

E&R ENGINEERING CO., LTD.
AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
AND
INDEPENDENT AUDITORS' REVIEW REPORT

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders

E&R ENGINEERING CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of E&R Engineering Co., Ltd. and subsidiaries (the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as disclosed in basis for qualified conclusion, we conducted our reviews in accordance with Statement of Review Standards No. 2410, "Review of Financial Information Performed by the Independent Review of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 4(3), the financial statements of non-significant subsidiaries and related information declared in Note 13 were consolidated based on their unreviewed financial statements as of and for the same periods. These subsidiaries' total assets amounted to \$1,093,747 thousand and \$776,802 thousand, representing 26.41% and 17.09% of the consolidated assets, and their total liabilities amounted to \$685,801 thousand and \$265,653 thousand, representing 41.40% and 12.68% of the consolidated liabilities as of March 31, 2024 and 2023, respectively; as well as their total comprehensive income amounted to \$(12,697) thousand and \$(7,816) thousand, representing 126.45% and (50.29)% of the consolidated comprehensive income for the three months ended March 31, 2024 and 2023.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain subsidiaries described in basis for qualified conclusion paragraph and related information declared in Note 13 been reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ching Ling Lee and Kuo Ming Li.

Crowe (TW) CPAs

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
May 8, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

E&R ENGINEERING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

March 31, 2024, December 31, 2023 and March 31, 2023

Assets	Note	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6.1	\$700,711	17	\$846,413	20	\$1,153,963	25
Financial assets at fair value through profit or loss - current	6.2	350,821	8	343,961	8	176,236	4
Notes receivable, net	6.3	3,110	-	5,665	-	16,627	-
Accounts receivable, net	6.4	426,477	10	435,664	10	578,265	13
Other receivables		5,505	-	7,345	-	13,985	-
Current tax assets		396	-	42	-	32	-
Inventories	6.5	1,007,840	25	1,038,844	27	1,181,936	26
Prepayments		79,119	2	61,375	1	80,799	2
Other financial assets - current	6.6	340,320	8	342,633	8	441,790	10
Total Current Assets		2,914,299	70	3,081,942	74	3,643,633	80
NONCURRENT ASSETS							
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.7	67,010	2	51,270	1	34,507	1
Property, plant and equipment	6.8	885,682	22	750,964	19	594,962	14
Right-of-use assets	6.9	173,527	4	177,928	4	178,969	4
Intangible assets	6.10	15,987	-	16,668	-	20,446	-
Deferred tax assets		56,979	1	51,799	1	50,218	1
Refundable deposits	6.11	11,284	1	11,288	1	14,622	-
Current prepayments for investments		10,000	-	10,000	-	-	-
Other financial assets - noncurrent	8	6,900	-	6,900	-	6,900	-
Total Noncurrent Assets		1,227,369	30	1,076,817	26	900,624	20
TOTAL ASSETS		\$4,141,668	100	\$4,158,759	100	\$4,544,257	100
Liabilities and Equity							
CURRENT LIABILITIES							
Short-term loans	6.12	\$2,675	-	\$97,000	2	\$2,000	-
Financial liabilities at fair value through profit or loss- current	6.2	-	-	-	-	83	-
Contract liabilities - current	6.27	15,265	-	23,038	1	31,171	1
Notes payable		4,003	-	3,652	-	4,846	-
Accounts payable		206,813	5	186,032	4	220,942	5
Other payables	6.13	176,791	4	142,547	3	349,404	7
Current tax liabilities		24,064	1	22,962	1	91,592	2
Provisions – current	6.14	32,123	1	31,461	1	78,800	2
Lease liabilities – current	6.9	21,058	1	21,788	1	29,121	1
Advance receipts		398	-	398	-	398	-
Current portion of long-term loans	6.15	17,242	-	17,172	-	16,900	-
Total Current Liabilities		500,432	12	546,050	13	825,257	18
NONCURRENT LIABILITIES							
Financial liabilities at fair value through profit or loss - noncurrent	6.2	-	-	9,700	-	18,200	-
Bonds payable	6.16	720,216	18	946,295	24	935,104	21
Long-term loans	6.17	204,014	5	72,923	2	85,537	2
Deferred tax liabilities		3,317	-	276	-	2,812	-
Lease liabilities - noncurrent	6.9	127,295	3	131,450	3	123,372	3
Long-term deferred revenue	6.18	22,654	1	22,053	1	22,735	1
Net defined benefit liability - noncurrent		7,545	-	9,584	-	10,608	-
Guarantee deposits	9	71,056	1	71,056	1	71,056	1
Total Noncurrent Liabilities		1,156,097	28	1,263,337	31	1,269,424	28
TOTAL LIABILITIES		1,656,529	40	1,809,387	44	2,094,681	46
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
Share capital	6.20						
Common stock		985,954	24	985,954	24	995,954	22
Bond conversion entitlement certificates		37,169	1	-	-	-	-
Capital surplus	6.21	1,430,795	34	1,237,824	29	1,240,018	29
Retained earnings	6.23						
Legal reserve		77,177	2	77,177	2	38,028	1
Special reserve		36,409	1	36,409	1	11,185	-
Unappropriated earnings		75,960	2	166,014	4	245,959	5
Other equity	6.24	(12,072)	-	(31,456)	(1)	(35,992)	(1)
Treasury shares	6.25	(166,725)	(4)	(166,725)	(4)	(113,668)	(3)
Total equity attributable to owners of the parent		2,464,667	60	2,305,197	55	2,381,484	53
NON-CONTROLLING INTERESTS							
	6.26	20,472	-	44,175	1	68,092	1
Total Equity		2,485,139	60	2,349,372	56	2,449,576	54
TOTAL LIABILITIES AND EQUITY		\$4,141,668	100	\$4,158,759	100	\$4,544,257	100

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

Item	Note	Three Month Ended March 31			
		2024		2023	
		Amount	%	Amount	%
OPERATING REVENUE	6.27	\$287,847	100	\$410,715	100
OPERATING COST	6.5	(194,933)	(68)	(256,796)	(63)
GROSS PROFIT (LOSS)		92,914	32	153,919	37
OPERATING EXPENSES					
Sales and marketing		(59,238)	(21)	(46,569)	(11)
General and administrative		(44,111)	(15)	(39,111)	(10)
Research and development expense		(63,158)	(21)	(46,963)	(11)
Expected credit losses (reversal)	6.4	1,294	-	(546)	-
Total operating expenses		(165,213)	(57)	(133,189)	(32)
INCOME (LOSS) FROM OPERATIONS		(72,299)	(25)	20,730	5
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.29	3,831	1	8,352	2
Other income	6.30	2,045	1	530	-
Other gains and losses	6.31	40,012	14	(4,720)	(1)
Finance cost	6.32	(4,913)	(2)	(5,249)	(1)
Total non-operating income and expenses		40,975	14	(1,087)	-
INCOME (LOSS) BEFORE INCOME TAX		(31,324)	(11)	19,643	5
INCOME TAX BENEFIT (EXPENSE)	6.33	1,026	-	(4,709)	(1)
NET INCOME (LOSS)		(30,298)	(11)	14,934	4
OTHER COMPREHENSIVE INCOME (LOSS)	6.34				
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		5,444	2	(1,674)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		15,176	5	2,341	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(363)	-	(58)	-
Total other comprehensive income (loss), net of income tax		20,257	7	609	-
TOTAL COMPREHENSIVE INCOME (LOSS)		(\$10,041)	(4)	\$15,543	4

Item	Note	Three Month Ended March 31			
		2024		2023	
		Amount	%	Amount	%
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		(\$27,420)	(10)	\$16,289	4
Non-controlling interests		(2,878)	(1)	(1,355)	-
		<u>(\$30,298)</u>	<u>(11)</u>	<u>\$14,934</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS)					
ATTRIBUTABLE TO:					
Shareholders of the parent		(\$8,036)	(3)	\$16,705	4
Non-controlling interests		(2,005)	(1)	(1,162)	-
		<u>(\$10,041)</u>	<u>(4)</u>	<u>15,543</u>	<u>4</u>
EARNINGS (LOSS) PER SHARE					
Basic	6.36	<u>(\$0.29)</u>		<u>\$0.17</u>	
Diluted	6.36	<u>(\$0.29)</u>		<u>\$0.17</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			
Certificate of Bond Exchange Rights			Unappropriated retained earnings			Exchange Differences on Translating Foreign Operations		Unrealized Gain (Loss) on Financial Assets at FV/TOCI	
Common Stock	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 FV/TOCI	Treasury stock	Total equity attributable to the owners of the parent
\$1,007,703	\$3,026	\$125	\$1,271,597	\$11,185	\$459,625	(\$8,934)	(\$27,475)	(\$188,316)	\$2,566,564
BALANCE AT JANUARY 1, 2023									
Allocate and appropriated retained earnings:									
Cash dividend of common stock	-	-	-	-	(195,545)	-	-	-	(195,545)
Net income (loss) for three month ended March 31,2023	-	-	-	-	16,289	-	-	-	16,289
Other comprehensive income (loss) for three month ended March 31,2023, net of income tax									
Total comprehensive income (loss) for three month ended March 31,2023	-	-	-	-	16,289	2,091	(1,674)	-	16,706
Bond conversion entitlement certificate	3,026	(3,026)	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	(7,887)	(7,887)
Retirement of treasury stock	(14,900)	-	(33,225)	-	(34,410)	-	-	82,535	-
Share-based payment transactions	125	(125)	1,646	-	-	-	-	-	1,646
BALANCE AT MARCH 31, 2023	\$995,954	\$-	\$1,240,018	\$11,185	\$245,959	(\$6,843)	(\$29,149)	(\$113,668)	\$2,381,484
BALANCE AT JANUARY 1, 2024									
Allocate and appropriated retained earnings:									
Cash dividend of common stock	-	-	-	-	(49,829)	-	-	-	(49,829)
Net income (loss) for three month ended March 31,2024	-	-	-	-	(27,420)	-	-	-	(27,420)
Other comprehensive income (loss) for three month ended March 31,2024, net of income tax									
Total comprehensive income (loss) for three month ended March 31,2024	-	-	-	-	-	13,940	5,444	-	19,384
Bond conversion entitlement certificate	37,169	-	192,370	-	(27,420)	13,940	5,444	-	(8,036)
The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value	-	-	-	-	(12,805)	-	-	-	229,539
Share-based payment transactions	-	-	-	-	-	-	-	-	(12,805)
Changes in noncontrolling interests	-	-	601	-	-	-	-	-	601
BALANCE AT MARCH 31, 2024	\$985,954	\$37,169	\$-	\$1,430,795	\$75,960	(\$1,525)	(\$10,547)	(\$166,725)	\$2,464,667
									\$2,485,139
									\$20,472
									(21,698)
									(30,298)
									873
									20,257
									(10,041)
									229,539
									(12,805)
									601
									(21,698)
									\$2,485,139

