

Taiwan Hon Chuan Enterprise Co., Ltd.

2016 Annual Shareholders' Meeting Minutes

(Translation)

Time and Date : 9:00 a.m., June 22, 2016

Place : Hon Chuan Headquarters (International Convention Hall)

(3F, No.6, 2Rd. Taichung Industrial Park, Taiwan)

Attendants :

Total shares represented by shareholders present in person or by proxy: 155,568,988 shares;

Total issued and outstanding shares: 292,878,879 shares.

Percentage of shares held by shareholders present in person or by proxy: 53.12%

Directors present : Dai, Hung-Chuan , Tsao, Hsih-Chung , Liu, Yun-Chang , Lin, Chuan-Nui ,
Tai, Hung-I , China Development Industrial Bank (Representative : Cheng,
Chien-Hua)

Supervisors present : Lin, Chun-Chih , Hsih-Yueh Development Co., Ltd. (Representative :
Hsu, Cheng-Chuan)

Chairman : Dai, Hung-Chuan (the Chairman of the Board of Directors)

Recorder : Tsao, Hsin-Wen

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

A. Proposed Resolution

Proposal 1 : To amend the Articles of Incorporation. Please proceed to discuss.

(Proposed by the Board of Directors)

Explanatory Notes :

- (1) In order to comply with the amendments to Articles 235 and 235-1 of the Company Act regarding employees' and directors' compensation, the Company hereby proposes to amend its Articles of Incorporation.

- (2) Please refer to Attachment 1 for details of the proposed amendments.
- (3) Please refer to Appendix 2 for details of the Articles of Incorporation before Amendment.
- (4) Please proceed to discuss.

Voting Results :

155,056,299 shares were represented at the time of voting (including votes casted electronically: 78,015,820); 135,119,189 votes were in favor of the proposal (including votes casted electronically: 68,438,152); 44,216 votes were casted against the proposal (including votes casted electronically: 44,216); 0 vote were casted invalidly of the proposal; 19,892,894 votes were abstained of the proposal (including votes casted electronically: 9,533,452). The proportion of 87.14% in favor of the proposal was casted.

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

B. Report Items

Item 1 : 2015 Business Report. Please submit for review.

Explanatory Notes :

- (1) 2015 Business Report, Financial Statements and CPA Audit Report are attached as Attachment 2 and 3.
- (2) Please review.

Item 2 : Supervisors' Audit Report on the 2015 Financial Statements. Please submit for review.

Explanatory Notes :

- (1) The Company's 2015 financial statements have been duly audited and certified by the CPA and further audited by the Supervisors. The CPA and the Supervisors issue auditors' report and supervisors' audit report respectively. Please refer to Attachment 3 and 4.
- (2) Please review.

Item 3 : 2015 Employees' Compensation and Directors' Remuneration. Please submit for review.

Explanatory Notes :

- (1) On November 12, 2015, the Board of Directors approved an amendment to the 28th Article of the Company's Articles of Incorporation.
- (2) The 2015 profit of the Company is NT\$1,125,380,017. (That represents the pretax income before distribution of employees' compensation and directors' remuneration) The Company proposes to distribute 1.8% or NT\$ 20,240,705 as 2015 employees' compensation and 0.76% or NT\$ 8,540,682 as directors' remuneration. The payment will be made in cash.
- (3) The above employees' compensation and directors' remuneration have been approved by the Remuneration Committee held on March 15, 2016.
- (4) After shareholders' meeting resolves to amend the Article of Incorporation, the Company shall proceed the distribution of employees' compensation and directors' remuneration.
- (5) Please review.

Item 4 : Share Buyback Execution Report. Please submit for review.

Explanatory Notes :

- (1) Please refer to Attachment 5 for the Share Buyback Execution Report.
- (2) Please review.

Item 5 : Status of Domestic Corporate Bonds Issuance. Please submit for review.

Explanatory Notes :

- (1) For the purpose of building new factory, purchase of production equipment, investment in subsidiaries and increase of working capital, Board of Directors resolved to issue domestic unsecured convertible bonds of the Company for the first time on June 7, 2011.

