



鈦昇科技股份有限公司

E & R ENGINEERING CORPORATION

# Handbook for the 2023 Annual Meeting of Shareholders



Date: June 21, 2023

Location: 61, Hengshan Rd, Yanchao Dis. Kaohsiung City

# Manual of Shareholders' Regular Meeting

---

## Chapter 1. Meeting Procedure 1

---

## Chapter 2. Meeting Agenda 2

---

1. Report Items	2
2. Proposals Items	4
3. Discussion Items	6
4. Election Item	7
5. Other Proposals	8
6. Extemporaneous Motions	9

## Chapter 3. Attachment 10

---

I. 2022 Annual Business Report	10
II. 2022 Audit Committee's Review Report	17
III. Report on the issuance of Second Domestic Secured Convertible Corporate Bonds	18
IV. Report on the issuance of Third Domestic Unsecured Convertible Corporate Bond	19
V. Report on the Implementation of the Company's Eighth ~Ninth Treasury Stock Buybacks	20
VI. Comparison Table Before and After Amendment of 2022 "Rules for Transfer of Treasury Shares to Employees"	21
VII. 2022 Audit Report and Financial Statements	23
VIII. List of candidates for directors (including independent directors)	48
IX. List of candidates for non-competitor directors	51

## Chapter 4. Appendix 52

---

1. Articles of Incorporation	52
2. Rules of Procedure for Shareholder's Meeting	60
3. Rules for Director Elections	74
4. The Company's 2022 "Rules for Transfer of Treasury Shares to Employees" (before amendment)	77
5. Shareholding situation of Directors	81

# E&R Engineering Corporation

## Procedure for the 2023 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Opening Remarks by the Chairperson
3. Report Items
4. Proposals Items
5. Discussion Items
6. Elections Item
7. Other Proposals
8. Extemporaneous Motions
9. Adjournment

# E&R Engineering Corporation

## Year 2023 Agenda of Annual Meeting of Shareholders

Time: 9:00 a.m. on June 21, 2023

Place: 61, Hengshan Rd, Yanchao Dis. Kaohsiung City ( Meeting room on the 4th floor of the head office )

Agenda:

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. 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"
- IV. Proposal Items:
  1. Adoption of 2022 Business Report and Financial Statements
  2. Adoption of the Proposal for Distribution of 2022 Profits
- V. 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
- VI. Elections Item:
  1. To hold the election for all of the 10th Board of Directors
- VII. Other Proposals:
  1. Proposal of the Release form Non-competition Restriction on new Directors
- VIII. Extemporaneous Motions
- IX. Adjournment

## **Management Presentations (Reports on Company Affairs)**

### **Report No. 1**

Proposed by the Board

2022 Business Reports

**Explanation:** The 2022 Business Report is attached as Attachment I. (p.10-16)

### **Report No. 2**

Proposed by the Board

2022 Audit Committee's review report

**Explanation:** The 2022 Audit Committee's Review Report is attached as Appendix II. (p.17)

### **Report No. 3**

Proposed by the Board

Issue of Second Domestic Secured Convertible Corporate Bonds

#### **Explanation:**

1. Follow Company Act. Article 246.
2. In order to expand our plant and working capital, we issued second domestic secured convertible corporate bonds for NTD 400 million on June 20, 2018. As of October 21, 2022, a total of 4000 bonds and 9,483,642 shares have been transferred to common stocks with a transferring rate of 100%. The corporate bonds have been delisted on October 27, 2022. The Report is attached as Attachment III. (p. 18)

### **Report No. 4**

Proposed by the Board

Issue of Third Domestic Unsecured Convertible Corporate Bonds

#### **Explanation:**

1. Follow Company Act. Article 246.
2. In order to expand our plant and working capital, we issued second domestic unsecured convertible corporate bonds for NTD 100 million on July 13<sup>th</sup> 2022. In total, there are 0 bonds and 0 shares being transferred to common stock, and there are still 10,000 shares haven't been transferred till April 23, 2023, so the transferring rate is 0%. The Report is attached as Attachment IV.(p.19)

### **Report No. 5**

Proposed by the Board

2022 directors' and employees' compensation

**Explanation:** It has been approved by the Board on March 7, 2023 that the compensation of directors and supervisors is NT\$10,750,000 and employee bonus is NT\$32,250,000, and the compensation will be given with cash.

**Report No. 6**

Proposed by the Board

**2022 earnings distribution of cash dividends**

Explanation: It is proposed by the Corporate Charter that the Board of Directors is authorized to pay the distribution of 2022 profits with cash. 2022 cash dividend has been approved by the Board on March 7, 2023. The cash dividend is NT\$2.0030115, the total amount of cash dividend is NT\$ 195,544,786, and it is proposed to resolve the ex-dividend date on April 27, 2023 and will distribute on May 19, 2023.

**Report No. 7**

Proposed by the Board

**Implementation of Eighth ~Ninth Treasury Stocks Buyback Program**

Explanation: In total, there are 989,000 shares from eighth treasury stocks buyback program, and the amount is NTD 51,705,794, so the average buyback price is NTD 52.28. In total, there are 1,490,000 shares from ninth treasury stocks buyback program, and the amount is NTD 82,534,958, so the average buyback price is NTD 55.39. The number of shares has been canceled on April 14, 2023. Currently, there are 1,823,000 shares, which are 1.83% of total outstanding shares. Please refer to Attachment V. (p. 20).

**Report No. 8**

Proposed by the Board

**The Company's 2022 "Rules for Transfer of Treasury Shares to Employees" Amendment Report**

Explanation: In order to retain employees who have made significant contributions to the company and take into account the effect of motivating employees, the Company revised the Company's 2022 " Rules for Transfer of Treasury Shares to Employees " and submitted a report to the regular shareholders' meeting. A comparison table before and after the amendment is attached. Please refer to Attachment VI. (p. 21~22).

**Proposals Items****Proposal No. 1**

Proposed by the Board

**Adoption of the 2022 Business Report and Financial Statements**

Explanation: 1. E&R Corporation's Financial statements, including parent company only financial statement and consolidated financial statement, were composed by the Board, and they were audited by independent auditors, LI, CHING-LIN and LI, KUO-MING of Crowe (TW) CPAs. Also, Business Report and

Financial Statements have been approved by the audit committee.

2. The 2022 Business Report, independent auditors' audit report, the Financial Statements, and the Consolidated Financial Statements are attached in the Meeting Agenda. Please refer to Attachment VII. (p. 23~47).

**Resolution:**

**Proposal No. 2**

Proposed by the Board

Adoption of the Proposal for Distribution of 2022 Profits

Explanation: 1. Proposal for Distribution of 2022 Profits is adopted in accordance with the Company Act and Articles of Incorporation. Please refer to the 2022 PROFIT DISTRIBUTION TABLE below.

E&R Engineering Corporation

**2022 PROFIT DISTRIBUTION TABLE**

Unit: NTD, thousand.

Items	Total
Unappropriated Retained Earnings of Previous Years	68,135,052
Add (Less): 2022 Other comprehensive income (Note 1)	929,957
changes in ownership interests in subsidiaries	(228,410)
Retained earnings (after adjustment)	68,836,599
Add: Net Income of 2022 (Note 1)	390,789,306
Less: Legal reserve	(39,149,085)
Less: Special reserve (Note 2)	(25,224,795)
Retained Earnings Available for Distribution	395,252,025
Distributable items:	
Dividend to shareholders – Cash dividend (2.0030115 NTD per share)	(195,544,786)
Unappropriated retained earnings	199,707,239
Note 1: The number is measured after the determination of the welfare plan.	
Note 2: The Company has set aside the special surplus reserve in accordance with the law for the net deduction of shareholders' equity in the current year (the exchange differences on translation of financial statements of foreign operating institutions and unrealized gains (loss) of financial assets measured at fair value through other comprehensive income).	

Chairman : Michel Wang    General Manager : Eric Chang    Accounting Supervisor : Max Tsao

2. please acknowledge ◦

Resolution:

## **Discussion Items**

### **First Case**

### **Proposed by the Board of Directors**

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.

5. The above-mentioned related follow-up matters are proposed to be submitted to the shareholders' meeting to authorize the board of directors to handle them with full authority.

6. Please discuss.

Resolution:

## **Election Item**

**First Case**

**Proposed by the Board of Directors**

Reason: Election for all of the 11th Board of Directors.

Explanation:

1. The 10th term of directors of the company will expire on June 17, 2023, and re-election should be handled at the annual general meeting of shareholders according to law.
2. In accordance with the provisions of Article 18 of the Company's Articles of Association and in cooperation with the establishment of the Audit Committee, nine directors are elected this time, including three independent directors. The new directors will take office from the date of re-election. From June 21, 2023 to June 20, 2026, and the term of office is three years.

3. The company adopts a candidate nomination system for directors. The list of director candidates has been approved by the resolution of the 20<sup>th</sup> board meeting of the tenth session of the company. Shareholders should select the director candidates from the list. For their educational background, experience and other relevant information, please refer to Attachment VIII of this manual (p. 48~50).

4. Please vote.

Voting for election item

Election results:

## **Other Proposals**

### **First Case**

### **Proposed by the Board of Directors**

Reason: Discussion of the Release form Non-competition Restriction on new Directors

Explanation:

1. Pursuant to Article 209, Paragraph 1 of the Company Act, “A director shall conduct himself or others within the business scope of the company, and shall explain the important contents of his conduct to the shareholders’ meeting and obtain its permission.”

2. To take advantage of the expertise and relevant experience of the directors of the company, it is proposed to propose to the shareholders for re-election of directors (including independent directors) at the 2023 General Meeting of Shareholders in the Republic of China, and explain to shareholders that the elected directors (including natural persons representing legal persons) invest or operate other companies that are related to the company. A company with the same or similar business scope and serving as a director. To meet the needs of the manager, we shall submit to this general meeting of shareholders for approval in accordance with the law to lift the non-compete restrictions on the newly elected directors and their representatives after the company's re-election.

3. The company's directors and their legal person directors' representatives concurrently hold positions in companies with the same or similar business scope as the company's, please refer to Attachment IX of this manual (p. 51).

4. Please discuss.

Resolution:

**Extempore Motion**

**Adjournment**

# **Third. Attachment**

## **【Attachment I】 E&R Engineering Corporation**

### **2022 Annual Business Report**

Hello shareholders:

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

#### **I. Operation results in 2022**

##### **(1) Business plan implementation results:**

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

However, in the second half of 2022, under the influence of factors such as overheating, mutant viruses, high inflation, and climate change, as the Russian-Ukrainian war continued, pushing up global inflationary pressures, central banks around the world started an unprecedented tightening cycle, changing the loose monetary policy in the past. In order to control high inflation, many countries have launched a cycle of interest rate hikes to fight against the current financial environment. Rising interest rates have inhibited private consumption and corporate investment willingness. Global economic demand has cooled down

significantly in the second half of the year, and the slowdown will continue until 2023. To sum up, the consolidated operation income of the Group in 2022 is NT\$3,222,998,000, an increase of approximately 26.65% compared with the consolidated operating income of NT\$2,544,782,000 in 2021. The net profit after tax attributable to the parent company for the year was NT\$390,789,000. Net profit after tax per share was NT\$3.94.

(2) Budget Execution:

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

(3) Group financial revenue and expenditure and profitability analysis:

Unit: NTD, thousand.

