

Taiwan Hon Chuan Enterprise Co., Ltd.

2024 Annual Shareholders' Meeting Minutes

(Translation)

Time and Date: 9:00 a.m., May 31 (Fri.), 2024

Place: Hon Chuan Headquarters (International Convention Hall)
(3F, No.6, 2Rd. Taichung Industrial Park, Taiwan)

Attendants:

Total issued and outstanding shares: 287,785,879 shares.

Total shares represented by shareholders present in person or by proxy:

203,859,368 shares (including votes casted electronically: 173,964,424 shares);

Percentage of shares held by shareholders present in person or by proxy: 70.83%.

Directors present:

Cheng, Ya-Wen, Tsao, Hsin-Wen, Liu, Yun-Chang, Tsao, Hung -Yu, Dai, Hung-I,
Chang, Chun-Shu

Independent directors present:

Hung, Chao-Nan, Huang, Hsiang-Ying, Cho, Po-yuan

Sit-in members:

Wu, Shao-Chun, CPA of Deloitte & Touche

Chairman: Cheng, Ya-Wen (the Chairman of the Board of Directors)

Recorder: Sie, Yi-Ru

The Shareholders presented have reached the quorum, Chairman announced to commence the meeting.

A. Chairman's Opening remarks: Omitted

B. Report Items

Item 1 : 2023 Business Report. Please submit for review.

Explanatory Notes :

(1) 2023 Business Report, Financial Statements and CPA Audit Report
are attached as Attachment 1 and 2.

(2) Please review.

Acknowledged.

Item 2 : Audit Committee's Review Report on the 2023 Financial Statements.

Please submit for review.

Explanatory Notes :

(1) The Company's 2023 financial statements have been duly audited and certified by the CPA and further reviewed by Audit Committee. The CPA and Audit Committee issue auditors' report and Audit Committee's review report respectively. Please refer to Attachment 2 and 3.

(2) Please review.

Acknowledged.

Item 3 : Distribution of Cash Dividend from 2023 Earnings. Please submit for review.

Explanatory Notes :

(1) This distribution of cash dividends of ordinary shares is NT\$ 1,539,654,453 (NT\$ 5.35 per share).

(2) The cash dividends will be distributed to each shareholder and be rounded down to one NT\$ (any amount below one NT\$ will be discarded.) The remaining fractions which are less than NT\$1 in the allocation will be –incorporated to other income of the Company.

(3) If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed so that the ratios of dividends are affected, the Chairman is authorized to make such adjustments.

(4) Please review.

Acknowledged.

Item 4 : 2023 Employees' Compensation and Directors' Remuneration Report.

Please submit for review.

Explanatory Notes :

(1) In accordance with the 28th Article of the Company's Articles of Incorporation.

- (2) The 2023 profit of the Company is NT\$ 2,702,198,549. (That represents the pretax income before distribution of employees' compensation and directors' remuneration.) The Company proposes to distribute 1.90% or NT\$ 51,207,550 as 2023 employees' compensation and 0.78% or NT\$ 21,207,928 as directors' remuneration.
- (3) The remuneration to employees and directors is to be distributed in cash. There is no discrepancy between the amount to be distributed and expenses recognized in 2023.
- (4) The aforementioned amount of employees' compensation and directors' remuneration has been approved by the Remuneration Committee and Audit Committee on March 8, 2024.
- (5) Please review.

C. Approvals

Approval 1: Approval of 2023 Financial Statements and Business Report. Please ratify. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) The 2023 Financial Statements and Business Report have been duly audited and certified by the CPA firm of Deloitte & Touche, and have been approved by the Board of Directors. Also, the Audit Committee has reviewed 2023 Financial Statements and Business Report and issued review report.
- (2) The 2023 Financial Statements and Business Report are attached as Attachment 2.
- (3) Please ratify.

Resolution :

203,429,213 shares were represented at the time of voting (including votes casted electronically: 173,964,424); 181,028,755 votes were in favor of the proposal (including votes casted electronically: 151,563,966); 43,560 votes were casted against the proposal (including votes casted electronically: 43,560); 0 vote was casted invalidly of the proposal; 22,356,898 votes were abstained of the proposal (including votes casted electronically: 22,356,898). The proportion of 88.98% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Approval 2: Approval of 2023 Profit Distribution Proposal. Please ratify.

(Proposed by the Board of Directors)

Explanatory Notes :

(1) The Company's 2023 net income is NT\$ 2,474,180,648. After deduction of the remeasurement of the defined benefit obligation of NT\$ 2,618,534 and the deduction of the remeasurement of the defined benefit obligation on subsidiaries of NT\$ 1,674,733, the net income and other items adjusted to the current year's undistributed earnings is NT\$ 2,469,887,381. Except for setting aside a legal reserve of NT\$ 246,988,738 and a special reserve of NT\$ 258,409,707, after adding the adjusted unappropriated retained earnings of previous years of NT\$ 3,016,709,795, a total of NT\$ 4,981,198,731 is to be allocated in accordance with the Articles of Incorporation.

(2) The Board of Directors has drafted proposal for Distribution of 2023 Profit as shown below. Please refer to Attachment 4.

I . Shareholders' Dividend – Cash dividend NT\$ 5.35 per share,
NT\$ 1,539,654,453.

(3) Please ratify.

Resolution :

203,429,213 shares were represented at the time of voting (including votes casted electronically: 173,964,424); 181,699,100 votes were in favor of the proposal (including votes casted electronically: 152,234,311); 45,323 votes were casted against the proposal (including 45,323 electronic votes); 0 vote was casted invalidly of the proposal; 21,684,790 votes were abstained of the proposal (including votes casted electronically: 21,684,790). The proportion of 89.31% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

D. Other Business and Special Motion : None

Shareholder's question (No. 95044): What about THC's ESG sustainable development and environmental protection issues?