The statement of issuance and execution are listed below :

	The First Domestic Unsecured Convertible Bonds on 2011
Issuing Date	July 15, 2011
Use of Proceed	Building new factory, purchase of production equipment, investment in subsidiaries and increase of working capital.
Issue Size	NT\$ 1 Billion
Issue Coupon/Interest Rate	0%
Issue Period	2011.7.15 to 2016.7.15 (Five Years)
Repayment of Principal	100% principal repayment upon maturity, except for redemption or conversion of convertible bonds provided in the agreement.
Outstanding Principal	NT\$ 575.5 Million
Execution	On July, 2014, bondholders applied for redemption at the end of third year with total number of 4,245 units totaling NT\$ 424,500 thousand dollars.

(2) Please review.

Item 6 : Stipulation of Corporate Governance Best Practice Principles. Please submit for review.

Explanatory Notes :

(1) Corporate Governance Best Practice Principles is attached as Attachment 6.

(2) Please review.

Item 7 : Stipulation of Ethical Corporate Management Best Practice Principles. Please submit for review.

Explanatory Notes :

(1) Ethical Corporate Management Best Practice Principles is attached as Attachment 7.

(2) Please review.

Item 8 : Stipulation of Corporate Social Responsibility Best Practice Principles. Please submit for review.

Explanatory Notes :

- (1) Corporate Social Responsibility Best Practice Principles is attached as Attachment 8.
- (2) Please review.

C.Approvals

Approval 1: Approval of the 2015 Financial Statements and Business Report.

Please ratify. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) The 2015 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, and have also been reviewed and audited by the Supervisors and presented their audit report.
- (2) The 2015 Financial Statements and Business Report are attached as Attachment 3.
- (3) Please ratify.

Voting Results :

155,056,299 shares were represented at the time of voting (including votes casted electronically: 78,015,820); 135,139,844 votes were in favor of the proposal (including votes casted electronically: 68,459,807); 31,668 votes were casted against the proposal (including votes casted electronically: 31,668); 0 vote were casted invalidly of the proposal; 19,884,787 votes were abstained of the proposal (including votes casted electronically: 9,524,345). The proportion of 87.16% in favor of the proposal was casted.

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

Approval 2: Approval of Proposal for Distribution of 2015 Profits. Please ratify.

(Proposed by the Board of Directors)

Explanatory Notes :

- (1) The Company's 2015 net profit after tax was NTD 948,964,604 and plus unappropriated retained earnings of previous years, NTD2,256,341,984 the accumulated allocable earnings from profits was NTD3,205,306,588 and to be allocated in accordance with the Articles of Incorporation.
- (2) Proposal for Distribution of 2015 Profits as below and is attached as

Attachment 9.

I . Legal capital reserve, NTD 94,896,460

II . Special reserve, NTD 22,655,846

III . Shareholders Dividend –Cash (NTD\$2 per share), NTD 585,757,758

(3) In response to the implementation of Imputation System, the abovementioned dividend will be distributed preferably from earnings of the year after 1998 using specific identification method upon calculating shareholders' imputation tax credit in accordance with the Article 66 of Income Tax Act.

(4) 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 Board of Directors is authorized to make such adjustments.

(5) Please ratify.

Voting Results :

155,056,299 shares were represented at the time of voting (including votes casted electronically: 78,015,820); 135,134,512 votes were in favor of the proposal (including votes casted electronically: 68,454,475); 39,252 votes were casted against the proposal (including votes casted electronically: 39,252); 0 vote were casted invalidly of the proposal; 19,882,535 votes were abstained of the proposal (including votes casted electronically: 9,522,093). The proportion of 87.15% in favor of the proposal was casted.

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

D. Other Business and Special Motion: None.

E. Meeting Adjourned

Taiwan Hon Chuan Enterprise Co., Ltd.

Articles of Incorporation Amendment Comparison Table

Article No.	Original	Proposed Revision	Description
Article 16	<p>The Company shall have seven directors and three Supervisors; The directors and supervisors shall be elected from persons with legal capacity at a shareholders' meeting for a term of three years and shall be eligible for re-election.</p> <p>The company may acquire liability insurance for all directors and supervisors every year.</p>	<p>The Company shall have <u>seven to nine</u> directors and three supervisors, all to be elected by shareholders with full legal capacity and with <u>the election be done through the candidate nomination system</u> for a term of three years and shall be eligible for re-election.</p> <p><u>Said directors shall include no less than three independent directors, and the independent directors shall be no less than one-fifths of directors' seats. The independent directors shall be elected from the list of candidates in a shareholders' meeting.</u></p> <p><u>The qualification, shareholding, restriction on part-time jobs, nomination and election of independent directors and other matters to be complied with shall be handled in compliance with Company Act and other relevant requirement of the competent security authority.</u></p> <p>The company may acquire liability insurance for all directors and supervisors every year.</p>	Amended in Accordance with the applicable regulations.
Article 28	Upon closing of accounts, if there shall be any net profit, the Company shall first pay the corporate income tax in accordance with law, make up the losses for the preceding years and then set aside a legal reserve	<u>If the Company is profitable, it shall set aside no less than 1% of the profit as employee compensation. Employee's compensation maybe distributed in the form of shares or in cash, and employees qualified to</u>	Amended in Accordance with the applicable regulations.