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

Item	Three Month Ended March 31	
	2024	2023
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(\$31,324)	\$19,643
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation	33,719	30,567
Amortization expense	1,962	2,102
Expected credit losses (reversal)	(1,294)	546
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(11,942)	(3,296)
Interest expense	4,913	5,249
Interest income	(3,831)	(8,352)
Share-Based Benefit Compensation Cost	601	1,646
Loss (gain) on disposal and retirement of property, plant and Equipment	218	(552)
Loss (gain) on lease modification	(28)	-
Others	(99)	(100)
Total income and expenses having no effect on cash flows	24,219	27,810
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(4,653)	(59,514)
Notes receivable	2,554	6,264
Accounts receivable	10,355	173,133
Other receivables	1,186	(4,004)
Inventories	(58,071)	(703)
Prepayments	(17,744)	9,446
Other financial assets	-	174,281
Total net changes in operating assets	(66,373)	298,903
Net changes in operating liabilities:		
Contract liabilities	(7,773)	(6,016)
Notes payable	351	(1,998)
Accounts payable	20,781	(94,385)
Other payables	(23,785)	(73,208)
Provisions	662	(14,059)
Net defined benefit liability	(2,039)	4
Total net changes in operating liabilities	(11,803)	(189,662)

Item	Three Month Ended March 31	
	2024	2023
Total changes in operating assets and liabilities	<u>\$(78,176)</u>	<u>\$109,241</u>
Total adjustments	<u>(53,957)</u>	<u>137,051</u>
Cash generated from (used in) operations	(85,281)	156,694
Interest received	4,485	7,555
Interest paid	(1,545)	(1,618)
Income tax refund (paid)	<u>(533)</u>	<u>(717)</u>
Net cash generated from (used in) operating activities	<u>(82,874)</u>	<u>161,914</u>
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(10,296)	-
Acquisition of investments accounted for using equity method	(51,152)	(31,031)
Proceeds from disposal of property, plant and equipment	22	552
Increase in refundable deposits	-	(1,922)
Decrease in refundable deposits	4	-
Acquire intangible assets	(1,261)	(9,419)
Increase in other financial assets	-	(10,219)
Decrease in other financial assets	<u>2,313</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>(60,370)</u>	<u>(52,039)</u>
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(94,325)	(2,500)
Increase in long-term loans	132,730	-
Repayment of long-term loans	(4,145)	(4,093)
Repayments of principal of lease liabilities	(5,424)	(7,555)
Treasury stock buyback cost	-	(7,887)
Changes in non-controlling interests	<u>(34,503)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(5,667)</u>	<u>(22,035)</u>
4.EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,209	1,295
5.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(145,702)</u>	<u>89,135</u>
6.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>846,413</u>	<u>1,064,828</u>
7.CASH AND CASH EQUIVALENTS, END OF MARCH 31	<u><u>\$700,711</u></u>	<u><u>\$1,153,963</u></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 THREE MONTHS ENDED MARCH 31, 2024 and 2023

(Reviewed, Not Audited)

(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 CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 8, 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 2024 are as follows:

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

Note : This amendment will apply to annual reporting periods beginning after January 1, 2024.

A. Amendments to IFRS 16 “Lease liability in a 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 Noncurrent”

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. Amendment 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 Group has evaluated the aforementioned standards and interpretations, and there is no significant effect to 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: None.

(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 “Insurance Contracts”	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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027

Except as stated below, The Group has assessed that the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

A. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendment resolve the difference between IFRS10 and IAS28, Transactions in which investors sell (invest) assets to their affiliated companies or joint ventures. Depending on the nature of the trading assets, all or part of the disposal gains and losses will be recognized.

When the assets traded are in line with the "business", all gains and losses from the disposal will be recognized; when the assets traded are not in line with the "business", only part of the gains and losses from the disposal within the scope of the interests of the non-related investors in the related enterprises or joint ventures can be recognized.

B. Amendments to IAS 21 “Lack of Exchangeability”

This amendment defines “Lack of Exchangeability”, and provide when a currency lacks of Exchangeability. Application guidance on how enterprises determine the spot exchange rate on the measurement date. This amendment also requires companies to provide more useful information in their financial statements when a currency is not convertible into another currency.

C. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS1 and update the structure of the consolidated income statement. Added new disclosures on management performance measurement, and strengthened the aggregation and segmentation principles applied to the main financial statements and notes.

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

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023. 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. The consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, these 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. Financial assets at fair value through other comprehensive income or loss.
 - c. Liabilities on cash-settled share based payment arrangement measured at fair value.

d. 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		
		March 31, 2024	December 31, 2023	March 31, 2023
1. E&R Engineering Co., Ltd.				
E&R Semiconductor Materials Ltd.	Selling of semiconductor packaging materials	100.00%	100.00%	90.00%
Tech Wave Technology Co., Ltd.	Manufacturing machining and selling of flexible printed circuit	51.43%	51.43%	51.43%
Enrichment Tech. Corporation	Investments	100.00%	100.00%	100.00%
Crystal Entec. Technology Co., Ltd	Processing of electronic materials	-	-	48.27%
Excellent Internation Holdings limited	Investments	100.00%	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%	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%	100.00%
Chen-Tai Trade. (shanghai) Co., Ltd	Customer service of automatic equipment	100.00%	100.00%	100.00%
Suzhou E&R Precision Equipment Co., Ltd.	Manufacturing and selling of automatic equipment	100.00%	100.00%	100.00%

Investee / Subsidiary	Main Businesses	Percentage of Ownership		
		March 31, 2024	December 31, 2023	March 31, 2023
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%	100.00%
5. Excellent Internation Holdings Limited				
JS E&R Engineering Co., Ltd.	Manufacturing and selling of automatic equipment	90.61%	90.61%	90.61%
6. Chen-Tai Trade (shanghai) Co., Ltd				
JS E&R Engineering Co., Ltd	Manufacturing and selling of automatic equipment	9.39%	-	-

(note)The groupe with shareholding ratio 48.27% to Crystal Entec Technology Co., Ltd. However, The groupe 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.

(1)All subsidiaries included in consolidation financial statement were not audit by Accountant.

(2)Consolidated subsidiaries increase or decrease:

Crystal Entec technology Co., Ltd and GAIN PROFIT HOLDING LIMITED were Liquidated in November, 2023.

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

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

E. Material restrictions: Cash on hand and cash in banks of \$209,892 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) Retirement benefits

The pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

(5) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

Except for the following, please refer to Note 6 to the consolidated financial statements for year ended December 31, 2023.

(1) Cash and cash equivalents

Item	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$1,375	\$1,740	\$1,724
Checking account	390	247	760
Demand deposits	375,586	254,067	200,146
Cash equivalents			
Time deposits with original maturities less than 3 months	323,360	590,359	951,333
Total	<u>\$700,711</u>	<u>\$846,413</u>	<u>\$1,153,963</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 at fair value through profit or loss - current

Item	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets - current			
Domestic listed stock and ETF	\$8,422	\$7,952	\$6,379
Mutual funds	340,609	333,942	167,795
Corporation bonds	1,213	2,067	2,062
Bond call options	76	-	-
Foreign Exchange Swaps	501	-	-
Total	<u>\$350,821</u>	<u>\$343,961</u>	<u>\$176,236</u>
Financial assets – current			
Foreign Exchange Swaps	\$-	\$-	\$83
Total	<u>\$-</u>	<u>\$-</u>	<u>\$83</u>
Financial assets – non-current			
Bond call options	\$-	\$9,700	\$18,200
Total	<u>\$-</u>	<u>\$9,700</u>	<u>\$18,200</u>

A. The Group recognized net gain (loss) of financial assets at fair value through profit or loss of \$11,942 thousand and \$3,296 thousand for the three months ended March 31, 2024 and 2023, respectively.

B. The Group's purpose of engaging in derivative financial instrument transactions is mainly to avoid risks arising from exchange rate fluctuations in foreign currency assets and liabilities.

a. Foreign Exchange Swaps

March 31, 2024

Contract content	Contract period	Execution price	Contract amount
Buy USD and sold TWD	113.2~113.4	31.39	USD 1,000,000

December 31, 2023:None

March 31, 2023

Contract content	Contract period	Execution price	Contract amount
Buy USD and sold TWD	112.3~112.5	30.524	USD 380,000

C. The Group had no financial assets at fair value through profit or loss pledged to others.

D. Please refer to Note 12(2) for credit risk management and evaluation method.

(3) Notes receivable, net

Item	March 31, 2024	December 31, 2023	March 31, 2023
At amortized cost			
Notes receivable	\$3,113	\$5,667	\$16,659
Less: Loss allowance	(3)	(2)	(32)
Net	<u>\$3,110</u>	<u>\$5,665</u>	<u>\$16,627</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	March 31, 2024	December 31, 2023	March 31, 2023
At amortized cost			
Accounts receivable	\$436,044	\$446,399	\$593,587
Less: Loss allowance	(9,567)	(10,735)	(15,322)
Net	<u>\$426,477</u>	<u>\$435,664</u>	<u>\$578,265</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):

March 31, 2024	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%~1%	\$393,017	(\$3,138)	\$389,879
Past due within 30 days	0%-20%	8,953	(348)	8,605
Past due 31-180 days	0%-20%	20,974	(1,826)	19,148
Past due 181~365 days	0%-50%	10,376	(1,501)	8,875
Past over than 1 year	0%~100%	3,850	(770)	3,080
Counterparties show Signs of default	100%	1,987	(1,987)	-
Total		<u>\$439,157</u>	<u>(\$9,570)</u>	<u>\$429,587</u>

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 31-180days	0%-20%	17,169	(1,281)	15,888
Past due 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>

March 31, 2023	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1%	\$518,952	\$(1,679)	\$517,273
Past due within 30 days	0%-20%	22,867	(1,695)	21,172
Past due 31-180 days	0%-20%	37,228	(5,113)	32,115
Past due 181~365 days	0%-50%	21,889	(3,434)	18,455
Past over than 1 year	0%-100%	7,498	(1,621)	5,877
Counterparties show signs of default	100%	1,812	(1,812)	-
Total		<u>\$610,246</u>	<u>\$(15,354)</u>	<u>\$594,892</u>

E. Movements of the loss allowance for notes and accounts receivable were as follows:

	Three Months Ended March 31	
	2024	2023
Beginning balance	\$10,737	\$14,813
Add: Provision for impairment	-	546
Less: Reversal of impairment	(1,294)	-
Foreign exchange differences	127	(5)
Ending balance	<u>\$9,570</u>	<u>\$15,354</u>

The above provision has already taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables was \$7,975 thousand, \$11,274 thousand and \$19,769 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, 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 are \$0 thousand for the three months ended March 31, 2024 and 2023.

