

(III) 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.

(IV) 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 162.

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 163-266.

V. The Company's financial report approved by an accountant for the most recent year: Please refer to
pages 267~369.

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.

Seven. Financial Status Review, Analysis of Financial Performance, and Risk

I. Financial Status

Comparative analysis of financial status in recent two year

Unit: NT/1000

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	3,858,718	3,081,942	(776,776)	(20)
Property, Plant and Equipment	576,327	750,964	174,637	30
Right-of-use Assets	185,154	177,928	(7,226)	(4)
Intangible Assets	11,831	16,668	4,837	41
Other Assets	106,560	131,257	24,697	23
Total Assets	4,738,590	4,158,759	(579,831)	(12)
Current Liabilities	823,443	546,050	(277,393)	(34)
Non-current Liabilities	1,279,328	1,263,337	(15,991)	(1)
Total Liabilities	2,102,771	1,809,387	(293,384)	(14)
Share Capital	1,010,854	985,954	(24,900)	(2)
Capital Surplus	1,271,597	1,237,824	(33,773)	(3)
Retained Earnings	508,838	279,600	(229,238)	(45)
Other equity	(36,409)	(31,456)	4,953	(14)
Treasury shares	(188,316)	(166,725)	21,591	(11)
Equity attributable to owners of the parent company	2,566,564	2,305,197	(261,367)	(10)
Non-controlling interests	69,255	44,175	(25,080)	(36)
Total Equity	2,635,819	2,349,372	(286,447)	(11)
<p>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:</p> <ol style="list-style-type: none"> 1. Decrease in current assets: Mainly due to a significant drop in revenue in 2023, resulting in a decrease in accounts receivable. 2. Increase in property, plant and equipment: Mainly due to the construction of plants in Jiangsu E&R. 3. Increase in other assets: Mainly due to prepaid investment amounts and an increase in non-current financial assets measured at fair value through other comprehensive income. 4. Decrease in current liabilities: Mainly due to a decrease in accounts payable and other payables 5. Decrease in retained earnings: Mainly due to a significant drop in revenue in 2023, leading to reduced operational profits. 6. Decrease in non-controlling interests: Mainly due to the liquidation of subsidiaries CRYSTAL ENTEC CORP and Gain Profit in 2023. 				

II. Financial Performance

(I) Analysis of operating results in the recent two years

Unit: NT/1000

Item \ Year	2022	2023	Increased/decreased amount	Change percentage (%)
Net Operating Revenue	3,222,998	1,549,374	(1,673,624)	(52)
Cost of Revenue	2,098,938	935,093	(1,163,845)	(55)
Gross Profit	1,124,060	614,281	(509,779)	(45)
Operating Expenses	720,302	597,453	(122,849)	(17)
Operating Income	403,758	16,828	(386,930)	(96)
Non-operating Income and Expenses	91,204	21,487	(69,717)	(76)
Net income before tax from continuing operations	494,962	38,315	(456,647)	(92)
Income tax expense (benefit)	(104,827)	(14,740)	90,087	86
Net income after tax from continuing operations	390,135	23,575	(366,560)	(94)
<p>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:</p> <ol style="list-style-type: none"> 1. Decrease in net operating revenue: Mainly due to the overall economic slowdown in 2023, resulting in fewer customers expanding production and causing a significant decline in the Company's revenue. 2. Decrease in cost of revenue: Due to the significant decline in operating revenue, costs of revenue have decreased accordingly. 3. Decrease in gross profit: As explained in point 1 above. 4. Increase in operating expenses: Due to the increase in operating revenue, the provision of performance bonuses and employee remuneration increased. 5. Decrease in non-operating income and expenses: Mainly due to the impact of exchange rate fluctuations. 6. Decrease in net income before tax from continuing operations: Due to the decrease in operating profit and the reduction in non-operating income. 7. Decrease in income tax expense: Due to the decrease in pre-tax net profit. 8. Decrease in net income after tax from continuing operation: Due to the decrease in operating profit and the reduction in non-operating income. 				

(II) 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.

(III) 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

(I) Analysis of cash flow changes in the most recent years

Unit: NT/1000

Item \ Year	2022	2023	Increase (decrease) change percentage	
			Amount	%
Cash provided by (used in) operating activities	(233,709)	246,422	480,131	205
Cash provided by (used in) investing activities	(203,235)	(191,857)	11,378	6
Cash provided by (used in) financing activities	834,285	(272,100)	(1,106,385)	(133)
Net increase (decrease) in cash and cash equivalents	399,889	(218,415)	(618,304)	(155)
Cash flow analysis:				
1. Operating activities: Mainly due to the aggressive collection of receivables, resulting in a significant decrease in accounts receivable.				
2. Financing activities: Mainly due to the distribution of cash dividends and the repurchase of treasury shares.				
3. Increase (decrease) in cash and cash equivalents: Mainly due to the net cash outflow from financing activity.				

(II) Remedial Actions for Liquidity Shortfall

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

(III) 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
846,413	100,000	(400,000)	546,413	-	846,413
1. Operating activities: Expected improvement in the Company's operational performance, generating net cash inflows.					
2. Investing activities: Cash outflows due to the construction of plants by Jiangsu E&R and in the 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

(I) 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.

(II) 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	(6,255)	Mainly engaged in the manufacturing, processing, and trading of flexible circuit boards.	The main reason for the loss is the unfavorable business environment in the flexible PCB industry.	The Company is actively developing new customers and reducing operating costs.
E&R Semiconductor Materials Co., Ltd	(17,596)	Invested in E&R(Dongguan)Semiconductor Materials Co., Ltd. a to engage in the production and sales of SMD packaging materials.	The main reason for the loss is that the number of orders received by the reinvestment company is insufficient to cover operating expenses.	The Company plans to strengthen market development in China and reduce operating costs.
ENRICHMENT TECH.CO.	(6,729)	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 for the loss is that the number of orders received by the reinvestment company is insufficient to cover operating expenses.	The Company plans to strengthen market development in China and reduce operating costs
Excellent Internation Holding Limited	(31,630)	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.	The Company plans to strengthen market development in China.

(III) 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

(I) 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.

(II) 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.

(III) 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.

(IV) 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.

(V) 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.

(VI) 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.

(VII) 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.

(VIII) 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 2025, the estimated increase in production(sales) volume, production(sales) value, gross profit and operating income is shown in the following table:

Year	Product Category	Quantity	Operating Revenue	Cost of goods sold	Gross Profit Margin	Operating Income
2025	Laser Equipment	2	30,000	17,400	12,600	6,600
	Plasma Cleaning Equipment	4	20,000	15,000	5,000	1,000
2026	Laser Equipment	28	420,000	230,000	190,000	106,000
	Plasma Cleaning Equipment	16	80,000	60,000	20,000	4,000
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
2029	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

(IX) 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 2023 has not reached 20%, so there is no risk in sales concentration.

(X) 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.

(XI) 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.

(XII) 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

(XIII) 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 2023 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.

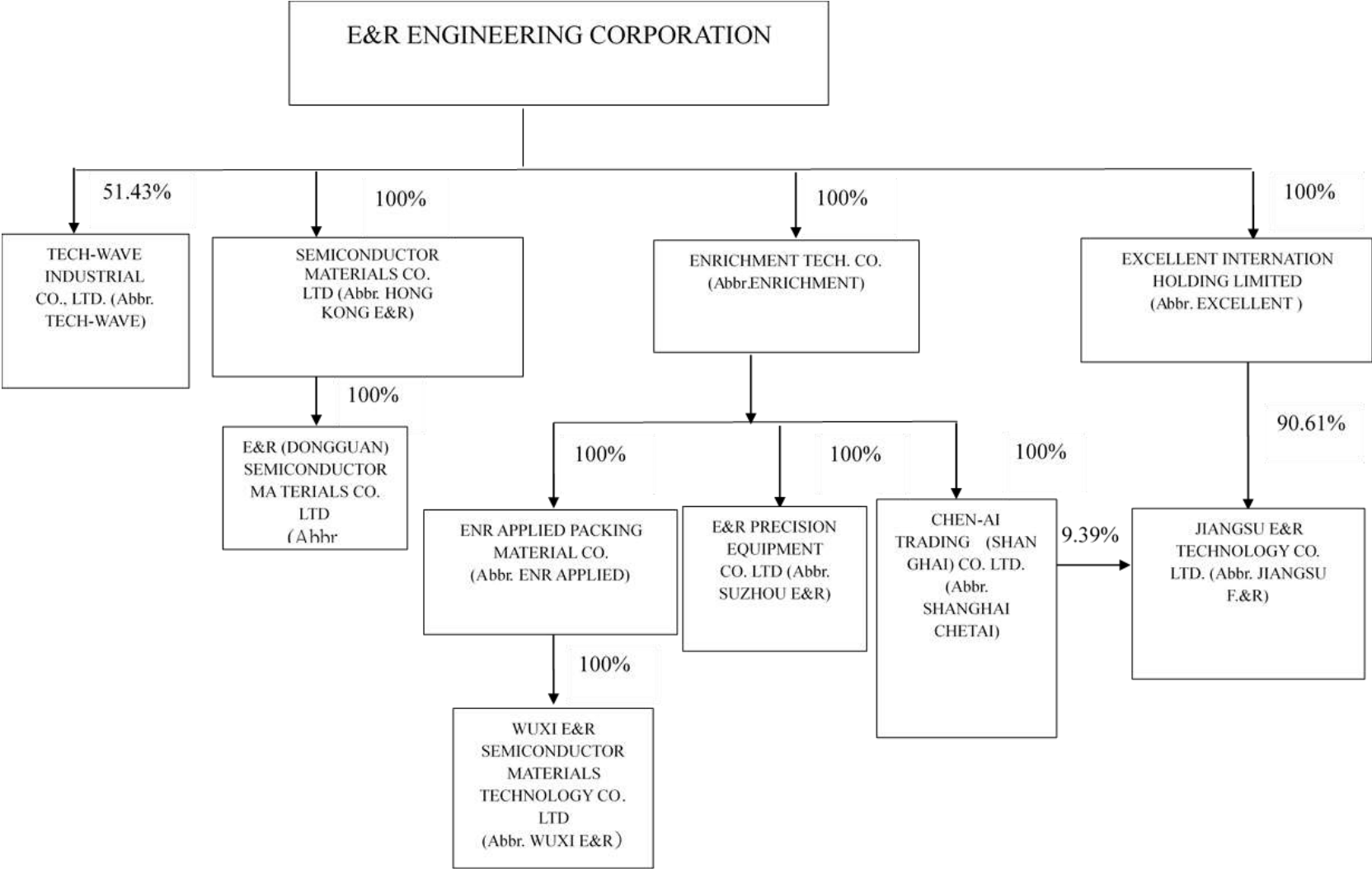
VII. Other Necessary Supplements: N/A

Eight. Special Disclosures

I. Relevant information of related companies

(I) Summary of Affiliated Enterprises

1. Affiliated Organization Chart



2. Basic Data of Affiliated Enterprises

March 31, 2024 ; 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	Building 3, Floors 4-5, No. 7 Luoqunpu 1st Road, Qingxi Town, Dongguan City, China	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
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
Excellent International 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. 28 Qixin Road, Nantong Economic and Technological Development Zone, Jiangsu Province, China	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, Supervisor and Presidents of Affiliated Enterprises

March. 31. 2024

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 15,000,000 Shares)	100%
E&R (Dongguan) Semiconductor Materials Co., Ltd.	Corporate representative Director	KS Chen Eric Chang Harry Huang	(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%
E&R PRECISION EQUIPMENT CO.,LTD.	Corporate representative Director Supervisor	KS Chen Michel Wang Eric Chang Max Cao	(ENRICHMENT TECH CO. Holds USD1,000 Thousand)	100%
Excellent International 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 Kuang shu Hsueh	(EXCELLENT INTERNATIONAL HOLDING LIMITED holds RMB 65,150 Thousand) (Chen Tai Trading (Shanghai) Co.,Ltd. holds RMB 6,750 Thousand.)	100%

6. Summarized Operating Results of E&R subsidiaries

December. 31. 2023 ; 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	38,429	14,526	23,903	31,541	(1,391)	(4,425)	Not applicable.
E&R (Dongguan) Semiconductor Materials Co., Ltd. (Note2)	29,621	39,237	18,048	21,188	32,927	(5,870)	(5,434)	Not applicable.
ENRICHMENT TECH CO. (Note3)	5,265	1,901	88	18,133	0	(216)	(216)	(0.03)
EnR Applied Packing Material Co. (Note3)	5,016	1,435	0	1,435	0	(211)	(211)	(0.02)
Wuxi E&R Semiconductor Materials Technology Co., Ltd (Note2)	40,098	29,525	19,375	10,150	33,587	(2,064)	(1,487)	Not applicable.
Chen Tai Trading(Shanghai) Co.,Ltd. (Note2)	3,457	4,153	857	3,296	9,116	534	537	Not applicable.
TECH-WAVE INDUSTRIAL CO., LTD. (Note4)	48,613	70,853	25,921	44,932	49,683	(7,628)	(6,255)	-
E&R PRECISION EQUIPMENT CO.,LTD. (Note2)	6,274	95	307	(212)	675	(360)	(574)	Not applicable.
Excellent International Holding Limited(Note3)	9,709	7,026	0	7,026	0	(1,016)	(1,016)	(0.10)
Jiangsu E&R Technology Co., Ltd.(Note2)	71,900	88,353	33,439	54,915	3,209	(9,198)	(7,902)	Not applicable.

Note1 : Unit: HKD Thousand

Note2 : Unit: RMB Thousand

Note3 : Unit: USD Thousand

Note4 : Unit: NTD Thousand

(II) Consolidated Financial Statements of Affiliated Enterprises: Please refer to pages 163-266;
Statement of Consolidated Financial Statements of Affiliated Enterprises: Please refer to page 164.

(III) 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 committed 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 Date: N/A.

Statement of Internal Control System

Date: March 06, 2024

Based on the self-evaluation of internal control system of the Company in 2023, 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) The effectiveness 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 06, 2024. Among the _9_ directors present, _0_ objected. The rest agreed with the content of this statement and hereby declare it.

E&R Engineering Corporation

Chairman of the Board: Michel Wang



President: Eric Chang



Audit Committee Review Report

The board of directors sent the company's 2023th 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 and profit 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 2024th Annual General Meeting of Shareholders of E&R Engineering Corporation

Chairman of the Audit Committee:

Alex Kao
March 6, 2024

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, 2023 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 6, 2024

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, 2023 and 2022, 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, based on our audits and the report of the other independent accountants, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards 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, 2023. 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, 2023 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, 2023, inventory was \$1,038,844 thousand and accounted for 27% 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, 2023 and 2022 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.

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.

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, 2023 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 6, 2024

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, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	\$846,413	20	\$1,064,828	22
Financial assets at fair value through profit or loss - current	6.2	343,961	8	114,943	2
Notes receivable, net	6.3	5,665	-	22,880	-
Accounts receivable, net	6.4	435,664	10	751,950	16
Other receivables		7,345	-	9,184	-
Current income tax assets		42	-	32	-
Inventories	6.5	1,038,844	27	1,198,804	26
Prepayments		61,375	1	90,245	2
Other financial assets - current	6.6	342,633	8	605,852	13
Total current assets		3,081,942	74	3,858,718	81
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.7	51,270	1	36,181	1
Property, plant and equipment	6.8	750,964	19	576,327	13
Right-of-use assets	6.9	177,928	4	185,154	4
Intangible assets	6.10	16,668	-	11,831	-
Deferred income tax assets	6.33	51,799	1	50,779	1
Refundable deposits	6.11	11,288	1	12,700	-
Current prepayments for investments		10,000	-	-	-
Other financial assets - noncurrent	8	6,900	-	6,900	-
Total noncurrent assets		1,076,817	26	879,872	19
TOTAL ASSETS		\$4,158,759	100	\$4,738,590	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.12	\$97,000	2	\$4,500	-
Contract liabilities-current	6.27	23,038	1	37,187	1
Notes payable		3,652	-	6,844	-
Accounts payable		186,032	4	315,327	6
Other payables	6.13	142,547	3	233,936	5
Current income tax liability		22,962	1	86,839	2
Provisions - current	6.14	31,461	1	92,859	2
Lease liabilities - current	6.9	21,788	1	28,754	1
Advance receipts		398	-	398	-
Current portion of long-term loans	6.15	17,172	-	16,799	-
Total current liabilities		546,050	13	823,443	17

Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Financial liabilities at fair value through profit or loss - noncurrent	6.2	9,700	-	19,800	-
Bonds payable	6.16	946,295	24	931,470	20
Long-term loans	6.17	72,923	2	89,731	2
Deferred income tax liabilities	6.33	276	-	4,077	-
Lease liabilities - noncurrent	6.9	131,450	3	129,842	3
Long-term deferred revenue	6.18	22,053	1	22,748	-
Net defined benefit liability - noncurrent	6.19	9,584	-	10,604	-
Guarantee deposits	9.7	71,056	1	71,056	2
Total noncurrent liabilities		1,263,337	31	1,279,328	27
TOTAL LIABILITIES		\$1,809,387	44	\$2,102,771	44
EQUITY					
Share capital	6.20				
Common stock		985,954	24	1,007,703	21
Bond conversion entitlement certificates		-	-	3,026	-
Advance receipts for ordinary share		-	-	125	-
Capital surplus	6.21	1,237,824	29	1,271,597	28
Retained earnings	6.23				
Legal reserve		77,177	2	38,028	1
Special reserve		36,409	1	11,185	-
Unappropriated retained earnings		166,014	4	459,625	10
Other equity	6.24	(31,456)	(1)	(36,409)	(1)
Treasury shares	6.25	(166,725)	(4)	(188,316)	(4)
Total equity attributable to owners of the parent		2,305,197	55	2,566,564	55
NON-CONTROLLING INTERESTS	6.26	44,175	1	69,255	1
TOTAL EQUITY		2,349,372	56	2,635,819	56
TOTAL LIABILITIES AND EQUITY		\$4,158,759	100	\$4,738,590	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)