	<p>of 10% of the net profit, and 10% for interest of the shares, and the remainder will be serve as (1) no more than 3% of the remainder for the remuneration for directors and supervisors and (2) no less than 1% of the remainder for employees' bonus. Special reserve and retained earnings may be set aside when necessary. The remainder of the net profit after deducting the foregoing shall be distributed as shareholders' bonus, which may be distributed proportionally according to the number of shares held by each shareholder.</p>	<p><u>receive such compensation may include employees from affiliates companies who meet certain qualifications.</u></p> <p><u>Company shall set aside at a maximum of 3% of the profit as remuneration to directors and supervisors.</u></p> <p><u>The issues relevant to distribution of employee compensation and Director compensation shall be set by resolutions of the Board of Directors.</u></p> <p><u>If the Company has accumulated losses, it shall first deduct the accumulated losses, and then calculate the compensation from the remaining amount.</u></p>	
Article 29	<p>The dividend policy of the Company shall be made according to the capital expenditures and the operation needs and within the distributable retained earnings and reserve. When the Company's business is at growth stage, more than (or equal to) 50% of the total amount of shareholders' bonus which is resolved in that year and distributed pursuant to applicable laws shall be in the form of stock dividends. However, depending on the operation situation, in case the Company's business reaches maturity stage, more than (or equal to) 50% of the total amount of the resolved shareholders bonus shall be in the form of cash dividends.</p>	<p><u>Upon closing of accounts, if there shall be any net profit, the Company shall first pay the corporate income tax in accordance with law, make up the losses for the preceding years, then set aside a legal reserve of 10% of the net profit unless the statutory surplus reserve has reached the total capital and then set aside or rotate special reserves; Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders'</u></p> <p><u>The dividend policy of the Company shall be made according to the Company's current and future plan, considering investment environment, fund requirements.</u></p>	<p>Amended in Accordance with the applicable regulations.</p>

		<p><u>overall competition and taking into account the interests of shareholders.</u></p> <p><u>The Company may appropriate more than 30% of net profits of current year for dividends to shareholders. However, when accumulated un-appropriated earnings is less than 10% of capital, the Company may decide not to distribute dividend.</u></p> <p><u>The shareholders dividend shall be in the form of cash dividends or stock dividend. More than (or equal to) 50% of the total amount of shareholders' dividend shall be in the form of cash dividends.</u></p>	
Article 32	<p>These Articles of Incorporation were adopted on 16 June 1969. The First Amendment was made on 5 November 1973. The Second Amendment was made on 1 July 1976. The Third Amendment was made on 13 March 1979. The Fourth Amendment was made on 5 December 1980. The Fifth Amendment was made on 22 March 1982. The Sixth Amendment was made on 27 April 1982. The Seventh Amendment was made on 10 November 1983. The Eighth Amendment was made on 10 November 1984. The Ninth Amendment was made on 13 October 1985. The 10th Amendment was made on 1 January 1988. The 11th Amendment was made on 10 November 1988. The 12th Amendment was made on 4 July 1989. The 13th Amendment was made on 10 November 1989. The</p>	<p>These Articles of Incorporation were adopted on 16 June 1969. The First Amendment was made on 5 November 1973. The Second Amendment was made on 1 July 1976. The Third Amendment was made on 13 March 1979. The Fourth Amendment was made on 5 December 1980. The Fifth Amendment was made on 22 March 1982. The Sixth Amendment was made on 27 April 1982. The Seventh Amendment was made on 10 November 1983. The Eighth Amendment was made on 10 November 1984. The Ninth Amendment was made on 13 October 1985. The 10th Amendment was made on 1 January 1988. The 11th Amendment was made on 10 November 1988. The 12th Amendment was made on 4 July 1989. The 13th Amendment was</p>	Updating of the date of amendment.