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

(5) Inventories and operating costs

Item	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$531,609	\$527,087	\$631,815
Work in process	269,856	254,880	277,836
Finished goods	206,375	256,877	272,285
Net	<u>\$1,007,840</u>	<u>\$1,038,844</u>	<u>\$1,181,936</u>

A. The related inventory gain (loss) recognized as operating cost for the three months ended March 31, 2024 and 2023 were as follows:

Item	Three Months Ended March 31	
	2024	2023
Cost of goods sold	\$175,593	\$247,075
Gain (loss) on inventory valuation	19,340	9,114
Unallocated overheads and labor cost	-	607
Total	<u>\$194,933</u>	<u>\$256,796</u>

B. The Group recognized inventory valuation loss (gain) of \$19,340 and \$9,114 thousand for the three months ended March 31, 2024 and 2023, respectively, as a result of inventory's write-down to net realizable value or increasing price of some products and decreasing part of inventory.

C. The Group had no inventories pledged to others.

(6) Other financial assets - current

Item	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits with maturities of more than three months	\$314,000	\$314,000	\$413,180
Restricted assets	26,320	28,633	28,610
Total	<u>\$340,320</u>	<u>\$342,633</u>	<u>\$441,790</u>

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

Item	March 31, 2024	December 31, 2023	March 31, 2023
Equity instruments			
Domestic listed stocks	\$26,261	\$26,261	\$22,656
Domestic unlisted stocks	51,296	41,000	41,000
Subtotal	\$77,557	\$67,261	\$63,656
Evaluation adjustment	(10,547)	(15,991)	(29,149)
Total	\$67,010	\$51,270	\$34,507

A. The Group invests in domestic 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. Please refer to Note 12 for relevant credit risk management and assessment methods.

C. The financial assets at FVTOCI were not pledged as collateral.

(8) Property, plant and equipment

Item	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$51,515	\$51,515	\$51,515
Buildings	298,984	297,789	294,690
Machinery and equipment	383,616	330,597	398,847
Office equipment	14,914	18,132	14,107
Transportation facilities	20,042	14,759	17,176
Miscellaneous equipment	595,143	544,965	477,407
Equipment to be inspected and construction in progress	315,404	263,777	172,055
Total cost	\$1,679,618	\$1,521,534	\$1,425,797
Less: Accumulated depreciation	(784,057)	(761,075)	(820,895)
Less: Accumulated impairment	(9,879)	(9,495)	(9,940)
Total	\$885,682	\$750,964	\$594,962

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2024	\$51,515	\$297,789	\$330,597	\$577,856	\$263,777	\$1,521,534
Additions	-	1,282	3,712	12,303	42,182	59,479
Disposals	-	(2,414)	(4,838)	(11,776)	-	(19,028)
Transfer from inventories	-	-	41,092	47,829	-	88,921
Transfer to inventories	-	-	-	(337)	-	(337)
Reclassification	-	1,926	871	(1,286)	(1,511)	-
Effect of foreign currency exchange differences	-	401	12,182	5,510	10,956	29,049
Balance at March 31, 2024	<u>\$51,515</u>	<u>\$298,984</u>	<u>\$383,616</u>	<u>\$630,099</u>	<u>\$315,404</u>	<u>\$1,679,618</u>
Accumulated Depreciation and Impairment						
Balance at January 1, 2024	\$-	\$126,425	\$301,326	\$342,819	\$-	\$770,570
Depreciation expense	-	3,675	2,084	21,881	-	27,640
Disposals	-	(2,414)	(4,838)	(11,536)	-	(18,788)
Reclassification	-	285	-	(285)	-	-
Effect of foreign currency exchange differences	-	84	9,935	4,495	-	14,514
Balance at March 31, 2024	<u>\$-</u>	<u>\$128,055</u>	<u>\$308,507</u>	<u>\$357,374</u>	<u>\$-</u>	<u>\$793,936</u>

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2023	\$51,515	\$288,435	\$396,588	\$486,378	\$159,768	\$1,382,684
Additions	-	474	-	3,843	19,848	24,165
Disposals	-	-	-	(1,026)	-	(1,026)
Transfer from inventories	-	-	-	17,537	-	17,537
Reclassification	-	5,756	-	1,268	(7,024)	-
Transfer to other noncurrent assets	-	-	-	-	(1,295)	(1,295)
Effect of foreign currency exchange differences	-	25	2,259	690	758	3,732
Balance at March 31, 2023	<u>\$51,515</u>	<u>\$294,690</u>	<u>\$398,847</u>	<u>\$508,690</u>	<u>\$172,055</u>	<u>\$1,425,797</u>
Accumulated Depreciation and Impairment						
Balance at January 1, 2023	\$-	\$111,903	\$356,720	\$337,734	\$-	\$806,357
Depreciation expense	-	3,881	2,956	15,953	-	22,790
Disposals	-	-	-	(1,026)	-	(1,026)
Effect of foreign currency exchange differences	-	9	2,102	603	-	2,714
Balance at March 31, 2023	<u>\$-</u>	<u>\$115,793</u>	<u>\$361,778</u>	<u>\$353,264</u>	<u>\$-</u>	<u>\$830,835</u>

(note) Including transportation equipment, office equipment and miscellaneous equipment.

- A. The details of interest capitalized: None.
- B. The Group did not assess the impairment because there is no sign of impairment for the three months ended March 31, 2024.
- 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	Three Months Ended March 31	
	2024	2023
Acquisition of property, plant and equipment	\$59,479	\$24,165
Decrease (increase) in equipment payable	(8,327)	6,866
Cash paid for acquisition of property, plant and equipment	\$51,152	\$31,031

- E. The Group's Property, plant and equipment are depreciated on a straight-line basis with its useful life as follows:

Buildings, 25 to 50 years;

Factory facility Equipment, 3 to 35 years;

Machinery and Transportation Equipment, 2 to 8 years;

Miscellaneous Equipment, 2 to 10 years.

(9) Lease agreement

A. Right-of-use assets

Item	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$141,886	\$140,616	\$142,027
Buildings	95,000	97,558	125,005
Transportation facilities	4,996	4,996	7,488
Total cost	\$241,882	\$243,170	\$274,520
Less: Accumulated depreciation	(68,355)	(65,242)	(95,551)
Net	\$173,527	\$177,928	\$178,969

Cost	Land	Buildings	Transportation facilities	Total
Balance at January 1, 2024	\$140,616	\$97,558	\$4,996	\$243,170
Additions	-	-	-	-
Decrease	(37)	(5,260)	-	(5,297)
Effect of foreign currency exchange differences	1,307	2,702	-	4,009
Balance at March 31, 2024	\$141,886	\$95,000	\$4,996	\$241,882

Accumulated Depreciation and Impairment				
Balance at January 1, 2024	\$18,969	\$43,327	\$2,946	\$65,242
Depreciation expense	1,509	4,153	417	6,079
Decrease	-	(4,120)	-	(4,120)
Effect of foreign currency exchange differences	81	1,073	-	1,154
Balance at March 31, 2024	<u>\$20,559</u>	<u>\$44,433</u>	<u>\$3,363</u>	<u>\$68,355</u>

Cost	Land	Buildings	Transportation facilities	Total
Balance at January 1, 2023	\$141,864	\$124,542	\$6,227	\$272,633
Additions	-	-	1,261	1,261
Effect of foreign currency exchange differences	163	463	-	626
Balance at March 31, 2023	<u>\$142,027</u>	<u>\$125,005</u>	<u>\$7,488</u>	<u>\$274,520</u>
Accumulated Depreciation and Impairment				
Balance at January 1, 2023	\$12,946	\$71,324	\$3,209	\$87,479
Depreciation expense	1,536	5,652	589	7,777
Effect of foreign currency exchange differences	6	289	-	295
Balance at March 31, 2023	<u>\$14,488</u>	<u>\$77,265</u>	<u>\$3,798</u>	<u>\$95,551</u>

B. Lease liabilities

Item	March 31, 2024	December 31, 2023	March 31, 20223
Carrying amount of lease liabilities			
- current	<u>\$21,058</u>	<u>\$21,788</u>	<u>\$29,121</u>
- noncurrent	<u>\$127,295</u>	<u>\$131,450</u>	<u>\$123,372</u>

Ranges of discount rates for lease liabilities are as follows:

March 31, 2024	December 31, 2023	March 31, 2023
1.60%-3.53%	1.60%-3.53%	1.56%-3.53%

Please refer to Note 12(3) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Group leased some land and buildings, etc. as factory, with the lease terms of 1 to 50 years. There is no sign of impairment of right-of-use assets as of March 31, 2024. Therefore, the Group didn't assess the impairment.