Item	Note	Year Ended December 31			
		2023		2022	
		Amount	%	Amount	%
OPERATING REVENUE	6.27	\$1,549,374	100	\$3,222,998	100
OPERATING COST	6.5	(935,093)	(60)	(2,098,938)	(66)
GROSS PROFIT (LOSS)		614,281	40	1,124,060	34
OPERATING EXPENSES					
Sales and marketing		(230,089)	(15)	(311,460)	(10)
General and administrative		(163,978)	(11)	(192,660)	(6)
Research and development expense		(207,420)	(13)	(208,505)	(6)
Expected credit losses (reversal)	6.4	4,034	-	(7,677)	-
Total operating expenses		(597,453)	(39)	(720,302)	(22)
INCOME (LOSS) FROM OPERATIONS		16,828	1	403,758	12
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.29	23,639	1	10,848	-
Other income	6.30	3,523	-	9,524	-
Other gains and losses	6.31	15,819	1	83,967	3
Finance cost	6.32	(21,494)	(1)	(13,135)	-
Total non-operating income and expenses		21,487	1	91,204	3
INCOME (LOSS) BEFORE INCOME TAX		38,315	2	494,962	15
INCOME TAX BENEFIT (EXPENSE)	6.33	(14,740)	(1)	(104,827)	(3)
NET INCOME (LOSS)		23,575	1	390,135	12
OTHER COMPREHENSIVE INCOME (LOSS)	6.34				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(1,506)	-	1,241	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI		11,484	-	(27,767)	(1)
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		301	-	(248)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(7,215)	-	3,390	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		214	-	(82)	-
Total other comprehensive income (loss), net of income tax		3,278		(23,466)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS)		\$26,853	1	\$366,669	11

Item	Note	Year Ended December 31			
		2023		2022	
		Amount	%	Amount	%
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		30,911	1	390,789	12
Non-controlling interests		(7,336)	-	(654)	-
		<u>23,575</u>	<u>1</u>	<u>390,135</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS)					
ATTRIBUTABLE TO:					
Shareholders of the parent		34,683	2	366,495	11
Non-controlling interests		(7,830)	(1)	174	-
		<u>26,853</u>	<u>1</u>	<u>366,669</u>	<u>11</u>
EARNINGS (LOSS) PER SHARE					
Basic	6.36	<u>\$0.32</u>		<u>\$3.94</u>	
Diluted	6.36	<u>\$0.32</u>		<u>\$3.65</u>	

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
	\$1,000,475	\$546	\$-	\$1,164,065	\$16,127	\$11,063	\$248,397	(\$11,477)	\$292	(\$64,707)	\$2,364,781
BALANCE AT JANUARY 1, 2022											\$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)
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	-	-	-	(654)
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	930	2,543	(27,767)	-	828
Total comprehensive income (loss) in 2022	-	-	-	-	-	-	391,719	2,543	(27,767)	-	174
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 of the subsidiary company's equity price and book value	-	-	-	764	-	-	-	-	-	-	764
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(228)	-	-	-	(228)
Share-based payment transactions	5,350	-	125	26,514	-	-	-	-	-	10,632	42,621
Increase (Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	8,708
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
Allocate and appropriated retained earnings:											69,255
Legal reserve	-	-	-	-	39,149	-	(39,149)	-	-	-	-
Special reserve	-	-	-	-	-	25,224	(25,224)	-	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(195,545)	-	-	-	(195,545)
Net income (loss) in 2023	-	-	-	-	-	-	30,911	-	-	-	(7,336)
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	-	(1,181)	(6,531)	11,484	-	(494)
Total comprehensive income (loss) in 2023	-	-	-	-	-	-	29,730	(6,531)	11,484	-	(7,830)
Bond conversion entitlement certificate	-	-	-	-	-	-	-	-	-	-	-
Buyback treasury stock	3,026	(3,026)	-	-	-	-	-	-	-	-	-
Retirement of treasury stock	(24,900)	-	-	(44,776)	-	-	(63,423)	-	-	(111,508)	(111,508)
The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value	-	-	-	5,434	-	-	-	-	-	-	5,434
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transactions	125	-	(125)	6,049	-	-	-	-	-	-	6,049
Increase(Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$985,954	\$-	\$-	\$1,237,824	\$77,177	\$36,409	\$166,014	(\$15,465)	(\$15,991)	(\$166,725)	\$44,175
											\$2,349,372

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	
	2023	2022
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$38,315	\$494,962
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation	130,801	114,716
Amortization expense	9,515	8,954
Expected credit losses (reversal)	(4,034)	7,677
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(16,513)	10,006
Interest expense	21,494	13,135
Interest income	(23,639)	(10,848)
Dividend income	(890)	(473)
Share-Based Benefit Compensation Cost	6,049	23,589
Loss (gain) on disposal and retirement of property, plant and Equipment	(387)	(679)
Property, plant and equipment transfer to expense	476	67
Loss (gain) on disposal of investment	(1,133)	-
Loss (gain) on lease modification	(1,468)	-
Others	(398)	(464)
Total income and expenses having no effect on cash flows	119,873	165,680
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(222,605)	147,078
Notes receivable	17,256	(2,507)
Accounts receivable	320,321	(29,426)
Other receivables	1,240	3,565
Inventories	34,543	(83,289)
Prepayments	28,870	(47,599)
Other financial assets	273,461	(562,289)
Total net changes in operating assets	453,086	(574,467)
Net changes in operating liabilities:		
Contract liabilities	(14,149)	(148,095)
Notes payable	(3,192)	(2,688)
Accounts payable	(129,295)	(206,597)
Other payables	(89,836)	66,054
Provisions	(61,398)	34,024
Net defined benefit liability	(2,526)	(134)
Total net changes in operating liabilities	(300,396)	(257,436)

Item	Year Ended December 31	
	2023	2022
Total changes in operating assets and liabilities	\$152,690	(\$831,903)
Total adjustments	272,563	(666,223)
Cash generated from (used in) operations	310,878	(171,261)
Interest received	24,238	9,112
Dividends received	890	473
Interest paid	(6,560)	(6,186)
Income tax refund (paid)	(83,024)	(65,847)
Net cash generated from (used in) operating activities	246,422	(233,709)
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(3,605)	(42,203)
Increase in prepaid investment	(10,000)	-
Acquisition of investments accounted for using equity method	(157,755)	(183,910)
Proceeds from disposal of property, plant and equipment	1,398	8,802
Decrease in refundable deposits	1,412	1,831
Acquire intangible assets	(13,065)	(2,038)
Increase in other financial assets	(10,242)	-
Decrease in other financial assets	-	14,283
Net cash generated from (used in) investing activities	(191,857)	(203,235)
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	92,500	-
Decrease in short-term loans	-	(13,682)
Issuance of corporate bonds	-	1,005,070
Increase in long-term loans	-	86,000
Repayment of long-term loans	(16,435)	(47,970)
Increase in guarantee deposits received	-	71,056
Repayments of principal of lease liabilities	(29,296)	(25,742)
Increase in other liabilities - noncurrent	-	23,652
Cash dividend	(195,545)	(158,240)
Employee exercise stock options	-	8,432
Treasury stock buyback cost	(111,508)	(134,241)
Employee purchase treasury stock	-	10,600
Changes in non-controlling interests	(11,816)	9,244
Others	-	106
Net cash generated from (used in) financing activities	(272,100)	834,285
4.EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(880)	2,548
5.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(218,415)	399,889
6.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,064,828	664,939
7.CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$846,413</u>	<u>\$1,064,828</u>

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

E&R ENGINEERING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

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 6, 2024.

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 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)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)
Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”	(Note 4)

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.

Note 4: As a temporary exception under IAS 12, the company shall not recognize deferred income tax assets and liabilities related to Pillar Two income tax, nor shall it disclose their related information. However, the company shall disclose in its financial report that it has already applied this exception. The company shall apply this part of the amendment retrospectively in accordance with IAS 8 since its issuance date (i.e. May 23, 2023). The company shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting dates ending before or on December 31, 2023.

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

This amendment clarifies that when the size or nature of a transaction, other event or condition is material, and the related accounting policy information is also material to the financial report, the related material accounting policy information shall be disclosed. Conversely, if the company determines that the size or nature of a transaction, other event or condition is not material, or that the size or nature of a transaction is material but the related accounting policy information is not material, it does not need to disclose those immaterial accounting policy information. However, the company’s conclusion that accounting policy information is immaterial 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. Amendments 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. When the Company initially applies the amendments, it will recognize the cumulative effect of applying the amendments initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest presented period for all deductible and taxable temporary differences associated with

leases and decommissioning, and will prospectively apply the amendments for other transactions occurred on or after January 1, 2022.

D. Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

The amendments stipulates that, as a temporary exception to IAS 12, Company shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, Company shall disclose in its financial reports that it has applied this exception. In addition, Company shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, Company should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated.

The Group has evaluated the aforementioned standards and interpretations, and there is no significant effect on the Group’s financial position and 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 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”	January 1, 2024 (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 2)

Note 1: The seller-lessee shall apply the amendments retroactively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note 2: This amendment provides certain transitional reliefs. When the amendment is applied initially, Company are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

A. Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”

This amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller and lessee due to the leaseback should be treated in accordance with IFRS 16 regarding lease liabilities; however, if variable lease payments that do not depend on

an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

B. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current ”

The amendments clarify that when the Company determines whether a liability is classified as noncurrent, the Company should assess whether the Company has the right to defer the settlement for at least twelve months after the reporting period. If the Company has that right on the end of reporting period, that liability must be classified as non-current regardless whether the Company expects whether to exercise the right or not. If the Company must follow certain conditions to have the right to defer the settlement of a liability, the Company must have followed those conditions on the end of reporting period in order to have that right even if the lender tests the Company’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the Company’s equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counterparty an option to extinguish the liability by the Company’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation” then the classification of the liability will not be affected.

C. Amendments to IAS 1 “Non-current Liabilities with Covenants ”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed in the notes.

D. A mendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements ”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of Company, and Company agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require Company to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on Company's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how Company manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity

risk.

The Group has evaluated the aforementioned standards and interpretations, and there is no significant effect to the Group's financial position and 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 IAS 21 " Lack of Exchangeability "	January 1, 2025

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, 2023	December 31, 2022
1.E&R Engineering Co., Ltd.			
E&R Semiconductor	Selling of semiconductor	100.00%	90.00%

Investee / Subsidiary	Main Businesses	Percentage of Ownership	
		December 31, 2023	December 31, 2022
Materials Ltd.	packaging materials		
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)
Excellent Internation Holdings Limited	Investments	100.00%	100.00%
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%
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			
JS E&R Engineering Co., Ltd.	Manufacturing and selling of automatic equipment	90.61%	90.61%

(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:

Both Crystal Entec Technology Co., Ltd and Gain Profit Holding Limited had already been liquidated in November 2023.

- 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 \$77,316 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 Group'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.

Financial assets that used to be classified as financial assets at amortized cost or FVTOCI, if not classified as FVTPL because of eliminating or materially reducing, then due to measuring assets, liabilities or profit or loss by using different basis and cause different result. The Group would make an irrevocable choice by classifying them as FVTPL at initial recognition.

Financial assets at fair value through profit or loss are measured at fair value, dividends generated are recognized in other income, and interest income and gains or losses arising from remeasurement are recognized in other gains and losses. For the determination of fair value, please refer to Note 12.

(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 retained earnings 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 containing at least an embedded derivatives

- and the host contract is an asset not within the scope of IFRS 9; 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 mismatch 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 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, and it does not give rise to equal deductible and taxable temporary differences at the time of

transaction. 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 obsolescence. 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. 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.

H. 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	
	2023	2022
Cash on hand	\$1,740	\$1,874
Checking account	247	420
Demand deposits	254,067	445,181
Cash equivalents:		
Time deposits with original maturities less than 3 months	590,359	617,353
Total	<u>\$846,413</u>	<u>\$1,064,828</u>

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	
	2023	2022
<u>Financial assets - current</u>		
Non-derivative financial assets at FVTPL		
Domestic listed stock and ETF	\$7,952	\$5,130
Mutual funds	333,942	107,514
Corporation bonds	2,067	2,299
Total	<u>\$343,961</u>	<u>\$114,943</u>
<u>Financial assets – non-current</u>		
Bond call options	<u>\$9,700</u>	<u>\$19,800</u>

A. The Group recognized net gain (loss) on financial assets and liabilities at FVTPL were \$16,513 thousand and (\$10,006) thousand for the year ended December 31, 2023 and 2022, respectively.

B. The Group 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	
	2023	2022
At amortized cost		

Notes receivable	\$5,667	\$22,923
Less: Loss allowance	(2)	(43)
Net	<u>\$5,665</u>	<u>\$22,880</u>

- 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	
	2023	2022
At amortized cost		
Accounts receivable	\$446,399	\$766,720
Less: Loss allowance	(10,735)	(14,770)
Net	<u>\$435,664</u>	<u>\$751,950</u>

- 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, 2023	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
-------------------	---------------------------------	--------------------------	----------------------------------	----------------

Not past due	0%-1%	\$387,512	(\$1,837)	\$385,675
Past due within 30 days	0%-20%	29,381	(1,907)	27,474
Past due 31-180 days	0%-20%	17,169	(1,281)	15,888
Past due over 181-365 days	0%-50%	13,778	(1,588)	12,190
Past over than 1 year	0%-100%	2,224	(2,122)	102
Counterparties show signs of default	100%	2,002	(2,002)	-
Total		<u>\$452,066</u>	<u>(\$10,737)</u>	<u>\$441,329</u>

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 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		<u>\$789,643</u>	<u>(\$14,813)</u>	<u>\$774,830</u>

E. Movements of the loss allowance for notes and accounts receivable (include related parties) were as follows:

Item	Year Ended December 31	
	2023	2022
Beginning balance	\$14,813	\$7,271
Add: Provision for impairment	-	7,677
Less: Reversal of impairment	(4,034)	-
Less: Write-offs	-	(188)
Less: Foreign exchange differences	(42)	53
Ending balance	<u>\$10,737</u>	<u>\$14,813</u>

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 \$11,274 thousand and \$76,462 thousand as of December 31, 2023 and 2022, 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 \$0 thousand and \$188 thousand for the years ended December 31, 2023 and 2022, respectively.

F. Please refer to Note 12 for the relevant credit risk management and assessment method.

(5) Inventories and operating costs

Item	December 31	
	2023	2022
Raw materials	\$527,087	\$616,934
Work in process	254,880	302,095
Finished goods	256,877	279,775
Total	<u>\$1,038,844</u>	<u>\$1,198,804</u>

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2023 and 2022 were as follows:

Item	Year Ended December 31	
	2023	2022
Cost of goods sold	\$893,588	\$2,038,973
Loss (Gain) on inventory valuation	40,808	56,085
Loss on disposal of inventory	-	1,363
Unallocated overheads and labor cost	697	2,517
Total	<u>\$935,093</u>	<u>\$2,098,938</u>

B. The Group recognized inventory valuation loss of \$40,808 thousand and \$56,085 thousand for the years ended December 31, 2023 and 2022, 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	
	2023	2022
Time deposits with original maturities over 3 months	\$314,000	\$587,461
Restricted assets	28,633	18,391
Total	<u>\$342,633</u>	<u>\$605,852</u>

(7) Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31	
	2023	2022

Equity instruments :

Domestic listed stocks	\$26,261	\$22,656
Domestic unlisted stocks	41,000	41,000
Subtotal	\$67,261	\$63,656
Valuation adjustment	(15,991)	(24,475)
Total	\$51,270	\$36,181

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, 2023 and 2022, the Group had no financial assets at FVTOCI pledged as collateral.

(8) Property, plant and equipment

Item	December 31	
	2023	2022
Land	\$51,515	\$51,515
Buildings	297,789	288,435
Machinery and equipment	330,597	396,588
Office equipment	18,132	16,843
Transportation facilities	14,759	14,945
Miscellaneous equipment	544,965	454,590
Equipment to be inspected and construction in progress	263,777	159,768
Total cost	\$1,521,534	\$1,382,684
Less: Accumulated depreciation	(761,075)	(796,467)
Less: Accumulated impairment	(9,495)	(9,890)
Total	\$750,964	\$576,327

Cost	Land	Buildings and Structures	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Balance at January 1, 2023	\$51,515	\$288,435	\$396,588	\$486,378	\$159,768	\$1,382,684

Additions	-	3,793	4,346	24,022	123,932	156,093
Disposals	-	-	(61,213)	(52,794)	-	(114,007)
Reclassification	-	5,743	(3,855)	11,774	(13,662)	-
Transfer from inventories	-	-	-	145,786	-	145,786
Transfer to inventories	-	-	-	(35,002)	-	(35,002)
Transfer of intangible assets	-	-	-	-	(1,295)	(1,295)
Transfer to expenses	-	-	-	-	(476)	(476)
Foreign exchange differences	-	(182)	(5,269)	(2,308)	(4,490)	(12,249)
Balance at December 31, 2023	<u>\$51,515</u>	<u>\$297,789</u>	<u>\$330,597</u>	<u>\$577,856</u>	<u>\$263,777</u>	<u>\$1,521,534</u>
Accumulated depreciation and impairment						
Balance at January 1, 2023	\$-	\$111,903	\$356,720	\$333,734	\$-	\$806,357
Depreciation	-	14,557	10,041	74,042	-	98,640
Disposals	-	-	(60,673)	(52,323)	-	(112,996)
Transfer to inventories	-	-	-	(14,771)	-	(14,771)
Foreign exchange differences	-	(35)	(4,762)	(1,863)	-	(6,660)
Balance at December 31, 2023	<u>\$-</u>	<u>\$126,425</u>	<u>\$301,326</u>	<u>\$342,819</u>	<u>\$-</u>	<u>\$770,570</u>

Cost	Land	Buildings and Structures	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
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	<u>\$51,515</u>	<u>\$288,435</u>	<u>\$396,588</u>	<u>\$486,378</u>	<u>\$159,768</u>	<u>\$1,382,684</u>

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	\$337,734	\$-	\$806,357

(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, 2023 and 2022.