	<p>14th Amendment was made on 25 March 1991. The 15th Amendment was made on 15 July 1991. The 16th Amendment was made on 24 April 1992. The 17th Amendment was made on 1 April 1993. The 18th Amendment was made on 26 April 1993. The 19th Amendment was made on 13 September 1993. The 20th Amendment was made on 17 December 1993. The 21st Amendment was made on 30 May 1994. The 22th Amendment was made on 5 May 1995. The 23th Amendment was made on 29 May 1995. The 24th Amendment was made on 30 November 1995. The 25th Amendment was made on 31 May 1996. The 26th Amendment was made on 11 June 1997. The 27th Amendment was made on 11 June 1998. The 28th Amendment was made on 20 April 1999. The 29th Amendment was made on 17 November 1999. The 30th Amendment was made on 18 April 2000. The 31th Amendment was made on 31 May 2001. The 32th Amendment was made on 31 May 2001. The 33th Amendment was made on 7 May 2002. The 34th Amendment was made on 18 June 2003. The 35th Amendment was made on 15 June 2004. The 36th Amendment was made on 14 June 2005. The 37th Amendment was made on 23 June 2006. The 38th Amendment was made on 19 June 2009. The 39th Amendment was made on 20 June 2012. The 40th Amendment was made on 26 19 June 2013. The 41th Amendment was made on 29 June 2015.</p>	<p>made on 10 November 1989. The 14th Amendment was made on 25 March 1991. The 15th Amendment was made on 15 July 1991. The 16th Amendment was made on 24 April 1992. The 17th Amendment was made on 1 April 1993. The 18th Amendment was made on 26 April 1993. The 19th Amendment was made on 13 September 1993. The 20th Amendment was made on 17 December 1993. The 21th Amendment was made on 30 May 1994. The 22th Amendment was made on 5 May 1995. The 23th Amendment was made on 29 May 1995. The 24th Amendment was made on 30 November 1995. The 25th Amendment was made on 31 May 1996. The 26th Amendment was made on 11 June 1997. The 27th Amendment was made on 11 June 1998. The 28th Amendment was made on 20 April 1999. The 29th Amendment was made on 17 November 1999. The 30th Amendment was made on 18 April 2000. The 31th Amendment was made on 31 May 2001. The 32th Amendment was made on 31 May 2001. The 33th Amendment was made on 7 May 2002. The 34th Amendment was made on 18 June 2003. The 35th Amendment was made on 15 June 2004. The 36th Amendment was made on 14 June 2005. The 37th Amendment was made on 23 June 2006. The 38th Amendment was made on 19 June 2009. The 39th Amendment was made on 20 June 2012. The 40th Amendment was made on 26 19 June 2013.</p>	
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		The 41th Amendment was made on 29 June 2015. <u>The 42th Amendment was made on 22 June 2016.</u>	
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Business Report

Looking back to the year of 2015, we had faced overall consumption slowdown in the beverage industry of the FMCG sector, greatly affected by the global economic downturn and the sluggish GDP growth in Asian nations. Although the management team strictly adhered to their responsibilities and accomplished several long-termed contracts with key accounts, we still did not reach our business forecast. In 2015, our consolidated sales totaled at NTD\$16,578,377,000, decreased by 3.76% from NTD\$17,226,474,000 in 2014. The profit before tax amounted to NTD\$1,031,083,000, down by 9.65% from NTD\$1,141,184,000 last year. The profit after tax reached NTD\$886,141,000, 5.25% lower than NTD\$935,284,000 in 2014. The earning per share is 3.26 dollars for the year of 2015 conclusively.

To deal with reduced utilization arising from the strategic adjustments by major customers in China, we have strengthened our business competitiveness by diversifying our client bases, expanding into new market domains, adjusting production lines and developing innovative products. While overall performance in 2015 fell short of our expectations, the operations in Taiwan, China and South East Asia are expected to grow this year based on the backbone of increasing orders from investing advanced capacity, new market exploration and long-termed committed clienteles. This year Hon Chuan will extend its reach to Mozambique in Africa, in which there are over one billion people craving for FMCG in the next decade. With dedication to the frontier of the African market, we are looking forward to a sustainably rapid growth for our packaging and beverage sectors. Besides, research & development and innovation are the lifeblood of our Hon Chuan Group. We have launched to promote QR Code applications built into our packaging materials for emerging e-commerce, and creative designs of various caps and bottles in a move to provide value-added service to our clients.