D. Subleasing: None.

E. Other lease information:

(1) The current lease relevant expense information is as follows:

	Three Months Ended March 31	
	2024	2023
Short-term lease expense	\$2,301	\$2,150
Low-value asset lease expense	\$146	\$131
Variable lease payments that excluded in the measurement of lease liabilities	\$-	\$-
Total cash outflow for leases (Note)	(\$7,871)	(\$9,836)

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

(10) Intangible assets

Item	March 31, 2024	December 31, 2023	March 31, 2023
Computer software	\$23,827	\$22,693	\$34,961
Others	5,000	5,000	5,000
Total cost	\$28,827	\$27,693	\$39,961
Less: Accumulated amortization and impairment	(12,840)	(11,025)	(19,515)
Net	\$15,987	\$16,668	\$20,446

	Computer Software	Others	Total
Cost			
Balance at January 1, 2024	\$22,693	\$5,000	\$27,693
Additions	1,261	-	1,261
Derecognition	(158)	-	(158)
Effect of exchange rate changes	31	-	31
Balance at March 31, 2024	\$23,827	\$5,000	\$28,827

Accumulated Amortization and Impairment			
Balance at January 1, 2024	\$6,775	\$4,250	\$11,025
Amortization expenses	1,712	250	1,962
Derecognition	(158)	-	(158)
Effect of exchange rate changes	11	-	11
Balance at March 31, 2024	\$8,340	\$4,500	\$12,840

	Computer Software	Others	Total
Cost			
Balance at January 1, 2023	\$24,243	\$5,000	\$29,243
Additions	9,419	-	9,419
Transfer from property, plant and equipment	1,295	-	1,295
Effect of exchange rate changes	4	-	4
Balance at March 31, 2023	<u>\$34,961</u>	<u>\$5,000</u>	<u>\$39,961</u>
Accumulated Amortization and Impairment			
Balance at January 1, 2023	\$14,162	\$3,250	\$17,412
Amortization expenses	1,852	250	2,102
Effect of exchange rate changes	1	-	1
Balance at March 31, 2023	<u>\$16,015</u>	<u>\$3,500</u>	<u>\$19,515</u>

(11)Refundable deposits

Item	March 31, 2024	December 31, 2023	March 31, 2023
Rent deposits	\$5,921	\$5,701	\$8,965
Performance	3,292	3,165	3,235
Others	2,071	2,422	2,422
Total	<u>\$11,284</u>	<u>\$11,288</u>	<u>\$14,622</u>

(12)Short-term loans

	March 31, 2024	
Borrowings Nature	Amount	Interest
Purchase loan	\$1,175	1.35%
Credit loan	1,500	2.10~2.70%
Total	<u>\$2,675</u>	

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

	March 31, 2023	
Borrowings Nature	Amount	Interest
Credit loan	<u>\$2,000</u>	2.60%

For short-term loans, the Group provides some other financial assets, real estate, plants and equipment as guarantees for the borrowings. Please refer to Note 8 for explanations.

(13) Other payables

Item	March 31, 2024	December 31, 2023	March 31, 2023
Wages and salaries payable	\$45,540	\$59,247	\$20,659
Commission payable	19,460	24,502	41,643
Social security and provident fund payable	11,822	11,360	11,581
Insurance payable Interest	4,694	4,528	4,439
Interest payable	76	203	91
Payable on equipment	13,531	5,204	-
Employees, directors and supervisors	49,829	-	195,545
compensation payable-before	4,500	-	43,000
Employees, directors and supervisors	-	4,500	1,500
compensation payable-current			
Others	27,339	33,003	30,946
Total	<u>\$176,791</u>	<u>\$142,547</u>	<u>\$349,404</u>

(14) Provisions - current

Item	March 31, 2024	December 31, 2023	March 31, 2023
Employee benefits	\$9,429	\$9,117	\$9,376
Warranty provisions	22,694	22,344	69,424
Total	<u>\$32,123</u>	<u>\$31,461</u>	<u>\$78,800</u>

Provisions for

Item	Employee Benefits	warranty	Total
Balance at January 1, 2024	\$9,117	\$22,344	\$31,461
Additional provisions recognized	8,578	6,347	14,925
Used in current period	(8,266)	(5,997)	(14,263)
Balance at March 31, 2024	<u>\$9,429</u>	<u>\$22,694</u>	<u>\$32,123</u>

Provisions for

Item	Employee Benefits	warranty	Total
Balance at January 1, 2023	\$10,222	\$82,637	\$92,859
Additional provisions recognized	8,625	6,709	15,334
Used in current period	(9,471)	(19,922)	(29,393)
Balance at March 31, 2023	<u>\$9,376</u>	<u>\$69,424</u>	<u>\$78,800</u>

- A. Provision for employee benefits represents vested short-term service leave entitlements accrued.
- B. The type of warranty business provided by the Group guarantees that the products are consistent with the agreed specifications and is related to the sales of machine products. The warranty liability provision is estimated based on the historical warranty data of the product.

(15) Long-term loans and current portion of long-term loans

Item	March 31, 2024	December 31, 2023	March 31, 2023
Long-term loans	\$17,242	\$17,172	\$16,900

(16) Bonds Payable

Item	March 31, 2024	December 31, 2023	March 31, 2023
The third unsecured convertible domestic bonds	\$758,100	\$1,000,000	\$1,000,000
Less: discounts on bonds payable	(37,884)	(53,705)	(64,896)
Less: current portion	-	-	-
Net	\$720,216	\$946,295	\$935,104

- 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.
- The conversion price of the bonds is set up based on the pricing model in the terms of the bonds. The conversion price at the time of issuance was \$67.60, The company adjusts the conversion price due to changes in share capital. The conversion price is \$65.08 from January to March, 2024, and the number of converted shares as of March 31, 2024 was 3,717 thousand shares.
- 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.
- 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 March 31, 2024, the redemption were \$0 thousand.
- g. As of March 31, 2024, the Company redeemed the issued convertible bonds from open market by own funds at principal amount to \$0 thousand.
- h. The Company issued the 3rd bonds payable and statement of cash flow

Item	Three Months Ended March 31	
	2024	2023
Bonds payable convert amount	\$241,900	\$-
Conversion offset and corporate bond payable on discount	(12,325)	-
Conversion Charges Financial Assets at Fair Value Through Profit or Loss	(36)	-
Change in equity	(229,539)	-
Cash payment	\$-	\$-

(17)Long-term loans and current portion of long-term loans

Item	March 31, 2024	December 31, 2023	March 31, 2023
Mortgage loans	\$221,256	\$90,095	\$102,437
Less: portion due within one year	(17,242)	(17,172)	(16,900)
Long-term loans	\$204,014	\$72,923	\$85,537
Interest rate range	2.00%-3.45%	2.213%-2.24%	1.986%-2.11%

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

(18) Long-term deferred revenue

Item	March 31, 2024	December 31, 2023	March 31, 2023
Deferred revenue:			
Factory construction subsidy	\$18,041	\$17,341	\$17,725
Equipment subsidy	5,972	5,972	5,972
Subtotal	\$24,013	\$23,313	\$23,697
Less: Cumulative recognized revenue	(961)	(862)	(564)
Less: Transfer to advance receipts within one year	(398)	(398)	(398)
Balance at March 31	\$22,654	\$22,053	\$22,735

The factory construction subsidy is the subsidy for the factory construction given by the Nantong Economic & 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 total pension expenses were \$8,249 thousand and \$8,426 thousand for the three months ended March 31, 2024 and 2023, respectively.

B. Defined benefit plans

- a. The pension under the defined benefit plans were \$365 thousand and \$34 thousand for three months ended March 31, 2024 and 2023. The pensions were calculated using the actuarially determined pension cost discount rates as of December 31, 2023 and 2022.
- b. The Group estimated that the Labor Retirement Account is insufficient to pay the labor pension that is expected to meet the retirement conditions next year at the year end of 2023, and funded the difference to reduce net defined benefit liability in March 2024 for \$2,039 thousand.

(20) Share capital

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

Item	Three months Ended March 31, 2024	
	Shares (in thousands)	Amount
Balance at January 1	98,595	\$985,954
Conversion of bonds payable	-	-
Retirement of treasury share	-	-
Employee stock options	-	-
Balance at March 31	98,595	\$985,954

Item	Three months Ended March 31, 2023	
	Shares (in thousands)	Amount
Balance at January 1	100,771	\$1,007,703
Conversion of bonds payable	302	3,026
Retirement of treasury share	(1,490)	(14,900)
Employee stock options	12	125
Balance at March 31	99,595	\$995,954

- a. As of March 31, 2024, the authorized capital are \$1,200,000 thousand, consisting of 120,000 thousand shares. (including 5,000 thousands shares for the conversion of stock warrants, preferred shares with stock warrants or corporate bonds with stock warrants
- b. On May 4, 2018, the Company's board of directors resolved to issue employee stock option certificates totaling 1,000 units, and each stock option certificate represents the right to purchase 1,000 shares of E&R. The issuance of stock option certificates was approved by FSC on September 5, 2018.
- c. On April 29, 2021, the Company's board of directors resolved to issue employee stock option certificates totaling 500 units, and each stock option certificate represents the right to purchase 1,000 shares of E&R. The issuance of stock option certificates was approved by FSC on October 12, 2021.
- d. The convertible corporate bonds issued by the company between January and March of 2024 and 2023 .The face amounts of the corporate bonds requested from the company to be converted into ordinary shares are \$241,900 thousand and \$0 thousand respectively, and the number of converted shares is 3,717 thousand shares and 0 thousand shares respectively. As of March 31, 2024 and 2023, the changes have not been completed. The bond exchange rights certificates recorded in the registered accounts were \$37,169 thousand and \$0 thousand respectively.

(21) Capital surplus

Item	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$1,347,388	\$1,138,916	\$1,150,023
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,786	9,786	4,832
Stock options	64,538	80,039	76,080
Treasury share transactions			
Others-disgorgement	9,083	9,083	9,083
Total	<u>\$1,430,795</u>	<u>\$1,237,824</u>	<u>\$1,240,018</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 \$0 thousand for the three months ended March 31, 2024 and 2023, respectively.