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	
	2023	2022
Acquisition of property, plant and equipment	\$156,093	\$186,316
Decrease (increase) in equipment payable	1,662	(2,406)
Cash paid for acquisition of property, plant and equipment	\$157,755	\$183,910

(9) Lease agreement

A. Right-of-use assets

Item	December 31	
	2023	2022
Land	\$140,616	\$141,864
Buildings	97,558	124,542
Transportation facilities	4,996	6,227
Total cost	\$243,170	\$272,633
Less: Accumulated depreciation	(65,242)	(87,479)
Net	\$177,928	\$185,154

Cost	Land	Buildings	Transportation facilities	Total
Balance at January 1, 2023	\$141,864	\$124,542	\$6,227	\$272,633
Additions	-	42,360	1,245	43,605
Disposals	(694)	(67,880)	-	(68,574)

Derecognition	-	(359)	(2,476)	(2,835)
Effect of exchange rate changes	(554)	(1,105)	-	(1,659)
Balance at December 31, 2023	<u>\$140,616</u>	<u>\$97,558</u>	<u>\$4,996</u>	<u>\$243,170</u>

Accumulated Depreciation and Impairment				
Balance at January 1, 2023	\$12,946	\$71,324	\$3,209	\$87,479
Depreciation	6,058	23,890	2,213	32,161
Disposals	-	(51,152)	-	(51,152)
Derecognition	-	(359)	(2,476)	(2,835)
Effect of exchange rate changes	(35)	(376)	-	(411)
Balance at December 31, 2023	<u>\$18,969</u>	<u>\$43,327</u>	<u>\$2,946</u>	<u>\$65,242</u>

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	<u>\$141,864</u>	<u>\$124,542</u>	<u>\$6,227</u>	<u>\$272,633</u>

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	<u>\$12,946</u>	<u>\$71,324</u>	<u>\$3,209</u>	<u>\$87,479</u>

B. Lease liabilities

	December 31	
Item	2023	2022
Carrying amount of lease liabilities		
- current	<u>\$21,788</u>	<u>\$28,754</u>

- noncurrent	\$131,450	\$129,842
--------------	-----------	-----------

Ranges of discount rates for lease liabilities were as follows:

December 31	
2023	2022
1.60%-3.53%	1.56%-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, 2023.

D. Sublet: None.

E. Other lease information:

a. The current lease relevant expense information was as follows:

Item	Year Ended December 31	
	2023	2022
Short-term lease expense	\$8,728	\$5,512
Low-value asset lease expense	\$700	\$346
Variable lease payments that excluded in the measurement of lease liabilities	\$-	\$-
Total cash outflow for leases (Note)	(\$38,724)	(\$31,600)

(Note): Including principle paid for current lease liabilities.

(10)Intangible assets

Item	December 31	
	2023	2022
Computer software	\$22,693	\$24,243

Others	5,000	5,000
Total cost	\$27,693	\$29,243
Less: Accumulated amortization	(11,025)	(17,412)
Net	\$16,668	\$11,831

Cost	Computer Software	Others	Total
Balance at January 1, 2023	\$24,243	\$5,000	\$29,243
Additions	13,065	-	13,065
Transfer from property, plant and equipment	1,295	-	1,295
Derecognition	(15,897)	-	(15,897)
Effect of exchange rate changes	(13)	-	(13)
Balance at December 31, 2023	\$22,693	\$5,000	\$27,693
Accumulated amortization and impairment			
Balance at January 1, 2023	\$14,162	\$3,250	\$17,412
Amortization	8,515	1,000	9,515
Derecognition	(15,897)	-	(15,897)
Effect of exchange rate changes	(5)	-	(5)
Balance at December 31, 2023	\$6,775	\$4,250	\$11,025

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	<u>\$14,162</u>	<u>\$3,250</u>	<u>\$17,412</u>

(11)Refundable deposits

Item	December 31	
	2023	2022
Customs deposit	\$15	\$-
Rent deposits	5,701	7,683
Performance deposits	3,165	3,219
Others	2,407	1,798
Total	<u>\$11,288</u>	<u>\$12,700</u>

(12)Short-term loans

Borrowings Nature	December 31, 2023	
	Amount	Interest
Credit loan	<u>\$97,000</u>	2.075%-2.13%

Borrowings Nature	December 31, 2022	
	Amount	Interest
Credit loan	<u>\$4,500</u>	2.47%

Please refer to Note 8 for pledged asset information.

(13)Other payables

Item	December 31	
	2023	2022

Wages and salaries payable	\$59,247	\$68,977
Commission payable	24,502	64,800
Social security and provident fund payable	11,360	11,569
Insurance payable	4,528	4,507
Interest payable	203	94
Payable on equipment	5,204	6,866
Employees, directors and supervisors compensation payable-current	4,500	43,000
Others	33,003	34,123
Total	<u>\$142,547</u>	<u>\$233,936</u>

(14) Provisions - current

Item	December 31	
	2023	2022
Employee benefits	\$9,117	\$10,222
Warranty provisions	22,344	82,637
Total	<u>\$31,461</u>	<u>\$92,859</u>

	Provisions for		
	Employee Benefits	warranty	Total
Balance at January 1, 2023	\$10,222	\$82,637	\$92,859
Additional provisions recognized	8,591	300	8,891
Used in current period	(9,696)	(60,593)	(70,289)
Balance at December 31, 2023	<u>\$9,117</u>	<u>\$22,344</u>	<u>\$31,461</u>

	Provisions for		
	Employee Benefits	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	<u>\$10,222</u>	<u>\$82,637</u>	<u>\$92,859</u>

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	
	2023	2022
Long-term loans	\$17,172	\$16,799

(16)Bonds Payable

Item	December 31	
	2023	2022
The third unsecured convertible domestic bonds	\$1,000,000	\$1,000,000
Less: discounts on bonds payable	(53,705)	(68,530)
Less: current portion	-	-
Net	\$946,295	\$931,470

A. Third unsecured convertible domestic bonds:

- a. The Company issued the 3rd unsecured 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, 2023, 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, 2023, the redemption were \$0 thousand.

g. As of December 31, 2023, 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:

Item	Year Ended December 31	
	2023	2022
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	
	2023	2022
Mortgage loans	\$90,095	\$106,530
Less: portion due within one year	(17,172)	(16,799)
Long-term loans	\$72,923	\$89,731
Interest rate range	2.213%-2.24%	1.86%-1.96%

Refer to Note 8 for assets pledged as collateral for long-term loans.

(18) Long-term deferred revenue

Item	December 31	
	2023	2022
Deferred revenue:		
Factory construction subsidy	\$17,341	\$17,638
Equipment subsidy	5,972	5,972
Subtotal	23,313	23,610
Less: Cumulative recognized revenue	(862)	(464)
Less: Transfer to advance receipts within one year	(398)	(398)
Balance at December 31	\$22,053	\$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 \$31,496 thousand and \$30,516 thousand, representing the contributions payable to these plans by the Group at the rates specified in the plans for the years ended December 31, 2023 and 2022, respectively.

B. Defined benefit plans

- a. The amounts arising from the defined benefit obligation of the Group in the balance sheets were as follows:

Item	December 31	
	2023	2022
Present value of defined benefit obligation	\$31,815	\$30,119
Fair value of plan assets	(22,231)	(19,515)
Net defined benefit liabilities(assets)	\$9,584	\$10,604

- b. Movements of the net defined benefit liabilities were as follows:

Item	Year Ended December 31, 2023		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance, at January 1	\$30,119	(\$19,515)	\$10,604
Service cost			
Service cost-current	-	-	-
Interest expense (income)	389	(253)	136
Recognized in profit or loss	\$389	(\$253)	\$136
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$-	(\$122)	(\$122)
Actuarial loss (gain)			
Changes in demographics assumptions	180	-	180
Experience adjustments	1,448	-	1,448
Recognized in other comprehensive income	\$1,628	(\$122)	\$1,506

Contributions from the employer	-	(2,662)	(2,662)
Benefits paid from plan assets	(321)	321	-
Balance at December 31	<u>\$31,815</u>	<u>(\$22,231)</u>	<u>\$9,584</u>

Item	Year Ended December 31, 2022		
	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	<u>\$193</u>	<u>(\$123)</u>	<u>\$70</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$-	(\$1,603)	(\$1,603)
Actuarial loss (gain) -			
Changes in financial assumptions	(1,457)	-	(1,457)
Experience adjustments	1,819	-	1,819
Recognized in other comprehensive income	<u>\$362</u>	<u>(\$1,603)</u>	<u>(\$1,241)</u>
Contributions from the employer	-	(204)	(204)
Benefits paid from plan assets	<u>(2,996)</u>	<u>2,996</u>	<u>-</u>
Balance at December 31	<u>\$30,119</u>	<u>(\$19,515)</u>	<u>\$10,604</u>

c. 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.

d. 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, 2023	December 31, 2022
Discount rate	1.20%-1.25%	1.25%-1.30%
Future salary increase rate	2.00%-2.50%	2.00%-2.50%
The weighted average duration of the defined benefit obligation	7-10 years	8-11 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:

Item	December 31	
	2023	2022
Discount Rate		
0.25% higher	(\$535)	(\$561)
0.25% lower	\$560	\$589
Expected rates of salary increase		
0.25% higher	\$488	\$521
0.25% lower	(\$470)	(\$500)

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.

e. The Group expects to make contributions of \$136 thousand to the defined benefit plans for the year ended December 31, 2024.

(20)Share capital

A. Movements in the number of the Company's ordinary shares outstanding were as follows:

Year Ended December 31, 2023

Item	Shares (in thousands)	Amount
Balance at January 1	100,771	\$1,007,703
Conversion of bonds payable	302	3,026
Employee stock options	12	125
Retirement of treasury share	(2,490)	(24,900)
Balance at December 31	98,595	\$985,954

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

- a. As of December 31, 2023, the authorized capital are \$1,500,000 thousand, consisting of 150,000 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 0 thousand shares and 548 thousand shares, with \$0 per share and \$15.40 per share in 2023 and 2022, respectively. As of December 31, 2023 and 2022, while \$0 thousand shares and \$13 thousand shares with par value of \$0 thousand and \$125 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 \$0 thousand and \$18,000 thousand in 2023 and 2022, and the numbers of conversion were 0 thousand shares and 436 thousand shares. As of December 31, 2023 and 2022, while 0 thousand shares and 133 thousand shares have completed the registration and have been converted to stock capital \$0 thousand and \$1,332 thousand totaling, 0 thousand shares and 303 thousand shares were not yet completed the registration, and \$0 thousand and \$3,026 thousand was recorded as

bond conversion entitlement certificates, respectively.

(21) Capital surplus

Item	December 31	
	2023	2022
Additional paid-in capital	\$1,138,916	\$1,167,228
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,786	4,832
Stock options	80,039	74,434
Treasury share transactions	-	16,020
Others-disgorgement	9,083	9,083
Total	<u>\$1,237,824</u>	<u>\$1,271,597</u>

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 \$0 thousand and \$954 thousand for the years ended December 31, 2023 and 2022, respectively.

- a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2023 and 2022 are as follows:

Year Ended December 31	
2023	2022

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	30	15.40	578	15.70
Granted	-	-	-	-
Exercised	-	-	(548)	15.40
Forfeited	(30)	-	-	-
Outstanding at end of year	-		30	15.40
Authorized but not issued yet at end of year	-		30	

- b. As of December 31, 2023 and 2022, information about outstanding employee stock options are as follows:

	December 31	
	2023	2022
Range of exercise price (NT\$)	-	15.4
Weighted-average expected Remaining years	-	0.42 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 \$6,049 thousand and \$6,583 thousand for the years ended December 31, 2023 and 2022, respectively.

- a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2023 and 2022 are as follows:

Employee Stock Option	Year Ended December 31			
	2023		2022	
	Shares	Weighted-average Exercise Price	Shares	Weighted-average Exercise Price
	(in thousand)	per Share (NT\$)	(in thousand)	per Share (NT\$)
Outstanding at beginning of year	500	31.30	500	32.00
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at end of year	500	30.10	500	32.00
Authorized but not issued yet at end of year	500		500	

- b. As of December 31, 2023 and 2022, information about outstanding employee stock options are as follows:

	December 31	
	2023	2022
Range of exercise price (NT\$)	30.1	32
Weighted-average expected Remaining years	2.875years	3.875 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: None.

(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

Item	December 31	
	2023	2022
Reserve for the debit balance of other equities	\$36,409	\$11,185

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 2022 and 2021 earnings had been resolved at the shareholders' meeting in June 2023 and 2022, respectively. Details were summarized below:

Item	Amount		Dividends Per Share	
	2022	2021	2022	2021
Legal reserve	\$39,149	\$21,901		
Special reserve	25,224	122		

Cash dividends	195,545	158,240	2.0	1.6
Total	<u>\$259,918</u>	<u>\$180,263</u>		

E. The appropriation of 2023 earnings had been proposed by the Board of Directors on March 6, 2024. Details were summarized below:

Item	Amount	Dividends Per Share
Legal reserve	\$-	
Special reserve	(4,953)	
Cash dividends	49,829	0.5
Total	<u>\$44,876</u>	

The appropriations of legal reserve and special reserve for 2023 are to be presented for approval in the shareholders' meeting to be held in June 2024.

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, 2023	(\$8,934)	(\$27,475)	(\$36,409)
Exchange difference on translation of financial statements of foreign operating institutions	(6,531)	-	(6,531)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,484	11,484
Balance at December 31, 2023	<u>(\$15,465)</u>	<u>(\$15,991)</u>	<u>(\$31,456)</u>

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	2,543	-	2,543

operating institutions

Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(27,767)	(27,767)
Balance at December 31, 2022	<u>(\$8,934)</u>	<u>(\$27,475)</u>	<u>(\$36,409)</u>

(25)Treasury shares

A. The related information on the treasury share transactions was as follows:

(In Thousand Shares)

Reason to Reacquire	Year Ended December 31, 2023			
	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	1,823	1,000	-	2,823
To maintain the Company's credibility and shareholder's interest	1,490	1,000	(2,490)	-

Reason to Reacquire	Year Ended December 31, 2022			
	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

- To maintain the Company's credibility and shareholders' interest, the Company's board of directors resolved on March 21, 2023 to buy back up to 1,000 thousand common shares between March 22, 2023 and May 21, 2023. As of the last day of the buyback period, the Company had bought back 1,000 thousand shares at a total amount of \$50,564 thousand. The treasury shares have been retired in August, 2023.
- To transfer to employees, the Company's board of directors resolved on June 5, 2023 to buy back up to 1,000 thousand common shares between June 6, 2023 and August 5, 2023. As of the last day of the buyback period, the Company had bought back 1,000 thousand shares at a total amount of \$60,944 thousand.
- 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.
- 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. The treasury shares had been retired in March, 2023.

- 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 buyback period, the Company had bought back 698 thousand shares at a total amount of \$20,166 thousand. While 330 thousand shares transferred to employees in 2021, 368 thousand shares were transferred to employees in April, 2022.
- 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	\$72.50	\$28.89	44.13%	0.06	-	0.41%	\$43.62

(26)Non-controlling interests

Item	Year Ended December 31	
	2023	2022
Balance at January 1	\$69,255	\$60,373
Attributable to non-controlling interests:		
Net profit (loss)	(7,336)	(654)
Other comprehensive income	(494)	828
Increase in non-controlling interests	-	19,115
- new acquisition		
Decrease in non-controlling interests – sale	(11,816)	(9,871)
Increase(Decrease) in non-controlling interests	-	228
- qcash capital increase was not subscribed according to the shareholding ratio		
Decrease in non-controlling interests	(5,434)	(764)
- difference between acquisition cost and net equity value		
Balance at December 31	\$44,175	\$69,255

(27)Operating revenues

Item	Year Ended December 31	
	2023	2022
Revenue from contracts with customer		
Total revenues	\$1,578,623	\$3,227,291
Sales returns	(26,360)	(888)
Sales discount	(2,889)	(3,405)
Net	\$1,549,374	\$3,222,998

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:
2023:

Main area	Automatic	Electronics	Net amount
-----------	-----------	-------------	------------

	machinery		
Taiwan	\$305,257	\$52,375	\$357,632
Hong Kong & China	157,667	172,906	330,573
Southeast Asia	392,992	116,047	509,039
America	287,847	-	287,847
Europe	45,824	-	45,824
Others	240	18,219	18,459
Total	\$1,189,827	\$359,547	\$1,549,374
Main products			
Automatic machinery	\$1,189,827	\$-	\$1,189,827
Flexible print circuit	-	49,642	49,642
Semiconductor materials	-	307,822	307,822
Others	-	2,083	2,083
Total	\$1,189,827	\$359,547	\$1,549,374
Timing of revenue recognition			
At a certain point of time	\$1,189,827	\$359,547	\$1,549,374
Gradually over time	-	-	-
Total	\$1,189,827	\$359,547	\$1,549,374
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

C. Contract balances

The Group recognizes the receivable, contract assets and contract liabilities related to contract revenue as follows:

Item	December 31	
	2023	2022
Receivable	\$441,329	\$774,830
Contract assets	-	-
Total	\$441,329	\$774,830
Contract liabilities - current	\$23,038	\$37,187

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	
	2023	2022
From beginning balance- contract liabilities	\$32,513	\$182,133
From previous period's satisfied performance obligations	\$-	\$-

(28)Labor cost, depreciation and amortization

Item	Year ended December 31, 2023		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$96,963	\$278,932	\$375,895
Insurance	4,215	23,005	27,220
Pension	14,101	17,531	31,632

Others	5,055	9,414	14,469
Depreciation	48,655	82,146	130,801
Amortization	-	9,515	9,515
Total	<u>\$168,989</u>	<u>\$420,543</u>	<u>\$589,532</u>

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 (Note)	49,102	65,614	114,716
Amortization	-	8,954	8,954
Total	<u>\$193,922</u>	<u>\$443,497</u>	<u>\$637,419</u>

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. The employee's compensation assessed and recorded by the Company were \$3,400 thousand and \$32,250 thousand for the years ended December 31, 2023 and 2022, respectively. The remuneration to directors assessed and recorded were \$1,100 thousand and \$10,750 thousand for the years ended December 31, 2023 and 2022, respectively.