In response to ever-changing global markets, our management team will commit ourselves to product innovation, market expansion, cost reduction and personnel cultivation by way of expedient commercial strategies, steady growing path, and bottom-up resources integration. Hon Chuan will continue to commit itself to cost saving and budget controlling, in order to enhance our overall corporate competitiveness.

Looking ahead, Hon Chuan will strive to our belief; “focusing on our core business, developing global markets, respecting our customers, caring for our employees and paying more contributions to social responsibility”. We aim to develop our corporate base in Taiwan, and apply our successful experience into China, South East Asia, Africa and other potential regions. We look forward to entering into a new era of Hon Chuan through our continuing efforts in 2016. Thank you very much for your supports and advices as shareholders of Taiwan Hon Chuan sincerely.

Chairman :
officer :
Dai, Hung-Chuan

President :
Tsao, Hsih-Chung

Chief Accounting
Cheng, Ya-wen

**Independent Auditors' Report
(Consolidated Financial Statements)**

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

We have audited the accompanying consolidated balance sheets of Taiwan Hon Chuan Enterprise Co., Ltd. (the "Corporation") and subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements of PT Hon Chuan Indonesia, Hon Chuan Vietnam Co., Ltd. and Hon Chuan Malaysia Sdn. Bhd. as of and for the years ended December 31, 2015 and 2014. The total assets of the investees were 14.8% (NT\$4,304,962 thousand) and 14.0% (NT\$4,094,587 thousand) of the consolidated assets as of December 31, 2015 and 2014, respectively. The net sales of the investees were 8.3% (NT\$1,378,255 thousand) and 8.1% (NT\$1,397,167 thousand) of the consolidated net sales in 2015 and 2014, respectively. These investees' statements and all information in Note 33 were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2015 and 2014 and their financial performance and their cash flows for the years ended December 31, 2015 and 2014, in conformity 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 by the Financial Supervisory Commission of the Republic of China.

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, 2015 and 2014, on which we have issued an unqualified modified report.