- a. Numbers and Weighted-average exercise price of stock options for the three months ended March 31, 2024 and 2023 are as follows:

	Three Month Ended March 31			
	2024		2023	
	Shares	Weighted-average Exercise Price	Shares	Weighted-average Exercise Price
Employee Stock Option	(in thousand)	per Share (NT\$)	(in thousand)	per Share (NT\$)
Outstanding at beginning of year	-	-	30	\$15.40
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at end of year	-	-	30	\$15.40
Authorized but not issued yet at end of year	-		30	

b. As of March 31, 2024 and December 31, 2023 and March 31, 2023 information about outstanding employee stock options are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Range of exercise price (NT\$)	-	-	\$15.40
Remaining years	-	-	0.17

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 \$601 thousand and \$1,646 thousand for the three months ended March 31, 2024 and 2023, respectively.

- a. Numbers and Weighted-average exercise price of stock options for the three months ended March 31, 2024 and 2023 are as follows:

Employee Stock Option	Three Month Ended March 31			
	2024		2023	
	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	\$30.10	500	\$32.00
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at end of year	500	\$30.10	500	\$31.30
Authorized but not issued yet at end of year	500		500	

- b. As of March 31, 2024 , December 31, 2023, and March 31, 2023 information about outstanding employee stock options are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Range of exercise price (NT\$)	\$30.10	\$30.10	\$31.30
Remaining years	2.625	2.875	3.625

- 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

(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:
- 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.
 - 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.

- (2) 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.

- (3) Special reserve

Item	March 31, 2024	December 31, 2023	March 31, 2023
Reserve for the debit balance of other equities	\$36,409	\$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.

- (4) The appropriation of earnings for 2022 was proposed by the Board of Directors' meeting held in March 2023, while the appropriation of earnings for 2022 was approved by the stockholders' meeting held in June 2023. The details of appropriation are as follows:

Item	Amount	Dividends Per Share
Legal reserve	\$39,149	
Special reserve	25,224	
Cash dividends	195,545	2.0
Total	\$259,918	

- (5) The company's board of directors approved the proposed 2023 earnings distribution plan as follows on March 6, 2024, and will wait for the resolution of the shareholders' meeting and report on the cash dividend distribution at the shareholders' regular meeting:

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.

The appropriation of earnings had been proposed by the Board of Directors. Details were summarized below:

Item	Three Month Ended March 31, 2024	Three Month Ended March 31, 2023
Cash dividends	\$49,829	\$195,545
Decrease in Account Cash dividends	(49,829)	(195,545)
Dividend Payment	<u>\$-</u>	<u>\$-</u>

- (6) 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, January 1, 2024	(\$15,465)	(\$15,991)	(\$31,456)
Exchange difference on translation of financial statements of foreign operating institutions	13,940	-	13,940
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	5,444	5,444
Balance, March 31, 2024	<u>(\$1,525)</u>	<u>(\$10,547)</u>	<u>(\$12,072)</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, January 1, 2023	(\$8,934)	(\$27,475)	(\$36,409)
Exchange difference on translation of financial statements of foreign operating institutions	2,091	-	2,091
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(1,674)	(1,674)
Balance, March 31, 2023	(\$6,843)	(\$29,149)	(\$35,992)

(25)Treasury shares

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

(In Thousand Shares)

Three Months Ended March 31, 2024				
Reason to Reacquire	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	2,823	-	-	2,823

Three Months Ended March 31, 2023				
Reason to Reacquire	Beginning of Year	Addition During the Year	Reduction During the Year	End of Year
To transfer to employees	1,823	-	-	1,823
To maintain the Company's	1,490	147	(1,490)	147

credibility and shareholder's interest

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. To three month ended March 31, 2024. the Company had bought back 147 thousand shares at a total amount of \$7,887 thousand.

b.Tomaintain the Company's credibility and shareholder's 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.

- 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.

(26) Non-controlling interests

Item	Three Months Ended March 31	
	2024	2023
Balance at January 1	\$44,175	\$69,255
Attributable to non-controlling interests:		
Net profit (loss)	(2,878)	(1,355)
Other comprehensive income	873	192
Decrease in non-controlling interests- new acquisition	(34,503)	-
Increase(decrease) in non-controlling interests- acquisition cost and book value per share difference	12,805	-
Balance at March 31	\$20,472	\$68,092

(27) Operating revenues

Item	Three Months Ended March 31	
	2024	2023
Revenue from contracts with customers		
Sales	\$301,334	\$411,911
Sales return	(12,242)	(20)
Sales discount	(1,245)	(1,176)
Net	\$287,847	\$410,715

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:

March 31, 2024:	Automatic machinery	Electronics	Net amount
<u>Main area</u>			
Taiwan	\$94,119	\$12,238	\$106,357
Hong Kong & China	67,959	36,873	104,832
Southeast Asia	13,839	23,576	37,415
America	33,417	-	33,417
Europe	2,196	-	2,196
Others	78	3,552	3,630
Total	<u>\$211,608</u>	<u>\$76,239</u>	<u>\$287,847</u>
<u>Main products</u>			
Automatic machinery	\$211,608	\$-	\$211,608
Flexible print circuit	-	11,576	11,576
Semiconductor materials	-	64,663	64,663
Others	-	-	-
Total	<u>\$211,608</u>	<u>\$76,239</u>	<u>\$287,847</u>
<u>Timing of revenue recognition</u>			
At a certain point of time	\$211,608	\$76,239	\$287,847
Gradually over time	-	-	-
Total	<u>\$211,608</u>	<u>\$76,239</u>	<u>\$287,847</u>
March 31, 2023:	Automatic machinery	Electronics	Net amount
<u>Main area</u>			
Taiwan	\$76,233	\$13,856	\$90,089
Hong Kong & China	27,711	42,246	69,957
Southeast Asia	144,098	32,042	176,140
America	60,407	-	60,407
Europe	1,193	-	1,193
Others	6,451	6,478	12,929
Total	<u>\$316,093</u>	<u>\$94,622</u>	<u>\$410,715</u>
<u>Main products</u>			
Automatic machinery	\$316,093	\$-	\$316,093
Flexible print circuit	-	14,610	14,610
Semiconductor materials	-	79,484	79,484
Others	-	528	528
Total	<u>\$316,093</u>	<u>\$94,622</u>	<u>\$410,715</u>
<u>Timing of revenue recognition</u>			
At a certain point of time	\$316,093	\$94,622	\$410,715
Gradually over time	-	-	-
Total	<u>\$316,093</u>	<u>\$94,622</u>	<u>\$410,715</u>

C. Contract balances

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

Item	March 31, 2024	December 31, 2023	March 31, 2023
Receivable	\$429,587	\$441,329	\$594,892
Contract assets	-	-	-
Total	\$429,587	\$441,329	\$594,892
Contract liabilities - current	\$15,265	\$23,038	\$31,171

a. Significant changes in contract assets and contract liabilities

The change 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 change.

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	March 31, 2024	December 31, 2023	March 31, 2023
From beginning balance-contract liabilities	\$12,988	\$32,513	\$6,974
From previous period's satisfied performance obligations	\$-	\$-	\$-

(28) Labor cost, depreciation and amortization

Item	Three Months ended March 31, 2024		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$22,715	\$79,894	\$102,609
Insurance	1,073	6,492	7,565
Pension	3,810	4,804	8,614
Others	1,065	3,217	4,282
Depreciation	9,823	23,896	33,719
Amortization	-	1,962	1,962
Total	\$38,486	\$120,265	\$158,751

Item	Three Months ended March 31, 2023		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$24,834	\$67,213	\$92,047
Insurance	1,103	5,927	7,030
Pension	4,084	4,376	8,460
Others	1,463	2,300	3,763
Depreciation	12,412	18,155	30,567
Amortization	-	2,102	2,102
Total	\$43,896	\$100,073	\$143,969

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 \$0 thousand and \$1,150 thousand for the three months ended March 31, 2024 and 2023, respectively. The remuneration to directors assessed and recorded were \$0 thousand and \$350 thousand for the three months ended March 31, 2024 and 2023, respectively.
2. The employees' compensation and remuneration to directors for the year ended December 31, 2024 and 2023 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' 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.

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	Three months ended March 31	
	2024	2023
Interest income		
Interest on bank deposits	\$3,831	\$8,352

(30) Other income

Item	Three Months Ended March 31	
	2024	2023
Rental income	\$102	\$102
Others	1,943	428
Total	\$2,045	\$530

(31) Other gains and losses

Item	Three Months Ended March 31	
	2024	2023
Gain (loss) on foreign exchange, net	\$29,626	(\$8,568)
Gain (loss) on disposal of financial assets at FVTPL	740	86
Financial assets at FVTPL and gain (loss) on valuation of liabilities	11,202	3,210
Gain (loss) on disposal of property, plant and equipment	(218)	552
Others	(1,366)	-
Total	\$40,012	(\$4,720)

(32) Finance costs

Item	Three Months Ended March 31	
	2024	2023
Interest expense:		
Bank loans	\$554	\$561
Convertible bonds	3,496	3,634
Interest on lease liabilities	863	1,054
Less: Amount qualified for capitalization	-	-
Finance costs	\$4,913	\$5,249

(33) Income tax expense

A. Components of tax expense:

Current income tax	Three Months Ended March 31	
	2024	2023
Income tax incurred in current year	\$-	\$5,395
Adjustments in tax of prior periods	1,101	-
Non-offset foreign tax	180	75
Total	<u>\$1,281</u>	<u>\$5,470</u>
Deferred income tax		
The origination and reversal of temporary differences	(\$2,307)	(\$761)
Total	<u>(\$2,307)</u>	<u>(\$761)</u>
Income tax expense	<u>(\$1,026)</u>	<u>\$4,709</u>

The applicable tax rate used by the group entities in Republic of China 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 (benefit) recognized in other comprehensive income

Current income tax	Three Months Ended March 31	
	2024	2023
Exchange differences on translation of foreign operations	<u>\$363</u>	<u>\$58</u>

C. The Company's income tax returns through 2022 were ratified by the tax authorities.

(34) Other comprehensive income (loss)