2. The employees' compensation and remuneration to directors for the years ended December 31, 2023 and 2022 had been approved by the Company's Board of Directors meeting held on March 6, 2024 and March 7, 2023, respectively, and the relevant amounts recognized in the consolidated financial statement were as follows:

Year ended December 31			
2023		2022	
Employees'	Remuneration to	Employees'	Remuneration to

	compensation	directors	compensation	directors
Resolution amount of allotment	\$3,400	\$1,100	\$32,250	\$10,750
Recognized in the annual financial statements	3,400	1,100	32,250	10,750
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

Item	Year Ended December 31	
	2023	2022
Interest on bank deposits	\$23,639	\$10,843
Interest on deposit calculation	-	5
Total	\$23,639	\$10,848

(30)Other income

Item	Year Ended December 31	
	2023	2022
Rental income	\$102	\$91
Dividend income	890	473
Others		
Payable unpaid transfer to income	-	1,443
Others	2,531	7,517
Subtotal	\$2,531	\$8,960
Total	\$3,523	\$9,524

(31)Other gains and losses

Item	Year Ended December 31	
	2023	2022
Gain (loss) on foreign exchange, net	(\$2,734)	\$93,671
Gain (loss) on disposal of financial assets at FVTPL	2,052	1,204
Financial assets at FVTPL and gain (loss)	14,461	(11,210)

on valuation of liabilities		
Gain on disposals of investments	1,133	-
Gain (loss) on disposal of property, plant and equipment	387	679
Gain on lease modification	1,468	-
Others	(948)	(377)
Total	<u>\$15,819</u>	<u>\$83,967</u>

(32) Finance costs

Item	Year Ended December 31	
	2023	2022
Interest expense:		
Bank loans	\$2,457	\$2,880
Convertible bonds	14,825	6,914
Interest on lease liabilities	4,212	3,341
Less: Amount qualified for capitalization	-	-
Finance costs	<u>\$21,494</u>	<u>\$13,135</u>

(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	
	2023	2022
Current tax expense	\$12,157	\$112,922
Undistributed surplus for income tax	6,147	3,225
Non-offset foreign tax	1,108	799
Adjustments in tax of prior periods	(275)	(3,848)
Total	<u>\$19,137</u>	<u>\$113,098</u>
Deferred income tax		
The origination and reversal of temporary differences	(\$4,397)	(\$8,271)
Total	<u>(\$4,397)</u>	<u>(\$8,271)</u>
Income tax expense	<u>\$14,740</u>	<u>\$104,827</u>

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	
	2023	2022
Exchange differences on translation of foreign financial statements	(\$214)	\$82
Remeasurement of defined benefit plans	(301)	248
Total	(\$515)	\$330

B. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31	
	2023	2022
Income before income tax	\$38,315	\$494,962
Income tax expense at the statutory rate	(11,838)	97,014
Tax effect of adjusting items:		
Others	5,787	10,364
Loss deductions	18,208	5,544
Undistributed surplus for income tax	6,147	3,225
Adjustment to prior year's income taxes	(275)	(3,848)
Non-offset foreign tax	1,108	799
Deferred income tax expense		
Temporary differences	(4,397)	(8,271)
Income tax expense recognized in profit or loss	\$14,740	\$104,827

C. Deferred tax assets and liabilities from temporary differences

Year Ended December 31, 2023					
	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	\$2,120	(\$505)	\$301	\$-	\$1,916

Unrealized exchange gain	7	2,535	-	-	2,542
Short-term warranty provision	16,370	(11,974)	-	-	4,396
Unrealized loss on inventories	16,676	(1,165)	-	-	15,511
Unrealized loss on doubtful debts	1,051	(415)	-	-	636
Unused compensated absences	1,781	(208)	-	-	1,573
Unused loss deductions	4,857	5,753	-	(91)	10,519
Investment loss (gain) recognized under equity method	482	5,659	-	-	6,141
Others	7,435	1,130	-	-	8,565
Subtotal	<u>\$50,779</u>	<u>\$810</u>	<u>\$301</u>	<u>(\$91)</u>	<u>\$51,799</u>
Deferred income tax liabilities:					
Temporary differences					
Unrealized exchange gain	(\$1,892)	\$1,892	\$-	\$-	\$-
Gain on investment under equity method	(2,185)	1,695	214	-	(276)
Subtotal	<u>(\$4,077)</u>	<u>\$3,587</u>	<u>\$214</u>	<u>\$-</u>	<u>(\$276)</u>
Total	<u>\$46,702</u>	<u>\$4,397</u>	<u>\$515</u>	<u>(\$91)</u>	<u>\$51,523</u>

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	<u>\$40,970</u>	<u>\$10,057</u>	<u>(\$248)</u>	<u>\$-</u>	<u>\$50,779</u>
Deferred income tax liabilities:					
Temporary differences					
Gain on investment under equity method	\$-	(\$1,892)	\$-	\$-	(\$1,892)
	(2,209)	106	(82)	-	(2,185)
Subtotal	<u>(\$2,209)</u>	<u>(\$1,786)</u>	<u>(\$82)</u>	<u>\$-</u>	<u>(\$4,077)</u>
Total	<u><u>\$38,761</u></u>	<u><u>\$8,271</u></u>	<u><u>(\$330)</u></u>	<u><u>\$-</u></u>	<u><u>\$46,702</u></u>

D. Items with no deferred tax assets recognized:

Item	December 31	
	2023	2022
Deductible Temporary differences	\$27,718	\$26,011
Loss deductions	34,303	30,215
Total	<u><u>\$62,021</u></u>	<u><u>\$56,226</u></u>

E. The tax authorities have ratified Company's income tax returns through Year 2020.

(34)Other comprehensive income (loss)

Item	Year Ended December 31, 2023		
	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	(\$1,506)	\$301	(\$1,205)

benefit obligation			
Unrealized gain (loss) on financial assets at FVTOCI	11,484	-	11,484
Subtotal	\$9,978	\$301	\$10,279
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	(\$7,215)	\$214	(\$7,001)
Subtotal	(\$7,215)	\$214	(\$7,001)
Recognized in other comprehensive income (loss)	\$2,763	\$515	\$3,278

Year Ended December 31, 2022

Item	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)

(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. 2023: None

B. 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)

2. Acquisition of additional interests in subsidiaries

During August 2023 and May 2022, the Group purchased an additional 10% and 9% of the issued shares of the subsidiary E&R Semiconductor Materials Ltd. with cash of \$5,200 thousand and \$9,871 thousand, resulting in an increase in the shareholding ratio from 90% to 100% and 81% to 90%, respectively.

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.	
	Year ended December 31	
	2023	2022
Carrying amount of acquisition of non-controlling interests	\$10,634	\$10,635
Consideration paid to non-controlling interests	(5,200)	(9,871)
Capital reserve- the difference between the actual acquisition or disposal of subsidiary equity price and book value	\$5,434	\$764

(36)Earnings per share

	Year Ended December 31	
Item	2023	2022
(1) Basic earnings (loss) per share		
Net income	\$30,911	\$390,789
Weighted average shares outstanding (in thousands)	96,569	99,245

Basic earnings per share (after tax)	<u>\$0.32</u>	<u>\$3.94</u>
(2) Diluted earnings (loss) per share		
Net income	\$30,911	\$390,789
Interest of convertible bonds	-	5,531
Net income used in computation of diluted earnings per share	<u>\$30,911</u>	<u>\$396,320</u>
Weighted average shares outstanding (in thousands)	<u>96,569</u>	<u>99,245</u>
Effect of potential dilutive ordinary shares:		
Convertible bonds	-	7,871
Effect of employee stock options (in thousands)	191	570
Impact on employees' compensation (in thousands)	<u>504</u>	<u>847</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>97,264</u>	<u>108,533</u>
Diluted earnings per share (after tax)	<u>\$0.32</u>	<u>\$3.65</u>

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. Lending to related parties: None.

L. Borrowing from related parties: None.

M. Guarantee for related parties: None.

N. Others: None.

(4) Key management compensation

Related Party Category	Year Ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$27,466	\$33,531
Post-employment benefits	882	890
Other long-term employee benefits	-	-
Separation benefits	-	-
Share-based payments	1,890	2,367
Total	\$30,238	\$36,788

8 、 PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	December 31	
	2023	2022
Other financial assets - current	\$28,633	\$18,391
Other financial assets non-current	6,900	6,900
Property, plant and equipment (net)	196,652	206,889
Total	\$232,185	\$232,180

9 、 SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of December 31, 2023 and 2022, the Group issued guarantee notes for bank loans amounting to \$923,680 thousand and \$906,120 thousand respectively, account guarantee notes Submitted and guarantee notes payables.
- (2) As of December 31, 2023 and 2022, 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 Taipei Computer Association for equipment development projects. The performance guarantees provided by the banks were \$21,587 thousand and \$4,313 thousand, respectively.
- (4) As of December 31, 2023 and 2022, the unused letters of credit were as follows:

(In thousands)

Item	December 31			
	2023		2022	
Foreign L/C Amount	USD	198	USD	691
	JPY	19,032	JPY	-
	EUR	201	EUR	-

(5) The note endorsement for import goods were as follows:

Item	(In thousands)			
	December 31			
	2023		2022	
Note endorsement	JPY	114,412	JPY	143,866
	USD	152	USD	817

(6) The significant contracts signed with no major expenditure occurred yet were as follows:

Item	December 31	
	2023	2022
Property, plant and equipment	47,715	156,886

(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 should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, 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, 2023			
			Carrying amount (NTD)	Sensitivity analysis		
Foreign Currency	Exchange Rate	Range of change		Effect on profit or loss	Effects on equity	
(Foreign currency: Functional currency) Financial assets						

Monetary item						
USD:NTD	18,590	30.705	570,819	increase 1%	5,708	-
JPY:NTD	278,720	0.2176	60,649	increase 1%	606	-
CNY:NTD	40,788	4.3352	176,823	increase 1%	1,768	-
USD:CNY	2,119	7.0828	65,074	increase 1%	651	-
Financial liabilities						
Monetary item						
JPY:NTD	90,790	0.2176	19,756	increase 1%	(198)	-
USD:NTD	990	30.705	30,394	increase 1%	(304)	-
USD:CNY	2,255	7.0828	69,245	increase 1%	(692)	-
USD:HKD	1,396	7.8158	42,876	increase 1%	(429)	-
JPY:CNY	49,987	0.0502	10,877	increase 1%	(109)	-

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)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2023 and 2022 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 (\$2,734) thousand and \$93,671 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 will respectively increase or decrease by \$3,440 thousand and \$1,149 thousand due to gain or loss on financial assets at FVTPL. The other comprehensive income for the years ended December 31, 2023 and 2022 will increase or decrease by \$513 thousand and \$362 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:

Item	Carrying Value	
	December 31, 2023	December 31, 2022
With fair value interest rate risk:		
Financial assets	\$904,359	\$1,204,814
Financial liabilities	(1,099,533)	(1,090,066)
Net	(\$195,174)	\$114,748
With cash flow interest rate risk:		
Financial assets	\$289,600	\$470,472
Financial liabilities	(187,095)	(111,030)
Net	\$102,505	\$359,442

(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 \$1,025 thousand and \$3,594 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 the top ten clients accounted for 55% and 44% 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

December 31, 2023	Carrying amount	credit risks			
		Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	\$102	\$-	\$-	\$-	\$-
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at FVTPL	343,961	-	-	-	-
Financial assets at FVTOCI	51,270	-	-	-	-
Total	\$395,333	\$-	\$-	\$-	\$-

December 31, 2022	Carrying amount	Decreased amount of maximum exposure to credit risks			
		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	\$-	\$-	\$-	\$-

(C) Liquidity risk

a. Liquidity risk management:

The Group's objective 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 :

Non-derivative financial liabilities :	December 31, 2023						
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Short-term loans	\$67,000	\$30,000	\$-	\$-	\$-	\$97,000	\$97,000
Notes payable	3,652	-	-	-	-	3,652	3,652
Accounts payable	186,032	-	-	-	-	186,032	186,032
Other payables	142,547	-	-	-	-	142,547	142,547
Long-term loans (including current portion)	8,499	8,673	17,040	31,560	24,323	90,095	90,095
Bonds payable	-	-	-	1,000,000	-	1,000,000	946,295
Lease liabilities	12,565	12,457	18,928	47,049	89,575	180,574	153,238
Total	<u>\$420,295</u>	<u>\$51,130</u>	<u>\$35,968</u>	<u>\$1,078,609</u>	<u>\$113,898</u>	<u>\$1,699,900</u>	<u>\$1,618,859</u>
Derivative financial liabilities :							
Financial liabilities at FVTPL-non-current	\$-	\$-	\$-	\$9,700	\$-	\$9,700	\$9,700
Total	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$9,700</u>	<u>\$-</u>	<u>\$9,700</u>	<u>\$9,700</u>

Further information for lease liabilities with repayment periods was as follows:

Lease liabilities	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
	\$25,022	\$65,977	\$29,428	\$29,867	\$23,422	\$6,858	\$180,574

Non-derivative financial liabilities :	December 31, 2022						
	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	<u>\$500,856</u>	<u>\$109,158</u>	<u>\$48,790</u>	<u>\$1,071,346</u>	<u>\$125,383</u>	<u>\$1,855,533</u>	<u>\$1,757,203</u>
Derivative financial liabilities :							
Financial liabilities at FVTPL- non-current	\$-	\$-	\$-	\$19,800	\$-	\$19,800	\$19,800
Total	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$19,800</u>	<u>\$-</u>	<u>\$19,800</u>	<u>\$19,800</u>

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

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	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$846,413	\$1,064,828
Notes receivable and account receivable	441,329	774,830
Other receivables	7,345	9,184
Other financial assets - current	342,633	605,852
Other financial assets - non-current	6,900	6,900
Refundable deposits	11,288	12,700
Financial assets at FVTPL - current	343,961	114,943
Financial assets at FVTOCI - non-current	51,270	36,181
<u>Financial liabilities</u>		

Financial liabilities at amortized cost		
Short-term loans	97,000	4,500
Notes payable and account payables	189,684	322,171
Other payables	142,547	233,936
Long-term loans (including current portion)	90,095	106,530
Bonds payable (including current portion)	946,295	931,470
Lease liabilities (including current portion)	153,238	158,596
Financial liabilities at FVTPL – non-current	9,700	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, 2023

Fair value

Item	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	\$946,295	\$1,200,000	\$-	\$-

December 31, 2022

Item	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	\$931,470	\$1,050,000	\$-	\$-

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:

Item	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	\$343,961	\$-	\$-	\$343,961
Financial assets measured at FVTOCI				
Domestic unlisted stocks	-	-	26,176	26,176
Domestic listed stocks	25,094	-	-	25,094
Total	\$369,055	\$-	\$26,176	\$395,231
Liabilities:				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Sell back option	\$-	\$9,700	\$-	\$9,700
December 31, 2022				
Item	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Non-derivative financial assets	\$114,943	\$-	\$-	\$114,943

held for trading

Financial assets measured at
FVTOCI

Domestic unlisted stocks	-	-	15,016	15,016
Domestic listed stocks	21,165	-	-	21,165
Total	<u>\$136,108</u>	<u>\$-</u>	<u>\$15,016</u>	<u>\$151,124</u>

Liabilities:

Recurring fair value

Financial liabilities at FVTPL

Sell back option	<u>\$-</u>	<u>\$19,800</u>	<u>\$-</u>	<u>\$19,800</u>
------------------	------------	-----------------	------------	-----------------

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	
	2023	2022
Balance at January 1	\$15,016	\$-
Additions	-	41,000
Recognized in other comprehensive income	11,160	(25,984)
Balance at December 31	<u>\$26,176</u>	<u>\$15,016</u>

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:

2023:

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	25.52%	The higher the liquidity discount, the lower the fair value estimate
-------------------------------------	-----------------	---------------------------------	--------	--

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

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: Table 5.

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 6.

(2) Information on investees: Table 7.

(3) Information on investments in Mainland China: Table 8.

(4) Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 9.

Table 1

E&R ENGINEERING CO., LTD AND SUBSIDIARIES

Financings provided

DECEMBER 31, 2023

(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	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	25,444 (JPY 116,930)	21,480 (JPY 49,987; USD 345)	21,480 (JPY 49,987; USD 345)	-	1	37,257 (Note 5)	-	-	-	922,079	922,079
		JS E&R Engineering CO., LTD	Other receivables - related parties	Yes	122,820 (USD 4,000)	122,820 (USD 4,000)	117,050 (RMB 27,000)	1.50%	2	-	Operating capital	-	-	922,079	922,079
		JS E&R Engineering CO., LTD	Other receivables - related parties (Note 4)	Yes	25,992 (USD 93; RMB 5,337)	-	-	-	1	5,808	-	-	-	922,079	922,079

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 \$21,480 thousand and \$0 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-subsidary transactions have been reversed.

Table 2

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorsers	Endorseees		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 endorseees	Relationship (Note 1)										
0	E&R Engineering Co., LTD	Tech Wave Technology Co., Ltd	2	461,039	20,000	20,000	-	-	0.87%	1,152,599	Y	-	-
		JS E&R Engineering CO., LTD	2	691,559	61,410 (USD 2,000)	-	-	-	-	1,152,599	Y	-	Y

Note 1 : 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, 2023

(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	
E&R Engineering Co., LTD	Stock — Fubon Financial	-	Financial assets at FVTPL - current	8	500	-	500
	ETF-Fubon Metaverse	-	Financial assets at FVTPL - current	600	7,452	-	7,452
	Fund — Allianz Global InvestorsB	-	Financial assets at FVTPL - current	620	4,383	-	4,383
	Fund — TACB currency market	-	Financial assets at FVTPL - current	26,529	276,276	-	276,276
	Fund — Cathay US Premium Bond Fund	-	Financial assets at FVTPL - current	298	2,995	-	2,995
	Fund — Cathay Taiwan Money Market Fund	-	Financial assets at FVTPL - current	3,940	50,288	-	50,288
	Corporate bonds — JMC1	-	Financial assets at FVTPL - current	12	1,244	-	1,244
	Corporate bonds — FUSHENG PRECISION 1	-	Financial assets at FVTPL - current	7	823	-	823
		Total			343,961		343,961
	preferred stock — Fubon Financial Preferred B Share	-	Financial assets at FVTOCI – non-current	144	8,626	-	8,626
	preferred stock — Fubon Preferred Share	-	Financial assets at FVTOCI – non-current	100	6,110	-	6,110
	preferred stock — Fubon Preferred C Share	-	Financial assets at FVTOCI – non-current	179	9,847	-	9,847
	preferred stock — Taishin Preferred E Share	-	Financial assets at FVTOCI – non-current	10	511	-	511

	Stock - Shyawei Optronics Corporation	-	Financial assets at FVTOCI – non-current	1,640	26,176	-	26,176	
		Total			51,270		51,270	

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, 2023

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-subsubsidiary	Sales	109,256	75.11%	270 days	There is no similar type of transaction for comparison, and the agreed price will be handled	60-120 days	42,571	81.94%	

Note. The above parent-subsubsidiary transactions have been reversed.