Responses from Chairman:

The Company established the ESG Committee and ESG team in response to the trend of sustainability and environmental protection to promote ESG initiatives. On May 31, 2024, the Board of Directors will approve the reorganization of the ESG Committee to report directly to the Board of Directors and oversee the Company's ESG goals and implementation. Regarding ESG scores from various ESG rating institutions, the Company still has room for improvement and will continue to strive for progress.

Shareholder's question (No. 20709): What are the current plans for the SBTi carbon reduction targets? Does THC have plans to increase the proportion of renewable energy use? What is THC 's future plans for using recycled materials?

Responses from Chairman:

The Company is continuously expanding GHG inventory assessments across all its plants. It is expected to complete the inventory in Taiwan by 2025, China by 2026, and Southeast Asia by 2027. This will help the Company understand the carbon emissions of all its plants and set clear SBTi reduction targets. The Company plans to apply for and announce these targets by 2028.

Currently, the Company is dedicated to achieving a 1% annual reduction in electricity consumption. The Company aims to complete the bidding process for the solar energy system at the Free Trade Plant in Wuqi District, Taichung city by the end of 2024, with plans to start green electricity procurement in 2025. The goal is to reach 10% renewable energy usage by 2030.

The use of recycled materials currently depends on the client's demand and restrictions relaxed by the government. As our products are food-grade packaging material, relative regulation and supervision are relatively stringent. The Company has successfully developed low-carbon circular products such as 30%-100% rPET bottle preforms and 50% rPET label products. The Company hopes that government will soon allow rHDPE bottle caps applied in beverage production, enabling beverage bottles, labels, and caps to be integrated into the existing and comprehensive domestic recycling system and truly achieving circular sustainability.

Shareholder's question (No. 165270): THC 's business development and financial profit forecast for this year and the next year.

Responses from Chairman:

The Company has not disclosed financial forecasts publicly but can outline its operational development plans. The Company will focus on utilizing existing production lines and expanding equipment to secure client cooperation and orders, improve overall utilization rates, and develop the operational scale. Additionally, the Company is actively expanding production sites, such as the Free Trade Plant in Taiwan, the KIIC Plant in Indonesia, the Hon Shin plant in Thailand, and the VSIP II-A Plant in Vietnam. These sites are expected to complete construction and begin commercial operations between 2025 and 2026, contributing to the group's revenue and profitability in the future.

Shareholder's question (No. 144889): How is THC 's Capex allocated, and what is the beverage growth in Southeast Asia for the next two years?

Responses from Chairman:

The Company does not focus on a specific region to make investment. Still, through rigorous internal evaluation process and taking into account all long-term benefits to the company, we make the investment decisions. Many industries are establishing plants in Southeast Asia, making it a significant area for the Company's Capex investment. Due to Southeast Asia's cultural differences and beverage consumption habits, sugary beverages still account for major market share. We have secured orders and cooperation with the leading beverage companies across various regions in Southeast Asia.

Shareholder's question (No. 144889): Is it possible for THC 's expansion to encounter particular circumstances that lead to orders not meeting expectations?

Responses from Chairman:

All of the Company's investment projects must undergo a rigorous pre-investment evaluation process. Since the cooperation agreements between both parties often span 10 or 20 years, potential situations are thoroughly considered and clearly stated in the contract. The investment is implemented only after the contract is signed to ensure the rights and interests of both parties are protected.

E. Meeting Adjourned : 9:39 a.m., May 31, 2024

The minutes of this shareholders' meeting only include the main points of the proceedings. The detailed content should be referred to in the recording of the meeting.

Business Report

Looking back on last year, with the slowdown of the international economy, the acceleration of geopolitical tensions, the impact of climate change on the natural ecology and human living environment, as well as the rising financial interest rates, escalating procurement and operating costs, etc., companies must constantly respond to related risks and challenges. Under such a rapidly-evolving business environment, THC continues to pay attention to international situations, react flexibly to market changes. For our roadmap to growth, we adhere to industrious efforts, strive for innovation breakthroughs, expand our scope of business actively, enhance the quality of customer service, and aim for sustainable operation. We deeply cultivate our presence in various markets and accumulate operational growth momentum. Last year, our operational performance once again reached a historic high. In 2023, consolidated sales reached NTD\$ 26,409,207,000, increased by 6.94% from NTD\$ 24,696,308,000 in 2022. Profit after tax totaled at NTD\$ 2,559,986,000, an increase of 12.42% from last year's NTD\$ 2,277,184,000. Earnings per share were 8.60 dollars for the year of 2023 conclusively.

For the year 2023, THC focuses on "-Going Global, -Clients and Talents-oriented, Tech development, and ESG" as the key points of our business development:

1. Going Global

THC's mission is to conduct sustainable operations and become a world leading enterprise.

" We actively participate in international exhibitions, visit clients, conduct market surveys, and establish a good brand image and commercial reputation in many countries, expanding cooperation opportunities with clients. Bases established and constructed in 2023 included the Free Trade Plant in Taiwan, Chuzhou 2nd plant and Quzhou Plant in Mainland China, VSIP II-A Plant in Vietnam, KIIC Plant in Indonesia, as well as the addition of beverage filling and packaging material production lines at multiple existing bases, which began commercial operation sequentially from 2022 to 2026.