Item	Three Months Ended March 31, 2024		
	Before tax	Income tax expense (benefit)	After tax
Items that will not be reclassified subsequently to profit or loss :			
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	\$5,444	\$-	\$5,444
Subtotal	<u>\$5,444</u>	<u>\$-</u>	<u>\$5,444</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	\$15,176	(\$363)	\$14,813
Subtotal	<u>\$15,176</u>	<u>(\$363)</u>	<u>\$14,813</u>
Recognized in other comprehensive income (loss)	<u>\$20,620</u>	<u>(\$363)</u>	<u>\$20,257</u>

Item	Three Months Ended March 31, 2023		
	Before tax	Income tax expense (benefit)	After tax
Items that will not be reclassified subsequently to profit or loss :			
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(\$1,674)	\$-	(\$1,674)
Subtotal	(\$1,674)	\$-	(\$1,674)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	\$2,341	(\$58)	\$2,283
Subtotal	\$2,341	(\$58)	\$2,283
Recognized in other comprehensive income (loss)	\$667	(\$58)	\$609

(35) Transactions with Non-controlling Interests

A. Acquisition of son's company additional equity

In March 2024, the Group purchased a subsidiary with cash of RMB 34,503 thousand for JS E&R Engineering CO., LTD 9.39% equity. The shareholding ratio increased from 90.61% to 100%. Since the above transaction does not change the Group's control over the subsidiary, the Group treats it as equity transaction:

Item	JS E&R Engineering CO., LTD
Carrying amount of non-controlling interests purchased	\$21,698
Purchase price of non-controlling interests	(34,503)
Accumulated profit or loss—The difference between the actual acquisition or disposal of subsidiary equity prices and the book value	(\$12,805)

(36) Earnings per share

Item	Three Months Ended March 31	
	2024	2023
(1) Basic earnings (loss) per share		
Net income	(\$27,420)	\$16,289
Weighted average shares outstanding (in thousands)	95,916	97,767
Basic earnings per share (after tax)	(\$0.29)	\$0.17

Item	Three Months Ended March 31	
	2024	2023
(2) Diluted earnings (loss) per share		
Net income	(\$27,420)	\$16,289
Interest of convertible bonds	-	2,907
Net income used in computation of diluted earnings per share	(\$27,420)	\$19,196
Weighted average shares outstanding (in thousands)	95,916	97,767
Effect of potential dilutive ordinary shares:		
Convertible bonds	-	14,793
Effect of employee stock options (in thousands)	-	71
Impact on employees' compensation (in thousands)	-	463
Weighted average number of ordinary shares outstanding after dilution (in thousands)	95,916	113,094
Diluted earnings per share (after tax)	(\$0.29)	\$0.17

(Note) Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. RELATED PARTY TRANSACTIONS

(1) Parent Company and ultimate controlling party:

The Group has no parent Company 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. Lease agreements:None

J.Rent arrangements:None

K. Financing activities – lending to related parties: None.

L. Financing activities - borrowing from related parties: None.

M. Guarantee for related parties: None.

N. Others: None.

(4) Key management compensation

Related Party Category	Three Months Ended March 31	
	2024	2023
Salaries and other short-term employee benefits	\$9,320	\$5,333
Post-employment benefits	250	224
Other long-term employee benefits	-	-
Separation benefits	-	-
Share-based payments	189	517
Total	<u>\$9,759</u>	<u>\$6,074</u>

8. PLEDGED ASSETS

Item	March 31, 2024	December 31, 2023	March 31, 2023
Other financial assets - current	\$26,320	\$28,633	\$28,610
Other financial assets non-current	6,900	6,900	6,900
Property, plant and equipment (net)	194,147	196,652	204,173
Total	<u>\$227,367</u>	<u>\$232,185</u>	<u>\$239,683</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group issued guarantee notes for bank loans amounting to \$926,270 thousand, \$923,680 thousand and \$933,670 thousand, respectively.
- (2) As of March 31, 2024, December 31, 2023 and March 31, 2023, 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) As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group applied for equipment development plans from the Taiwan Small and Medium Enterprises Joint Mentoring Foundation and the Information Industry Promotion Association, etc. The performance bond provided by banks are \$21,587 thousand, \$21,587 thousand and \$4,313 thousand, respectively.
- (4) As of March 31, 2024, December 31, 2023 and March 31, 2023, the unused letters of credit were as follows:

Item	March 31, 2024		December 31, 2023		March 31, 2023	
L/C Amount	USD	524	USD	198	USD	91
	JPY	161	JPY	19,032	JPY	43,825
	EUR	78	EUR	201	EUR	-

- (5) As of March 31, 2024, December 31, 2023 and March 31, 2023, the note endorsement for material purchase were as follows:

(In thousands)					
Item	March 31, 2024		December 31, 2023		March 31, 2023
Bank acceptance	JPY	90,863	JPY	114,412	JPY 71,972
	USD	844	USD	152	USD 358

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

Item	March 31, 2024		December 31, 2023		March 31, 2023
Property, plant and equipment		\$6,201		\$47,715	\$139,619

- (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

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

- (1) Seasonality or periodicity of operations

The operation of the Group's is not influenced by seasonality and periodicity.

- (2) Capital risk management

There were no significant changes in the Group's policies for capital risk management for the three months ended March 31, 2024 as compared with the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 12(1) of the

consolidated financial statements for the year ended December 31, 2023 for the related information.

(3) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity 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 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

There were no significant changes in the nature and degree of material financial risk for the three months ended March 31, 2024 as compared with the consolidated financial statements for the year ended December 31, 2023.

Please refer to Note 12(2) of the consolidated financial statements for the year ended December 31, 2023 for the related information.

(b) Foreign currency risk and sensitivity analysis (including consolidated elimination items and incompletely write-off of exchange rate risk)

	March 31, 2024					
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Sensitivity Analysis		
				Variation	Profit or Loss Impact	Equity Impact
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	12,563	32.0000	402,010	Increase 1%	4,020	-
JPY:NTD	190,036	0.2129	40,459	Increase 1%	405	-
CNY:NTD	49,343	4.5102	222,545	Increase 1%	2,225	-
USD:CNY	2,162	7.0951	69,186	Increase 1%	692	-
USD:HK	993	7.8264	31,791	Increase 1%	318	-
Financial liabilities						
Monetary items						

JPY:NTD	93,646	0.2129	19,937	Increase 1%	(199)	-
USD:NTD	1,580	32.0000	50,573	Increase 1%	(506)	-
USD:HK	1,226	7.8264	39,243	Increase 1%	(392)	-
USD:CNY	15,303	7.0951	489,690	Increase 1%	(4,897)	-

(Foreign currency: Functional currency)	December 31, 2023					
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Sensitivity analysis		
				Range of change	Effect on profit or loss	Effects on equity
Financial assets						
Monetary item						
USD:NTD	18,590	30.7050	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	30.7050	30,394	Increase 1%	(304)	-
USD:CNY	2,255	7.0828	69,245	Increase 1%	(692)	-
USD:HK	1,396	7.8158	42,876	Increase 1%	(429)	-
JPY:CNY	49,987	0.0502	10,877	Increase 1%	(109)	-

(Foreign currency: Functional currency)	March 31, 2023					
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Sensitivity Analysis		
				Variation	Profit or Loss Impact	Equity Impact
Financial assets						
Monetary items						
USD:NTD	31,064	30.4500	945,899	Increase 1%	9,459	-
JPY:NTD	545,437	0.2291	124,960	Increase 1%	1,250	-
CNY:TWD	42,748	4.4312	189,423	Increase 1%	1,894	-
USD:CNY	2,849	6.8718	86,766	Increase 1%	868	-
Financial liabilities						
Monetary items						
USD:NTD	1,886	30.4500	57,401	Increase 1%	(574)	-
USD:HK	1,873	7.8498	57,028	Increase 1%	(570)	-
JPY:CNY	222,063	0.0517	50,875	Increase 1%	(509)	-

If the value of the New Taiwan Dollar appreciates relative to the above currencies, all other change factors remain unchanged, the amounts reflected in the above currencies on March 31, 2024, December 31, 2023 and March 31, 2023 will have equal but opposite effects. Due to the significant impact of exchange rate fluctuations on the Group's monetary items, the aggregate amounts of all exchange gains and losses (including realized and unrealized) recognized from January to March in 2024 and 2023 were \$29,626 thousand and (\$8,568) thousand respectively.

b. Price risk

The Group is exposed to equity instrument price risk because the investments held by the Group are classified on the consolidated balance sheet as at fair value through profit or loss, or at fair value through other comprehensive income or loss.

The Group is exposed to beneficiary certificates. If the price of the Group's equity investments rises (or falls) 1%, the net income resulting from equity instruments at fair value through profit and loss will increase (or decrease) \$3,502 thousand and \$1,762 thousand for the three months ended March 31, 2024 and 2023, respectively. The other comprehensive income from equity instruments at fair value through other comprehensive income or loss will increase (or decrease) \$670 and \$345 thousand for the three months ended March 31, 2024 and 2023.

c. Interest rate risk

The carrying amount of the financial assets and liabilities that exposed interest rate risk as reporting date was as follow:

Item	Carrying Amount		
	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk:			
Financial assets	\$637,360	\$904,359	\$1,364,514
Financial liabilities	(868,569)	(1,099,533)	(1,087,597)
Net	(\$231,209)	(\$195,174)	\$276,917
Cash flow interest rate risk:			
Financial assets	\$408,806	\$289,600	\$235,655
Financial liabilities	(223,931)	(187,095)	(104,437)
Net	\$184,875	\$102,505	\$131,218

(a) Sensitivity analysis of fair value interest rate risk instrument

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other

comprehensive income or loss. In addition, the Group does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of cash flow interest rate risk instrument

The Group's financial instruments with variable interest rate are those with floating-rate. If interest rate increases 1%, the net income will increase \$462 thousand and \$328 thousand for the three months ended March 31, 2024 and 2023, 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 related credit risk

In order to maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Group Treasury function. The Group only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Group has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk:

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's ten largest customers accounted for 47% ,55% and 45% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable. The Group continuously evaluated customers' financial situation. To reduce major credit risk, the Group bought credit guarantee insurance, and asked customers to make payment in advance.