March 29, 2016

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. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	December 31			
	2015		2014	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,421,959	8	\$ 2,065,813	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	19,226	-	-	-
Debt investments with no active market - current (Notes 4 and 10)	40,440	-	-	-
Notes receivable from unrelated parties (Note 4)	158,484	1	168,916	1
Trade receivables from unrelated parties (Notes 4 and 11)	2,361,649	8	2,167,663	7
Trade receivables from related parties (Notes 4 and 29)	1,899	-	469	-
Inventories (Notes 4 and 12)	1,749,055	6	1,989,581	7
Other current assets (Notes 16 and 30)	<u>1,314,954</u>	<u>5</u>	<u>1,558,627</u>	<u>5</u>
Total current assets	<u>8,067,666</u>	<u>28</u>	<u>7,951,069</u>	<u>27</u>
NONCURRENT ASSETS				
Available for sale financial assets - noncurrent (Notes 4 and 8)	11,250	-	19,340	-
Financial assets measured at cost - noncurrent (Notes 4 and 9)	40,091	-	25,970	-
Debt investment with no active market - noncurrent (Notes 4 and 10)	-	-	40,592	-
Long-term investments at equity-method (Notes 4 and 14)	32,501	-	45,729	-
Property, plant and equipment (Notes 4, 15 and 30)	18,796,260	65	19,139,083	66
Computer software (Note 4)	11,988	-	15,511	-
Goodwill (Note 4)	64,496	-	62,187	-
Deferred tax assets (Notes 4 and 24)	171,323	1	91,955	-
Prepayments for equipment	1,524,882	5	1,417,944	5
Other noncurrent assets (Note 16)	<u>397,163</u>	<u>1</u>	<u>387,586</u>	<u>2</u>
Total noncurrent assets	<u>21,049,954</u>	<u>72</u>	<u>21,245,897</u>	<u>73</u>
TOTAL	<u>\$ 29,117,620</u>	<u>100</u>	<u>\$ 29,196,966</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	\$ 8,011,602	27	\$ 8,515,579	29
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	11,267	-
Notes payable to unrelated parties	201,358	1	217,023	1
Trade payables to unrelated parties	457,678	2	552,415	2
Current tax liabilities (Notes 4 and 24)	77,709	-	117,638	-
Current portion of long-term liabilities (Notes 4, 17, 18 and 30)	832,147	3	804,404	3
Other current liabilities (Notes 20 and 29)	<u>868,278</u>	<u>3</u>	<u>1,091,642</u>	<u>4</u>
Total current liabilities	<u>10,448,772</u>	<u>36</u>	<u>11,309,968</u>	<u>39</u>
NONCURRENT LIABILITIES				
Bonds payable (Notes 4 and 18)	-	-	558,671	2
Long-term borrowings (Notes 4, 17 and 30)	4,984,285	17	5,035,097	17
Deferred tax liabilities (Notes 4 and 24)	52,869	-	24,283	-
Preferred stock liabilities (Notes 4 and 19)	574,064	2	535,917	2
Net defined benefit liabilities - noncurrent (Notes 4 and 21)	40,300	-	46,482	-
Other noncurrent liabilities (Note 20)	<u>14,333</u>	<u>-</u>	<u>17,158</u>	<u>-</u>
Total noncurrent liabilities	<u>5,665,851</u>	<u>19</u>	<u>6,217,608</u>	<u>21</u>
Total liabilities	<u>16,114,623</u>	<u>55</u>	<u>17,527,576</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Common stock	3,098,479	11	2,598,479	9
Capital surplus	5,412,868	19	3,283,868	11
Retained earnings				
Legal reserve	1,086,842	4	990,221	3
Special reserve	421,790	1	421,790	2
Unappropriated earnings	3,205,307	11	3,034,967	10
Other equity	(444,446)	(2)	294,156	1
Treasury shares	<u>(835,335)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total equity attributable to owners of the parent	11,945,505	41	10,623,481	36
NON-CONTROLLING INTERESTS	<u>1,057,492</u>	<u>4</u>	<u>1,045,909</u>	<u>4</u>
Total equity	<u>13,002,997</u>	<u>45</u>	<u>11,669,390</u>	<u>40</u>
TOTAL	<u>\$ 29,117,620</u>	<u>100</u>	<u>\$ 29,196,966</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2016)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2015		2014	
	Amount	%	Amount	%
SALES (Notes 4 and 29)	\$ 16,578,377	100	\$ 17,226,474	100
COST OF GOODS SOLD (Notes 4, 12 and 23)	<u>13,512,705</u>	<u>81</u>	<u>14,425,540</u>	<u>84</u>
GROSS PROFIT	<u>3,065,672</u>	<u>19</u>	<u>2,800,934</u>	<u>16</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	739,555	5	719,613	4
General and administrative expenses	998,425	6	868,507	5
Research and development expenses	<u>63,577</u>	<u>-</u>	<u>63,281</u>	<u>-</u>
Total operating expenses	<u>1,801,557</u>	<u>11</u>	<u>1,651,401</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>1,264,115</u>	<u>8</u>	<u>1,149,533</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 23)	(237,735)	(1)	(245,236)	(2)
Net foreign exchange gain (loss) (Note 4)	(85,678)	(1)	134,595	1
Other gains and losses (Notes 4 and 23)	<u>90,381</u>	<u>-</u>	<u>102,292</u>	<u>1</u>
Total non-operating income and expenses	<u>(233,032)</u>	<u>(2)</u>	<u>(8,349)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,031,083	6	1,141,184	7
INCOME TAX EXPENSE (Notes 4 and 24)	<u>144,942</u>	<u>1</u>	<u>205,900</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>886,141</u>	<u>5</u>	<u>935,284</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	(408)	-	(3,591)	-
Income tax relating to components of other comprehensive income (Note 24)	69	-	611	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(862,180)	(5)	411,954	2
Unrealized gain on available-for-sale financial assets	<u>(7,042)</u>	<u>-</u>	<u>6,769</u>	<u>-</u>

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2015		2014	
	Amount	%	Amount	%
Other comprehensive income (loss) for the year, net of income tax	\$ (869,561)	(5)	\$ 415,743	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 16,580	-	\$ 1,351,027	8
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 948,965	6	\$ 966,212	5
Non-controlling interests	(62,824)	(1)	(30,928)	-
	\$ 886,141	5	\$ 935,284	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 210,024	1	\$ 1,328,095	8
Non-controlling interests	(193,444)	(1)	22,932	-
	\$ 16,580	-	\$ 1,351,027	8
EARNINGS PER SHARE (Note 25)				
Basic	\$ 3.26		\$ 3.72	
Diluted	\$ 3.20		\$ 3.62	