2. Clients and Talents-oriented

THC focuses on "Valuing clients and talents." We continue to build long-term strategic partnerships with clients, create new market opportunities together, tailor innovative

business models for clients, and enhance clients' competitiveness through our product innovation, and manufacturing improvement to meet clients' demand. Additionally, talents are important assets for us. THC provides excellent working environment, welfare system, training opportunities, and encourages employees to unleash their potential fully. Hon Chuan Academy has held the second "Elite Program," which provides planned professional competency training, introduces learning resumes, and establishes learning platforms to meet the future manpower needs of the group.

3. Tech development

THC values product research, development and technological innovation, using the most advanced equipment and processes to provide high-quality products and services to meet client needs. We also invest in establishment of professional laboratories for product research and inspection, introduction of intelligent automation processes, and implementation of Manufacturing Execution System (MES) to optimize and improve production processes and enhance production line efficiency. Besides focusing on its core business, we expand to provide cross-industry products such as seasoning, dairy, and daily chemical bottles. We also develop sustainable packaging materials/circular economy products (rPET/rHDPE), lightweight packaging materials, and tethered caps.

4. ESG

In 2023, THC actively participated in various ESG activities, environmental protection, energy conservation, and carbon reduction measures. We also conducted product carbon footprint assessments with clients, and introduced lightweight products and circular economy packaging materials, upholding our commitment to sustainability and environmental protection.

In 2023, we were honored with numerous awards including the "Outstanding Contribution Award for Low-Carbon Sustainable City" by Taichung City Government, "Carbon Competitiveness 100, " by Business Weekly and "Enterprise Sustainable Comprehensive Performance Excellence Award" and "Enterprise Sustainability Award – sustainability report gold award" by TCSA.

In terms of caring for employees– we won "Outstanding Award for National Talent Development" by Ministry of Labor and the ultimate accolade of Happiness Career – "Blissful Workplace Award" and "Friendly Senior Outstanding Enterprise Award" by

Taichung City Government. In terms of innovative products– we were awarded with "Innovative Packaging Design – Silver Medal Award and Honorable Mention" by Taiwan Association for Food Science and Technology, and "Distinguished Innovative R&D Manufacturer" by Taichung City General Industrial Association. In terms of social welfare, we have always regarded active participation in social welfare, caring for employees, and sustainable development as our long-term goals. We drive the company and employees to work together, sow the seeds of goodness with practical actions, and continuously spread the warmth to various parts of society.

Prospect

The long-term operating direction is to continuously promote the goal of "structural transformation, increase efficiency, reduce costs, foster innovation, deepen cooperation, and improve profitability." The operation directions of the Company are as follows:

- (1) Structural transformation: continuously promote ESG sustainable development (environment, society, corporate governance) in order to implement comprehensive quality assurance, meet client demand, cultivate talents, and optimize the organizational operation and operational efficiency in each plant.
- (2) Increase efficiency: uplift automation processes and introduce Manufacturing Execution Systems to master manufacturing information in real time.
- (3) Reduce costs: control production costs and expenses through open tendering procurement, lean management, and internal audit.
- (4) Foster innovation: develop innovative products, such as niche products, products for the circular economy, and cross-industry packaging.
- (5) Deepen cooperation: promote a customer-oriented culture which is led by a win-win business model and partnership via improving service quality, and focusing on the clients' needs to achieve their satisfaction and trust.
- (6) Improve profitability: implement business policies and key performance indexes, continuously create value for the Company, employees, society, and shareholders.

Taiwan Hon Chuan will continue to pursue a global strategy through our innovative business model, agile management, strong integration, extensive domestic and international customer experience, and to enhance production and manufacturing

technology and corporate governance. We will continue to commit to professional developments, innovative research, talent cultivation and operational efficiency.

Looking to the future, THC will continue to focus on operations, with a foundation in Taiwan, expanding its presence to Mainland China, Southeast Asia, and Africa, and extending its reach to various parts of the world. We aim to achieve sustainable development, carry our past success, forge ahead, and continue to create value for our customers, our partners, and our shareholders.

Chairman :
Cheng, Ya-Wen

President :
Tsao, Hung-Yu

Chief Accounting officer :
Chuang, Kuei-Ching

Independent Auditors' Report (Financial Statements)

The Board of Directors and Shareholders
Taiwan Hon Chuan Enterprise Co., Ltd.

Opinion

We have audited the accompanying Parent Company only financial statements of Taiwan Hon Chuan Enterprise Co., Ltd. (the "Corporation"), which comprise the Parent Company only balance sheets as of December 31, 2023 and 2022, and the Parent Company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "Parent Company only financial statements").

In our opinion, the accompanying Parent Company only financial statements present fairly, in all material respects, the Parent Company only financial position of the Corporation as of December 31, 2023 and 2022, and its Parent Company only financial performance and its Parent Company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing by Certified Public Accountants and the Standards on Auditing of 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 Corporation 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 financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Parent Company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Corporation's financial statements for the year ended December 31, 2023 is described as follows:

Revenue recognition

The Corporation manufactures and sells plastic caps and PET bottles, PET preforms and provides beverage filling OEM services. Because revenue from high-growth companies from the aforementioned main products is significant to both the Corporation's revenue and profit, we identified revenue from high-growth companies' recognition as a key audit matter. Refer to Note 4 to the financial statements for the accounting policies on revenue recognition.

The key audit procedures that we performed in respect of revenue recognition included the following:

1. We understood the design of the internal controls related to revenue recognition and tested the operating effectiveness of the key controls. We also sampled and tested the effective continued operations of relevance controls.
2. We selected sample entries from the main products and we checked the entries against the original order, delivery order, invoices and receipt vouchers. We also checked the entries against the documents acknowledged by customers for their receipts, deliveries and orders.

