

Stock Code : 8027

E & R ENGINEERING CORPORATION

Meeting Notice for

2023 Annual Shareholders' Meeting (Summary Translation)

Time of Meeting : 09:00 a.m., Wednesday, June 21, 2023

Location of Meeting : 4F. 61, Hengshan Rd, Yanchao Dis. Kaohsiung City, Taiwan

I.Meeting Agenda

1. Report Items

- (1) Report on the business of 2022
- (2) Report on 2022 Audit Committee's review report
- (3) Report on the issuance of Second Domestic Secured Convertible Corporate Bonds
- (4) Report on the issuance of Third Domestic Unsecured Convertible Corporate Bonds
- (5) Report on 2022 directors' and employees' compensation
- (6) Report on 2022 earnings distribution of cash dividends
- (7) Report on the Implementation of the Company's Eighth ~Ninth Treasury Stock Buybacks
- (8) Report on Amendments to the Company's 2022" Rules for Transfer of Treasury Shares to Employees"

2. Proposal Items

- (1) Adoption of 2022 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2022 Profits

3. Discussion Items:

- (1) Proposal of the Company's Treasury Stock intending to be transferred to employees at a price lower than the average buyback price per share

4. Election Item:

(1) To hold the election for all of the 11th Board of Directors

5. Other Proposals:

(1) Proposal of the Release form Non-competition Restriction on new Directors

6. Extempore Motions

7. Adjournment

II. Essential contents of the Proposal for Distribution of 2022 Earnings of the company: the cash dividends of NT\$ 2.00301150 per share.

III. Proposal of the Company's Treasury Stock intending to be transferred to employees at a price lower than the average buyback price per share, please refer to Attachment.

IV. 1.The number of directors to elected at the Meeting: 9 directors including 3 independent directors.

2. The list of the candidates is 【Directors: Michel Wang, KS Chen, Eric Chang, Harry Huang, Kuang shu Hsueh, Donghua Investment Co., Ltd.】、【Independent Directors: JF Lu, Alex Kao, Eddy Peng】

3. For more information about the candidates, including educational background and experience, please visit website at: <https://mops.twse.com.tw>.

V. The shareholders may exercise their voting rights electronically through the STOCKVOTE platform of Taiwan Depository & Clearing Corporation (<http://www.stockvote.com.tw>) during the period from May 20, 2023 to June 18, 2023.

VI. The Transfer Agency Department of SinoPac Securities is the proxy tallying and verification institution for this Meeting.

Attachment

Reason: Proposal of the Company's Treasury Stock intending to be transferred to employees at a price lower than the average buyback price per share.

Explanation: In total, there are 834,000 shares from seventh treasury stocks buyback program. In order to motivate employees and enhance their solidarity, we planned to transfer them to employees at a price lower than the weighted average price of the actual buyback shares of NT\$64.84. According to Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the transfer to employees at an average price lower than the actual buyback price should be explained as follows:

1. The exercise price, the valuation percentage, the bases of calculations, and the reasonableness thereof:

The pricing principle of the actual transferred price shall not be lower than 50 percent of the weighted average price of the actual buyback shares. Currently, the transferred price per share for treasury stock is NT\$32.5. The Chairman is authorized to decide the actual transferred price based on the future stock market price. The valuation percentage is based on the current economic situation, the company's future operating conditions and the purpose of motivating employees, and it is still reasonable.

2. The number of shares to be transferred, the purpose, and the reasonableness thereof:

The number of shares to be transferred: 834,000 shares

Purpose: Motivate employees and enhance staff solidarity.

Reasonability: Appropriate incentives are given to employees at no less than 50 percent of the weighted average price of the actual buyback shares, and the number of shares to be transferred to employees must not exceed Article 10-1 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies". According to Article 1, the cumulative number of shares thus subscribed by any single employee may not exceed 0.5 percent of the total issued shares of the company, so it should be reasonable.

3. Qualification requirements for employees subscribing to shares, and the number of shares they are allowed to subscribe for:

Qualification requirements for employees subscribing to shares: It shall be handled in accordance with Article 4 of the Company's "Rules for Transfer of Treasury Shares to Employees".

The number of shares they are allowed to subscribe for: It shall be handled in accordance with Article 5 of the Company's "Rules for Transfer of Treasury Shares to Employees".

4. Factors affecting shareholders' equity:

A. The expensable amount, and dilution of the Company's earnings

per share:

a. The expensable amount is:

(market price (closing price on the base date of subscription) - actual transferred price) × actual number of shares transferred
= NT\$ 17,347,000

b. Dilution of the Company's earnings per share:

Diluted earnings per share

= The expensable amount ÷ the Company's estimated outstanding shares in 2023 = 0.18

B. Explain the financial burden on the Company caused by the transfer to employees at a price lower than the average price of the actual buyback shares:

The Company transfers the treasury stock to employees at a price lower than the acquisition cost. The estimated difference between the transfer amount and the acquisition cost is NT\$ 26,972,000. Since the company still has a capital reserve generated by the treasury stock transaction in the company's account, the difference is deducted as an expense. The amount of NT\$ 17,347,000 (Calculated based on the closing price on February 23, 2023. By the time, an additional expense amount shall be calculated according to the actual transferred base date.), should be offset against the capital reserve - treasury stock transaction of NT\$ 9,625,000. After the transfer of treasury shares to employees, the funds available to the company increased by NT\$27,105,000 and the Company continues to make profits, which is a positive help to the Company's operations.