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

(With Deloitte & Touche auditors' report dated March 29, 2016)

(Concluded)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent										
			Retained Earnings (Notes 4, 21, 22 and 24)			Other Equity				Non-controlling	
	Share Capital (Note 22)	Capital Surplus (Notes 4 and 22)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available- for-sale Financial Assets	Treasury Share (Note 22)	Total	Interests (Note 13)	Total Equity
BALANCE AT JANUARY 1, 2013	\$ 2,598,479	\$ 3,283,868	\$ 879,190	\$ 421,790	\$ 2,832,386	\$ (70,707)	\$ -	\$ -	\$ 9,945,006	\$ 999,374	\$ 10,944,380
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	36,324	36,324
Appropriation of 2013 earnings											
Legal reserve	-	-	111,031	-	(111,031)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(649,620)	-	-	-	(649,620)	-	(649,620)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(12,721)	(12,721)
Net profit for the year ended December 31, 2014	-	-	-	-	966,212	-	-	-	966,212	(30,928)	935,284
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(2,980)	358,094	6,769	-	361,883	53,860	415,743
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	963,232	358,094	6,769	-	1,328,095	22,932	1,351,027
BALANCE AT DECEMBER 31, 2014	2,598,479	3,283,868	990,221	421,790	3,034,967	287,387	6,769	-	10,623,481	1,045,909	11,669,390
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	223,727	223,727
Appropriation of 2014 earnings											
Legal reserve	-	-	96,621	-	(96,621)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(681,665)	-	-	-	(681,665)	-	(681,665)
Issue of ordinary shares for cash	500,000	2,095,000	-	-	-	-	-	-	2,595,000	-	2,595,000
Share-based payment transaction	-	34,000	-	-	-	-	-	-	34,000	-	34,000
Buy-back of ordinary shares	-	-	-	-	-	-	-	(835,335)	(835,335)	-	(835,335)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(18,700)	(18,700)
Net profit for the year ended December 31, 2015	-	-	-	-	948,965	-	-	-	948,965	(62,824)	886,141
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(339)	(731,560)	(7,042)	-	(738,941)	(130,620)	(869,561)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	948,626	(731,560)	(7,042)	-	210,024	(193,444)	16,580
BALANCE AT DECEMBER 31, 2015	\$ 3,098,479	\$ 5,412,868	\$ 1,086,842	\$ 421,790	\$ 3,205,307	\$ (444,173)	\$ (273)	\$ (835,335)	\$ 11,945,505	\$ 1,057,492	\$ 13,002,997

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

(With Deloitte & Touche auditors' report dated March 29, 2016)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,031,083	\$ 1,141,184
Adjustments for:		
Depreciation and amortization expenses	2,026,906	1,882,512
Finance costs	237,735	245,236
Unrealized net loss (gain) on foreign currency exchange	146,332	30,547
Net loss (gain) on fair value change of financial assets and	(62,568)	(23,803)
Compensation cost of share-based payment transaction	34,000	-
Loss (gain) on disposal of property, plant and equipment	27,998	(15,123)
Net loss (gain) on disposal of investment	(16,461)	-
Impairment loss recognized on non-financial assets	15,894	16,342
Impairment loss recognized on property, plant and equipment	13,886	-
Loss (gain) recognized on associates under equity method	13,080	5,716
Impairment loss recognized (reversal of impairment loss) on	12,080	2
Others	(446)	(1,534)
Net changes in operating assets and liabilities		
Financial assets held for trading	32,678	10,393
Notes receivable	9,686	8,753
Trade receivables	(214,008)	(173,854)
Inventories	394,184	146,694
Other current assets	77,408	(345,945)
Notes payable	(15,666)	(11,633)
Trade payables	(86,575)	(87,168)
Other current liabilities	(48,860)	98,953
Net defined benefit liabilities	(6,590)	(6,519)
Cash generated from operations	3,621,776	2,920,753
Interest paid	(214,491)	(215,143)
Income tax paid	(241,401)	(211,530)
Net cash generated from operating activities	<u>3,165,884</u>	<u>2,494,080</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(766,310)	(3,421,031)
Decrease in prepayments for equipment	(1,752,637)	(1,124,962)
Proceeds from disposal of property, plant and equipment	91,967	149,403
Proceeds from sale of available-for-sale financial assets	61,686	-
Purchase of available-for-sale financial assets	(45,225)	(12,124)
Purchase of financial assets measured at cost	(15,000)	-
Decrease in refundable deposits	(1,875)	(253)
Proceeds of the return of capital on financial assets measured at	879	-
Acquisition of associates	-	(48,539)
Proceeds from disposal of debt investments with no active	-	40,000