Other Matter

We did not audit the financial statements of Hon Chuan Vietnam Co., Ltd., Hon Chuan Malaysia Sdn. Bhd., Hon Chuan (Thailand) Co., Ltd. and Hon Chuan FD Packaging Co., Ltd., which are investees of the Corporation and are accounted for using the equity method for the year ended December 31, 2023 and 2022, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Corporation's financial statements for these investees, is based solely on the reports of other auditors. The total assets of the aforementioned investments accounted for using the equity method were NTD4,213,728 thousand and NTD3,753,100 thousand, representing 12.01% and 11.37%, respectively, of the Corporation's total assets as of December 31, 2023 and 2022. The comprehensive income of these investees was NTD500,062 thousand and NTD429,400 thousand, representing 22.61% and 15.97%, respectively, of the Corporation's comprehensive income for the years ended December 31, 2023 and 2022.

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 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation'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 Standards on Auditing of 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 Standards on Auditing of 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 Corporation'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 Corporation'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 Corporation 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the Parent Company only 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 Parent Company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Hsiao-Feng Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 8, 2024

Notice to Readers

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

Independent Auditors' Report

(Consolidated Financial Statements)

The Board of Directors and Shareholders
Taiwan Hon Chuan Enterprise Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Hon Chuan Enterprise Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

Revenue recognition

The Group manufactures and sells plastic caps and PET bottles, PET preforms and provides beverage filling OEM services. Because revenue from high-growth companies from the aforementioned main products is significant to both the Group's revenue and profit, we identified revenue from high-growth companies' recognition as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

The key audit procedures that we performed in respect of revenue recognition included the following:

1. We understood the design of the internal controls related to revenue recognition and tested the operating effectiveness of the key controls. We also sampled and tested the effective continued operations of the relevant controls.
2. We selected sample entries from the main products and checked the entries against the original orders, delivery orders, invoices and receipt vouchers. We also checked the entries against the documents acknowledged by customers for their receipts, deliveries and orders.

Other Matter

We did not audit the financial statements of Hon Chuan Vietnam Co., Ltd., Hon Chuan Malaysia Sdn. Bhd., Hon Chuan (Thailand) Co., Ltd. and Hon Chuan FD Packaging Co., Ltd., which are investees of the Group and are included in the consolidated financial statements as of and for the year ended December 31, 2023 and 2022, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for these investees, is based solely on the reports of the other auditors. The total assets of the aforementioned investees were NTD4,829,839 thousand and NTD4,399,428 thousand, representing 12.76% and 12.01%, respectively, of the Group's consolidated assets as of December 31, 2023 and 2022. The total sales of the aforementioned investees were NTD3,931,305 thousand and NTD3,771,699 thousand, representing 14.89% and 15.27%, respectively, of the Group's consolidated net sales for the years ended December 31, 2023 and 2022.

We have also audited the parent company only financial statements of Taiwan Hon Chuan Enterprise Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter 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 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, including 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 Standards on Auditing of 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 Standards on Auditing of 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Hsiao-Feng Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 8, 2024

Notice to Readers

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

TAIWAN HON CHUAN ENTERPRISE CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,046,701	3	\$ 1,256,069	4
Financial assets at amortized cost - current (Notes 9 and 28)	-	-	214,970	1
Notes receivable from unrelated parties	170,699	1	142,158	-
Trade receivables from unrelated parties (Note 10)	1,139,162	3	1,088,094	3
Trade receivables from related parties (Note 27)	16,381	-	11,413	-
Inventories (Note 11)	990,049	3	984,177	3
Prepayments (Note 12)	-	-	567,503	2
Other current assets (Notes 15 and 27)	446,379	1	374,192	1
Total current assets	3,809,371	11	4,638,576	14
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	35,022	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	17,792	-	19,599	-
Long-term investments accounted for using the equity method (Note 12)	23,157,729	66	21,035,670	64
Property, plant and equipment (Notes 13 and 27)	6,953,755	20	6,459,265	20
Right-of-use assets (Note 14)	305,699	1	320,731	1
Intangible assets	4,482	-	8,084	-
Deferred tax assets (Note 22)	5,314	-	3,892	-
Net defined benefit assets - non-current (Note 19)	30,611	-	20,380	-
Prepayments for equipment	709,718	2	455,663	1
Other non-current assets (Note 15)	44,345	-	35,074	-
Total non-current assets	31,264,467	89	28,358,358	86
TOTAL	\$ 35,073,838	100	\$ 32,996,934	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 1,151,947	3	\$ 3,264,024	10
Short-term bills payable (Note 16)	5,500,000	16	1,700,000	5
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	111	-
Notes payable to unrelated parties	38	-	53	-
Trade payables to unrelated parties	506,053	1	419,839	1
Trade payables to related parties (Note 27)	9,568	-	5,858	-
Current tax liabilities (Note 22)	159,975	1	163,188	1
Lease liabilities - current (Note 14)	15,053	-	15,031	-
Deferred revenue - current (Note 24)	17,628	-	17,655	-
Current portion of long-term liabilities (Notes 16, 17 and 24)	1,115,971	3	4,419,190	13
Other current liabilities (Note 18)	775,989	2	820,016	3
Total current liabilities	9,252,222	26	10,824,965	33
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	2,996,898	9	2,995,846	9
Long-term borrowings (Notes 16 and 24)	6,758,993	19	3,862,346	12
Deferred tax liabilities (Note 22)	31,235	-	38,865	-
Lease liabilities - non-current (Note 14)	298,764	1	312,571	1
Deferred revenue - non-current (Note 24)	30,334	-	46,003	-
Net defined benefit liabilities - non-current (Note 19)	1,121	-	1,057	-
Guarantee deposits received	4,250	-	4,250	-
Total non-current liabilities	10,121,595	29	7,260,938	22
Total liabilities	19,373,817	55	18,085,903	55
EQUITY				
Ordinary shares	2,877,859	8	2,877,859	9
Capital surplus	5,354,457	15	5,395,572	16
Retained earnings				
Legal reserve	2,239,518	6	2,017,461	6
Special reserve	2,387,501	7	2,855,215	9
Unappropriated earnings	5,486,597	16	4,152,425	12
Other equity	(2,645,911)	(7)	(2,387,501)	(7)
Total equity	15,700,021	45	14,911,031	45
TOTAL	\$ 35,073,838	100	\$ 32,996,934	100