Table 5

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
TOTAL RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
Year Ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars
and Foreign Currencies)

Company Name	Counter-party	Relationships	Balance of Receivables- Related Parties	Turnover Ratio	Overdue Receivables - Related Parties		Amount Reclaimed- Subsequent	Allowance for Bad Debt
					Amount	Solutions		
E&R Semiconductor Materials Ltd.	JS E&R Engineering CO., LTD	Subsidiary-Parent	124,113	Note 1	-	-	-	-

Note 1. Mainly other receivables, hence it is not applicable to be used in calculation of turnover ratio.

Note 2. The above parent-subsidiary transactions have been eliminated.

Table 6

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

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)
0	E&R ENGINEERING CO., LTD	Wuxi E&R Semiconductor Material Technology	1	Accounts receivable	37,946 (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.	0.91%
		DG E&R Semiconductor Materials	1	Accounts receivable	16,405 (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.	0.39%
		Wuxi E&R Semiconductor Material Technology	1	Other receivable	21,480	(Note 5)	0.52%
		JS E&R Engineering CO., LTD	1	Other receivable	120,725	(Note 6)	2.90%
1	DG E&R Semiconductor Materials	E&R Semiconductor Materials Ltd	2	Sales revenues Accounts receivable	109,256 42,571	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.	7.05% 1.02%

No. (Note 1)	Company Name	Counterparty	Nature of Relation ship (Note 2)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets (Note 3)
				Account	Amount	Terms	
2	GAIN PROFIT HOLDING LIMITED	DG E&R Semiconductor Materials	3	Sales revenues	10,799	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.	0.70%

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 financing arrangements, etc.

Note 7: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 7

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
Information on investees
DECEMBER 31, 2023

(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, 2023			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, 2023	As of December 31, 2022	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%	23,107	23,107	(6,255)	(3,217)	-	-	-
	E&R Semiconductor Materials Ltd	Hong Kong	Semiconductor packaging material buying and selling	84,839 (HK20,392)	79,639 (HK19,042)	15,000	100%	93,036	93,907	(17,596)	(17,822)	-	-	-
	ENRICHMENT TECH. CORPORATION	Samoa	investment holding	145,333 (USD 4,186+ NTD18,589)	145,333 (USD 4,186+ NTD18,589)	8,290	100%	55,242	55,666	(6,729)	(6,729)	-	-	-
	Crystal Entec Technology Co., Ltd	Kaohsiung	Electronic material processing	-	10,860	-	-	-	-	(726)	(350)	-	-	Note 1
E&R Semiconductor Materials Ltd	EXCELLENT INTERNATIONAL HOLDING LIMITED	British Virgin Islands	investment holding	286,430 (USD9,709)	286,430 (USD9,709)	9,709	100%	213,061	215,718	(31,630)	(31,630)	-	-	-
	GAIN PROFIT HOLDING LIMITED	Samoa	Semiconductor packaging material buying and selling	-	3 (HK 1)	-	-	-	-	1,041 (HK262)	5,984 (HK1,505)	-	-	Note 1
	ENR APPLIED PACKING MATERIAL CORPORATION	Samoa	investment holding	116,979 (USD3,886)	116,979 (USD3,886)	10,755	100%	44,061 (USD1,435)	44,061 (USD1,435)	(6,569) (USD -211)	(6,569) (USD -211)	-	-	-

Note 1: These two subsidiaries had already been liquidated in November 2023.

Note 2: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 8

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
Information on investments in Mainland China
DECEMBER 31, 2023

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
DG E&R Semiconductor Materials	Production and sales of semiconductor packaging materials	HK 28,180 (Note 1)	(2)	99,637 (HK25,362)	11,071 (HKD2,818)	-	110,708 (HK 28,180)	(24,004) (HK -6,038)	100%	(24,004) (HK -6,038) (2).2	91,858 (HK 23,382)	-
Wuxi E&R Semiconductor Material Technology	Production and sales of semiconductor packaging materials	USD 5,000 (Note 2)	(2)	155,981 (USD 5,080)	-	-	155,981 (USD 5,080)	(6,569) (USD -211)	100%	(6,569) (USD -211) (2).2	44,002 (USD 1,433)	-
Chen-Tai Trade (shanghai) Co., Ltd	Automation equipment after-sales service	USD 500	(2)	15,353 (USD 500)	-	-	15,353 (USD 500)	2,373 (USD 76)	100%	2,373 (USD 76) (2).2	14,288 (USD 465)	-
Suzhou E&R Precision Equipment Co., Ltd	Production and sales of Automation equipment	USD 1,000	(2)	30,705 (USD 1,000)	-	-	30,705 (USD 1,000)	(2,534) (USD -81)	100%	(2,534) (USD -81) (2).2	(918) (USD -30)	-
JS E&R Engineering CO., LTD	Production and sales of Automation equipment	RMB 71,900	(2)	282,438 (RMB 65,150)	-	-	282,438 (RMB 65,150)	(34,907) (USD -1,121)	90.61%	(31,630) (USD -1,016) (2).2	215,718 (USD 7,026)	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
110,708(HK 28,180) (Note 3)	110,708(HK 28,180) (Note 1)	(Note 4)
155,981(USD 5,080) (Note 3)	161,416(USD 5,257) (Note 2)	
15,353(USD 500) (Note 3)	15,353(USD 500)	
30,705(USD 1,000) (Note 3)	30,705(USD 1,000)	
282,438(RMB 65,150) (Note 3)	390,818(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 HK\$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 was calculated as HK\$25,443 thousand based on the shareholding ratio. Additionally, the company purchased additional shares in E&R Semiconductor Materials Ltd (Hong Kong) in August 2023, which increased the company's indirect shareholding in DG E&R Semiconductor Materials from 90% to 100%. Therefore, the company's investment amount in mainland China is calculated as HK\$28,180 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 CORPORATION, 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 7)
- (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 2023 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-subsidary transactions have been eliminated.

Table 9

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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, 2023. 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 Packaging 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, 2023	Automation Equipment	Flexible Circuit Board	Semiconductor Packaging Materials	Other	Elimination	Total
Sales from external customers	\$1,189,827	\$49,642	\$307,822	\$2,083	\$-	\$1,549,374
Sales among inter-segment	21,938	41	122,217	25	(144,221)	-
Total sales	\$1,211,765	\$49,683	\$430,039	\$2,108	(\$144,221)	\$1,549,374
Operating profit (loss)	\$53,393	(\$7,628)	(\$40,837)	(\$506)	\$12,406	\$16,828
Segment assets	\$-	\$-	\$-	\$-	\$-	\$4,158,759
Segment liabilities	\$-	\$-	\$-	\$-	\$-	\$1,809,387

(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

(4) Production and service information: No disclosure required for only single industry in the Group.

(5) Geographic information:

A. Sales from external customers

Area	Year Ended December 31	
	2023	2022
Taiwan	\$357,632	\$1,071,432
Hong Kong & China	330,573	928,513
Southeast Asia	509,039	904,314
Americas	287,847	280,791
Europa	45,824	10,470
Others	18,459	27,478
Total	<u>\$1,549,374</u>	<u>\$3,222,998</u>

B. Noncurrent assets

Area	Year Ended December 31	
	2023	2022
Taiwan	\$558,600	\$500,764
Hong Kong & China	386,959	272,548

(6) Major customers:

Related Party Category	Year Ended December 31, 2023	
	Amount	Percentage of sales
Customer A	\$252,054	16.27%
Customer B	211,977	13.68%

Related Party Category	Year Ended December 31, 2022	
	Amount	Percentage of sales
Customer A	\$549,301	17.04%

Appendix II
Financial Statements for the Recent Year and
Independent Auditors' Report

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, 2023 and 2022, 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, 2023 and 2022, 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.

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, 2023. 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, 2023 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, 2023, inventory was \$928,279 thousand and accounted for 24% 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.

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, 2023 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 6, 2024

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)

Assets	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	\$750,696	19	\$898,626	20
Financial assets at fair value through profit or loss - current	6.2	343,961	9	114,943	3
Notes receivable, net	6.3	-	-	9,525	-
Accounts receivable, net	6.4	332,475	8	617,419	14
Accounts receivable due from related parties, net	6.4,7	57,747	1	102,916	2
Other receivables	6.5	6,651	-	8,405	-
Other receivables due from related parties	6.5,7	142,511	4	37,312	1
Inventories	6.6	928,279	24	1,049,952	23
Prepayments		38,276	1	69,139	2
Other financial assets - current	6.7	322,573	8	582,185	13
Total current assets		2,923,169	74	3,490,422	78
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.8	51,270	1	36,181	1
Investments accounted for using equity method	6.9	384,446	10	445,064	10
Property, plant and equipment	6.10	437,095	12	363,809	8
Right-of-use assets	6.11	93,815	2	101,530	2
Intangible assets	6.12	16,173	-	11,252	-
Deferred income tax assets	6.33	40,334	1	44,984	1
Refundable deposits		1,512	-	1,317	-
Current prepayments for investments		10,000	-	-	-
Other financial assets - noncurrent	8	6,900	-	6,900	-
Total noncurrent assets		1,041,545	26	1,011,037	22
TOTAL ASSETS		\$3,964,714	100	\$4,501,459	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.13	\$97,000	2	\$-	-
Contract liabilities-current	6.27	23,027	1	36,813	1
Accounts payable		162,353	4	289,318	7
Other payables	6.14	100,237	3	183,746	4
Current income tax liability		22,962	1	86,839	2
Provisions - current	6.15	28,762	1	89,695	2
Lease liabilities - current	6.11	5,009	-	6,141	-
Advance receipts		398	-	398	-
Current portion of long-term loans	6.16	17,172	-	16,799	-
Total current liabilities		456,920	12	709,749	16

Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Financial liabilities at fair value through profit or loss - noncurrent	6.2	9,700	-	19,800	-
Bonds payable	6.17	946,295	24	931,470	21
Long-term loans	6.18	72,923	2	89,731	2
Deferred income tax liabilities	6.33	276	-	4,076	-
Lease liabilities - noncurrent	6.11	90,234	2	95,423	2
Long-term deferred revenue	6.20	4,712	-	5,110	-
Net defined benefit liability - noncurrent	6.19	7,401	-	8,480	-
Guarantee deposits	9.6	71,056	2	71,056	2
Total noncurrent liabilities		1,202,597	30	1,225,146	27
TOTAL LIABILITIES		\$1,659,517	42	\$1,934,895	43
EQUITY					
Share capital	6.21				
Common stock		985,954	25	1,007,703	22
Bond conversion entitlement certificates		-	-	3,026	-
Advance receipts for ordinary share		-	-	125	-
Capital surplus	6.22	1,237,824	31	1,271,597	29
Retained earnings	6.24				
Legal reserve		77,177	2	38,028	1
Special reserve		36,409	1	11,185	-
Unappropriated retained earnings		166,014	4	459,625	10
Other equity	6.25	(31,456)	(1)	(36,409)	(1)
Treasury shares	6.26	(166,725)	(4)	(188,316)	(4)
TOTAL EQUITY		2,305,197	58	2,566,564	57
TOTAL LIABILITIES AND EQUITY		\$3,964,714	100	\$4,501,459	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)

Item	Note	Year Ended December 31			
		2023		2022	
		Amount	%	Amount	%
OPERATING REVENUE	6.27	\$1,154,330	100	\$2,758,667	100
OPERATING COST	6.6	(568,874)	(49)	(1,696,330)	(62)
GROSS PROFIT (LOSS)		585,456	51	1,062,337	38
UNREALIZED GROSS PROFIT ON SALES		-	-	(3,552)	-
REALIZED GROSS PROFIT ON SALES		2,356	-	1,404	-
OPERATING EXPENSES					
Sales and marketing		(181,562)	(16)	(279,997)	(10)
General and administrative		(112,290)	(10)	(143,331)	(5)
Research and development expense		(206,381)	(17)	(207,510)	(8)
Expected credit losses (reversal)	6.4	5,681	-	(6,927)	-
Total operating expenses		(494,552)	(43)	(637,765)	(23)
INCOME (LOSS) FROM OPERATIONS		93,260	8	422,424	15
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.29	22,364	2	9,792	-
Other income	6.30	3,945	-	5,511	-
Other gains and losses	6.31	11,291	1	76,641	3
Finance cost	6.32	(19,436)	(2)	(10,625)	-
Share of profit (loss) of subsidiaries, associates and joint ventures		(59,748)	(5)	(9,410)	-
Total non-operating income and expenses		(41,584)	(4)	71,909	3
INCOME (LOSS) BEFORE INCOME TAX		51,676	4	494,333	18
INCOME TAX BENEFIT (EXPENSE)	6.33	(20,765)	(2)	(103,544)	(4)
NET INCOME (LOSS)		30,911	2	390,789	14
OTHER COMPREHENSIVE INCOME (LOSS)	6.34				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(1,446)	-	1,080	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI		11,484	1	(27,767)	(1)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(24)	-	66	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		289	-	(216)	-

Items that may be reclassified subsequently to profit or loss:

Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(6,745)	(1)	2,625	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		214	-	(82)	-
Total other comprehensive income (loss), net of income tax		<u>3,772</u>	<u>-</u>	<u>(24,294)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>\$34,683</u>	<u>2</u>	<u>\$366,495</u>	<u>13</u>
EARNINGS (LOSS) PER SHARE					
Basic	6.35	<u>\$0.32</u>		<u>\$3.94</u>	
Diluted	6.35	<u>\$0.32</u>		<u>\$3.65</u>	

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			Total Equity
	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	
BALANCE AT JANUARY 1, 2022	\$1,000,475	\$546	\$-	\$1,164,065	\$16,127	\$11,063	\$248,397	(\$11,477)	\$292	\$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 the equity component items are recognized - stock options	-	-	-	66,566	-	-	-	-	-	66,566
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	-	-	-	-	-	-	-	-	-	-
The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value	-	-	-	764	-	-	-	-	-	(134,241)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	764
Share-based payment transactions	5,350	-	125	26,514	-	-	(228)	-	-	(228)
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)	2,566,564
Allocate and appropriated retained earnings:										
Legal reserve	-	-	-	-	39,149	-	(39,149)	-	-	-
Special reserve	-	-	-	-	-	25,224	(25,224)	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(195,545)	-	-	(195,545)
Net income (loss) in 2023	-	-	-	-	-	-	30,911	-	-	30,911
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	-	(1,181)	(6,531)	11,484	3,772
Total comprehensive income (loss) in 2023	-	-	-	-	-	-	29,730	(6,531)	11,484	34,683
Bond conversion entitlement certificate	3,026	(3,026)	-	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	-	-	-
Retirement of treasury stock	(24,900)	-	-	(44,776)	-	-	(63,423)	-	(111,508)	(111,508)
The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value	-	-	-	5,434	-	-	-	-	-	5,434
Changes in ownership interests in subsidiaries	-	-	-	(480)	-	-	-	-	-	(480)
Share-based payment transactions	125	-	(125)	6,049	-	-	-	-	-	6,049
BALANCE AT DECEMBER 31, 2023	\$985,954	\$-	\$-	\$1,237,824	\$77,177	\$36,409	\$166,014	(\$15,465)	(\$15,991)	\$2,305,197

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	
	2023	2022
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$51,676	\$494,333
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation	84,329	66,962
Amortization expense	9,439	8,879
Expected credit losses (reversal)	(5,681)	6,927
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(16,513)	10,006
Interest expense	19,436	10,625
Interest income	(22,364)	(9,792)
Dividend income	(890)	(473)
Share-Based Benefit Compensation Cost	6,049	23,589
Share of loss (profit) of subsidiaries, associates and joint ventures	59,748	9,410
Gain on disposal and retirement of property, plant and equipment	(868)	(662)
Property, plant and equipment transfer to expense	476	39
Loss (gain) on disposal of investments accounted for using equity method	(489)	-
Unrealized sales benefit	-	3,552
Realized sales benefit	(2,356)	(1,404)
Loss (gain) on lease modification	(104)	-
Others	(398)	(464)
Total income and expenses having no effect on cash flows	129,814	127,194
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(222,605)	147,078
Notes receivable	9,550	(9,550)
Accounts receivable	335,769	(41,273)
Other receivables	173	2,794
Inventories	(4,992)	(54,822)
Prepayments	30,863	(35,754)
Other financial assets	269,854	(561,595)
Total net changes in operating assets	418,612	(553,122)
Net changes in operating liabilities:		
Contract liabilities	(13,786)	(148,333)
Notes payable	-	(13)
Accounts payable	(126,965)	(201,024)
Other payables	(84,889)	65,406
Provisions	(60,933)	33,832
Net defined benefit liability	(2,525)	2

Total net changes in operating liabilities	(289,098)	(250,130)
Total changes in operating assets and liabilities	129,514	(803,252)
Total adjustments	259,328	(676,058)
Cash generated from (used in) operations	311,004	(181,725)
Interest received	22,694	8,061
Dividends received	890	473
Interest paid	(4,502)	(3,664)
Income tax refund (paid)	(83,289)	(65,582)
Net cash generated from (used in) operating activities	246,797	(242,437)
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(3,605)	(42,203)
Acquisition of investments accounted for using equity method	(5,200)	(201,419)
Increase in prepaid investment	(10,000)	-
Proceeds from capital reduction of investments accounted for using equity method	6,181	-
Acquisition of property, plant and equipment	(24,294)	(23,597)
Proceeds from disposal of property, plant and equipment	625	9,537
Increase in refundable deposits	(195)	-
Decrease in refundable deposits	-	2,063
Increase in other receivables-related parties	(101,676)	(5,372)
Acquisition of intangible assets	(13,065)	(1,652)
Increase in other financial assets	(10,242)	-
Decrease in other financial assets	-	11,515
Net cash generated from (used in) investing activities	(161,471)	(251,128)
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	97,000	-
Decrease in short-term loans	-	(9,882)
Issuance of corporate bonds	-	1,005,070
Increase in long-term loans	-	86,000
Repayment of long-term loans	(16,435)	(47,970)
Increase in guarantee deposits received	-	71,056
Repayments of principal of lease liabilities	(6,768)	(3,735)
Increase in other liabilities - noncurrent	-	5,972
Cash dividend	(195,545)	(158,240)
Employee exercise stock options	-	8,432
Treasury stock buyback cost	(111,508)	(134,241)
Employee purchase treasury stock	-	10,600
Others	-	106
Net cash generated from (used in) financing activities	(233,256)	833,168
4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,930)	339,603
5.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	898,626	559,023
6.CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$750,696</u>	<u>\$898,626</u>

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

E&R ENGINEERING CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

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 6, 2024.