Item		2022	2021
Financial income and expenditure	Operating income	3,222,998	2,544,782
	Operating profit	1,124,060	854,522
	Net profit (loss) after tax	390,135	244,142
Profitability	Return on Assets (%)	9.58	8.10
	Return on Equity (%)	15.42	12.57
	Operating (loss) profit to paid-in capital ratio (%)	39.94	31.20
	Profit (loss) Before tax to paid-in capital ratio (%)	48.96	30.46
	Earnings per share	3.94	2.62

(4) Research and Development Status:

Unit: NTD, thousand

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

The Company has been continuously committed to the research and development of semiconductor production equipment, and has been deeply engaged in laser printing, laser micromachining and plasma micromachining for many years, and has continued to gain customer trust and wide adoption. Future R&D focuses are as follows: 1. Advanced wafer-level laser cutting technology. 2. Advanced wafer-level laser, plasma hybrid micromachining technology. 3. High-end substrate-level packaging laser micromachining technology. 4. Wafer-level plasma micro-etching technology. 5. Technology of semiconductor and Micro Led related

testing equipment. 6.ABF large carrier board process technology. 7. The third-generation semiconductor application technology. The Company has become a major laser equipment supply chain manufacturer, and has been certified as qualified and applied to 5G and high-speed computing chip manufacturing processes, which is expected to bring about an increase in turnover. In addition, the Company continues to integrate laser, plasma and photoelectric detection technologies in response to the needs of customers with small size products, and continues to carry out horizontal and vertical multi-angle integrated operations. And committed to the development of industrial diversification and product diversification, to achieve the direction of business expansion and gross profit growth.

## II. 2023 Outline of Business Plan

### (1) Operating Strategy

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

### (2) Expected Sales Numbers and the Basis

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

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

Despite this, semiconductor high-end product technology is still innovating. Investment in high-end semiconductors, energy-saving and green energy related equipment continues to increase, which promotes the continuous expansion of the advanced process market. In addition, the demand for automotive electronics and industry is still there, which will help support electronics. As the inventory of the electronics industry slowly digested in the first half of the year; the cycle of interest rate hikes in the United States is coming to an end, the economy has shown full resilience, inflation has declined, and the unemployment rate remains low. China's unblocking has easily passed the originally expected period of transitional adjustment due to the spread of the epidemic and the heavy blow to the economy. Europe has gradually emerged from the energy crisis and the Russian-Ukrainian war... etc. The economic growth in 2023 is indeed full of uncertainties. Under the easing of the economic situation, the Group will strive to complete the development of various projects to meet the arrival of new demand. With the continuous improvement of the precision of semiconductors, the Company has developed a new generation of laser excitation modules to provide more possibilities for high-end packaging. Moreover, the characteristics of low thermal effect combined with the advantages of high equipment precision will increase the demand for laser grooving and laser processing on third-generation semiconductor materials such as GaN and SiC. In addition, the Group has introduced many domestic and foreign doctoral talents in recent years, actively invested in the research and development of more advanced laser micro-machining technology for semiconductor packaging and testing, and has obtained a large number of patents. Integrating laser and plasma

application technologies to provide customers with complete solutions will further develop the fields of 5G, Micro Led, super-speed computers and electric vehicles in the future.

### (3) Important Production and Marketing Policy

1. In terms of marketing research and development, we will increase sales service bases and marketing channels. In addition to continuing to deepen the original mainland and Southeast Asian markets, we will also actively expand the markets in Europe, America and Northeast Asia. At present, they have been continuously cooperating with customers. The Company will continue to launch new products to deepen existing customers, and add new marketing channels to existing products to promote to global manufacturers.
2. In terms of production, the Company will not only focus on the research and development of new products, but also continue to develop micro-laser processing technology and precision plasma surface treatment technology to enhance the added value of products. And through diversified operation, maintain a high-quality and customized product image, continue to operate the brand, reduce unit costs, and improve product competitiveness.

### III. Future Development Strategy

- (1) Grasp market trends and strengthen sales of existing products to expand market size. For the newly developed products, select potential customers to actively promote and cooperate with them. In addition to continuously improving and developing the technology of their own products, we further help customers shorten their product development time.
- (2) The Company strengthens sales in various regions, establishes appropriate international sales channels and agent sales support systems, and fully cooperates with trading partners to provide customers with the best solutions nearby and quickly, to increase market share and expand market scale.
- (3) Talents expand the channels of talent network by establishing education cooperation, participating in high-level talent training programs, and applying for alternative service. In addition, the Company also strengthens the professional training of talents and closely communicates with research institutions and academic institutions.
- (4) Continuous research and development to improve production technology and reduce costs, based on the company's existing scale, research and development of diversified and high-margin products, and extend the core field to different industries and continue to develop new equipment to maintain the leading edge of the competition.

- (5) In response to the needs of the Company's future development, it will make full use of the capital market to reduce capital costs and maximize capital utilization efficiency.
- (6) In response to the needs of the Company's expansion, it is planned to build factories overseas and in the Qiaotou Science Park to expand production capacity for future long-term operation and development.

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

- (1) Important domestic and foreign policy and legal changes in recent years have not had a significant impact on the Company's financial business, and relevant information will be obtained at any time in the future, and necessary countermeasures will be promptly developed to meet the Group's operational needs.
- (2) In the face of the rapid changes in the industrial environment, the Company has obtained a lot of help through the technology projects and A+ plans provided by the government, and the Ministry of Science and Technology's high-level talent training and employment programs in key industries also provide relevant subsidies to help recruit outstanding talents. Invest in R&D and innovation, and seek internal transformation. Through education and training and organizational transformation, create an organic management team, comprehensively enhance core competitiveness, and actively create potential products, in order to expand business performance and profit goals.
- (3) In the face of the advent of the 5G generation, the panel and semiconductor industries have higher and higher requirements for processing accuracy, and the wafer materials are becoming more and more diverse. Laser and plasma will be the development core of the semiconductor equipment industry in the future. It is no longer limited to semiconductors, and can even be applied to ceramics, weapons and other industries. Especially electronics and semiconductor processes will enter the era of micro-electromechanical (MEMS) processing, which must rely on two technologies: laser and plasma processing. All are ready and have exclusive advantages.
- (4) Continue to build a more complete information security system.
- (5) The frequency of extreme climates around the world has seriously impacted human life and business operations. Climate change will also bring transformational risks, such as changes in regulations, market changes, and new technology needs. The Group continues to develop ESG sustainable operations, and is obliged to do so in terms of environmental

protection, social responsibility and corporate governance.

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

Chairman : Michel Wang    General Manager : Eric Chang    Accounting Supervisor : Max Tsao

## **【Attachment II】**

### **Audit Committee Review Report**

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

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

Please check.

Sincerely,

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

Chairman of the Audit Committee:

Alex Kao

**March 7, 2023**

### 【Attachment III】

#### Execution report on the second domestic secured convertible corporate bonds raised and issued in 2018:

1. In accordance with the provisions of Article 246 of the Company Law.
2. In order to expand the factory and enrich the working capital, the company issued the second domestic secured convertible corporate bonds on June 20, 2007 totaling NT\$400 million. The conditions for the issuance of corporate bonds are as follows:
  - (1) Total issuance: NT\$416 million.
  - (2) Issue period: 5 years, from June 20, 2018 to June 20, 2023.
  - (3) Face value: NT\$100,000.
  - (4) Issue price: The total number of issued sheets is 4,000 sheets, and the total issued face value is NT\$400 million, which is issued at 104% of the face value.
  - (5) Coupon Rate: 0%。
  - (6) Repayment method: When the corporate bond matures, it will be repaid in cash in one lump sum according to the bond face value.
3. The plan has now been fully implemented.

Unit: NTD thousand				
Item	Total Funds	Execution situation	As of the third quarter of 2010, the cumulative number	
Repayment of loans from financial institutions	100,000	Amount of Payout	Expected	100,000
			Actual	101,640
		Implementation progress	Expected	100.00%
			Actual	101.64%
Sufficient Working Capital	316,000	Amount of Payout	Expected	316,000
			Actual	316,000
		Implementation progress	Expected	100.00%
			Actual	100.00%
Total	416,000	Amount of Payout	Expected	416,000
			Actual	417,640
		Implementation progress	Expected	100.00%
			Actual	100.39%

4. The convertible date of the corporate bonds is September 21, 2018. As of October 21, 2022, a total of 4000 bonds and 9,483,642 shares have been converted with a conversion rate of 100%. There were still 0 unconverted bonds. The corporate bonds have been delisted on October 27, 2022.

## 【Attachment IV】

### Execution report on the third domestic unsecured convertible corporate bonds raised and issued in 2022

1. In accordance with the provisions of Article 246 of the Company Law.

2. In order to expand the factory and improve the working capital, the company issued the third domestic unsecured convertible corporate bonds on July 13, 2022 totaling NT\$1 billion.

The conditions for the issuance of corporate bonds are as follows:

(1) Total issuance: NT\$ one billion ten million.

(2) Issue period: 5 years, from July 13, 2022 to July 13, 2027.

(3) Face value: NT\$100,000.

(4) Issue price: The total number of issued sheets is 10,000 sheets, and the total issued face value is NT\$ NT\$1 billion, which is issued at 101% of the face value.

(5) Coupon Rate: 0%。

(6) Repayment method: Except for the conversion into common stocks of the company in accordance with Article 10 of these Rules, or the exercise of the redemption rights in accordance with Article 19 of this Rules, or early redemption by the Company in accordance with Article 18 of these Rules, or the buyback by the Company from over-the-counter market for cancellations, the company will repay the convertible corporate bonds held by the bondholders in cash within ten business days after the maturity of the convertible corporate bonds according to the face value of the bonds.

3. The planned items and implementation status are as follows, the current implementation progress of the plan:

(1) Estimated fund utilization progress of planned items:

Unit: NTD thousand

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

(2) The fund utilization status by the end of the first quarter in 2023:

Unit: NTD thousand

Project	Total Funds	Execution situation		Cumulative as of the first quarter of 2023
Plant Construction	640,000	Amount of Payout	Expected	114,040
			Actual	1,580
		Implementation progress	Expected	17.82%
			Actual	0.25%
Working Capital Improvement	370,000	Amount of Payout	Expected	370,000
			Actual	370,000
		Implementation progress	Expected	100.00%
			Actual	100.00%
Total	1,010,000	Amount of Payout	Expected	484,040
			Actual	371,580
		Implementation progress	Expected	47.93%
			Actual	36.79%

4. The convertible date of the company's bonds is October 14, 2022. As of April 23, 2023, the conversion has not yet started.