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

TAIWAN HON CHUAN ENTERPRISE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
SALES (Note 27)	\$ 9,185,867	100	\$ 8,647,895	100
COST OF GOODS SOLD (Notes 10, 21 and 27)	<u>7,029,034</u>	<u>77</u>	<u>6,560,374</u>	<u>76</u>
GROSS PROFIT	<u>2,156,833</u>	<u>23</u>	<u>2,087,521</u>	<u>24</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	707,069	8	694,126	8
General and administrative expenses	422,021	4	378,557	4
Research and development expenses	<u>83,869</u>	<u>1</u>	<u>83,150</u>	<u>1</u>
Total operating expenses	<u>1,212,959</u>	<u>13</u>	<u>1,155,833</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>943,874</u>	<u>10</u>	<u>931,688</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 21 and 24)	(240,420)	(3)	(161,583)	(2)
Share of profit of subsidiaries (Note 12)	1,878,336	21	1,485,906	17
Interest income	37,821	1	18,201	-
Other gains and losses (Note 21)	14,590	-	32,277	1
Net foreign exchange gain (loss)	<u>(4,419)</u>	<u>-</u>	<u>100,868</u>	<u>1</u>
Total non-operating income and expenses	<u>1,685,908</u>	<u>19</u>	<u>1,475,669</u>	<u>17</u>
PROFIT BEFORE INCOME TAX	2,629,782	29	2,407,357	28
INCOME TAX EXPENSE (Note 22)	<u>155,602</u>	<u>2</u>	<u>192,219</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,474,180</u>	<u>27</u>	<u>2,215,138</u>	<u>26</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(3,273)	-	10,230	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(107)	-	(1,295)	-

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Share of the other comprehensive income of associates accounted for using the equity method (Note 12)	\$ 2,287	-	\$ (1,639)	-
Income tax expense relating to items that will not be reclassified subsequently to profit or loss (Note 22)	655	-	(2,046)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(262,265)</u>	<u>(3)</u>	<u>467,897</u>	<u>5</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(262,703)</u>	<u>(3)</u>	<u>473,147</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,211,477</u>	<u>24</u>	<u>\$ 2,688,285</u>	<u>31</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 8.60</u>		<u>\$ 7.70</u>	
Diluted	<u>\$ 8.58</u>		<u>\$ 7.68</u>	

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

(Concluded)

TAIWAN HON CHUAN ENTERPRISE CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Notes 19 and 20)			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 2,877,859	\$ 5,395,572	\$ 1,821,033	\$ 2,311,175	\$ 3,909,801	\$ (2,841,513)	\$ (13,702)	\$ 13,460,225
Appropriation of 2021 earnings								
Legal reserve	-	-	196,428	-	(196,428)	-	-	-
Special reserve	-	-	-	544,040	(544,040)	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,237,479)	-	-	(1,237,479)
Net profit for the year ended December 31, 2022	-	-	-	-	2,215,138	-	-	2,215,138
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	5,433	467,897	(183)	473,147
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,220,571	467,897	(183)	2,688,285
BALANCE AT DECEMBER 31, 2022	2,877,859	5,395,572	2,017,461	2,855,215	4,152,425	(2,373,616)	(13,885)	14,911,031
Appropriation of 2022 earnings								
Legal reserve	-	-	222,057	-	(222,057)	-	-	-
Special reserve	-	-	-	(467,714)	467,714	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,381,372)	-	-	(1,381,372)
Net profit for the year ended December 31, 2023	-	-	-	-	2,474,180	-	-	2,474,180
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(4,293)	(262,265)	3,855	(262,703)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,469,887	(262,265)	3,855	2,211,477
Difference between consideration and carrying amount of subsidiaries acquired and disposed of	-	(41,115)	-	-	-	-	-	(41,115)
BALANCE AT DECEMBER 31, 2023	\$ 2,877,859	\$ 5,354,457	\$ 2,239,518	\$ 2,387,501	\$ 5,486,597	\$ (2,635,881)	\$ (10,030)	\$ 15,700,021

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

TAIWAN HON CHUAN ENTERPRISE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,629,782	\$ 2,407,357
Adjustments for:		
Depreciation and amortization expenses	665,502	717,927
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	4,576	111
Finance costs	240,420	161,583
Interest income	(37,821)	(18,201)
Share of profit of subsidiaries	(1,878,336)	(1,485,906)
Loss on disposal of property, plant and equipment	298	5,670
(Reversal) write-down of inventories	7,221	(7,219)
Unrealized net gain on foreign currency exchange	(5,266)	(53,585)
Reversal of deferred revenue	(18,157)	(17,180)
Net changes in operating assets and liabilities		
Financial instruments mandatorily classified as at fair value through profit or loss	(111)	-
Notes receivable	(28,541)	38,260
Trade receivables	(58,969)	(71,893)
Inventories	(13,093)	47,172
Other current assets	(74,732)	(14,107)
Notes payable	(15)	24
Trade payables	91,057	38,163
Other current liabilities	63,771	18,375
Net defined benefit plans	(13,440)	(12,237)
Deferred revenue	961	-
Cash generated from operations	1,575,107	1,754,314
Interest received	40,456	13,513
Interest paid	(243,462)	(135,871)
Income tax paid	(167,212)	(357,900)
Net cash generated from operating activities	1,204,889	1,274,056
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of capital from financial assets at fair value through other comprehensive income	1,700	4,000
Purchase of financial assets at amortized cost	-	(200,428)
Proceeds from repayment of financial assets at amortized cost	214,970	-
Purchase of financial assets at fair value through profit or loss	(39,598)	-
Increase in prepayments for investments	-	(567,503)
Proceeds from capital reduction of associates	13,282	871,662
Payments for property, plant and equipment	(1,030,253)	(583,705)
Proceeds from disposal of property, plant and equipment	872	1,608
Increase in refundable deposits	(10,294)	(1,303)