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 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)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)
Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”	(Note 4)

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.

Note 4: As a temporary exception under IAS 12, the company shall not recognize deferred income tax assets and liabilities related to Pillar Two income tax, nor shall it disclose their related information. However, the company shall disclose in its financial report that it has already applied this exception. The company shall apply this part of the amendment retrospectively in accordance with IAS 8 since its issuance date (i.e. May 23, 2023). The company shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting dates ending before or on December 31, 2023.

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

This amendment clarifies that when the size or nature of a transaction, other event or condition is material, and the related accounting policy information is also material to the financial report, the related material accounting policy information shall be disclosed. Conversely, if the company determines that the size or nature of a transaction, other event or condition is not material, or that the size or nature of a transaction is material but the related accounting policy information is not material, it does not need to disclose this immaterial accounting policy information. However, the company’s conclusion that accounting policy information is immaterial 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. Amendments 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. When the Company initially applies the amendments, it will recognize the cumulative effect of applying the amendments initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest presented period for all deductible and taxable temporary differences

associated with leases and decommissioning, and will prospectively apply the amendments for other transactions occurred on or after January 1, 2022.

D. Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

The amendments stipulate that, as a temporary exception to IAS 12, Company shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, Company shall disclose in its financial reports that it has applied this exception. In addition, Company shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, Company should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated.

The Company has evaluated the aforementioned standards and interpretations, and there is no significant effect on the Company’s financial position and 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 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”	January 1, 2024 (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 2)

Note 1: The seller-lessee shall apply the amendments retroactively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note 2: This amendment provides certain transitional reliefs. When the amendment is applied initially, Company are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

A. Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”

This amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller and lessee due to the leaseback should be treated in accordance with IFRS 16 regarding lease liabilities; however, if variable lease payments that do not depend on

an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

B. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current ”

The amendments clarify that when the Company determines whether a liability is classified as noncurrent, the Company should assess whether the Company has the right to defer the settlement for at least twelve months after the reporting period. If the Company has that right on the end of reporting period, that liability must be classified as non-current regardless whether the Company expects whether to exercise the right or not. If the Company must follow certain conditions to have the right to defer the settlement of a liability, the Company must have followed those conditions on the end of reporting period in order to have that right even if the lender tests the Company’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the Company’s equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counterparty an option to extinguish the liability by the Company’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation” then the classification of the liability will not be affected.

C. Amendments to IAS 1 “Non-current Liabilities with Covenants ”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed in the notes.

D. Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements ”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of Company, and Company agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require Company to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on Company's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how Company manages the liquidity risk of its financial liabilities, it may

also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

The Company has evaluated the aforementioned standards and interpretations, and there is no significant effect to the Company's financial position and 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 IAS 21 " Lack of Exchangeability "	January 1, 2025

As of the date the accompany consolidated 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.

Financial assets that used to be classified as financial assets at amortized cost or FVTOCI, if not classified as FVTPL because of eliminating or materially reducing, then due to measuring assets, liabilities or profit or loss by using different basis and cause different result. The Company would make an irrevocable choice by classifying them as FVTPL at initial recognition.

Financial assets at fair value through profit or loss are measured at fair value, dividends generated are recognized in other income, and interest income and gains or losses arising from remeasurement are recognized in other gains and losses. For the determination of fair value, please refer to Note 12.

(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.

Except 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 met:

- (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 retained earnings 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 containing at least an embedded derivatives and the host contract is an asset not within the scope of IFRS 9; 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 recognizes 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 amortized 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 labor, 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, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. 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 obsolescence. 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 Company's parent company only financial statements is adopting accounting policies based on the following significant judgements, significant accounting estimates and assumptions:

(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 can not 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	
	2023	2022
Cash on hand	\$1,527	\$1,491
Checking account	10	10
Demand deposits	110,363	179,757
Foreign currency deposits	88,238	190,465
Cash equivalents:		
Time deposits with original maturities less than 3 months	550,558	526,903
Total	\$750,696	\$898,626

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	
	2023	2022
<u>Financial assets - current</u>		
Non-derivative financial assets at FVTPL		

Domestic listed stock and ETF	\$7,952	\$5,130
Mutual funds	333,942	107,514
Corporation bonds	2,067	2,299
Total	<u>\$343,961</u>	<u>\$114,943</u>
<u>Financial assets – non-current</u>		
Bond call options	<u>\$9,700</u>	<u>\$19,800</u>

A. The Company recognized net gain (loss) on financial assets and liabilities at FVTPL were 16,513 thousand and (\$10,006) thousand for the year ended December 31, 2023 and 2022, 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	
	2023	2022
At amortized cost		
Notes receivable	\$-	\$9,550
Less: Loss allowance	-	(25)
Net	<u>\$-</u>	<u>\$9,525</u>

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	
	2023	2022
At amortized cost		
Accounts receivable	\$339,845	\$630,445
Less: Loss allowance	(7,370)	(13,026)
Net	<u>\$332,475</u>	<u>\$617,419</u>
Accounts receivable-related parties	<u>\$57,747</u>	<u>\$102,916</u>
Net-related parties	<u>\$57,747</u>	<u>\$102,916</u>
Net	<u>\$390,222</u>	<u>\$720,335</u>

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, 2023	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1%	\$343,286	(\$552)	\$342,734
Past due within 30 days	0%-20%	24,440	(1,666)	22,774
Past due 31-180 days	0%-20%	13,765	(940)	12,825
Past due 181-365 days	0%-50%	12,972	(1,185)	11,787
Past over than 1 year	0%-100%	1,148	(1,046)	102
Counterparties show signs of default	100%	1,981	(1,981)	-
Total		<u>\$397,592</u>	<u>(\$7,370)</u>	<u>\$390,222</u>

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 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		<u>\$742,911</u>	<u>(\$13,051)</u>	<u>\$729,860</u>

F. Movements of the loss allowance for notes and accounts receivable (include related parties) were as follows:

Item	Year Ended December 31	
	2023	2022
Beginning balance	\$13,051	\$6,124
Add: Provision for impairment	-	6,927
Less: Reversal of impairment	(5,681)	-
Ending balance	<u>\$7,370</u>	<u>\$13,051</u>

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 \$11,274 thousand and \$76,462 thousand as of December 31, 2023 and 2022, 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 are both \$0 thousand for the years ended December 31, 2023 and 2022, respectively.

G. Please refer to Note 12 for the relevant credit risk management and assessment method.

(5) Other receivables

Item	December 31	
	2023	2022
Other receivables		
Sales tax refundable	\$5,449	\$6,626

Interests receivable	1,156	1,779
Others	46	-
Subtotal	\$6,651	\$8,405
Less: loss allowance	-	-
Subtotal	\$6,651	\$8,405
Other receivables - related parties		
Equipment receivables	\$2,272	-
Lending receivables	117,050	-
Lending interest receivables	293	-
Overdue receivables	21,480	\$36,854
Others	1,416	458
Subtotal	\$142,511	\$37,312
Total	\$149,162	\$45,717

(6) Inventories and operating costs

Item	December 31	
	2023	2022
Raw materials	\$496,118	\$569,520
Work in process	248,941	292,578
Finished goods	183,220	187,854
Total	\$928,279	\$1,049,952

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2023 and 2022 were as follows:

Item	Year Ended December 31	
	2023	2022
Cost of goods sold	\$529,874	\$1,643,730
Loss (Gain) on inventory valuation	39,000	52,600
Total	\$568,874	\$1,696,330

B. The Company recognized inventory valuation loss of \$39,000 thousand and \$52,600 thousand for the years ended December 31, 2023 and 2022, 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	
	2023	2022

Time deposits with original maturities over 3 months	\$300,000	\$569,854
Restricted assets	22,573	12,331
Total	<u>\$322,573</u>	<u>\$582,185</u>

(8) Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31	
	2023	2022
Equity instruments :		
Domestic listed stocks	\$26,261	\$22,656
Domestic unlisted stocks	41,000	41,000
Subtotal	\$67,261	\$63,656
Valuation adjustment	(15,991)	(27,475)
Total	<u>\$51,270</u>	<u>\$36,181</u>

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, 2023 and 2022, the Company had no financial assets at FVTOCI pledged as collateral.

(9) Investments accounted for using equity method

Item	December 31	
	2023	2022
Subsidiaries:		
Tech Wave Technology Co., Ltd.	\$23,107	\$26,349
E&R Semiconductor Materials Ltd.	93,036	102,364

Enrichment Tech. Corporation	55,242	62,878
Crystal Entec Technology Co., Ltd.	-	6,522
Excellent International Holdings Limited	213,061	246,951
Total	<u>\$384,446</u>	<u>\$445,064</u>

The percentage of ownership and voting rights held by the company at each balance sheet date as follows:

Item	December 31	
	2023	2022
Tech Wave Technology Co., Ltd.	51.43%	51.43%
E&R Semiconductor Materials Ltd.	100.00%	90.00%
Enrichment Tech. Corporation	100.00%	100.00%
Crystal Entec Technology Co., Ltd.	-	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 2023.
- 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, 2023 and 2022 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, 2023 and 2022.

(10) Property, plant and equipment

Item	December 31	
	2023	2022
Land	\$51,515	\$51,515
Buildings	287,854	284,385
Machinery and equipment	8,967	12,157
Transportation facilities	10,922	10,102
Office equipment	13,124	11,548
Miscellaneous equipment	410,151	314,463
Equipment to be inspected and construction in progress	12,930	7,875
Total cost	<u>\$795,463</u>	<u>\$692,045</u>
Less: Accumulated depreciation	(358,368)	(328,236)
Less: Accumulated impairment	-	-
Total	<u>\$437,095</u>	<u>\$363,809</u>

	Land	Buildings and Structures	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2023	\$51,515	\$284,385	\$12,157	\$336,113	\$7,875	\$692,045
Additions	-	3,469	-	14,453	7,643	25,565
Disposals	-	-	(3,190)	(29,080)	-	(32,270)
Transfer to expenses	-	-	-	-	(476)	(476)
Transfer from inventories	-	-	-	145,786	-	145,786
Transfer to inventories	-	-	-	(33,892)	-	(33,892)
Transfer to software	-	-	-	-	(1,295)	(1,295)
Reclassification	-	-	-	817	(817)	-
Balance at December 31, 2023	\$51,515	\$287,854	\$8,967	\$434,197	\$12,930	\$795,463
Accumulated depreciation and impairment						
Balance at January 1, 2023	\$-	\$110,270	\$12,157	\$205,809	\$-	\$328,236
Depreciation	-	14,159	-	61,904	-	76,063
Disposals	-	-	(3,190)	(27,970)	-	(31,160)
Transfer to inventories	-	-	-	(14,771)	-	(14,771)
Balance at December 31, 2023	\$-	\$124,429	\$8,967	\$224,972	\$-	\$358,368

	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 & Returns	-	(141)	-	(12,107)	(6,000)	(18,248)
Transfer to expenses	-	-	-	(39)	-	(39)
Transfer from inventories	-	-	-	50,020	-	50,020
Transfer to inventories	-	-	-	(1,423)	-	(1,423)
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

(Note) Including transportation facilities, office equipment and miscellaneous equipment.

A. The details of interest capitalized: None.

B. The Company does not assess the impairment because there is no sign of impairment for the year ended December 31, 2023.

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	
	2023	2022
Acquisition of property, plant and equipment	\$25,565	\$23,597
Decrease (increase) in equipment notes payable	(1,271)	-
Cash paid for acquisition of property, plant and equipment	\$24,294	\$23,597

(11) Lease agreement

A. Right-of-use assets

Item	December 31	
	2023	2022
Land	\$108,244	\$108,938
Buildings	4,391	4,391
Transportation facilities	2,568	3,799
Total cost	\$115,203	\$117,128
Less: Accumulated depreciation and impairment	(21,388)	(15,598)
Net	\$93,815	\$101,530

Cost	Land	Buildings	Transportation facilities	Total
Balance at January 1, 2023	\$108,938	\$4,391	\$3,799	\$117,128
Additions	-	-	1,245	1,245
Decrease	(694)	-	-	(694)
Derecognition	-	-	(2,476)	(2,476)
Balance at December 31, 2023	\$108,244	\$4,391	\$2,568	\$115,203

Accumulated Depreciation and Impairment				
Balance at January 1, 2023	\$11,629	\$1,464	\$2,505	\$15,598
Depreciation	5,398	1,463	1,405	8,266
Derecognition	-	-	(2,476)	(2,476)
Balance at December 31, 2023	<u>\$17,027</u>	<u>\$2,927</u>	<u>\$1,434</u>	<u>\$21,388</u>
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	<u>\$108,938</u>	<u>\$4,391</u>	<u>\$3,799</u>	<u>\$117,128</u>
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	<u>\$11,629</u>	<u>\$1,464</u>	<u>\$2,505</u>	<u>\$15,598</u>

B. Lease liabilities

Item	December 31	
	2023	2022
Carrying amount of lease liabilities		
- current	<u>\$5,009</u>	<u>\$6,141</u>
- noncurrent	<u>\$90,234</u>	<u>\$95,423</u>

Ranges of discount rates for lease liabilities were as follows:

December 31	
2023	2022
1.60%-3.53%	1.60%-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, 2023.

D. Sublet: None.

E. Other lease information:

a. The current lease relevant expense information was as follows:

Item	Year Ended December 31	
	2023	2022
Short-term lease expense	\$4,901	\$3,972
Low-value asset lease expense	\$480	\$322
Variable lease payments that excluded in the measurement of lease liabilities	\$-	\$-
Total cash outflow for leases (Note)	(\$12,149)	(\$8,029)

(Note): Including principle paid for current lease liabilities.

(12) Intangible assets

Item	December 31	
	2023	2022
Computer software	\$21,786	\$23,481
Others	5,000	5,000
Total cost	\$26,786	\$28,481
Less: Accumulated amortization	(10,613)	(17,229)
Net	\$16,173	\$11,252

Cost	Computer Software	Others	Total
Balance at January 1, 2023	\$23,481	\$5,000	\$28,481
Additions	13,065	-	13,065
Transfer from plant and equipment	1,295	-	1,295

Derecognition	(16,055)	-	(16,055)
Balance at December 31, 2023	<u>\$21,786</u>	<u>\$5,000</u>	<u>\$26,786</u>
Accumulated amortization and impairment			
Balance at January 1, 2023	\$13,979	\$3,250	\$17,229
Amortization	8,439	1,000	9,439
Derecognition	(16,055)	-	(16,055)
Balance at December 31, 2023	<u>\$6,363</u>	<u>\$4,250</u>	<u>\$10,613</u>

	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	<u>\$23,481</u>	<u>\$5,000</u>	<u>\$28,481</u>
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	<u>\$13,979</u>	<u>\$3,250</u>	<u>\$17,229</u>

(13) Short-term loans

	December 31, 2023	
Borrowings Nature	Amount	Interest
Working capital loans	<u>\$97,000</u>	2.075%-2.13%

Please refer to Note 8 for pledged asset information.

December 31, 2022: None.

(14) Other payables

	December 31	
Item	2023	2022
Accrued payroll	\$48,602	\$51,205
Commission payable	22,364	61,293

Service fee payable	1,825	1,790
Interest payable	203	94
Insurance payable	4,067	4,005
Equipment payable	1,271	-
Bonus to employees and remuneration to directors	4,500	43,000
Others	17,405	22,359
Total	<u>\$100,237</u>	<u>\$183,746</u>

(15) Provisions - current

Item	December 31	
	2023	2022
Employee benefits	\$6,783	\$7,843
Warranty provisions	21,979	81,852
Total	<u>\$28,762</u>	<u>\$89,695</u>

	Provisions for		
	Employee Benefits	warranty	Total
Balance at January 1, 2023	\$7,843	\$81,852	\$89,695
Additional provisions recognized	6,783	-	6,783
Used in current period	(7,843)	(59,873)	(67,716)
Balance at December 31, 2023	<u>\$6,783</u>	<u>\$21,979</u>	<u>\$28,762</u>

	Provisions for		
	Employee Benefits	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	<u>\$7,843</u>	<u>\$81,852</u>	<u>\$89,695</u>

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

December 31

Item	2023	2022
Long-term loans	\$17,172	\$16,799

(17) Bonds Payable

	December 31	
Item	2023	2022
The third unsecured convertible domestic bonds	\$1,000,000	\$1,000,000
Less: discounts on bonds payable	(53,705)	(68,530)
Less: current portion	-	-
Net	\$946,295	\$931,470

A. Third unsecured convertible domestic bonds:

- a. The Company issued the 3rd unsecured 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, 2023, 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 and 4 years 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 was \$0 thousand.

g. As of December 31, 2023, 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:

Item	Year Ended December 31	
	2023	2022
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

Item	December 31	
	2023	2022
Mortgage loans	\$90,095	\$106,530
Less: portion due within one year	(17,172)	(16,799)
Long-term loans	\$72,923	\$89,731
Interest rate range	2.213%-2.24%	1.86%-1.96%

Refer to Note 8 for assets pledged as collateral for long-term loans.

(19) Pension

A. Defined contribution plans

- 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.
- The total expenses recognized in the statements of comprehensive income were \$12,277 thousand and \$12,109 thousand, representing the contributions payable to these plans by the Company at the rates specified in the plans for the years ended December 31, 2023 and 2022, respectively.