**【Attachment V】**  
**Report on the implementation of the eighth and ninth buyback**  
**of treasury shares**

Unit: NTD

Buyback Period	Eighth Time	Ninth Time
Directors Resolution Date	October 13, 2022	October 13, 2022
Buyback Purpose	Transfer shares to employees	To maintain the company's credit and shareholders' rights and interests
Buyback Period	October 14, 2022 to November 11, 2022	November 14, 2022 to December 13, 2022
Type and quantity of shares bought back	989,000 shares	1,490,000 shares
Amount of shares bought back	NTD 51,705,794	NTD 82,534,958
Average cost of buyback per share	NTD52.28	NTD 55. 39
Number of shares cancelled and transferred	0 shares	1, 490, 000 shares
The cumulative number of shares held in the company	1, 823, 000shares	1, 823, 000 shares
The ratio of the cumulative number of shares held by the company to the total number of issued shares (%)	1. 83%	1. 83%

# 【Attachment VI】 E&R Engineering Corporation

## 2022 Comparison Tables before and after amendment for “Rules for Transfer of Treasury Shares to Employees”

Article Number	Amendment	Current Provision	Description
Article 4	Full-time regular employees of the Company that have been employed for one year before the stock subscription base date or have made special contributions to the Company and have been reported to the board of directors for approval, including the Company's direct (indirect) transfer investment domestic and overseas subsidiaries with more than 50% shares...	Full-time regular employees of the Company that have been employed for one year before the stock subscription base date or have made special contributions to the Company and have been reported to the Chairman for approval, including the Company's direct (indirect) transfer investment domestic and overseas subsidiaries with more than 50% shares...	According to the "Questions and Answers on Treasury Stocks" issued by the
Article 5	The Company takes into account the standards of employee grade, service years and special contribution to the Company... <u>The actual specific subscription qualifications and the number of shares for employees to subscribe. for are derermined by the board of directors and and the Chairman shall not be authorized to determine it. However, the transferees who have the status of managers should first obtain the approval of the salary and compensation committee before submitting to the board of directors for resolution; the transferees who do not have the status of managers should first obtain the approval of the audit committee before submitting to the board of directors for resolution.</u>	The Company takes into account the standards of employee grade, service years and special contribution to the Company, ... <u>and authorizes the Chairman to separately determine the number of shares for employees to subscribe for.</u>	competent authority in March 2011, the board of directors no longer authorizes the approval of the Chairman, but must first obtain the approval of the relevant functional
Article 6	The operating procedures for the transfer of buyback shares to employees: 1.... 2. In accordance with these rules, <u>relevant operational matters such as the subscription base date, the criteria for the number of shares to be subscribed, the period of subscription payment, the content of the rights and the restrictions, etc... are determined by the Chairman and proposed by the board of directors for resolution.</u> 3.... 4. Employees who fail to pay after the subscription payment period expires shall be regarded as waiver.	The operating procedures for the transfer of buyback shares to employees: 1.... 2. <u>The board of directors authorizes the Chairman, in accordance with these rules, to formulate and publish the operating matters such as the subscription base date, the criteria for the number of shares to be subscribed, the period of subscription payment, the content of the rights and the restrictions, etc.</u> 3.... 4. Employees who fail to pay after the subscription payment period expires shall be regarded as waiver, <u>and the Chairman may negotiate with other employees to subscribe for the remaining balance.</u>	committees and then submit it to the board of directors.

Article Number	Amendment	Current Provision	Description
Article 8-1	The shares bought back and transferred to employees shall be restrained from being assigned or transferred to others within 1 year of the acquisition date in accordance with Article 167-3 of the Company Act.	The shares bought back and transferred to employees shall be restrained from being assigned or transferred to others within 1 year of the acquisition date in accordance with Article 167-3 of the Company Act. <u>But this is not the case with the consent of the Chairman due to resignation, inheritance and special circumstances.</u>	



國富浩華聯合會計師事務所  
Crowe (TW) CPAS  
80250高雄市苓雅區四維三路  
6號27樓之1  
27F-1., No.6, Siwei 3rd Rd.,  
Lingya Dist., Kaohsiung City  
80250, Taiwan  
Tel +886 7 3312133  
Fax +886 7 3331710  
[www.crowe.tw](http://www.crowe.tw)

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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

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

### Basis for Opinion

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

**Valuation of inventory**

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

**Revenue recognition**

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

**Other Matters**

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' Responsibilities for the Audit of the Consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Crowe (TW) CPAs

Crowe (TW) CPAs

Kaohsiung, Taiwan (Republic of China)

March 7, 2023

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail*

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

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

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

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

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

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

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

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

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

Equity attributable to owners of the parent										
Capital Stock			Retained Earnings			Other Adjustment Item				
Common Stock	Certificate of Bond Exchange Rights	Proceeds-New Issued	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences on Translating Foreign Operations		Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total equity attributable to owners of the parent
\$841,523	\$12,790	\$ -	\$439,159	\$ -	\$ -	\$161,269	(\$11,063)	\$ -		\$1,408,715
-	-	-	-	16,127	-	(16,127)	-	-	-	-
-	-	-	-	-	11,063	(11,063)	-	-	-	-
-	-	-	-	-	-	(104,688)	-	-	(104,688)	-
-	-	-	-	-	-	243,979	-	-	243,979	163
-	-	-	-	-	-	784	(414)	292	662	(284)
-	-	-	-	-	-	244,763	(414)	292	244,520	378
100,000	-	-	558,350	-	-	-	-	-	658,350	244,520
50,237	546	-	159,155	-	-	-	-	-	209,938	(121)
12,790	(12,790)	-	-	-	-	-	-	-	-	658,350
-	-	-	-	-	-	-	-	-	-	209,938
(8,300)	-	-	(21,311)	-	-	(23,757)	-	-	(107,460)	-
-	-	-	481	-	-	-	-	-	481	-
4,225	-	-	19,254	-	-	(2,000)	-	-	24,348	(481)
-	-	-	-	-	-	-	-	-	-	45,827
-	-	-	8,977	-	-	-	-	-	-	9,207
-	-	-	-	-	-	-	-	-	-	8,977
1,000,475	546	-	1,164,065	16,127	11,063	248,397	(11,477)	292	(64,707)	2,364,781
BALANCE AT DECEMBER 31, 2021										
Allocate and appropriated retained earnings:										
-	-	-	-	21,901	-	(21,901)	-	-	-	-
-	-	-	-	-	122	(122)	-	-	-	-
-	-	-	-	-	-	(158,240)	-	-	(158,240)	-
-	-	-	66,566	-	-	-	-	-	66,566	-
Due to the issuance of convertible corporate bonds , the equity component items are recognized – stock options										
-	-	-	-	-	-	390,789	-	-	-	390,135
-	-	-	-	-	-	930	2,543	(27,767)	(24,294)	(654)
-	-	-	-	-	-	-	-	-	-	828
-	-	-	-	-	-	391,719	2,543	(27,767)	366,495	174
-	4,358	-	13,582	-	-	-	-	-	17,940	-
1,878	(1,878)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(134,241)	-
-	-	-	-	-	-	-	-	-	764	-
The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value										
-	-	-	-	-	-	(228)	-	-	(228)	-
-	-	125	26,514	-	-	-	-	-	10,632	-
5,350	-	-	-	-	-	-	-	-	42,621	-
-	-	-	-	-	-	-	-	-	-	8,708
-	-	-	106	-	-	-	-	-	106	-
-	-	-	-	-	-	-	-	-	-	106
\$1,007,703	\$3,026	\$125	\$1,271,597	\$38,028	\$11,185	\$459,625	(\$8,934)	(\$27,475)	(\$188,316)	\$69,255
BALANCE AT DECEMBER 31, 2022										
Allocate and appropriated retained earnings:										

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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

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

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

### Valuation of inventory

Please refer to Note 4(7) to the parent company only financial statements for the accounting policy of inventories, Note 5(2)F for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(6) for inventory valuation.

#### Description of key audit matter:

As of December 31, 2022, inventory was \$1,049,952 thousand and accounted for 23% of the total assets. Due to rapid changes in technology may lead to write-downs of slow-moving inventories to their net realizable values. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

#### How the matter was addressed in our audit:

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

### Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in Our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail*

**E&R ENGINEERING CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**(In Thousands of New Taiwan Dollars)**

Assets	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	\$898,626	20	\$559,023	17
Financial assets at fair value through profit or loss - current	6.2	114,943	3	266,148	8
Notes receivable, net	6.3	9,525	-	-	-
Accounts receivable, net	6.4	617,419	14	600,768	18
Accounts receivable due from related parties, net	6.4,7	102,916	2	85,196	3
Other receivables	6.5	8,405	-	9,299	-
Other receivables due from related parties	6.5,7	37,312	1	33,022	1
Inventories	6.6	1,049,952	23	1,043,895	30
Prepayments		69,139	2	33,385	1
Other financial assets - current	6.7	582,185	13	36,005	1
Total current assets		3,490,422	78	2,666,741	79
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.8	36,181	1	21,745	1
Investments accounted for using equity method	6.9	445,064	10	215,815	7
Property, plant and equipment	6.10	363,809	8	361,540	10
Right-of-use assets	6.11	101,530	2	24,676	1
Intangible assets	6.12	11,252	-	18,479	1
Deferred income tax assets	6.33	44,984	1	34,347	1
Refundable deposits		1,317	-	3,380	-
Other financial assets - noncurrent	8	6,900	-	3,000	-
Total noncurrent assets		1,011,037	22	718,982	21
TOTAL ASSETS		\$4,501,459	100	\$3,385,723	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.13	\$ -	-	\$9,822	-
Contract liabilities-current	6.27	36,813	1	185,146	5
Notes payable		-	-	13	-
Accounts payable		289,318	7	490,342	15
Other payables	6.14	183,746	4	118,293	3
Current income tax liability		86,839	2	39,809	1
Provisions - current	6.15	89,695	2	55,863	2
Lease liabilities - current	6.11	6,141	-	1,938	-
Advance receipts		398	-	-	-
Current portion of long-term loans	6.16	16,799	-	30,257	1
Total current liabilities		709,749	16	931,543	27

Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Financial liabilities at fair value through profit or loss - noncurrent	6.2	19,800	-	-	-
Bonds payable	6.17	931,470	21	-	-
Long-term loans	6.18	89,731	2	56,156	2
Deferred income tax liabilities	6.33	4,076	-	2,209	-
Lease liabilities - noncurrent	6.11	95,423	2	21,476	1
Long-term deferred revenue	6.20	5,110	-	-	-
Net defined benefit liability - noncurrent	6.19	8,480	-	9,558	-
Guarantee deposits	9.6	71,056	2	-	-
Total noncurrent liabilities		1,225,146	27	89,399	3
TOTAL LIABILITIES		\$1,934,895	43	\$1,020,942	30
EQUITY					
Share capital	6.21				
Common stock		1,007,703	22	1,000,475	30
Bond conversion entitlement certificates		3,026	-	546	-
Advance receipts for ordinary share		125	-	-	-
Capital surplus	6.22	1,271,597	29	1,164,065	34
Retained earnings	6.24				
Legal reserve		38,028	1	16,127	-
Special reserve		11,185	-	11,063	-
Unappropriated retained earnings		459,625	10	248,397	8
Other equity	6.25	(36,409)	(1)	(11,185)	-
Treasury shares	6.26	(188,316)	(4)	(64,707)	(2)
TOTAL EQUITY		2,566,564	57	2,364,781	70
TOTAL LIABILITIES AND EQUITY		\$4,501,459	100	\$ 3,385,723	100