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
Increase in other non-current assets	\$ (1,101)	\$ (3,513)
Increase in prepayments for equipment	(446,531)	(394,679)
Dividends received from subsidiaries	<u>9,405</u>	<u>15,932</u>
Net cash used in investing activities	<u>(1,287,548)</u>	<u>(857,929)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(2,112,077)	1,197,024
Increase in short-term bills payable	3,800,000	500,000
Repayment of bonds payable	(3,000,000)	-
Proceeds from long-term borrowings	6,396,182	1,221,396
Repayments of long-term borrowings	(3,819,866)	(1,775,888)
Repayment of the principal portion of lease liabilities	(15,031)	(14,816)
Dividends paid	<u>(1,381,372)</u>	<u>(1,237,479)</u>
Net cash used in financing activities	<u>(132,164)</u>	<u>(109,763)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>5,455</u>	<u>37,712</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(209,368)	344,076
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,256,069</u>	<u>911,993</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,046,701</u>	<u>\$ 1,256,069</u>

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

(Concluded)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 5,864,826	15	\$ 5,243,226	14
Financial assets at fair value through profit or loss - current (Note 7)	-	-	3,891	-
Financial assets at amortized cost - current (Notes 9 and 29)	347,530	1	214,970	1
Notes receivable from unrelated parties	203,173	1	174,308	-
Trade receivables from unrelated parties (Note 10)	4,142,760	11	3,964,951	11
Trade receivables from related parties (Note 28)	1,515	-	1,807	-
Inventories (Note 11)	2,636,089	7	3,381,267	9
Other current assets (Notes 16, 28 and 29)	<u>1,633,219</u>	<u>4</u>	<u>1,428,863</u>	<u>4</u>
Total current assets	<u>14,829,112</u>	<u>39</u>	<u>14,413,283</u>	<u>39</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	35,022	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	31,949	-	29,702	-
Long-term investments accounted for using the equity method (Note 13)	11,824	-	12,929	-
Property, plant and equipment (Notes 14 and 29)	18,263,033	49	18,246,321	50
Right-of-use assets (Note 15)	1,580,115	4	1,187,092	3
Intangible assets	370,346	1	377,384	1
Deferred tax assets (Note 23)	268,502	1	268,227	1
Prepayments for equipment	2,345,754	6	2,008,347	6
Net defined benefit assets - non-current (Note 20)	30,611	-	20,380	-
Other non-current assets (Note 16)	<u>82,957</u>	<u>-</u>	<u>74,538</u>	<u>-</u>
Total non-current assets	<u>23,020,113</u>	<u>61</u>	<u>22,224,920</u>	<u>61</u>
TOTAL	<u>\$ 37,849,225</u>	<u>100</u>	<u>\$ 36,638,203</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 1,375,594	4	\$ 4,003,173	11
Short-term bills payable (Note 17)	5,500,000	14	1,700,000	5
Financial liabilities at fair value through profit or loss - current (Note 7)	550	-	1,312	-
Notes payable to unrelated parties	464	-	330	-
Trade payables to unrelated parties	1,277,579	3	1,237,119	3
Payables for dividends	-	-	85,192	-
Current tax liabilities (Note 23)	261,823	1	313,330	1
Lease liabilities - current (Note 15)	41,488	-	45,081	-
Deferred revenue - current (Note 24)	17,628	-	17,655	-
Current portion of long-term liabilities (Notes 17 and 25)	1,115,971	3	4,419,190	12
Other current liabilities (Notes 19 and 28)	<u>1,414,790</u>	<u>4</u>	<u>1,676,382</u>	<u>5</u>
Total current liabilities	<u>11,005,887</u>	<u>29</u>	<u>13,498,764</u>	<u>37</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	2,996,898	8	2,995,846	8
Long-term borrowings (Notes 17, 25 and 29)	6,789,927	18	3,925,886	11
Deferred tax liabilities (Note 23)	83,329	1	95,661	1
Lease liabilities - non-current (Note 15)	405,517	1	446,287	1
Deferred revenue - non-current (Note 25)	30,566	-	46,476	-
Net defined benefit liabilities - non-current (Note 20)	45,752	-	37,802	-
Guarantee deposits received	<u>28,915</u>	<u>-</u>	<u>49,497</u>	<u>-</u>
Total non-current liabilities	<u>10,380,904</u>	<u>28</u>	<u>7,597,455</u>	<u>21</u>
Total liabilities	<u>21,386,791</u>	<u>57</u>	<u>21,096,219</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	2,877,859	7	2,877,859	8
Capital surplus	5,354,457	14	5,395,572	15
Retained earnings				
Legal reserve	2,239,518	6	2,017,461	5
Special reserve	2,387,501	6	2,855,215	8
Unappropriated earnings	5,486,597	15	4,152,425	11
Other equity	<u>(2,645,911)</u>	<u>(7)</u>	<u>(2,387,501)</u>	<u>(7)</u>
Total equity attributable to owners of the Corporation	15,700,021	41	14,911,031	40
NON-CONTROLLING INTERESTS	<u>762,413</u>	<u>2</u>	<u>630,953</u>	<u>2</u>
Total equity	<u>16,462,434</u>	<u>43</u>	<u>15,541,984</u>	<u>42</u>
TOTAL	<u>\$ 37,849,225</u>	<u>100</u>	<u>\$ 36,638,203</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
SALES (Note 28)	\$ 26,409,207	100	\$ 24,696,308	100
COST OF GOODS SOLD (Notes 11, 22 and 28)	<u>20,789,102</u>	<u>79</u>	<u>19,551,765</u>	<u>79</u>
GROSS PROFIT	<u>5,620,105</u>	<u>21</u>	<u>5,144,543</u>	<u>21</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	1,090,584	4	1,082,471	5
General and administrative expenses	1,120,294	4	1,041,322	4
Research and development expenses	<u>227,389</u>	<u>1</u>	<u>221,207</u>	<u>1</u>
Total operating expenses	<u>2,438,267</u>	<u>9</u>	<u>2,345,000</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>3,181,838</u>	<u>12</u>	<u>2,799,543</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Notes 22 and 33)	139,402	1	120,425	1
Finance costs (Notes 22 and 25)	(277,119)	(1)	(180,780)	(1)
Interest income	124,681	-	54,553	-
Net foreign exchange gains (losses)	<u>(12,036)</u>	<u>-</u>	<u>46,619</u>	<u>-</u>
Total non-operating income and expenses	<u>(25,072)</u>	<u>-</u>	<u>40,817</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	3,156,766	12	2,840,360	11
INCOME TAX EXPENSE (Note 23)	<u>596,780</u>	<u>2</u>	<u>563,176</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,559,986</u>	<u>10</u>	<u>2,277,184</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(5,420)	-	6,703	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	3,855	-	(183)	-