B. Defined benefit plans

- 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:

Item	December 31	
	2023	2022
Present value of defined benefit obligation	\$26,591	\$25,043
Fair value of plan assets	(19,190)	(16,563)
Net defined benefit liabilities	<u>\$7,401</u>	<u>\$8,480</u>

- c. Movements of the net defined benefit liabilities were as follows:

Item	Year Ended December 31, 2023		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance, at January 1	\$25,043	(\$16,563)	\$8,480
Service cost			
Interest expense (income)	326	(215)	111
Recognized in profit or loss	<u>\$326</u>	<u>(\$215)</u>	<u>\$111</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$-	(\$97)	(\$97)
Actuarial loss (gain)			
Changes in financial assumptions	180	-	180
Experience adjustments	1,363	-	1,363
Recognized in other comprehensive income	<u>\$1,543</u>	<u>(\$97)</u>	<u>\$1,446</u>
Contributions from the employer	\$-	(\$2,636)	(\$2,636)
Benefits paid from plan assets	(321)	321	-
Balance at December 31	<u>\$26,591</u>	<u>(\$19,190)</u>	<u>\$7,401</u>

Item	Year Ended December 31, 2022		
	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	<u>\$165</u>	<u>(\$108)</u>	<u>\$57</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$-	(\$1,395)	(\$1,395)
Actuarial loss (gain) -			
Changes in financial assumptions	(1,374)	-	(1,374)
Experience adjustments	<u>1,689</u>	<u>-</u>	<u>1,689</u>
Recognized in other comprehensive income	<u>\$315</u>	<u>(\$1,395)</u>	<u>(\$1,080)</u>
Contributions from the employer	<u>\$-</u>	<u>(\$55)</u>	<u>(\$55)</u>
Benefits paid from plan assets	<u>(2,996)</u>	<u>2,996</u>	<u>-</u>
Balance at December 31	<u><u>\$25,043</u></u>	<u><u>(\$16,563)</u></u>	<u><u>\$8,480</u></u>

- 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	
<u>December 31, 2023</u>	<u>December 31, 2022</u>

Discount rate	1.20%	1.30%
Future salary increase rate	2.00%	2.00%
The weighted average duration of the defined benefit obligation	7 years	8 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:

Item	December 31	
	2023	2022
Discount Rate		
0.25% higher	(\$446)	(\$463)
0.25% lower	\$459	\$477
Expected rates of salary increase		
0.25% higher	\$388	\$411
0.25% lower	(\$380)	(\$401)

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 \$110 thousand to the defined benefit plans for the year ended December 31, 2024.

(20) Long-term deferred revenue

Item	December 31	
	2023	2022
Deferred revenue:		
Equipment subsidy	\$5,972	\$5,972
Less: Cumulative recognized revenue	(862)	(464)
Less: Transfer to advance receipts within one year	(398)	(398)
Balance at December 31	\$4,712	\$5,110

(21) Share capital

A. Movements in the number of the Company's ordinary shares outstanding were as follows:

Year Ended December 31, 2023

Item	Shares (in thousands)	Amount
Balance at January 1	100,771	\$1,007,703
Conversion of bonds payable	302	3,026
Employee stock options	12	125
Retirement of treasury stock	(2,490)	(24,900)
Balance at December 31	98,595	\$985,954

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

- a. As of December 31, 2023, the authorized capital is \$1,500,000 thousand, consisting of 150,000 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 0 thousand shares and 548 thousand shares, with \$0 per share and \$15.40 per share in 2023 and 2022, respectively. As of December 31, 2023 and 2022, while \$0 thousand shares and \$13 thousand shares with par value of \$0 thousand and \$125 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 \$0 thousand and \$18,000 thousand in 2023 and 2022, and the numbers of conversion were 0 thousand shares and 436 thousand shares. As of December 31, 2023 and 2022, while 0 thousand shares and 133 thousand shares have completed the registration and have been converted to stock capital \$0 thousand and \$1,332 thousand totaling, 0 thousand shares and 303 thousand shares were not yet completed the registration, and \$0 thousand and \$3,026 thousand was recorded as

bond conversion entitlement certificates, respectively.

(22) Capital surplus

Item	December 31	
	2023	2022
Additional paid-in capital	\$1,138,916	\$1,167,228
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,786	4,832
Stock options	80,039	74,434
Treasury share transactions	-	16,020
Others-disgorgement	9,083	9,083
Total	\$1,237,824	\$1,271,597

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 \$0 thousand and \$954 thousand for the years ended December 31, 2023 and 2022, respectively.

a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2023 and 2022 are as follows:

	Year Ended December 31			
	2023		2022	
	Weighted-average		Weighted-average	
	Shares	Exercise Price	Shares	Exercise Price
Employee Stock Option	(in thousand)	per Share (NT\$)	(in thousand)	per Share (NT\$)
Outstanding at beginning	30	15.40	578	15.70

of year			
Granted	-	-	-
Exercised	-	(548)	15.40
Forfeited	(30)	-	-
Outstanding at end of year	<u>-</u>	<u>30</u>	15.40
Authorized but not issued yet at end of year	<u>-</u>	<u>30</u>	

- b. As of December 31, 2023 and 2022, information about outstanding employee stock options are as follows:

	December 31	
	2023	2022
Range of exercise price (NT\$)	-	15.4
Weighted-average expected Remaining years	-	0.42 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 \$6,049 thousand and \$6,583 thousand for the years ended December 31, 2023 and 2022, respectively.

- a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2023 and 2022 are as follows:

	Year Ended December 31	
	2023	2022

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	31.30	500	32.00
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at end of year	500	30.10	500	32.00
Authorized but not issued yet at end of year	500		500	

- b. As of December 31, 2023 and 2022, information about outstanding employee stock options are as follows:

	December 31	
	2023	2022
Range of exercise price (NT\$)	30.1	32
Weighted-average expected Remaining years	2.875years	3.875years

- 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: None.

(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:
- Payment of taxes and duties.
 - Covering prior years' accumulated deficit, if any.
 - 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	
	2023	2022
Reserve for the debit balance of other equities	\$36,409	\$11,185

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 2022 and 2021 earnings had been resolved at the shareholders' meeting in June 2023 and June 2022, respectively. Details were summarized below:

Item	Amount		Dividends Per Share	
	2022	2021	2022	2021
Legal reserve	\$39,149	\$21,901		
Special reserve	25,224	122		
Cash dividends	195,545	158,240	2	1.6
Total	\$259,918	\$180,263		

- E. The appropriation of 2023 earnings had been proposed by the Board of Directors on

March 6, 2024. Details were summarized below:

Item	Amount	Dividends Per Share
Legal reserve	\$-	
Special reserve	(4,953)	
Cash dividends	49,829	0.5
Total	<u>\$44,876</u>	

The appropriations of legal reserve and special reserve for 2023 are to be presented for approval in the shareholders' meeting to be held in June 2024.

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, 2023	(\$8,934)	(\$27,475)	(\$36,409)
Exchange difference on translation of financial statements of foreign operating institutions	(6,531)	-	(6,531)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,484	11,484
Balance at December 31, 2023	<u>(\$15,465)</u>	<u>(\$15,991)</u>	<u>(\$31,456)</u>

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)
------------------------------	-----------	------------	------------

(26) Treasury shares

A. The related information on the treasury share transactions was as follows:

(In Thousand Shares)

Reason to Reacquire	Year Ended December 31, 2023			
	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	1,823	1,000	-	2,823
To maintain the Company's credibility and shareholder's interest	1,490	1,000	(2,490)	-

Reason to Reacquire	Year Ended December 31, 2022			
	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

- a. To maintain the Company's credibility and shareholders' interest, the Company's board of directors resolved on March 21, 2023 to buy back up to 1,000 thousand common shares between March 22, 2023 and May 21, 2023. As of the last day of the buyback period, the Company had bought back 1,000 thousand shares at a total amount of \$50,564 thousand. The treasury shares have been retired in August, 2023.
- b. To transfer to employees, the Company's board of directors resolved on June 5, 2023 to buy back up to 1,000 thousand common shares between June 6, 2023 and August 5, 2023. As of the last day of the buyback period, the Company had bought back 1,000 thousand shares at a total amount of \$60,944 thousand.
- c. 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.
- d. 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. The treasury shares had been retired

in March, 2023.

- 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 buyback period, the Company had bought back 698 thousand shares at a total amount of \$20,166 thousand. While 330 thousand shares transferred to employees in 2021, 368 thousand shares were transferred to employees in April, 2022.
- 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	\$72.50	\$28.89	44.13%	0.06years	-	0.41%	\$43.62
---------------------------	-----------	---------	---------	--------	-----------	---	-------	---------

(27) Operating revenues

Item	Year Ended December 31	
	2023	2022
Revenue from contracts with customer		
Total revenues	\$1,180,344	\$2,759,530
Sales returns	(24,522)	-
Sales discount	(1,492)	(863)
Net	<u>\$1,154,330</u>	<u>\$2,758,667</u>

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

Main area	Year Ended December 31	
	2023	2022
Taiwan	\$291,752	\$962,880
Hong Kong & China	135,675	729,152
Southeast Asia	392,992	775,240
America	287,847	280,792
Europe	45,824	10,470
Others	240	133
Total	<u>\$1,154,330</u>	<u>\$2,758,667</u>

Main products		
Automatic machinery	<u>\$1,154,330</u>	<u>\$2,758,667</u>
Timing of revenue recognition		
At a certain point of time	\$1,154,330	\$2,758,667
Gradually over time	-	-
Total	<u>\$1,154,330</u>	<u>\$2,758,667</u>

C. Contract balances

The Company recognizes the receivable, contract assets and contract liabilities related to contract revenue as follows:

Item	December 31	
	2023	2022
Receivable	\$390,222	\$729,860
Contract assets	-	-
Total	\$390,222	\$729,860
Contract liabilities - current	\$23,027	\$36,813

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 are 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	
	2023	2022
From beginning contract liabilities	\$32,241	\$182,117
From previous period's satisfied performance obligations	\$-	\$-

(28) Labor cost, depreciation and amortization

Item	Year ended December 31, 2023		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$16,041	\$236,687	\$252,728
Insurance	2,122	22,460	24,582
Pension	992	11,396	12,388
Remuneration to directors	-	2,046	2,046

Others	1,038	8,744	9,782
Depreciation	7,954	76,375	84,329
Amortization	-	9,439	9,439
Total	<u>\$28,147</u>	<u>\$367,147</u>	<u>\$395,294</u>

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 (Note)	7,079	59,883	66,962
Amortization	-	8,879	8,879
Total	<u>\$36,244</u>	<u>\$398,487</u>	<u>\$434,731</u>

1. Additional information of the number of employees and employee benefits expenses for the years ended December 31, 2023 and 2022 were as follows:

Item	December 31	
	2023	2022
The number of employees	<u>314</u>	<u>299</u>
The number of directors who were not adjunct employees	<u>5</u>	<u>5</u>
Average employee benefits expenses	<u>\$969</u>	<u>\$1,180</u>
Average employee salary	<u>\$818</u>	<u>\$1,023</u>
Changes in adjusting average employee salary	<u>(20.04%)</u>	<u>18.30%</u>

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 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.
- B. 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, and benefits include directors who are also managers. The principles are as

follows:

- a. All independent directors receive fixed monthly remuneration,
- b. Directors who concurrently serve as managers shall participate in the distribution of directors' remuneration,
- c. Since all independent directors have received fixed monthly remuneration, they no longer participate in director remuneration distribution.

(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 company is committed to providing employees with salaries and benefits that are competitive in the industry, and establishing a salary system that takes into account external competition and is internally fair and legal. And uphold the concept of profit sharing with employees to attract, retain, develop and motivate our employees. 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. According to the company's articles of association, 5-10% of the income is used as employee remuneration.

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. The employee's compensation assessed and recorded by the Company were \$3,400 thousand and \$32,250 thousand for the years ended December 31, 2023 and 2022, respectively. The remuneration to directors assessed and recorded were \$1,100 thousand and \$10,750 thousand for the years ended December 31, 2023 and 2022, respectively.
4. The employees' compensation and remuneration to directors for the years ended December 31, 2023 and 2022 had been approved by the Company's Board of Directors meeting held on March 6, 2024 and March 7, 2023, respectively, and the relevant amounts recognized in the parent company only financial statement were as follows:

	Year ended December 31			
	2023		2022	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	\$3,400	\$1,100	\$32,250	\$10,750

Recognized in the annual financial statements	3,400	1,100	32,250	10,750
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	
	2023	2022
Interest on bank deposits	\$21,528	\$9,787
Financial intermediation	836	-
Interest on deposit calculation	-	5
Total	\$22,364	\$9,792

(30) Other income

Item	Year Ended December 31	
	2023	2022
Rental income	\$452	\$702
Dividend income	890	473
Others		
Overestimated transfer to income	-	810
Others	2,603	3,526
Subtotal	\$2,603	\$4,336
Total	\$3,945	\$5,511

(31) Other gains and losses

Item	Year Ended December 31	
	2023	2022
Financial assets at FVTPL and gain (loss) on valuation of liabilities	\$14,461	(\$11,210)
Gain (loss) on disposal of financial assets at FVTPL	2,052	1,204
Gain on disposal of investments accounted for using equity method	489	-
Gain (loss) on foreign exchange, net	(6,683)	85,986

Gain (loss) on disposal of property, plant and equipment	868	662
Gain on lease modification	104	-
Others	-	(1)
Total	<u>\$11,291</u>	<u>\$76,641</u>

(32) Finance costs

Item	Year Ended December 31	
	2023	2022
Interest expense:		
Bank loans	\$2,399	\$2,750
Convertible bonds	14,825	6,914
Interest on lease liabilities	2,212	961
Less: Amount qualified for capitalization	-	-
Finance costs	<u>\$19,436</u>	<u>\$10,625</u>

(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	
	2023	2022
Current tax expense	\$12,157	\$112,536
Undistributed surplus for income tax	6,147	3,225
Non-offset foreign tax	1,108	800
Adjustments in tax of prior periods	-	(3,949)
Total	<u>\$19,412</u>	<u>\$112,612</u>

Deferred income tax		
The origination and reversal of temporary differences	\$1,353	(\$9,068)
Total	<u>\$1,353</u>	<u>(\$9,068)</u>
Income tax expense	<u>\$20,765</u>	<u>\$103,544</u>

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	
	2023	2022
Exchange differences on translation of foreign financial statements	(\$214)	\$82
Remeasurement of defined benefit plans	(289)	216
Total	(\$503)	\$298

B. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31	
	2023	2022
Income before income tax	\$51,676	\$494,333
Income tax expense at the statutory rate	10,335	98,866
Tax effect of adjusting items:		
Loss on investment under equity method	11,950	1,882
Realized (unrealized) loss (gain) on inventories	(1,138)	2,408
Realized investment loss	(1,402)	-
Realized (unrealized) warranty provisions	(11,974)	6,580
Others	4,386	2,800
Undistributed surplus for income tax	6,147	3,225
Non-offset foreign tax	1,108	800
Adjustment to prior year's income taxes	-	(3,949)
Deferred income tax expense		
Temporary differences	1,353	(9,068)
Income tax expense recognized in profit or loss	\$20,765	\$103,544

C. Deferred tax assets and liabilities from temporary differences

Year Ended December 31, 2023				
	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	\$1,695	(\$505)	\$289	\$1,479

Unrealized exchange loss	-	2,516	-	2,516
Short-term warranty provision	16,370	(11,974)	-	4,396
Unrealized loss on inventories	16,458	(1,138)	-	15,320
Unrealized loss on doubtful debts	1,051	(415)	-	636
Unused compensated absences	1,569	(212)	-	1,357
Investment loss (gain) recognized under equity method	482	5,659	-	6,141
Others	7,359	1,130	-	8,489
Subtotal	<u>\$44,984</u>	<u>(\$4,939)</u>	<u>\$289</u>	<u>\$40,334</u>
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	(\$1,892)	\$1,892	\$-	\$-
Gain on foreign investment under equity method	(2,184)	1,694	214	(276)
Subtotal	<u>(\$4,076)</u>	<u>\$3,586</u>	<u>\$214</u>	<u>(\$276)</u>
Total	<u><u>\$40,908</u></u>	<u><u>(\$1,353)</u></u>	<u><u>\$503</u></u>	<u><u>\$40,058</u></u>

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	<u>\$34,347</u>	<u>\$10,853</u>	<u>(\$216)</u>	<u>\$44,984</u>
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

D. Items with no deferred tax assets recognized:

Item	December 31	
	2023	2022
Loss on investment under the equity method	\$25,040	\$23,343

F. The tax authorities have ratified Company's income tax returns through Year 2020.

(34) Other comprehensive income (loss)

Item	Year Ended December 31, 2023		
	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	(\$1,446)	\$289	(\$1,157)
Unrealized gain (loss) on financial assets at FVTOCI	11,484	-	11,484
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit plans	(24)	-	(24)
Subtotal	\$10,014	\$289	\$10,303
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	(\$6,745)	\$214	(\$6,531)
Subtotal	(\$6,745)	\$214	(\$6,531)
Recognized in other comprehensive income (loss)	\$3,269	\$503	\$3,772

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)

(35) Earnings per share

Item	Year Ended December 31	
	2023	2022
(1) Basic earnings (loss) per share		
Net income	\$30,911	\$390,789
Weighted average shares outstanding (in thousands)	96,569	99,245
Basic earnings per share (after tax)	\$0.32	\$3.94
(2) Diluted earnings (loss) per share		
Net income	\$30,911	\$390,789

Interest of convertible bonds	-	5,531
Net income used in computation of diluted earnings per share	\$30,911	\$396,320
Weighted average shares outstanding (in thousands)	96,569	99,245
Effect of potential dilutive ordinary shares:		
Convertible bonds	-	7,871
Effect of employee stock options (in thousands)	191	570
Impact on employees' compensation (in thousands)	504	847
Weighted average number of ordinary shares outstanding after dilution (in thousands)	97,264	108,533
Diluted earnings per share (after tax)	\$0.32	\$3.65

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.(Note)	Subsidiary
JS E&R Engineering Co., Ltd.	Subsidiary
Gain Profit Holding Limited(Note)	Subsidiary
Enrichment Tech. Corporation	Subsidiary
ENR Applied Packing Material Corporation	Subsidiary
Excellent International Holdings Limited	Subsidiary

Note: These two subsidiaries had already been liquidated in November 2023.