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

**E&R ENGINEERING CO., LTD**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Note	Year Ended December 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUE	6.27	\$2,758,667	100	\$2,020,865	100
OPERATING COST	6.6	(1,696,330)	(62)	(1,259,305)	(63)
GROSS PROFIT (LOSS)		1,062,337	38	761,560	37
UNREALIZED GROSS PROFIT ON SALES		(3,552)	-	(5,483)	-
REALIZED GROSS PROFIT ON SALES		1,404	-	6,498	-
OPERATING EXPENSES					
Sales and marketing		(279,997)	(10)	(169,854)	(8)
General and administrative		(143,331)	(5)	(123,581)	(6)
Research and development expense		(207,510)	(8)	(158,747)	(8)
Expected credit losses (reversal)	6.4	(6,927)	-	2,217	-
Total operating expenses		(637,765)	(23)	(449,965)	(22)
INCOME (LOSS) FROM OPERATIONS		422,424	15	312,610	15
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.29	9,792	-	731	-
Other income	6.30	5,511	-	5,411	1
Other gains and losses	6.31	76,641	3	(17,589)	(1)
Finance cost	6.32	(10,625)	-	(2,945)	-
Share of profit (loss) of subsidiaries, associates and joint ventures		(9,410)	-	4,520	-
Total non-operating income and expenses		71,909	3	(9,872)	-
INCOME (LOSS) BEFORE INCOME TAX		494,333	18	302,738	15
INCOME TAX BENEFIT (EXPENSE)	6.33	(103,544)	(4)	(58,759)	(3)
NET INCOME (LOSS)		390,789	14	243,979	12
OTHER COMPREHENSIVE INCOME (LOSS)	6.34				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		1,080	-	1,238	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI		(27,767)	(1)	292	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		66	-	(206)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		(216)	-	(248)	-

Items that may be reclassified subsequently to profit or loss:

Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		2,625	-	(453)	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(82)	-	39	-
Total other comprehensive income (loss), net of income tax		<u>(24,294)</u>	<u>(1)</u>	<u>662</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>\$366,495</u>	<u>13</u>	<u>\$244,641</u>	<u>12</u>
EARNINGS (LOSS) PER SHARE					
Basic	6.35	<u>\$3.94</u>		<u>\$2.62</u>	
Diluted	6.35	<u>\$3.65</u>		<u>\$2.56</u>	

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

**E&R ENGINEERING CO., LTD**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Other Adjustment Item			Total Equity
	Common Stock	Certificate of Bond Exchange Rights	Proceeds-New Issued	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$841,523	\$12,790	\$-	\$439,159	\$-	\$-	\$161,269	(\$11,063)	\$-	\$1,408,715
Allocate and appropriated retained earnings:										
Legal reserve	-	-	-	-	16,127	-	(16,127)	-	-	-
Special reserve	-	-	-	-	-	11,063	(11,063)	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(104,688)	-	-	(104,688)
Net income (loss) in 2021	-	-	-	-	-	-	243,979	-	-	243,979
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	784	(414)	292	662
Total comprehensive income (loss) in 2021	-	-	-	-	-	-	244,763	(414)	292	244,641
Capital increase in cash	100,000	-	-	558,350	-	-	-	-	-	658,350
Convertible corporate bond conversion	50,237	546	-	159,155	-	-	-	-	-	209,938
Bond conversion entitlement certificate	12,790	(12,790)	-	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	-	-	-
Retirement of treasury stock	(8,300)	-	-	(21,311)	-	-	(23,757)	-	-	(107,460)
Changes in ownership interests in subsidiaries	-	-	-	481	-	-	-	-	-	481
Share-based payment transactions	4,225	-	-	19,254	-	-	(2,000)	-	-	45,827
Others- right of entry	-	-	-	8,977	-	-	-	-	-	8,977
BALANCE AT DECEMBER 31, 2021	1,000,475	546	-	1,164,065	16,127	11,063	248,397	(11,477)	292	2,364,781
Allocate and appropriated retained earnings:										
Legal reserve	-	-	-	-	21,901	-	(21,901)	-	-	-
Special reserve	-	-	-	-	-	122	(122)	-	-	-
Cash dividend of common stock	-	-	-	-	-	-	(158,240)	-	-	(158,240)
Due to the issuance of convertible corporate bonds , the equity component items are recognized - stock options	-	-	-	66,566	-	-	-	-	-	66,566
Net income (loss) in 2022	-	-	-	-	-	-	390,789	-	-	390,789
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	930	2,543	(27,767)	(24,294)
Total comprehensive income (loss) in 2022	-	-	-	-	-	-	391,719	2,543	(27,767)	366,495
Convertible corporate bond conversion	-	4,358	-	13,582	-	-	-	-	-	17,940
Bond conversion entitlement certificate	1,878	(1,878)	-	-	-	-	-	-	-	-
Buyback treasury stock	-	-	-	-	-	-	-	-	-	-
The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value	-	-	-	764	-	-	-	-	-	764
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(228)	-	-	(228)
Share-based payment transactions	5,350	-	125	26,514	-	-	-	-	-	42,621
Others- right of entry	-	-	-	106	-	-	-	-	-	106
BALANCE AT DECEMBER 31, 2022	\$1,007,703	\$3,026	\$125	\$1,271,597	\$38,028	\$11,185	\$459,625	(\$8,934)	(\$27,475)	\$2,566,564

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

**E&R ENGINEERING CO., LTD**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**(In Thousands of New Taiwan Dollars)**

Item	Year Ended December 31	
	2022	2021
<b>1.CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$494,333	\$302,738
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation	66,962	59,931
Amortization expense	8,879	9,131
Expected credit losses (reversal)	6,927	(2,217)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	10,006	(949)
Interest expense	10,625	2,945
Interest income	(9,792)	(731)
Dividend income	(473)	-
Share-Based Benefit Compensation Cost	23,589	22,301
Share of loss (profit) of subsidiaries, associates and joint ventures	9,410	(4,520)
Gain on disposal and retirement of property, plant and equipment	(662)	(2,346)
Property, plant and equipment transfer to expense	39	-
Unrealized sales benefit	3,552	5,483
Realized sales benefit	(1,404)	(6,498)
Others	(464)	-
Total income and expenses having no effect on cash flows	127,194	82,530
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	147,078	(26,471)
Notes receivable	(9,550)	1,015
Accounts receivable	(41,273)	(193,785)
Other receivables	2,794	511
Inventories	(54,822)	(511,812)
Prepayments	(35,754)	(19,639)
Other financial assets	(561,595)	(8,259)
Total net changes in operating assets	(553,122)	(758,440)
Net changes in operating liabilities:		
Contract liabilities	(148,333)	171,159
Notes payable	(13)	4
Accounts payable	(201,024)	178,819
Other payables	65,406	20,111
Provisions	33,832	11,221
Net defined benefit liability	2	(5)
Total net changes in operating liabilities	(\$250,130)	\$381,309

Total changes in operating assets and liabilities	(803,252)	(377,131)
Total adjustments	(676,058)	(294,601)
Cash generated from (used in) operations	(181,725)	8,137
Interest received	8,061	703
Dividends received	473	-
Interest paid	(3,664)	(2,777)
Income tax refund (paid)	(65,582)	(49,675)
Net cash generated from (used in) operating activities	(242,437)	(43,612)
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(42,203)	(21,453)
Acquisition of investments accounted for using equity method	(201,419)	(43,263)
Acquisition of property, plant and equipment	(23,597)	(19,596)
Proceeds from disposal of property, plant and equipment	9,537	2,666
Increase in refundable deposits	-	(1,583)
Decrease in refundable deposits	2,063	-
Increase in other receivables-related parties	(5,372)	-
Decrease in other receivables-related parties	-	19,045
Acquire intangible assets	(1,652)	(5,872)
Decrease in other financial assets	11,515	98,570
Net cash generated from (used in) investing activities	(251,128)	28,514
<b>3.CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	-	9,882
Decrease in short-term loans	(9,882)	-
Issuance of corporate bonds	1,005,070	-
Increase in long-term loans	86,000	65,000
Repayment of long-term loans	(47,970)	(91,891)
Increase in guarantee deposits received	71,056	-
Repayments of principal of lease liabilities	(3,735)	(2,777)
Increase in other liabilities - noncurrent	5,972	-
Cash dividend	(158,240)	(104,688)
Cash capital increase	-	658,350
Employee exercise stock options	8,432	6,633
Treasury stock buyback cost	(134,241)	(107,460)
Employee purchase treasury stock	10,600	16,893
Others	106	8,977
Net cash generated from (used in) financing activities	833,168	458,919
<b>4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>339,603</b>	<b>443,821</b>
<b>5.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>559,023</b>	<b>115,202</b>
<b>6.CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$898,626</b>	<b>\$559,023</b>

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

## 【Attachment VIII】

### List of candidates for directors (including independent directors)

Candidate category Name	Number of shares held	Education	Experience and current position
Director Michel Wang	4, 200, 334	Department of Mechanical Engineering, CYCU.	Current Job: Chairman of E&R Engineering Corporation.  Experience: Chairman of Yiwei Enterprise Company.
Director KS Chen	949, 428	Department of Mechanical Engineering, FCU.	Current Job: Vice Chairman and Chief Technology Officer of E&R Engineering Corporation.  Experience: General Manager of E&R Engineering Corporation General Manager of Philips Electronic Building Elements Industries (Taiwan) Ltd.
Director Eric Chang	1, 059, 661	Graduate Institute of Business Administration, NTU.	Current Job: General Manager of E&R Engineering Corporation  Experience: Executive Vice President of E&R Engineering Corporation Manager of Baisha Electric Motor Co., Ltd.
Director Harry Huang	1, 216, 680	Department of Economics, NTU.	Current Job: Vice President of E&R Engineering Corporation  Experience: Business Associate of Fuhua Investment Trust. Vice President of Business of Clone International Biotech Co., Ltd.
Director Kuang shu Hsueh	447, 333	Department of Electronics, KWIJC.	Current Job: N/A  Experience: Chairman of Chaoyue Chemical Co., Ltd.

Candidate category Name	Number of shares held	Education	Experience and current position
Director Donghua Investment Co., Ltd.	769,650	N/A	N/A
Independent Director JF Lu	0	Department of Materials Science and Engineering, NTHU	Current job: N/A  Experience: Director of Plant, Philips Electronic Building Elements Industries (Taiwan) Ltd.
Independent Director Alex Kao	0	Graduate Institute of Business Administration, NTU.	Current job: Chairman of Sweepot Inc. Director of Armorx Global Technology Co., Ltd.  Experience: General Manager of Sweepot Inc. Director of Chesen Electronics Co., Ltd. Director of Excelliance Mos Co., Ltd. Partner of Yuwei Asset Management Co., Ltd. Chief of Operating Officer of REC Technology Corporation. Senior Associate of China Development Financial Holding Corporation. Shanghai Office Manager of Rock Records Co., Ltd. Area Manager of Ford Lio Ho Motor Company, Ltd.
Independent Director Eddy Peng	0	PhD Candidate in Biological Science & Technology, NYCU  EMBA, NYCU  Master of Biomedical Engineering, NCKU	Current job: Vice President of Hermes-Epitek Corp. President of Hermes-Epitek (Shanghai) Corp. Chairman & President of Hermes Advanced Therapy Systems Corp. Chairman of Synaspire Corp. Chairman of Alliance Precision (Hefei) Inc. Chairman of Chemical Mechanical

Candidate category Name	Number of shares held	Education	Experience and current position
			Planarization User Group Taiwan  Experience: Director of CMP of Hermes-Epitek Corp.
<p>Note:</p> <p>Independent director candidate Huang Qingqin has served as an independent director of the company for three terms (the term of office is: 102.11.29~109.06.18), because of his rich technical experience, he can provide important advice to the company.</p> <p>Taking advantage of his professionalism, he can still exert his expertise in addition to exercising his duties as an independent director, and supervise and provide professional advice to the board of directors.</p>			

**【Attachment IX】****List of director candidates to lift non-compete clause**

Candidate category	Name	Cocurrent company name and position
Director	Michel Wang	Chairman of Yiwei Enterprise Company.
Director	Eric Chang	Independent Director of Zen Voce Co., Ltd
Independent Director	Alex Kao	Chairman of SWEEPOT INC. Director of ArmorX Global Technology Corp.
Independent Director	Eddy Peng	Current job: Vice President of Hermes-Epitek Corp. President of Hermes-Epitek (Shanghai) Corp. Chairman & President of Hermes Advanced Therapy Systems Corp. Chairman of Synaspire Corp. Chairman of Alliance Precision (Hefei) Inc. Chairman of Chemical Mechanical Planarization User Group Taiwan

# **VI Appendix**

## **【Appendix I】**

### **E&R Engineering Corporation Articles of Association**

#### **Chapter I. General Provisions**

Article 1. The company is organized in accordance with the provisions of the Company limited by shares of the Company Law, and is named "鈦昇科技股份有限公司".  
(English name is E&R ENGINEERING CORPORATION)

Article 2 The business items of the company are as follows:

- 1.CB01010 Machinery and equipment manufacturing.
2. CB01030 Pollution prevention and control equipment manufacturing.
3. CC01060 Manufacturing of wired communication machinery and equipment.
- 4.CC01070 Manufacturing of wireless communication machinery and equipment.
- 5.CQ01010 Mold manufacturing.
- 6.C805010 Plastic leather, cloth, plate, pipe manufacturing.
- 7.F401010 International trade industry.
8. ZZ99999 In addition to the licensed business, it can operate the business that is not prohibited or restricted by law.