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2015	2014
Other investing activities	\$ (36,697)	\$ 28,886
Net cash used in investing activities	<u>(2,463,212)</u>	<u>(4,388,620)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	(3,758,695)	(1,530,306)
Proceeds from long-term borrowings	3,086,000	2,197,029
Proceeds from issue of ordinary shares	2,595,000	-
Proceeds from (repayments of) short-term borrowings	(852,335)	2,121,622
Payments for buy-back of ordinary shares	(835,335)	-
Dividends paid to owners of the Corporation	(681,665)	(649,620)
Changes in non-controlling interests	223,727	36,324
Payments for increase of interests in subsidiaries	(72,751)	-
Dividends paid to non-controlling interests	(18,700)	(12,721)
Repayments of corporate bonds	<u>-</u>	<u>(424,500)</u>
Net cash generated from (used in) financing activities	<u>(314,754)</u>	<u>1,737,828</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(31,772)</u>	<u>87,442</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	356,146	(69,270)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,065,813</u>	<u>2,135,083</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,421,959</u>	<u>\$ 2,065,813</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2016)

(Concluded)

Taiwan Hon Chuan Enterprise Co., Ltd.

Supervisors' Audit Report

The Board of Directors has prepared the Company's 2015 Financial Statements and the Consolidated Financial Statements, which have been audited by the CPA firm of Deloitte & Touche. We have reviewed the Financial Statements, Business Report and profit allocation proposal and do not find any discrepancy. According to Article 219 of the Company Act, we hereby submit this report.

To

2016 Annual Shareholders' Meeting of Taiwan Hon Chuan Enterprise Co., Ltd.

Taiwan Hon Chuan Enterprise Co., Ltd.

Supervisor : Lin, Chun-Chih

Supervisor : Tsao, Yu-Yu

Supervisor : Hsih-Yueh Development Co., Ltd. (Representative : Hsu, Cheng-Chuan)

May 6, 2016

Taiwan Hon Chuan Enterprise Co., Ltd.

Proposal for Distribution of 2015 Profits

Items	Unit : NTD Amount
Unappropriated retained earnings of previous years	2,256,680,279
Remeasurement of defined benefit obligation	<u>(338,295)</u>
Unappropriated retained earnings after adjustment	2,256,341,984
Net Income of 2015	948,964,604
10% for legal capital reserve	(94,896,460)
Special reserve	<u>(22,655,846)</u>
Retained Earnings Available for Distribution as of 2015	3,087,754,282
Shareholders Dividend (NTD\$2 per share)	<u>(585,757,758)</u>
Unappropriated Retained Earnings	<u><u>2,501,996,524</u></u>

(Note1) Shareholders Dividend --Cash : 292,878,879 shares * NTD2 =NTD585,757,758

(Note2) The cash dividend distribution will be calculated to the nearest NT dollar. For fractional shares distributed which are less than one dollar that will be adjusted by the chairman who is authorized to contact specific person to deal with it.

(Note3) Board of Directors is authorized to determine the ex-dividend date for the cash dividend distributions upon the approval of the profit distribution proposal at the Annual Meeting of Shareholders.

(Note4) In response to the implementation of Imputation System, the abovementioned dividend will be distributed preferably from earnings of the year after 1998 upon calculating shareholders' imputation tax credit in accordance with the Article 68-6 of Income Tax Act. ; When computing tax levied at the rate of ten percent 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.

Explanatory Notes :

1. Unappropriated retained earnings of previous years : It represents the unappropriated retained earnings after making distribution of 2014 profits by the resolution of 2015 Shareholders' Meeting and is compiled based upon TIFRS GAAP.

Chairman :
Dai, Hung-Chuan

President :
Tsao, Hsih-Chung

Chief Accounting officer :
Cheng, Ya-wen