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Income tax expense relating to items that will not be reclassified subsequently to profit or loss (Note 23)	\$ 1,127	-	\$ (1,270)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(273,676)</u>	<u>(1)</u>	<u>432,707</u>	<u>2</u>
Other comprehensive loss for the year, net of income tax	<u>(274,114)</u>	<u>(1)</u>	<u>437,957</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,285,872</u>	<u>9</u>	<u>\$ 2,715,141</u>	<u>11</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,474,180	10	\$ 2,215,138	9
Non-controlling interests	<u>85,806</u>	<u>-</u>	<u>62,046</u>	<u>-</u>
	<u>\$ 2,559,986</u>	<u>10</u>	<u>\$ 2,277,184</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,211,477	9	\$ 2,688,285	11
Non-controlling interests	<u>74,395</u>	<u>-</u>	<u>26,856</u>	<u>-</u>
	<u>\$ 2,285,872</u>	<u>9</u>	<u>\$ 2,715,141</u>	<u>11</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 8.60</u>		<u>\$ 7.70</u>	
Diluted	<u>\$ 8.58</u>		<u>\$ 7.68</u>	

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

(Concluded)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital (Note 21)	Capital Surplus (Note 21)	Retained Earnings (Notes 21 and 22)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 2,877,859	\$ 5,395,572	\$ 1,821,033	\$ 2,311,175	\$ 3,909,801	\$ (2,841,513)	\$ (13,702)	\$ 13,460,225	\$ 730,018	\$ 14,190,243
Appropriation of 2021 earnings										
Legal reserve	-	-	196,428	-	(196,428)	-	-	-	-	-
Special reserve	-	-	-	544,040	(544,040)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,237,479)	-	-	(1,237,479)	-	(1,237,479)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(30,098)	(30,098)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(95,823)	(95,823)
Net profit for the year ended December 31, 2022	-	-	-	-	2,215,138	-	-	2,215,138	62,046	2,277,184
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	5,433	467,897	(183)	473,147	(35,190)	437,957
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,220,571	467,897	(183)	2,688,285	26,856	2,715,141
BALANCE AT DECEMBER 31, 2022	2,877,859	5,395,572	2,017,461	2,855,215	4,152,425	(2,373,616)	(13,885)	14,911,031	630,953	15,541,984
Appropriation of 2022 earnings										
Legal reserve	-	-	222,057	-	(222,057)	-	-	-	-	-
Special reserve	-	-	-	(467,714)	467,714	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,381,372)	-	-	(1,381,372)	-	(1,381,372)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	46,444	46,444
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(7,364)	(7,364)
Net profit for the year ended December 31, 2023	-	-	-	-	2,474,180	-	-	2,474,180	85,806	2,559,986
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(4,293)	(262,265)	3,855	(262,703)	(11,411)	(274,114)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,469,887	(262,265)	3,855	2,211,477	74,395	2,285,872
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of	-	(41,115)	-	-	-	-	-	(41,115)	17,985	(23,130)
BALANCE AT DECEMBER 31, 2023	\$ 2,877,859	\$ 5,354,457	\$ 2,239,518	\$ 2,387,501	\$ 5,486,597	\$ (2,635,881)	\$ (10,030)	\$ 15,700,021	\$ 762,413	\$ 16,462,434