Article 2-1. The company's reinvestment is not subject to the provisions of Article 13 of the Company Law that the reinvestment shall not exceed 40% of the paid-in share capital, and matters concerning reinvestment shall be resolved by the board of directors.

Article 3. The head office of the company is located in Kaohsiung City, and branches may be established at home and abroad with the resolution of the board of directors if necessary.

Article 4. The company's announcement method shall be handled in accordance with the provisions of Article 28 of the Company Law.

#### **Chapter II. Shares**

Article 5. The total capital of the company is NT\$10.5 billion, with a total of 150 million shares at NT\$10.00 per share. The board of directors is authorized to issue them in installments. Among them, 5 million shares are reserved for warrants, preferred shares with warrants or corporate bonds with warrants to exercise stock options.

Article 5-1. If the company intends to issue employee warrants at a subscription price lower than the market price (net value per share), it shall, in accordance with the provisions of Article 56-1 and Article 76-1 of the Issuer's Handling Standards for Offering and Issuing Securities, be issued after the resolution of the shareholders meeting.

Article 5-2. The shares issued by the company shall have the same amount per share.

Article 5-3. When the company repurchases treasury shares and transfers them to employees at a price lower than the average price of the shares actually repurchased, they shall, prior to the transfer, submit to the most recent shareholders' meeting to represent shareholders representing more than half of the total number of issued shares. And two-thirds or more agree to do so.

Article 5-4. The company's employee stock warrants can be issued to employees who meet certain conditions and are controlled by and subordinate to the company. The conditions and the method of issuance are authorized by the board of directors.

When the company issues new shares, the employees who take up the shares may include employees who meet certain conditions and are controlled and subordinate to the company. The conditions and the method of issuance are authorized by the board of directors.

The object of the company's issuance of new shares with restricted employees' rights may include employees who meet certain conditions and are controlled by and subordinate to the company. The conditions and issuance methods are authorized by the board of directors.

When the company buys treasury shares, the transfer objects may include employees who meet certain conditions and are controlled by and subordinate to the company. The conditions and methods of issuance are authorized by the board of directors for resolution.

Article 6. The company's shares are generally in registered form. After the public issuance of shares, it is not necessary to print the shares and register with the securities centralized custody institution.

Article 7. The change and transfer of the shareholder register shall be handled in accordance with the provisions of Article 165 of the Company Act.

Article 8. Deleted.

Article 9. Deleted.

Article 10. Deleted.

Article 11. Unless provided by laws or securities regulations, the company's stock affairs shall be handled in accordance with the relevant regulations set by the competent authority.

### Chapter III. Shareholders' Meeting

Article 12. There are two types of general meeting and extraordinary meeting. The regular meeting is held once a year, and is convened by the board of directors according to law within six months after the end of each fiscal year. The interim meeting shall be convened according to law, when necessary

Article 12-1. When the company's shareholders' meeting is held, it may be held by video conference or other means announced by the central competent authority.

Article 13. If a shareholder is unable to attend the shareholders' meeting for any reason, he or she shall issue a power of attorney issued by the company specifying the scope of authorization and authorize a proxy to attend. In addition to the provisions of Article 177 of the Company Law, the procedures for shareholders to attend by proxy shall be handled in accordance with the "Rules on the Use of Power of Attorney for Public Offering Companies to Attend Shareholders' Meetings" promulgated by the competent authority.

Article 14. The shareholders' meeting is convened by the board of directors, with the chairman of the board as the chairman. In the absence of the chairman of the board, the chairman shall designate a director to act as an agent. If it is convened by another convener other than the board of directors, the chairman shall be the convener, and if there are more than two conveners, one of them shall be elected from each other.

Article 15. Each shareholder of the company shall have one vote per share, except for the circumstances in which shares do not have voting rights as stipulated in Article 179 of the Company Law.

Article 16. Except as provided by the company law, the resolution of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of issued shares, and shall be carried out with the consent of more than half of the voting rights of the present shareholders.

Article 17. Minutes of the resolutions of the shareholders' meeting shall be prepared and signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The minutes of the meeting shall record the year, month, day, place, name of the chairman, method of

resolution, essentials of the proceedings and results of the meeting, and shall be kept permanently during the company's existence. The production and distribution of the proceedings mentioned in the preceding paragraph may be done electronically. For shareholders holding less than 1,000 registered shares, it may be done by public announcement.

Article 17-1. After the company's stock is publicly issued, it may not cancel the public offering without a resolution of the shareholders' meeting. The above-mentioned provisions shall not be changed during the period of the company's establishment or listing.

#### Chapter IV. Director

Article 18. The company has five to twelve directors, and the number of directors is authorized by the board meeting. Candidate nomination system is adopted. Shareholders select candidates from the list of candidates. They all adopt the cumulative voting system. The term of office is three years, and consecutive elections can be re-elected. After the company's public offering of shares, the total shareholding ratio of all its directors shall be in accordance with the regulations of the securities management authority. The company may purchase liability insurance for directors of the company who are legally liable for compensation in accordance with the scope of business they perform during their term of office. In line with the provisions of Article 14-2 of the Securities and Exchange Law, among the above-mentioned number of directors of the company, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. Restrictions on part-time jobs, identification of independence, nomination and other matters to be followed shall be handled in accordance with the relevant provisions of the Securities and Exchange Act.

Article 18-1. The company shall set up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, and the audit committee shall be composed of all independent directors. The Audit Committee or the members of the Audit Committee are responsible for implementing the Company Law, the Securities Exchange Law, and other relevant laws and regulations, and specifying the duties and powers of the supervisors.

Article 19. When the term of office of a director expires and it is too late to be re-elected, the executive duties shall be extended until the re-elected director takes office.

However, the competent authority may order the company to re-elect according to the power of office.

Article 20. The board of directors is organized by directors, and more than two-thirds of the directors present and more than half of the directors present agree to elect a chairman from each other, and can elect a vice chairman from each other in the same way. Carry out all the affairs of the company in accordance with the laws, articles of association, resolutions of the shareholders meeting and the board of directors. The remuneration of all directors, regardless of operating profit or loss, may be determined by the board of directors in accordance with the usual industry standards.

Article 21. The Board of Directors convenes once a quarter. When the chairman thinks it is necessary, or when two or more directors request, an interim meeting may be held. When the vacancy of directors reaches one-third, the board of directors shall convene a by-election at the shareholders' meeting within the time limit stipulated in Article 201 of the Company Law, and the term of office shall be limited to the time limit for filling up the original office.

Article 22. The company's business policy and other matters shall be implemented by resolutions of the board of directors. Except for the first meeting of the board of directors in accordance with Article 203 of the Company Law, the board of directors shall be convened by the chairman and serve as the chairman. When the chairman is unable to perform his duties, he shall be represented by the vice chairman or other directors in accordance with Article 208 of the Company Law.

In the event of an emergency, the company may convene the board of directors at any time, and the notification of its regular and extraordinary meetings may be made by email or fax.

Article 23. Board meetings must be attended by more than half of the directors, and shall be conducted with the consent of more than half of the directors present. If a director is unable to attend the meeting for any reason, he shall issue a power of attorney stating the scope of authorization for the reason for the convening, and entrust other directors to attend on his behalf, but only one person shall be entrusted by one person. When the meeting of the board of directors is held, if the meeting is held through a video screen, the directors who participate in the meeting through the video screen are deemed to be present in person.

Article 24. The meeting of the board of directors shall be recorded in minutes, signed and stamped by the chairman, and distributed to all directors within 20 days after the meeting. The minutes of the meeting shall be kept in the company together with the signature book of the attending directors and the power of attorney for attending the meeting.

Article 25. Deleted.

#### Chapter V. Managerial Staff

Article 26. The company may have several managers, whose appointment, dismissal and remuneration shall be handled in accordance with the relevant provisions of the Company Law.

Article 27. The company may hire consultants or important staff upon resolution of the board of directors.

Article 28. Other employees of the company are appointed and dismissed by the general manager

#### Chapter VI. Final Accounts

Article 29. At the end of each fiscal year, the board of directors shall prepare the following forms and submit them to the general meeting of shareholders for approval:

- (1) Business report
- (2) Financial statements
- (3) Proposals on profit distribution or loss compensation, etc.

Article 30. The company should allocate 5-10% of the current year's profit as employee remuneration and should allocate no more than 3% of the current year's profit as director's remuneration. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee remuneration and director remuneration in proportion to the preceding paragraph. Employee remuneration can be distributed in stock or cash, and the distribution objects include employees of the controlling and subordinate companies who meet certain conditions. The conditions authorize the resolution of the board of directors, and the company can make profits in the current year. The current year's profit status refers to the current year's pre-tax benefits before deducting the distribution of employee remuneration and director's remuneration. Proposals on the distribution of employee remuneration and director remuneration shall be decided by the board of

directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and a report to the shareholders' meeting shall be submitted.

Article 30. If there is any surplus in the company's annual final accounts, it shall be distributed in the following order:

1. Pay taxes according to law.
2. Make up for accumulated losses.
3. 10% shall be allocated as the statutory surplus reserve, except when the statutory surplus reserve has reached the total capital of the company.
4. Allocate special surplus reserve according to laws and regulations or necessary for operation.

After deducting the balance of the previous items and adding the accumulated undistributed earnings of the previous year, the board of directors will prepare a shareholder dividend distribution plan and submit it to the shareholders' meeting for a resolution on distribution.

If the company distributes dividends or all or part of the statutory surplus reserve and capital reserve in the form of cash distribution, the board of directors is authorized to attend with two-thirds or more of the directors present and with the consent of more than half of the directors present, and report to the shareholders meeting.

The company will adapt to its environment and growth stage in the future, based on capital expenditure, business expansion needs, sound financial planning and taking into account the interests of shareholders in order to achieve sustainable development. The company's dividend policy will be based on the company's future capital expenditure budget and capital needs. No less than 10% of the above-mentioned distributable surplus shall be allocated to distribute dividends to shareholders. However, when the accumulated distributable surplus is lower than 5% of the paid-in share capital, the distribution may not be made. When distributing shareholder dividends, it can be done in the form of stock dividends or cash dividends, and the distribution ratio of cash dividends should not be lower than 10% of the total shareholder dividends. If the company has a major investment or development policy, it

may be fully distributed as stock dividends.