(3) Significant transactions with related parties:

A. Sales:

a. Sales revenue

Related Party Category	Year Ended December 31	
	2023	2022
Subsidiaries	\$3,564	\$20,219

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 postponed 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 2023 and 2022, the company has agreed with its subsidiaries that the company will purchase raw materials, purchasing raw materials are \$70,182 thousand and \$119,807 thousand, accounts receivable arising from the above transactions were \$54,351 thousand and \$82,661 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:

Related Party Category	Year Ended December 31	
	2023	2022
Subsidiaries	\$139	\$3,344

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):

Related Party Category	December 31	
	2023	2022
Accounts receivables:		
Subsidiaries	\$3,396	\$20,255

Other receivables:		
Subsidiaries	\$3,981	\$458

F. Balance of payables (excluding borrowing from related parties):

	December 31	
Related Party Category	2023	2022
Accounts payables:		
Subsidiaries	\$770	\$1,837
Other payables:		
Subsidiaries	\$1,271	\$2,150

G. Prepayments: None.

H. Property transactions:

a. Acquisition of property, plant and equipment:

	Acquisition Price	
	Year Ended December 31	
Related Party Category	2023	2022
Subsidiaries	\$4,726	\$-

Above mentioned transaction prices were negotiated by both parties, as of December 31, 2023 the price of \$1,271 thousand were not paid yet.

b. Disposal of property, plant and equipment

		Year Ended December 31, 2023	
Related Party Category	Transaction Target	Disposal Price	Disposal Gain
Subsidiaries			
JS E&R Engineering CO., LTD	Instruments	\$2,300	\$1,190

Above mentioned transaction prices were negotiated by both parties, as of December 31, 2023 the price of \$2,272 thousand were not received yet.

Year 2022: None.

I. Financing activities – lending to related parties:

a. Ending Balance

	December 31	
Related Party Category	2023	2022
Subsidiaries		
Wuxi E&R Semiconductor Materials Technology	\$21,480	\$27,022
JS E&R Engineering CO., LTD	117,050	9,832

Total	\$138,530	\$36,854
-------	-----------	----------

The overdue accounts receivable are regarded as financing.

All loans to related parties in 2023 and 2022 are unsecured loans.

Account Items	Related Party Category	Year Ended December 31	
		2023	2022
Interest revenue	Subsidiaries	\$836	\$-
Interest rate range		1.50%	-

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, 2023		
Related Party Category	Currency	Amount
Tech Wave Technology Co., Ltd	NTD	20,000
(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

L. Others:

a. Miscellaneous income:

Related Party Category	Year Ended December 31	
	2023	2022
Subsidiary:		
Gain Profit Holding Limited	\$95	\$624
Crystal Entec Technology Co., Ltd	350	600
Others	848	555

Total	\$1,293	\$1,779
-------	---------	---------

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:

Related Party Category	Year Ended December 31	
	2023	2022
Subsidiaries	\$14,409	\$38,441

Mainly expenses from technical service, etc.

c. Subscription of related parties' capital increase

Year ended December 31, 2023: None

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%

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	
	2023	2022
Salaries and other short-term employee benefits	\$24,612	\$29,928
Post-employment benefits	814	822
Share-based payments	1,890	2,367
Total	\$27,316	\$33,117

8、PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	December 31	
	2023	2022
Other financial assets - current	\$22,573	\$12,331
Other financial assets non-current	6,900	6,900
Property, plant and equipment (net)	196,652	206,889
Total	\$226,125	\$226,120

9、SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of December 31, 2023 and 2022, the Company issued guarantee notes for bank loans amounting to \$923,680 thousand and \$906,120 thousand respectively, account guarantee notes Submitted and guarantee notes payables.
- (2) As of December 31, 2023 and 2022, 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 Taipei Computer Association for equipment development projects. The performance guarantees provided by the banks were \$21,587 thousand and \$4,313 thousand, respectively.
- (4) As of December 31, 2023 and 2022, the unused letters of credit were as follows:

(In thousands)

Item	December 31			
	2023		2022	
Foreign L/C Amount	USD	198	USD	691
	JPY	19,032	JPY	-
	EUR	201	EUR	-

- (5) The note endorsement for import goods were as follows:

(In thousands)

Item	December 31			
	2023		2022	
Note endorsement	JPY	114,412	JPY	143,866
	USD	152	USD	817

- (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 should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, 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.

(b) Foreign currency risk and sensitivity analysis

		December 31, 2023			
		Carrying amount (NTD)	Sensitivity analysis		
Foreign Currency	Exchange Rate		Range of change	Effect on profit or loss	Effects on equity

(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	18,300	30.705	561,915	increase 1%	5,619	-
JPY:NTD	278,130	0.2176	60,521	increase 1%	605	-
CNY:NTD	40,785	4.3352	176,813	increase 1%	1,768	-
Non-monetary item						
USD:NTD	8,738	30.705	268,303	increase 1%	-	2,683
HKD:NTD	23,620	3.9388	93,036	increase 1%	-	930
Financial liabilities						
Monetary item						
USD:NTD	990	30.705	30,394	increase 1%	(304)	-
JPY:NTD	90,790	0.2176	19,756	increase 1%	(198)	-

			December 31, 2022			
			Carrying amount (NTD)	Sensitivity analysis		
Foreign Currency	Exchange Rate	Range of change		Effect on profit or loss	Effects on equity	
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	34,251	30.710	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	30.710	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	30.710	102,752	increase 1%	(1,028)	-
JPY:NTD	143,866	0.2311	33,248	increase 1%	(332)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2023 and 2022 would stay the same with the reverse result. Due to the exchange rate

volatility, total exchange gains and loss (including realized and unrealized) from the Company's monetary items amounted to (\$6,682) thousand and \$85,986 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 will respectively increase or decrease by \$3,440 thousand and \$1,149 thousand due to gain or loss on financial assets at FVTPL. The other comprehensive income for the years ended December 31, 2023 and 2022 will increase or decrease by \$513 thousand and \$362 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, 2023	December 31, 2022
With fair value interest rate risk:		
Financial assets	\$982,270	\$1,102,367
Financial liabilities	(1,041,538)	(1,033,034)
Net	(\$59,268)	\$69,333
With cash flow interest rate risk:		
Financial assets	\$213,412	\$383,843
Financial liabilities	(187,095)	(106,530)
Net	\$26,317	\$277,313

(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 \$263 thousand and \$2,773 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 the top ten clients accounted for 61% and 46% 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:

December 31, 2023	Carrying amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	\$102	\$-	\$-	\$-	\$-
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at FVTPL	343,961	-	-	-	-
Financial assets at FVTOCI	51,270	-	-	-	-
Total	\$395,333	\$-	\$-	\$-	\$-

December 31, 2022	Carrying amount	Decreased amount of maximum exposure to credit risks			
		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	\$-	\$-	\$-	\$-
-------	-----------	-----	-----	-----	-----

(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, 2023							
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	\$67,000	\$30,000	\$-	\$-	\$-	\$97,000	\$97,000
Accounts payable	162,352	-	-	-	-	162,352	162,352
Other payables	95,737	4,500	-	-	-	100,237	100,237
Long-term loans (including current portion)	8,499	8,673	17,040	31,560	24,323	90,095	90,095
Bonds payable	-	-	-	1,000,000	-	1,000,000	946,295
Lease liabilities	3,589	3,523	6,239	17,753	88,796	119,900	95,243
Total	\$337,177	\$46,696	\$23,279	\$1,049,313	\$113,119	\$1,569,584	\$1,491,222
derivative financial liabilities :							
Financial liabilities at FVTPL-non-current	\$-	\$-	\$-	\$9,700	\$-	\$9,700	\$9,700
Total	\$-	\$-	\$-	\$9,700	\$-	\$9,700	\$9,700

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	\$7,112	\$23,992	\$28,649	\$29,867	\$23,422	\$6,858	\$119,900

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	<u>\$442,672</u>	<u>\$55,558</u>	<u>\$24,513</u>	<u>\$1,059,913</u>	<u>\$125,382</u>	<u>\$1,708,038</u>	<u>\$1,612,628</u>
Derivative financial liabilities :							
Financial liabilities at FVTPL-non-current	\$-	\$-	\$-	\$19,800	\$-	\$19,800	\$19,800
Total	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$19,800</u>	<u>\$-</u>	<u>\$19,800</u>	<u>\$19,800</u>

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

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	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$750,696	\$898,626
Notes receivable and account receivable	390,222	729,860
Other receivables	149,162	45,717
Other financial assets - current	322,573	582,185
Other financial assets - non-current	6,900	6,900
Refundable deposits	1,512	1,317
Financial assets at FVTPL - current	343,961	114,943
Financial assets at FVTOCI - non-current	51,270	36,181
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	97,000	-
Notes payable and account payables	162,352	289,318

Other payables	100,237	183,746
Long-term loans (including current portion)	90,095	106,530
Bonds payable (including current portion)	946,295	931,470
Lease liabilities (including current portion)	95,243	101,564
Financial liabilities at FVTPL – non-current	9,700	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, 2023				
Item	Carrying	Fair value		
		Level 1	Level 2	Level 3

	amount			
Financial Liabilities:				
Bonds payable	\$946,295	\$1,200,000	\$-	\$-
Total	<u>\$946,295</u>	<u>\$1,200,000</u>	<u>\$-</u>	<u>\$-</u>

	December 31, 2022			
		Fair value		
Item	Carrying amount	Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	\$931,470	\$1,050,000	\$-	\$-
Total	<u>\$931,470</u>	<u>\$1,050,000</u>	<u>\$-</u>	<u>\$-</u>

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, 2023			
Item	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	\$343,961	\$-	\$-	\$343,961
Financial assets measured at FVTOCI				
Domestic unlisted stocks	-	-	26,176	26,176

Domestic listed stocks	25,094	-	-	25,094
Total	<u>\$369,055</u>	<u>\$-</u>	<u>\$26,176</u>	<u>\$395,231</u>

Liabilities:

Recurring fair value

Financial liabilities at FVTPL

Sell back option	<u>\$-</u>	<u>\$9,700</u>	<u>\$-</u>	<u>\$9,700</u>
------------------	------------	----------------	------------	----------------

December 31, 2022

Item	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
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	<u>\$136,108</u>	<u>\$-</u>	<u>\$15,016</u>	<u>\$151,124</u>

Liabilities:

Recurring fair value

Financial liabilities at FVTPL

Sell back option	<u>\$-</u>	<u>\$19,800</u>	<u>\$-</u>	<u>\$19,800</u>
------------------	------------	-----------------	------------	-----------------

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	
	2023	2022
Balance at January 1	\$15,016	\$-
Additions	-	41,000
Recognized in other comprehensive income	11,160	(25,984)

Balance at December 31	\$26,176	\$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:

2023:

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	25.52%	The higher the liquidity discount, the lower the fair value estimate

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

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: Table 5.
 - I. Information about the derivative financial instruments transaction: None.
- (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

Financings provided

DECEMBER 31, 2023

(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	25,444 (JPY116,930)	21,480 (JPY49,987 ; USD345)	21,480 (JPY49,987 ; USD345)	-	1	37,257 (Note 5)	-	-	-	-	922,079	922,079
		JS E&R Engineering CO., LTD	Other receivables - related parties	Yes	122,820 (USD4,000)	122,820 (USD4,000)	117,050 (RMB27,000)	1.50%	2	-	Operating capital	-	-	-	922,079	922,079
		JS E&R Engineering CO., LTD	Other receivables - related parties (Note 4)	Yes	25,992 (USD93 ; RMB5,337)	-	-	-	1	5,808	-	-	-	-	922,079	922,079

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 \$21,480 thousand and \$0 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, 2023

(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	461,039	20,000	20,000	-	-	0.87%	1,152,599	Y	-	-
		JS E&R Engineering CO., LTD	2	691,559	61,410 (USD2,000)	-	-	-	-	1,152,599	Y	-	Y

Note 1 : 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, 2023

(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	
E&R Engineering Co., LTD	Stock — Fubon Financial	-	Financial assets at FVTPL - current	8	500	-	500
	ETF-Fubon Metaverse	-	Financial assets at FVTPL - current	600	7,452	-	7,452
	Fund — Allianz Global Investors B	-	Financial assets at FVTPL - current	620	4,383	-	4,383
	Fund — TCB Taiwan Money Market	-	Financial assets at FVTPL - current	26,529	276,276	-	276,276
	Fund — Cathay US Premium Bond Fund	-	Financial assets at FVTPL - current	298	2,995	-	2,995
	Fund — Cathay Taiwan Money Market	-	Financial assets at FVTPL - current	3,940	50,288	-	50,288
	Corporate bonds — JMC1	-	Financial assets at FVTPL - current	12	1,244	-	1,244
	Corporate bonds — FUSHENG PRECISION 1	-	Financial assets at FVTPL - current	7	823	-	823
		Total			343,961		343,961
	preferred stock — Fubon Financial Preferred B Share	-	Financial assets at FVTOCI non-current	144	8,626	-	8,626
	preferred stock — Fubon Preferred Share	-	Financial assets at FVTOCI non-current	100	6,110	-	6,110
	preferred stock — Fubon Preferred C Share	-	Financial assets at FVTOCI non-current	179	9,847	-	9,847

Table 3

E&R ENGINEERING CO., LTD
MARKETABLE SECURITIES HELD
DECEMBER 31, 2023

(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	
	preferred stock – Taishin Financial Holding Co., Ltd. Preferred Stock E	-	Financial assets at FVTOCI – non-current	10	511	-	511
	Stock - Shyawei Optronics Corporation	-	Financial assets at FVTOCI – non-current	1,640	26,176	-	26,176
		Total			51,270		51,270

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, 2023

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	
DG E&R Semiconductor Materials	E&R Semiconductor Materials Ltd.	Parent-subsiidiary	Sales	109,256	75.11%	270 days	There is no similar type of transaction for comparison, and the agreed price will be handled	60-120 days	42,571	81.94%

Table 5

E&R ENGINEERING CO., LTD

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollar and Foreign Currencies)

Creditor	Counterparty	Relationship with the counterparty	Ending balance	Turnover rate	Overdue receivables		Amount collected subsequent to the end of the reporting period (Note)	Allowance for doubtful accounts
					Amount	Action Taken		
E&R ENGINEERING CO., LTD.	JS E&R Engineering CO., LTD	Subsidiary	124,113	(Note)	-	-	-	-

364 Note: It is mainly other receivables, hence it is not applicable to be used in calculation of receivables turnover ratio.

Table 6

E&R ENGINEERING CO., LTD

Information on investees

DECEMBER 31, 2023

(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, 2023			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, 2023	As of December 31, 2022	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%	23,107	23,107	(6,255)	(3,217)	-	-	-
	E&R Semiconductor Materials Ltd	Hong Kong	Semiconductor packaging material buying and selling	84,839 (HK20,392)	79,639 (HK19,042)	15,000	100%	93,036	93,907	(17,596)	(17,822)	-	-	-
	ENRICHMENT TECH. CORPORATION	Samoa	investment holding	145,333 (USD4,186+ NTD18,589)	145,333 (USD4,186+ NTD18,589)	8,290	100%	55,242	55,666	(6,729)	(6,729)	-	-	-
	Crystal Entec Technology Co., Ltd	Kaohsiung	Electronic material processing	-	10,860	-	-	-	-	(726)	(350)	-	-	Note
E&R Semiconductor Materials Ltd	EXCELLENT INTERNATIONAL HOLDING LIMITED	British Virgin Islands	investment holding	286,430 (USD9,709)	286,430 (USD9,709)	9,709	100%	213,061	215,718	(31,630)	(31,630)	-	-	-
	GAIN PROFIT HOLDING LIMITED	Samoa	Semiconductor packaging material buying and selling	-	3 (HK1)	-	-	-	-	1,041 (HK262)	5,984 (HK1,505)	-	-	Note
	ENR APPLIED PACKING MATERIAL CORPORATION	Samoa	investment holding	116,979 (USD3,886)	116,979 (USD3,886)	10,755	100%	44,061 (USD1,435)	44,061 (USD1,435)	(6,569)	(6,569)	-	-	-

Note: These two subsidiaries had already been liquidated in November 2023.

Table 7

E&R ENGINEERING CO., LTD
Information on investments in Mainland China
DECEMBER 31, 2023

(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 A)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note B)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
DG E&R Semiconductor Materials	Production and sales of semiconductor packaging materials	HK 28,180 (Note 1)	(2)	99,637 (HK25,362)	11,071 (HK2,818)	-	110,708 (HK28,180)	(24,004) (HK-6,038)	100%	(24,004) (HK-6,038) (2).2	91,858 (HK23,382)	-
Wuxi E&R Semiconductor Material Technology	Production and sales of semiconductor packaging materials	USD 5,000 (Note 2)	(2)	155,981 (USD5,080)	-	-	155,981 (USD5,080)	(6,569) (USD-211)	100%	(6,569) (USD-211) (2).2	44,002 (USD1,433)	-
Chen-Tai Trade (shanghai) Co., Ltd	Automation equipment after-sales service	USD 500	(2)	15,353 (USD500)	-	-	15,353 (USD500)	2,373 (USD76)	100%	2,373 (USD76) (2).2	14,288 (USD465)	-
Suzhou E&R Precision Equipment Co., Ltd	Production and sales of Automation equipment	USD 1,000	(2)	30,705 (USD1,000)	-	-	30,705 (USD1,000)	(2,534) (USD -81)	100%	(2,534) (USD-81) (2).2	(918) (USD -30)	-
JS E&R Engineering CO., LTD	Production and sales of Automation equipment	RMB 71,900	(2)	282,438 (RMB65,150)	-	-	282,438 (RMB65,150)	(34,907) (USD-1,121)	90.61%	(31,630) (USD-1,016) (2).2	215,718 (USD7,026)	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
110,708(HK 28,180)(Note 3)	110,708(HK 28,180)(Note 1)	(Note 4)
155,981(USD 5,080)(Note 3)	161,416(USD 5,257)(Note 2)	
15,353(USD 500)(Note 3)	15,353(USD 500)	
30,705(USD 1,000)(Note 3)	30,705(USD 1,000)	
282,438(RMB 65,150)(Note 3)	390,818(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 HK\$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 HK\$25,443 thousand based on the shareholding ratio. Also, the company purchased additional shares in E&R Semiconductor Materials Ltd (Hong Kong) in August 2023, which increased the company's indirect shareholding in DG E&R Semiconductor Materials from 90% to 100%. Therefore, the company's investment amount in mainland China is calculated as HKD\$28,180 thousand.

(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 CORPORATION, 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 A) 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 B) 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.

The Company's major transactions during year 2023 directly or indirectly through the third place and the mainland invested company 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 8

E&R ENGINEERING CO., LTD
 INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2023

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, 2023. 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