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

(With Deloitte & Touche auditors’ report dated March 8, 2024)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,156,766	\$ 2,840,360
Adjustments for:		
Depreciation and amortization expenses	2,336,484	2,312,682
Expected credit loss recognized on trade receivables	38,137	23,680
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	8,383	(2,617)
Finance costs	277,119	180,780
Interest income	(124,681)	(54,553)
Dividend income	(991)	(855)
Share of loss of associates accounted for using the equity method	1,119	2,365
Loss on disposal of property, plant and equipment	27,915	29,688
(Reversed) write-down of inventories	(7,490)	14,105
Impairment loss on non-financial assets	2,312	521
Unrealized net gain on foreign currency exchange	(234)	(16,688)
Reversal of deferred revenue	(18,394)	(17,418)
Net changes in operating assets and liabilities		
Financial instruments mandatorily classified as at fair value through profit or loss	(672)	-
Notes receivable	(29,118)	95,219
Trade receivables	(164,861)	(484,701)
Inventories	747,578	(365,667)
Other current assets	(298,104)	(120,974)
Notes payable	133	121
Trade payables	42,190	132,615
Other current liabilities	(109,442)	181,510
Net defined benefit plans	(7,630)	(12,745)
Deferred revenue	961	-
Cash generated from operations	5,877,480	4,737,428
Interest received	122,605	45,090
Interest paid	(289,683)	(145,498)
Income tax paid	(625,189)	(794,327)
Net cash generated from operating activities	<u>5,085,213</u>	<u>3,842,693</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of capital from financial assets at fair value through other comprehensive income	1,700	4,000
Purchase of financial assets at amortized cost	(351,902)	(200,428)
Proceeds from repayment of financial assets at amortized cost	214,970	-
Purchase of financial assets at fair value through profit or loss	(39,598)	-
Payments for property, plant and equipment	(1,361,625)	(841,979)
Proceeds from disposal of property, plant and equipment	35,414	11,625

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
Increase in refundable deposits	\$ (10,033)	\$ (3,470)
Payments for intangible assets	(480)	(469)
Payments for right-of-use assets	-	(1,289)
Increase in other non-current assets	(49,027)	(15,587)
Increase in prepayments for equipment	(2,063,952)	(2,628,651)
Other dividends received	<u>991</u>	<u>855</u>
Net cash used in investing activities	<u>(3,623,542)</u>	<u>(3,675,393)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(2,639,331)	1,331,561
Increase in short-term bills payable	3,800,000	500,000
Repayment of bonds payable	(3,000,000)	-
Proceeds from long-term borrowings	6,396,182	1,432,054
Repayments of long-term borrowings	(3,852,940)	(1,985,321)
Increase (decrease) guarantee deposits received	(20,241)	16,062
Repayment of the principal portion of lease liabilities	(45,552)	(48,582)
Dividends paid to owners of the Corporation	(1,381,372)	(1,237,479)
Changes in non-controlling interests	46,444	(30,098)
Dividends paid to non-controlling interests	<u>(93,791)</u>	<u>(6,167)</u>
Net cash used in financing activities	<u>(790,601)</u>	<u>(27,970)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(49,470)</u>	<u>151,778</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	621,600	291,108
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,243,226</u>	<u>4,952,118</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,864,826</u>	<u>\$ 5,243,226</u>

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

(Concluded)

Taiwan Hon Chuan Enterprise Co., Ltd.

Audit Committees' Review Report

We hereby state as following:

This proposal is the presentation by the Board of Directors of the Company's 2023 Business Report, Financial Statements, and the Profit Allocation Proposal. Of these items, the Individual and Consolidated Financial Statements have been audited by external auditors Wu, Shao Chun and Yen, Hsiao-Feng of Deloitte & Touche, Taiwan, and an opinion and report have been issued on the Financial Statements. The aforementioned items have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulations in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2024 Annual Shareholders' Meeting of Taiwan Hon Chuan Enterprise Co., Ltd.

Taiwan Hon Chuan Enterprise Co., Ltd.

Audit Committee Chairman : Hung, Chao - Nan

Commissioner : Huang, Hsiang - Ying

Commissioner : Cho, Po-yuan

March 8, 2024

Taiwan Hon Chuan Enterprise Co., Ltd.

Proposal for Distribution of 2023 Profits

Items	Subtotal	Unit : NTD Amount
Unappropriated retained earnings of previous years		3,016,709,795
2023 Net income	2,474,180,648	
Remeasurement of defined benefit obligation	(2,618,534)	
Remeasurement of defined benefit obligation - subsidiaries	(1,674,733)	
Net income and other profit items adjusted to the current year's undistributed earnings		2,469,887,381
Legal capital reserve		(246,988,738)
Special reserve		(258,409,707)
Retained Earnings Available for Distribution		<u>4,981,198,731</u>
Shareholders' Dividend - Cash		(1,539,654,453)
Unappropriated Retained Earnings at the end of year		<u><u>3,441,544,278</u></u>

(Note1) Shareholders' Dividend -- Cash :

287,785,879 shares * NT\$ 5.35 = NT\$ 1,539,654,453.

(Note2) The cash dividend distribution will be calculated to the nearest NT dollar. (any amount below one NT\$ will be discarded). The remaining fractions which are less than NT\$1 in the allocation will be incorporated to other income of the Company.

(Note3) In response to the implementation of Imputation System, when computing tax levied at the rate of 5% on undistributed surplus earnings in accordance with Article 66-9 of Income Tax Act, the Company will adopt specific identification method to distribute preferably from earnings of recent years based upon official letter No. 871941343 issued by Ministry of Finance on April 30, 1998.

(Note4) Afterward, if there is any reason to influence the total amount of outstanding shares of the Company, based on actual amount of outstanding shares on the base day of interest distribution, please authorize the Chairman to adjust distribution rate.

Chairman :
Cheng, Ya-Wen

President :
Tsao, Hung-Yu

Chief Accounting officer :
Chuang, Kuei-Ching