(b) Measured in expected credit loss

(i) Account receivables 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 consolidated balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

March 31, 2024	Carrying Value	Decrease Amount of Credit Risk Maximum Exposure			
		Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	\$3,080	\$-	\$-	\$-	\$-
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through profit or loss	350,821	-	-	-	-
Financial assets at fair value through other comprehensive income or loss	67,010	-	-	-	-
Total	<u>\$420,911</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

December 31, 2023	Carrying Value	Decrease Amount of Credit Risk Maximum Exposure			
		Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	\$102	\$-	\$-	\$-	\$-
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through profit or loss	343,961	-	-	-	-
Financial assets at fair value through other comprehensive income or loss	51,270	-	-	-	-
Total	<u>\$395,333</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

March 31, 2023	Carrying Value	Decrease Amount of Credit Risk Maximum Exposure			
		Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	\$5,877	\$-	\$-	\$-	\$-
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through profit or loss	176,236	-	-	-	-
Financial assets at fair value through other comprehensive income or loss	34,507	-	-	-	-
Total	<u>\$216,620</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

C. Liquidity risk

a. Liquidity risk management:

There were no significant changes in the Group's objects and policies for liquidity risk management for the three months end March 31, 2024 as compared with the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 12(2) of the consolidated financial statements for the year ended December 31, 2023 for the related information.

b. Financial liabilities with repayment periods:

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

Non-derivative Financial liabilities	March 31, 2024					Contract Cash Flow	Carrying Value
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years		
Short-term loans	\$2,675	\$-	\$-	\$-	\$-	\$2,675	\$2,675
Notes payable	4,003	-	-	-	-	4,003	4,003
Accounts payable	206,813	-	-	-	-	206,813	206,813
Other payables	176,791	-	-	-	-	176,791	176,791
Long-term loans	8,586	8,656	40,710	139,516	23,788	221,256	221,256
(Inclusive of current portion)							
Bonds payable	-	-	-	758,100	-	758,100	720,216
Lease liabilities	12,074	12,099	16,862	46,538	87,309	174,882	148,353
Guarantee deposits	-	71,056	-	-	-	71,056	71,056
Total	<u>\$410,942</u>	<u>\$91,811</u>	<u>\$57,572</u>	<u>\$944,154</u>	<u>\$111,097</u>	<u>\$1,615,576</u>	<u>\$1,551,163</u>

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

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	\$24,173	\$63,400	\$28,564	\$29,867	\$22,265	\$6,613	\$174,882

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
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	8,499	8,673	17,040	31,560	24,323	90,095	90,905
(Inclusive of current portion)							
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
Deposits receive	-	-	71,056	-	-	71,056	71,056
Total	\$420,295	\$51,130	\$107,024	\$1,078,609	\$113,898	\$1,770,956	\$1,689,915
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:

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

March 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	\$2,000	\$-	\$-	\$-	\$-	\$2,000	\$2,000
Notes payable	4,846	-	-	-	-	4,846	4,846
Accounts payable	220,942	-	-	-	-	220,942	220,942
Other payables	307,028	25,737	16,639	-	-	349,404	349,404
Long-term loans	8,518	8,382	16,897	39,543	29,097	102,437	102,437
(Inclusive of current portion)							
Bonds payable	-	-	-	1,000,000	-	1,000,000	935,104
Lease liabilities	16,574	16,193	28,511	26,787	93,212	181,277	152,493
Deposits receive	-	-	71,056	-	-	71,056	71,056
Total	\$559,908	\$50,312	\$133,103	\$1,066,330	\$122,309	\$1,931,962	\$1,838,282
Derivative financial liabilities :							
Financial liabilities at FVTPL- non-current	\$83	\$-	\$-	\$18,200	\$-	\$18,283	\$18,283

Total	\$83	\$-	\$-	\$18,200	\$-	\$18,283	\$18,283
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Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	\$32,767	\$55,298	\$28,872	\$29,851	\$26,896	\$7,593	\$181,277

The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

2. Categories of financial instruments

The carrying value of financial assets and liabilities of the Group as of March 31, 2024, December 31, 2023 and March 31, 2023 was as follows:

Financial assets	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets measured at amortized cost			
Cash and cash equivalents	\$700,711	\$846,413	\$1,153,963
Notes and accounts receivable	429,587	441,329	594,892
Other receivables	5,505	7,345	13,985
Other financial assets - current	340,320	342,633	441,790
Other financial assets - non-current	6,900	6,900	6,900
Refundable deposits	11,284	11,288	14,622
Financial asset at fair value through profit or loss - current	350,821	343,961	176,236
Financial asset at fair value through other comprehensive income or loss –non-current	67,010	51,270	34,507
Financial liabilities			
Financial liabilities measured at amortized cost			
Short-term loans	2,675	97,000	2,000
Notes and accounts payable (including related parties)	210,816	189,684	225,788
Other payables (including related parties)	176,791	142,547	349,404
Long-term loans (including current portion)	221,256	90,095	102,437
Bonds payable (including current portion)	720,216	946,295	935,104
Lease liabilities(including current and noncurrent)	148,353	153,238	152,493
Financial liability at fair value through profit or loss - current	-	-	83
Financial liability at fair value through other comprehensive income or loss –non-current	-	9,700	18,200

(4) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(4) C.illustration.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices 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. The fair value of the Group's investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investments in some derivative instruments and equity instruments without active market is included in level 3.

C. Financial instruments that are not measured at fair value

The Group considers that the carrying amounts of financial instruments including cash and cash equivalents, receivables, other financial assets, refundable deposits, short-term loans, payables, long-term loans and guarantee deposits that are not measured at fair value approximate their fair values.

March 31, 2024				
Item	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	\$720,216	\$1,106,826	\$-	\$-

December 31, 2023				
Item	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	\$946,295	\$1,200,000	\$-	\$-

	March 31, 2023			
		Fair value		
Item	Carrying amount	Level 1	Level 2	Level 3
Financial Liabilities:				
Bonds payable	\$935,104	\$1,080,000	\$-	\$-

D. The related information of fair value by level

The related information of financial instruments measured at fair value on a recurring basis by level is as follows:

March 31, 2024				
Item	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets at FVTPL-current				
Non-derivative financial assets held for trading	\$350,244	\$-	\$-	\$350,244
Sell back option	-	76	-	76
Foreign Exchange Swaps	-	501	-	501
Financial assets measured at FVTOCI-non-current				
Domestic unlisted stocks	-	-	41,842	41,842
Domestic listed stocks	25,168	-	-	25,168
Total	\$375,412	\$577	\$41,842	\$417,831

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	\$369,055	\$-	\$26,176	\$395,231

Liabilities:

Recurring fair value

Financial liabilities at FVTPL

Item	December 31, 2023			Total
	Level 1	Level 2	Level 3	
Sell back option	\$-	\$9,700	\$-	\$9,700

Item	March 31, 2023			Total
	Level 1	Level 2	Level 3	
Assets:				
<u>Recurring fair value</u>				
Financial assets at FVTPL-current				
Non-derivative financial assets held for trading	\$176,236	\$-	\$-	\$176,236
Financial assets measured at FVTOCI-non-current				
Domestic unlisted stocks	-	-	12,129	12,129
Domestic listed stocks	22,378	-	-	22,378
Total	\$198,614	\$-	\$12,129	\$210,743
Liabilities:				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL-current				
Foreign Exchange Swaps	\$-	\$83	\$-	\$83
Financial liabilities at FVTPL-non-current				
Sell back option	\$-	\$18,283	\$-	\$18,283

E. (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	
	Three Months Ended March 31	
	2024	2023
Balance at January 1	\$26,176	\$15,016
Additions	10,296	-
Recognized in other comprehensive income	5,370	(2,887)
Balance at March 31	\$41,842	\$12,129

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:

2024.03.31

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

2023.12.31

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

2023.03.31

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. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted, by which the independence of fair value of financial instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(5) Transfer of financial assets: None.

(6) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

- A. Information on significant transactions (before consolidated elimination)
 - a. Loans provided to other parties: 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: None.
 - h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - i. Information about the derivative financial instruments transaction: Note 6(B).
 - j. The business relationship between the parent and the subsidiaries and significant transactions between them: Table 5.
- B. Information on investees (before consolidated elimination): Table 6.
- C. Information on investments in Mainland China (before consolidated elimination): Table 7.
- D. Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 8.

Table 1

E&R ENGINEERING CO., LTD AND SUBSIDIARIES

Financings provided

March 31, 2024

(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		Allowance for Bad Debt	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	23,229 (USD556 ; JPY25,527)	21,650 (USD677)	21,650 (USD677)	-	1	37,257 (Note 5)	-	-	-	-	985,867	985,867
												-	-			
1	JS E&R Engineering CO., LTD	JS E&R Engineering CO., LTD	Other receivables - related parties	Yes	224,000 (USD 7,000)(RMB48,000)	224,000 (USD7,000)	216,490 (RMB48,000)	1.50%	2	-	Operating capital	-	-	-	985,867	985,867
												-	-			
	JS E&R Engineering CO., LTD	Chen-Tai Trade (shanghai) Co., Ltd.	Other receivables - related parties	Yes	36,082 (RMB8,000)(RMB8,000)	36,082 (RMB8,000)	36,082 (RMB 8,000)	1.50%	2	-	Operating capital	-	-	-	92,833 (RMB20,583)	92,833 (RMB20,583)
												-	-			

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 to other receivables, amounting to \$21,650 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.

Table2

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

March 31, 2024

(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	492,933	20,000	20,000	-	-	0.81%	1,232,334	Y	-	-

Note1 : The following code represents the relationship with the Company :

- (1) Trading partner.
- (2) Majority owned subsidiary
- (3) The Company direct and indirect owns over 50% ownership of the investee company.
- (4) A subsidiary jointly owned over 90% by the Company
- (5) Guaranteed by the Company according to the construction contract.
- (6) An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
- (7) Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 2 : Endorsements/guarantees provided by the Company to a single enterprise and a single foreign affiliate shall not exceed 20% and 30% of the Company's net worth, respectively.