## Chapter VII. Supplementary Provisions

Article 31. The company may endorse external guarantees, and its operations shall be handled in accordance with the company's endorsement guarantee operations.

Article 32. The company's organizational regulations and working rules shall be determined separately by the board of directors.

Article 33. Matters not covered in this Articles of Association shall be handled in accordance with the Company Law and other laws and regulations.

Article 34. The Articles of Incorporation shall come into force after resolution of the shareholders' meeting and approval by the competent authority, and the same shall apply when there is any change.

Article 35. The constitution was established on October 24, 1994, the first amendment was on June 5, 1995, the second amendment was on September 20, 1995, and the third amendment was on February 13, 1996 , the fourth revision was on December 10, 1996, the fifth revision was on March 20, 1997, the sixth revision was on November 10, 1997, and the seventh revision was on December 1997 Thirteenth, eighth revision on April 11, 1998, ninth revision on June 12, 1998, tenth revision on June 10, 1999, eleventh revision in 2000 June 22, twelfth amendment on November 2, 2001, thirteenth amendment on June 21, 2002, fourteenth amendment on June 24, 2004 , Fifteenth Amendment on June 23, 2006, Sixteenth Amendment on December 15, 2006, Seventeenth Amendment on June 20, 2008, Eighteenth Amendment On December 18, 2009, nineteenth amendment on June 3, 2011, twentieth amendment on June 27, 2012, twenty-first amendment on June 2, 2013 sixteenth. Twenty-second amendment on June 25, 2014. Twenty-third amendment on June 23, 2016. Twenty-fourth amendment on June 21, 2018. Twenty-fifth amendment on December 27, 2018. Twenty-sixth amendment on June 19, 2019. Twenty-seventh amendment on June 18, 2020. Twenty-eighth amendment on June 16, 2022.

## **【Appendix II】**

### **E&R Engineering Corporation Rules of Procedure for Shareholders' Meeting**

Article 1. Except as otherwise provided by laws and regulations or the articles of association, the rules of procedure for the shareholders' meeting of the company shall be in accordance with the provisions of these rules.

Article 2: (Shareholders' meeting convening and meeting notice)

Unless otherwise stipulated by law, the company's shareholders' meeting shall be convened by the board of directors.

Changes to the method of convening the shareholders' meeting of the company shall be resolved by the board of directors, and shall be made no later than the dispatch of the notice of the shareholders' meeting.

The company shall, 30 days before the regular shareholders meeting or 15 days before the extraordinary shareholders meeting, send the notice of the shareholders meeting, the power of attorney, relevant approval proposals, discussion proposals, elections, or the reasons and explanatory materials for the election or dismissal of directors and other proposals as electronic files to the Public Information Observation Station.

And 21 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, the shareholders' meeting manual and meeting supplementary materials will be prepared and sent to the public information observation station as electronic files.

Fifteen days before the shareholders' meeting, the handbook of the shareholders' meeting and supplementary materials for the meeting shall be prepared for shareholders to request and read at any time, and displayed in the company and the professional stock affairs agency appointed by the company.

The meeting manual and supplementary meeting materials mentioned in the preceding paragraph shall be provided to shareholders for reference by the Company on the day of the shareholders' meeting in the following manner:

1. When the physical shareholders' meeting is held, it shall be issued on the spot of the shareholders' meeting.
2. When convening a video-assisted shareholders' meeting, it shall be distributed at the site of the shareholders' meeting and sent to the video conference platform as an

electronic file.

3. When convening a video conference, the electronic file shall be sent to the video conference platform.

The notification and announcement shall specify the reason for the convening, and the notification may be done electronically if the counterparty agrees.

Appointment or dismissal of directors, change of articles of incorporation, company dissolution, merger, division, or subparagraphs of Paragraph 1 of Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, items under Article 56-1 and Article 60-2 of Issuer's Guidelines for handling the offering and Issuance of Securities shall be listed in the reason for the call, and shall not be proposed as an interim motion.

Shareholders who hold more than 1% of the total number of issued shares may submit written proposals to the company for the general meeting of shareholders. But only one proposal, if there is more than one proposal, will not be included in the proposal. In addition, if a proposal proposed by a shareholder falls under any of the circumstances in Item 4 of Article 172-1 of the Company Law, the board of directors may not include it as a proposal. The company shall announce the acceptance of shareholders' proposals, the place of acceptance, and the acceptance period before the stockholders' general meeting closes, and the acceptance period shall not be less than ten days.

Proposals proposed by shareholders are limited to 300 words, and those exceeding 300 words will not be included in the proposals. Proposing shareholders should attend the regular shareholders meeting in person or entrust others to participate in the discussion of the proposal. The company shall notify the proposing shareholders of the results of the handling before the notice date for the convening of the shareholders' meeting, and list the proposals that meet the provisions of this article in the meeting notice. For shareholder proposals that are not included in the proposal, the board of directors shall explain the reasons for not including them at the shareholders' meeting.

Article 3. Shareholders may entrust a proxy to attend each shareholders' meeting by issuing a power of attorney issued by the company specifying the scope of authorization.

A shareholder shall issue a power of attorney and entrust only one person, and shall

deliver it to the company five days before the shareholders' meeting. If there are duplicate powers of attorney, the one delivered first shall prevail. However, this does not apply to those who entrust before the declaration is revoked. After the power of attorney is delivered to the company, shareholders who wish to attend the shareholders' meeting in person or exercise their voting rights in writing or electronically shall notify the company in writing of the cancellation of the proxy two days before the shareholders' meeting. The voting rights exercised by the person present shall prevail.

Article 4: (Principles for the location and time of the shareholders meeting)

The place where the shareholders' meeting is held should be the location of the company or a place that is convenient for shareholders to attend and suitable for holding the shareholders' meeting. The starting time of the meeting should not be earlier than 9:00 am or later than 3:00 pm. Opinions of independent directors.

If the company holds a video-conference shareholders meeting, it will not be restricted by the venue of the previous paragraph.

Article 5: (Preparation of signature book and other documents)

The company shall specify in the meeting notice the time and place of registration of the accepting shareholders, solicitors, and authorized agents (hereinafter referred to as shareholders), and other matters that should be paid attention to.

The time for acceptance of shareholder registration in the preceding paragraph shall be at least 30 minutes before the start of the meeting. There should be a clear sign at the registration office, and adequate and competent personnel should be assigned to handle it. The video meeting of the shareholders' meeting shall be registered on the video conference platform of the shareholders' meeting 30 minutes before the start of the meeting. Shareholders who have completed the registration are deemed to have attended the shareholders' meeting in person.

The company shall set up a signature book for the attendance of shareholders to sign in, or the attendance card shall be submitted by the attending shareholders to sign in.

The company shall deliver the meeting manual, annual report, attendance certificate, statement slips, votes and other meeting materials to shareholders attending the shareholders' meeting. If there are directors to be elected, an election ballot shall be attached.

Shareholders shall attend the shareholders' meeting by presenting their attendance

certificates, attendance cards or other attendance certificates, and the company shall not arbitrarily add other supporting documents to the supporting documents for shareholders' attendance. Participants who are subject to a power of attorney should bring their identity documents for verification.

When the government or legal person is the shareholder, the representative attending the shareholders meeting is not limited to one person.

When a juridical person is entrusted to attend a shareholders' meeting, it may only designate one representative to attend.

If the shareholders meeting is convened by videoconference, shareholders who wish to attend by videoconference shall register with the company two days before the shareholders meeting.

If the shareholders' meeting is held by video conference, the company shall upload the procedure manual, annual report and other relevant materials to the shareholders' meeting video conference platform at least 30 minutes before the start of the meeting, and continue to disclose them until the end of the meeting.

Article 5-1: (Convening a video conference of the shareholders' meeting, and items to be included in the convening notice.)

When the company holds a video conference of the shareholders' meeting, the following matters shall be stated in the notice of convening the shareholders' meeting:

1. Methods for shareholders to participate in video conferences and exercise their rights.
2. The handling of obstacles to the video conference platform or participation in video conferences due to natural disasters, incidents or other force majeure events, including at least the following:
  - (1) The time when the pre-occupational obstacle cannot be ruled out and the meeting needs to be postponed or resumed, and the date when the meeting needs to be postponed or resumed.
  - (2) Shareholders who have not registered to participate in the original shareholders meeting by video conferencing shall not participate in the extension or continuation of the meeting.
  - (3) When a video-assisted shareholders meeting is held, if the video conference cannot be continued, after deducting the number of shares attending the

shareholders meeting by video, the total number of shares attending the shareholders meeting reaches the statutory quota for the shareholders meeting, and the shareholders meeting should continue. Shareholders who participate by video conference, the number of shares attended shall be included in the total number of shares of shareholders present, and all resolutions of the shareholders' meeting shall be regarded as abstentions.

(4) In the event that all the motions have been announced, but no provisional motion has been made, the handling method.

3. To hold a video conference of shareholders, and to specify the appropriate alternative measures provided to shareholders who have difficulty participating in shareholders by video.

#### Article 6: (Chairman of the Shareholders' Meeting, non-voting attendees)

If the shareholders' meeting is convened by the board of directors, the chairman of the board of directors shall be the chairman of the board of directors. If the chairman of the board of directors requests leave or is unable to exercise his powers for some reason, the vice chairman shall act as his proxy. When the chairman of the board appoints a managing director to act on his behalf. If there is no managing director, a director shall be appointed to act as an agent, and if the chairman does not appoint an agent, the managing director or the directors shall recommend one person to act as an agent.

The chairman of the preceding paragraph shall be the executive director or director who has served for more than six months and who understands the company's financial and business conditions. The same applies if the chairman is the representative of the corporate directors.

The chairman of the board of directors should preside over the shareholders' meeting convened by the board of directors in person, and more than half of the directors of the board of directors should be present in person, and at least one representative of the members of various functional committees should attend, and the attendance should be recorded in the minutes of the shareholders' meeting.

If the shareholders meeting is convened by a person with the right to convene other than the board of directors, the chairman shall be the person with the right to convene. If there are two or more persons with the right to convene, one person shall be elected from each other to serve as the chairman.

The company may designate appointed lawyers, accountants or relevant personnel

to attend the shareholders' meeting as nonvoting delegates.

Article 7: (Recording or video recording of the shareholders meeting)

The company shall record the whole process of shareholder registration, meeting process, and vote counting process continuously and uninterruptedly from the time of accepting shareholder registration.

The audio-visual materials mentioned in the preceding paragraph shall be kept for at least one year. However, if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law, it shall be preserved until the conclusion of the lawsuit.

If the shareholders' meeting is held by video conference, the company shall keep records of shareholders' registration, registration, registration, questioning, voting and company vote counting results, etc., and record and video the entire process of the video conference continuously.

The company shall properly keep the materials and audio and video recordings in the preceding paragraph during the period of existence, and provide the audio and video recordings to the person entrusted to handle the video conferencing affairs for storage.

Article 8: Attendance at the shareholders' meeting shall be calculated on the basis of shares.

The number of shares attended is calculated based on the number of shares registered on the signature book or attendance card and video conferencing platform, plus the number of shares that exercise voting rights in written or electronic means.