Note 3 : The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 50% of the Company's net worth.

Table 3

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
MARKETABLE SECURITIES HELD

March 31, 2024

(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	538	-	538
	ETF-Fubon Metaverse	-	Financial assets at FVTPL - current	600	7,884	-	7,884
	Fund – Allianz Global InvestorsB	-	Financial assets at FVTPL - current	620	4,409	-	4,409
	Fund – TACB currency market	-	Financial assets at FVTPL - current	26,459	276,363	-	276,363
	Fund – Cathay US Premium Bond Fund	-	Financial assets at FVTPL - current	298	3,004	-	3,004
	Fund – Cathay Taiwan Money Market Fund-TWD	-	Financial assets at FVTPL - current	3,940	50,441	-	50,441
	Fund – Cathay Taiwan Money Market Fund-USD	-	Financial assets at FVTPL - current	19	6,392	-	6,392
	Corporate bonds – JMC1	-	Financial assets at FVTPL - current	12	1,213	-	1,213
			Total		350,244		350,244
	preferred stock – Fubon Financial Preferred B Share	-	Financial assets at FVTOCI – non-current	144	8,640	-	8,640
	preferred stock – Fubon Preferred Share	-	Financial assets at FVTOCI – non-current	100	6,200	-	6,200
	preferred stock – Fubon Preferred C Share	-	Financial assets at FVTOCI – non-current	179	9,811	-	9,811

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
E&R Engineering Co., LTD	preferred stock — Taishin Preferred E Share	-	Financial assets at FVTOCI – non-current	10	517	-	517	
	Stock - Shyawei Optronics Corporation	-	Financial assets at FVTOCI – non-current	1,640	31,546	-	31,546	
	Stock – King Tech Vietnam Corporation	-	Financial assets at FVTOCI – non-current	412	10,296	-	10,296	
			Total		67,010		67,010	

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

March 31, 2024

Company Name	Counter-party	Relationships	Balance of Receivables-Related Parties	Turnover ratio	(Amounts in Thousands of New Taiwan Dollars)		
					Overdue Receivables - Related Parties	Amount Reclaimed-Subsequent	Allowance for Bad Debt
					Amount	Handling method	
E&R Engineering Co., LTD	JS E&R Engineering CO., LTD	Parent-subsubsidiary	Account Receivable 56,592	6.94	-	-	-
			Other Receivable 220,433		-	-	-

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

Note 2. The above parent-subsubsidiary transactions have been reversed

Table 5

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

March 31, 2024

Individual transaction amounts that do not exceed 10 million will not be disclosed ; In addition, the asset side and income side are used as disclosure methods, and their relative transactions will no longer be disclosed.

(Amounts in Thousands of New Taiwan Dollars)

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	
0	E&R ENGINEERING CO., LTD	JS E&R Engineering CO., LTD	1	Sales	52,060	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.	18.09%
		Wuxi E&R Semiconductor Material Technology	1	Account Receivable	56,592		1.37%
		DG E&R Semiconductor Materials	1	Accounts Receivable	41,261 (Note4)	The remaining transactions between the parent and subsidiaries are with no similar transactions. The trading conditions are negotiated by engaging parties. The payment terms were within 270 days.	1.00%
		Wuxi E&R Semiconductor Material Technology	1	Accounts receivable	18,582 (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.	0.45%
				Other receivable	21,650	(Note 5)	0.52%

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	
0	E&R Engineering CO., LTD	JS E&R Engineering CO., LTD	1	Other receivable	220,433	(Note 6)	5.32%
1	DG E&R Semiconductor Materials	E&R Semiconductor Materials Ltd	2	Sales revenues Accounts receivable	17,549 39,048	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.	6.10% 0.94%
2	JS E&R Engineering CO., LTD	Chen-Tai Trade (shanghai) Co., Ltd.	3	Other receivable	36,113	(Note 6)	0.87%

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 parent-subsidiary transactions have been reversed.

Table 6

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
Information on investees
March 31, 2024

(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 March 31, 2024			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		Remark
				As of March 31, 2024	As of March 31, 2023	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%	21,674	21,674	(2,787)	(1,433)	-	-	-
	E&R Semiconductor Materials Ltd	Hong Kong	Semiconductor packaging material buying and selling	84,839 (HK20,392)	84,839 (HK20,392)	15,000	100%	88,280	89,078	(8,457)	(8,384)	-	-	-
	ENRICHMENT TECH. CORPORATION	Samoa	investment holding	145,333 (USD 4,186+ NTD18,589)	145,333 (USD 4,186+ NTD18,589)	8,290	100%	44,230	44,639	(457)	(457)	-	-	-
	EXCELLENT INTERNATIONAL HOLDING LIMITED	British Virgin Islands	investment holding	286,430 (USD9,709)	286,430 (USD9,709)	9,709	100%	194,475	210,295	(13,863)	(13,863)	-	-	-
ENRICHMENT TECH. CORPORATION	ENR APPLIED PACKING MATERIAL CORPORATION	Samoa	investment holding	116,979 (USD3,886)	116,979 (USD3,886)	10,755	100%	44,058 (USD1,377)	44,058 (USD1,377)	(1,747) (USD -56)	(1,747) (USD -56)	-	-	-

Note : The above parent-subsidary transactions have been reversed.

Table 7

E&R ENGINEERING CO., LTD AND SUBSIDIARIES

Information on investments in Mainland China

March 31, 2024

(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, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note B)	Carrying Amount as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow						
DG E&R Semiconductor Materials	Production and sales of semiconductor packaging materials	HK 28,180 (Note 1)	(2)	115,220 (HK28,180)	-	-	115,220 (HK 28,180)	(8,119) (HK -2,022)	100%	(8,119) (HK-2,022) (2).3	87,290 (HK21,349)	-
Wuxi E&R Semiconductor Material Technology	Production and sales of semiconductor packaging materials	USD 5,000 (Note 2)	(2)	162,560 (USD 5,080)	-	-	162,560 (USD 5,080)	(1,748) (USD -56)	100%	(1,748) (USD -56) (2).3	43,997 (USD 1,375)	-
Chen-Tai Trade (shanghai) Co., Ltd	Automation equipment after-sales service	USD 500	(2)	16,000 (USD 500)	-	-	16,000 (USD 500)	126 (USD 4)	100%	126 (USD 4) (2).3	2,188 (USD 68)	-
Suzhou E&R Precision Equipment Co., Ltd	Production and sales of Automation equipment	USD 1,000	(2)	32,000 (USD 1,000)	-	-	32,000 (USD 1,000)	1,164 (USD 37)	100%	1,164 (USD 37) (2).3	232 (USD 7)	-
JS E&R Engineering CO., LTD	Production and sales of Automation equipment	RMB 71,900	(2)	293,840 (RMB 65,150)	-	-	293,840 (RMB 65,150)	(15,299) (USD -487)	100% Note3	(13,775) (USD -439) (2).3	232,082 (USD 7,253)	-

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
115,220(HK 28,180) (Note 4)	115,220(HK 28,180) (Note 1)	(Note 5)
162,560(USD 5,080) (Note 4)	168,224(USD 5,257) (Note 2)	
16,000(USD 500) (Note 4)	16,000(USD 500)	
32,000(USD 1,000) (Note 4)	32,000(USD 1,000)	
293,840(RMB 65,150) (Note 4)	406,595(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 company's investment in JS E&R Engineering CO., LTD from 90.61% to 100%. Investment by Chen-Tai Trade (shanghai) Co., Ltd with their funds.
(Note 4) 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 5) 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.

(2) The company's major transactions with mainland investee companies in 2024 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 5 attached in Note 13.
- (3) The above parent-subsidiary transactions have been reversed.

Table 8

E&R ENGINEERING CO., LTD AND SUBSIDIARIES
INFORMATION ON MAJOR SHAREHOLDERS
March 31, 2024

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, 2024. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14. SEGMENT INFORMATION

(1) General information

For management purpose, the Group's reportable segments are listed as follows:

A.Automation Equipment: Mainly engaging in production and sales of automation equipment.

B.Flexible Circuit Board: Mainly engaging in flexible circuit board manufacturing, processing and trading .

C.Semiconductor Packing Materials: Mainly engaging in manufacturing and sales of semiconductor packaging materials

D.Other: Mainly engaging in investment holding and electronic material processing .

(2) Measurement basis

The Group uses profit before income tax as the measurement for segment profit and the basis of performance assessment. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4.

(3) Segment financial information

(In thousands)

Three Months Ended March 31, 2024	Automation Equipment	Flexible Circuit Board	Semiconductor Packaging Materials	Other	Elimination	Total
Sales from external customers	\$211,608	\$11,576	\$64,663	\$-	\$-	\$287,847
Sales among inter-segment	55,498	12	18,093	-	(73,603)	-
Total sales	\$267,106	\$11,588	\$82,756	\$-	(\$73,603)	\$287,847
Operating profit (loss)	(\$58,523)	(\$3,528)	(\$10,839)	\$-	\$591	\$(72,299)
Segment assets	\$-	\$-	\$-	\$-	\$-	\$4,141,668
Segment liabilities	\$-	\$-	\$-	\$-	\$-	\$1,656,529

(In thousands)

Three Months Ended March 31, 2023	Automation Equipment	Flexible Circuit Board	Semiconductor Packaging Materials	Other	Elimination	Total
Sales from external customers	\$316,093	\$14,610	\$79,484	\$528	\$-	\$410,715
Sales among inter-segment	5,826	42	36,362	8	(42,238)	-
Total sales	\$321,919	\$14,652	\$115,846	\$536	(\$42,238)	\$410,715
Operating profit (loss)	\$28,241	(\$1,393)	(\$4,665)	(\$407)	(\$1,046)	\$20,730
Segment assets	\$-	\$-	\$-	\$-	\$-	\$4,544,257
Segment liabilities	\$-	\$-	\$-	\$-	\$-	\$2,094,681

(4) Production and service information: No disclosure requirement for interim financial statements.

(5) Geographic information: No disclosure in requirement for interim financial statements.

(6) Major customers: No disclosure in requirement for interim financial statements.