When the meeting time has expired, the chairman shall announce the opening of the meeting immediately. However, if shareholders representing more than half of the total issued shares are not present, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to two times, and the total delay shall not exceed one hour. If there are still not enough shareholders representing more than one-third of the total issued shares to attend after two delays, the chairman will announce the adjournment. If the shareholders meeting is held by video conference, the company shall also announce the adjournment on the video conference platform of the shareholders meeting.

If the preceding paragraph is postponed twice and the amount is still insufficient and there are shareholders representing more than one-third of the total number of issued shares present, a tentative resolution may be made in accordance with

Article 175, Item 1 of the Company Law, and the tentative resolution shall be notified to all shareholders. Another shareholder meeting will be held within the month. If the shareholders meeting is convened by video conference, shareholders who wish to attend via video conference shall re-register with the company in accordance with Article 5.

Before the end of the current meeting, if the number of shares represented by the attending shareholders reaches more than half of the total number of issued shares, the chairman may resubmit the tentative resolution made to the shareholders' meeting for voting in accordance with Article 174 of the Company Law.

#### Article 9: (Proposal Discussion)

If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors, and the meeting shall be carried out according to the scheduled agenda, which shall not be changed without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the provisions of the preceding paragraph are permitted.

Before the end of the agenda (including temporary motions) scheduled in the first two items, the chairman shall not declare the meeting closed unless a resolution is passed.

If the chairman violates the rules of procedure and announces the adjournment of the meeting, other members of the board of directors shall promptly assist the shareholders present in accordance with the legal procedures, and elect one person as the chairman with the consent of more than half of the voting rights of the shareholders present, and continue the meeting. The chairman shall give full explanations and opportunities for discussion on proposals and amendments or interim motions proposed by shareholders, and may announce the suspension of discussion and put them up for voting when he considers that the resolution has reached a level that can be voted on.

#### Article 10: (Speech by Shareholders)

Before the shareholders present to speak, they must first fill in a speech note to specify the gist of the speech, shareholder account number (or attendance certificate number) and account name, and the chairman will determine the order of their speeches.

Shareholders attending the meeting who only submit speech slips but do not make a speech shall be deemed not to have spoken. If the content of the speech is inconsistent with the record in the speech slip, the content of the speech shall prevail.

Each shareholder's speech on the same proposal shall not exceed two times without the consent of the chairman, and each time shall not exceed five minutes. However, if a shareholder's speech violates the regulations or exceeds the scope of the topic, the chairman may stop his speech.

When a shareholder present speaks, other shareholders are not allowed to intervene unless they have obtained the consent of the chairman and the speaking shareholder, and the chairman shall stop any violation.

When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person can speak on the same proposal. After attending shareholders' speeches, the chairman may reply in person or by designating relevant personnel.

If the shareholders meeting is convened by video conference, shareholders who participate in the video conference may ask questions in text on the shareholders meeting video conference platform after the chairman announces the meeting and before the meeting is closed. The number of questions for each proposal shall not exceed two times. The limit is 200 characters, and the provisions of items 1 to 5 do not apply.

#### Article 11: (Calculation of Voting Shares and Avoidance System)

Voting at the shareholders' meeting shall be based on shares.

For the resolution of the shareholders' meeting, the number of shares held by non-voting shareholders shall not be included in the total number of issued shares.

Shareholders who have their own interests in the matters of the meeting that may harm the interests of the company may not participate in voting, and may not exercise their voting rights on behalf of other shareholders.

The number of shares for which voting cannot be exercised in the preceding paragraph shall not be included in the voting rights of shareholders present.

Except for trust enterprises or stock affairs agencies approved by the competent securities authority, when one person is entrusted by two or more shareholders at the same time, the voting rights of the agent shall not exceed 3% of the total number of issued shares. If exceeded, the excess voting rights shall not be counted.

Article 12: Shareholders have one voting right per share, except for those who are restricted or have no voting rights listed in Item 2 of Article 179 of the Company Law.

When the company convenes a general meeting of shareholders, it shall use electronic means and may exercise its voting rights in written form. When it exercises its voting rights in written or electronic means, the method of exercising it shall be specified in the notice of convening the general meeting of shareholders. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the shareholders' meeting in person. However, the interim motions and amendments to the original proposals at the shareholder meeting are considered abstentions, so the company should avoid proposing interim motions and amendments to the original proposals.

For those who exercise their voting rights in writing or electronically in the preceding paragraph, their declaration of intent shall be delivered to the company two days before the shareholders meeting. In case of duplicate declarations of intent, the first one shall prevail. However, this does not apply to those who declare the intention before revocation.

After shareholders have exercised their voting rights in writing or electronically, if they wish to attend the shareholders' meeting in person or by videoconference, they shall revoke the previous declaration of intention to exercise voting rights in the same manner as exercising voting rights two days before the shareholders' meeting. If the cancellation is overdue, the voting rights exercised in written or electronic means shall prevail. If voting rights are exercised in written or electronic means and a proxy is entrusted to attend the shareholders' meeting with a power of attorney, the voting rights entrusted to the proxy shall prevail.

Unless otherwise stipulated in the Company Law and the Articles of Association of the company, the voting on the proposal shall be passed with the consent of more than half of the voting rights of the present shareholders. When voting, the chairman or the person designated by him shall announce the total number of voting rights of the attending shareholders on a case-by-case basis, and the shareholders shall vote on a case-by-case basis, and on the day after the shareholders' meeting, the shareholders' approval, objection and abstention results shall be entered into the Public Information Observatory.

When there is an amendment or alternative to the same proposal, the chairman shall determine the order of voting with the original proposal. If one of the proposals has

been passed, the other proposals shall be deemed to be rejected and there is no need to vote again.

The scrutiny and counting personnel for voting on proposals shall be designated by the chairman, but the scrutiny personnel shall have the status of shareholders. The counting of votes or election proposals at the shareholders' meeting shall be done in a public place in the shareholders' meeting, and after the counting of votes is completed, the voting results shall be announced on the spot, including the weight of the statistics, and shall be recorded.

The company holds a video conference of the shareholders meeting. Shareholders who participate in the video conference shall vote on various proposals and election proposals through the video conference platform after the chairman announces the meeting. It should be completed before the chairman announces the end of voting, and those who are overdue are deemed to have abstained from voting.

If the shareholders meeting is convened by videoconference, after the chairman announces that the voting is over, the votes shall be counted at one time, and the voting and election results shall be announced.

When the Company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by videoconference in accordance with the provisions of Article 5, who wish to attend the physical shareholders' meeting in person, shall cancel the registration in the same way as the registration two days before the shareholders' meeting. Those who cancel after the deadline can only attend the shareholders' meeting via video conference.

Those who exercise their voting rights in written or electronic means without revoking their declaration of intention and participate in the shareholders' meeting through video conference shall not exercise their voting rights on the original proposals, propose amendments to the original proposals or exercise their voting rights on the amendments to the original proposals, except for temporary motions.

#### Article 13: (Election Matters)

When the shareholders' meeting elects directors, it shall follow the relevant selection and appointment rules stipulated by the company, and shall announce the election results on the spot, including the list of elected directors and their weighted numbers. The ballots for the elections mentioned in the preceding paragraph shall be sealed and signed by the scrutineers, and shall be kept in a safe place for at least one year. However, if a shareholder initiates a lawsuit in accordance with Article

189 of the Company Law, it shall be preserved until the conclusion of the lawsuit.

Article 14: Minutes of the resolutions of the shareholders' meeting shall be prepared and signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. Producing and distributing minutes of meeting may be done by announcement or electronic means. For the distribution of the proceedings mentioned in the preceding paragraph, the Company may enter the announcement of the Public Information Observatory.

The minutes of the meeting shall be recorded according to the year, month, day, place, name of the chairman, resolution method, essentials of the proceedings and the results of the meeting, and shall be kept permanently during the existence of the company.

If the shareholders' meeting is convened by videoconference, in addition to the matters that shall be recorded in accordance with the provisions of the preceding paragraph, the minutes shall also record the start and end time of the shareholders' meeting, the method of convening the meeting, the name of the chairman and the recorder, and due to natural disasters, accidents or other force majeure events that cause obstacles to the video conferencing platform or participation in the form of video and how to deal with them.

The Company shall hold a video-conference shareholders meeting, in addition to handling it in accordance with the provisions of the preceding paragraph, and shall state in the minutes of meeting that there are alternative measures provided by shareholders who have difficulties in participating in the video-conferencing method.

Article 15: (Announcement to the Public)

The number of shares acquired by the solicitor, the number of shares represented by an entrusted agent, and the number of shares attended by shareholders in written or electronic form, the company shall clearly disclose in the shareholder meeting on the date of the shareholders' meeting in a statistical table prepared in accordance with the prescribed format. If the shareholders meeting is held by video conference, the company shall upload the aforementioned information to the shareholders meeting video conference platform at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.

When the company convenes a video meeting of the shareholders meeting and announces the start, it shall disclose the total number of shares of the shareholders

present on the video conference platform. If there is another calculation of the total number of shares and voting rights of the shareholders present during the meeting, the same shall be done.

For the resolutions of the shareholders' meeting, if there is any major information required by laws and regulations or by the Taiwan Stock Exchange Co., Ltd. (Republic of China Securities OTC Trading Center), the company shall transmit the content to the public information observation station within the specified time.

Article 16: (Maintenance of order in the venue)

Personnel handling the shareholders' meeting shall wear identification badges or armbands.

The chairman may direct the pickets or security personnel to assist in maintaining order at the venue. When the pickets or security personnel are present to assist in maintaining order, they should wear armbands or identification cards with the word "Picket".

The venue is equipped with sound amplification equipment, and the chairman may stop shareholders from speaking when they do not use the equipment provided by the company.

Shareholders who violate the rules of procedure and refuse to obey the chairman's correction, obstruct the progress of the meeting and refuse to obey, the chairman may order the pickets or security personnel to ask them to leave the meeting place.

Article 17: (Break, continuation of assembly)

When the meeting is in progress, the chairman may announce a break at a discretionary time. In the event of an irresistible event, the chairman may rule to temporarily suspend the meeting and announce the time for the continuation of the meeting depending on the situation.

Before the conclusion of the agenda scheduled by the shareholders' meeting (including extraordinary motions), if the venue for the meeting cannot be used at that time, the shareholders' meeting may decide to find another venue to continue the meeting.

The shareholders' meeting may, in accordance with Article 182 of the Company Law, resolve to postpone or continue the meeting within five days.

Article 18: (Information disclosure of video conferencing)

If the shareholders' meeting is held by video conference, the company shall immediately disclose the voting results of various proposals and election results on

the shareholders' meeting video conference platform in accordance with regulations after the voting ends, and shall continue to disclose at least 15 minutes after the chairman announces the adjournment of the meeting. minute.

Article 19: (The location of the chairman of the video conference and the recorder)

When the company holds a video-conference shareholders meeting, the chairman and the recorder should be at the same place in the country, and the chairman should announce the address of the place when the meeting is held.

Article 20: (Handling of Suspension of Judgment)

If the shareholders' meeting is held by video conference, the company may provide shareholders with a simple connection test before the meeting, and provide relevant services in real time before the meeting and during the meeting to assist in dealing with technical problems in communication.

If the shareholders' meeting is convened by video conference, the chairman shall make a separate announcement when announcing the opening of the meeting, except for the circumstances stipulated in Item 24 of Article 44 of the Standards for the Handling of Share Affairs of Public Offering Companies that there is no need to postpone or continue the meeting, before the chairman announces the adjournment of the meeting, due to natural disasters, accidents or other force majeure, the video conferencing platform shall or if there is an obstacle in the participation in the form of video, and it lasts for more than 60 minutes, the date of the meeting shall be postponed or continued within five days, and the provisions of Article 182 of the Company Law shall not apply.

In the event of the aforementioned meeting that should be postponed or continued, shareholders who have not registered to participate in the original shareholders' meeting through video conference shall not participate in the postponed or continued meeting.

Shareholders who have registered to participate in the original shareholders' meeting via videoconference and have completed the report-in process shall be postponed or resumed according to the provisions of paragraph 2, and those shareholders who have not participated in the postponed or resumed meeting, the number of shares attended at the original shareholders' meeting, the voting rights exercised and voting rights shall be included in the total number of shares, voting rights and election rights of shareholders attending the postponed or continued meeting.

When adjourning or resuming a general meeting of shareholders in accordance with the provisions of Paragraph 2, no re-discussion and resolution is required for proposals that have completed voting and counting, and announced the voting results or the list of elected directors and supervisors.

When the company convenes a video-assisted shareholders' meeting, and the video conference cannot be continued under Paragraph 2, if the total number of shares present after deducting the number of shares attending the shareholders' meeting via video conference still reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall continue. There is no need to postpone or continue the meeting in accordance with the provisions of the second paragraph.

In the event that the meeting should continue as mentioned in the preceding paragraph, the shareholders who participate in the shareholders meeting via videoconference shall be included in the total number of shares of the shareholders present, but all the resolutions of the shareholders meeting shall be regarded as abstaining from voting.

When the company postpones or continues the meeting in accordance with the provisions of the second paragraph, it shall follow the provisions listed in Article 44-27 of the Standards for the Handling of Share Affairs of Companies Offering Shares to the Public. According to the date of the original shareholder meeting and the provisions of each article, the relevant pre-operations will be handled.

The second paragraph of Article 12 and Item 3 of Article 13 of the Rules for the Use of Power of Attorney for Attending Shareholders' Meetings by Public Offering Companies, Article 44-5, Item 2, and Article 44-15 of the Guidelines for Handling Stock Affairs of Public Offering Companies, the period specified in Paragraph 1 of Article 44-17, the company shall postpone or continue the date of the shareholder meeting in accordance with the provisions of Paragraph 2.

Article 21: (Handling of digital gap)

When the company holds a video-conference shareholders meeting, it shall provide appropriate alternative measures for shareholders who have difficulties in attending via video-conferencing.

Article 22: These rules will come into force after being approved by the shareholders' meeting, and the same will apply when they are amended.

## **【Appendix III】**

### **E&R Engineering Corporation** **Rules for Election of Directors**

- I. The election of directors of the company shall be handled in accordance with the provisions of these Rules.
- II. The election of the company's directors adopts the "candidate nomination system", and the shareholders elect from the list of director candidates announced by the company.
- III. In the election of directors of the company, unless otherwise stipulated in the articles of association of the company, each share has the same voting rights as the number of directors to be elected, and one person may be elected collectively or a number of persons shall be allocated for election.
- IV. The procedures for election and nomination of independent directors of the company shall be in accordance with the procedure of the nomination system for the election and nomination of "Article 192-1 of the Company Law".
- V. The board of directors shall prepare ballots, fill in their weights, and distribute them to shareholders present at the shareholders' meeting.
- VI. At the beginning of the election, the chairman shall designate the scrutineer and the counter to perform various related duties, but the scrutineer shall have the identity of a shareholder.
- VII. For the election of directors, ballot boxes shall be set up by the board of directors, and ballot boxes shall be checked in public by the scrutineers before voting.
- VIII. If the electee is a shareholder, the elector must fill in the electee's account name and shareholder account number in the "Elected Person" column of the ballot paper. If the elector is not a shareholder, the elector's name and ID card should be filled in Numbering. When the government or legal person shareholder is the electee, the name of the electee should be filled in the name of the government or legal person in the election ticket, and the name of the government or legal person and its representative may also be filled in. If there are several representatives, the name of the representative should be added separately.
- IX. The votes of the directors shall be counted separately according to the combined election of independent directors and non-independent directors.
- X. Ballots are invalid under any of the following circumstances:

1. Not using the voting ballots stipulated in these Regulations.
  2. Putting blank ballots into the ballot box.
  3. The handwriting is illegible or has been altered.
  4. If the person to be elected is a shareholder, the account name and account number of the shareholder do not match the list of shareholders; if the person to be elected is not a shareholder, the name and identity card number do not match after verification .
  5. In addition to filling in the account name (name) of the candidate or shareholder account number (identity card uniform number) and the number of voting rights allocated, other words are inserted.
  6. The account name (name) or shareholder account number (identity card uniform number) of the candidate is not filled in.
- XI. Directors of the company shall be elected by the shareholders' meeting from persons with legal capacity, and shall be appointed according to the number stipulated in the articles of association of the company. According to the results of ballot counting, those with more electoral rights will be elected as independent directors or non-independent directors respectively. If two or more people get the same number of rights and exceed the prescribed quota, those who get the same number of rights will be determined by drawing lots, and those who are not present will be drawn by the chairman on their behalf. Those who are elected as directors at the same time according to the first paragraph, or the elected directors are checked and confirmed that their personal information does not match, or the election is invalid according to relevant laws and regulations, the vacancy will be announced at the current shareholders' meeting and the electees with the second majority of the original election make up.
- XII. Deletion.
- XIII. After the voting is completed, the votes will be counted on the spot, and the result will be announced by the chairman on the spot.
- XIV. Those who do not meet the provisions of Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act shall be invalid upon election.
- XV. Elected directors will be given election notification by directors of the company. °
- XVI. Matters not stipulated in these regulations shall be handled in accordance with the company law, the company's articles of association and relevant laws and regulations.

XVII. These Measures shall come into force after being passed by the Shareholders' Meeting, and the same shall apply when they are amended.

# **【Appendix IV】**

## **E&R Engineering Corporation**

### **2022 Rules for Transfer of Treasury Shares to Employees (Before Amendment)**

#### Article 1

In order to motivate employees and enhance their motivation, the Company, in accordance with article 28-2, the first paragraph and first subparagraphs of the Securities Exchange Act, "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" issued by the Financial Supervisory Commission (FSC), and other relevant provisions, the Company has formulated these Rules. The Company buys back the shares and transfers them to the employees, in addition to complying with the relevant provisions of the Law, it shall be handled in accordance with the provisions of these Rules.

(Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.)

#### Article 2

The shares transferred to employees shall be common stock, and their rights and obligations shall be the same as common stock outstanding, except for relevant laws and regulations and these Rules provide otherwise

(Transfer period)

#### Article 3

The shares to be bought back shall be transferred to the employee once or in separate parts within five years from the date of the purchase of the shares.

(Eligibility requirements for transferees)

#### Article 4

Full-time regular employees of the Company who have completed one year's service before the stock subscription base date or who have made special contributions to the Company and have been reported to the Chairman for approval ,including the Company's direct (indirect) transfer investment domestic and overseas subsidiaries with more than 50%of shares are eligible to subscribe. However, the person who has left or remains without pay between the stock

subscription base date and the subscription payment deadline shall be disqualified from the subscription.

(Procedures for transfer of shares)

#### Article 5

The Company takes into account the standards of employee grade, service years and special contribution to the Company, and shall take into account the total amount of shares held by the Company on the subscription base date and the upper limit of the number of shares subscribed by a single employee, etc., and determine the number of rights for employees to be transferred to shares, and authorizes the Chairman to separately determine the number of shares for employees to subscribe for.

#### Article 6

The operating procedures for the transfer of buyback shares to employees:

1. In accordance with the resolution of the Board of Directors, announce, declare and buyback the shares of the Company within the time limit of implementation.
2. The board of directors authorizes the Chairman, in accordance with these Rules, to formulate and publish the operating matters such as the subscription base date, the criteria for the number of shares to be subscribed, the period of subscription payment, the content of the rights and the restrictions, etc.
3. Calculate the actual number of shares subscribed and paid for, and handle the registration of stock transfer.
4. Employees who fail to pay after the subscription payment period expires shall be regarded as waiver, and the Chairman may negotiate with other employees to subscribe for the remaining balance.

(Agreed transfer price per share)

#### Article 7

The shares bought back this time may be transferred to employees at one of the following three prices by resolution of the board of directors:

1. Higher than the average price of the actual buyback: the transfer price shall be no less than 50% of the closing price of the company's common stock on the business day before the resolution date of the board of directors; if the price is lower than the average price of the

actual buyback, then the the average price of the actual buyback shall be the transfer price.

2. the average price of the actual buyback

3. Lower than the average price of the actual buyback: In accordance with

the provisions of the Articles of Association of the Company, the transfer to

employees at a price lower than the average price of the actual buyback, shall, prior to the transfer, must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares, and must have listed the matters specified in Article 10 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies".

However, before the transfer, if the company's issued common shares increase, it may be adjusted according to the increase ratio of the issued shares.

Transfer Price Adjustment Formula:

Adjusted Transfer Price= the average price of the actual buyback x total number of common shares outstanding at the time of reporting share buyback / total number of common shares issued before transfer of buyback shares to employees

(Rights and obligations subsequent to execution of the transfer)

#### Article 8

. After the transfer of shares to employees and the registration of transfers, the residual rights and obligations shall be the same as those of the original shares, unless otherwise specified.

#### Article 8-1

The shares bought back and transferred to employees shall be restrained from being assigned or transferred to others within 1 year of the acquisition date in accordance with Article 167-3 of the Company Act. But this is not the case with the consent of the Chairman due to resignation, inheritance and special circumstances.

(Other matters related to the rights and obligations of the company and employees)

#### Article 9

When the Company buys back the shares and transfers them to employees, the taxes and expenses incurred shall be borne by the Company or the employees respectively in accordance with relevant laws and regulations.

(other)

#### Article 10

These Rules shall enter into force after adoption by the resolution of the board of directors and may be reported for revision by the resolution of the board of directors.

#### Article 11

These Rules and amendments shall be submitted to the shareholders' meeting.

## 【Appendix V】

### Shareholding of Directors

As of April 23, 2023, the closing date of the general meeting of shareholders, the company's paid-in capital is NT\$995,953,930 including 99,595,393 shares.

一、In accordance with Article 26 of the Securities and Exchange Act, all directors shall hold at least 7,967,631 shares.

二、Shareholding list of directors:

Unit: share; April 23, 2023

Title	Name	Date of Election	Number of Shares	Shareholding Ration
Chairman	Michel Wang	2020.06.18	4,200,334	4.22%
Vice Chairman	KS Chen	2020.06.18	949,428	0.95%
Director	Eric Chang	2020.06.18	1,059,661	1.06%
Director	Kuang shu Hsueh	2020.06.18	447,333	0.45%
Director	Harry Huang	2020.06.18	1,216,680	1.22%
Corporate Director	Ray Hou (Representative of Donghua Investment Co., Ltd.)	2020.06.18	769,650	0.77%
Independent Director	Carlos Huang	2020.06.18	0	0.00%
Independent Director	JF Lu	2020.06.18	0	0.00%
Independent Director	Alex Kao	2020.06.18	0	0.00%
Total			8,643,086	8.68%