

**Taiwan Hon Chuan Enterprise Co., Ltd.  
and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2025 and 2024 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAIWAN HON CHUAN ENTERPRISE CO., LTD.

By:

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Ya-wen Cheng  
President

March 6, 2026

## INDEPENDENT AUDITORS' REPORT

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, 2025 and 2024, 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, 2025 and 2024, 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, 2025. 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, 2025 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 (Thailand) Co., Ltd, which is investee of the Group and is included in the consolidated financial statements as of and for the year ended December 31, 2025 and 2024, 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 NTD3,862,672 thousand and NTD3,023,679 thousand, representing 8% and 7%, respectively, of the Group's consolidated assets as of December 31, 2025 and 2024. The total sales of the aforementioned investees were NTD2,286,263 thousand and NTD2,315,198 thousand, both representing 8% of the Group's consolidated net sales for the years ended December 31, 2025 and 2024.

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, 2025 and 2024 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, 2025 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 Shu-Jing Jiang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 6, 2026

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 DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 3,922,004	9	\$ 4,847,741	11
Financial assets at fair value through profit or loss - current (Note 7)	1,977	-	2,459	-
Financial assets at amortized cost - current (Notes 9 and 10)	1,432,875	3	177,528	-
Notes receivable from unrelated parties	169,245	-	233,210	1
Trade receivables from unrelated parties (Note 11)	4,755,486	10	4,836,142	11
Trade receivables from related parties (Note 31)	430	-	391	-
Inventories (Note 12)	2,957,086	6	3,389,756	8
Other current assets (Notes 18 and 32)	<u>2,127,166</u>	<u>5</u>	<u>2,118,953</u>	<u>5</u>
Total current assets	<u>15,366,269</u>	<u>33</u>	<u>15,606,180</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	127,073	-	63,795	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	218,766	-	31,840	-
Financial assets at amortized cost - non-current (Notes 9 and 10)	399,475	1	414,465	1
Long-term investments accounted for using the equity method (Note 14)	10,358	-	11,441	-
Property, plant and equipment (Notes 15 and 32)	23,096,125	49	20,049,765	47
Right-of-use assets (Note 16)	1,637,704	4	1,904,616	4
Investment properties (Note 17)	332,797	1	328,009	1
Intangible assets	375,902	1	392,648	1
Deferred tax assets (Note 25)	258,122	1	296,468	1
Prepayments for equipment	4,815,293	10	3,832,535	9
Net defined benefit assets - non-current (Note 22)	58,319	-	44,320	-
Other non-current assets (Note 18)	<u>100,781</u>	<u>-</u>	<u>104,550</u>	<u>-</u>
Total non-current assets	<u>31,430,715</u>	<u>67</u>	<u>27,474,452</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 46,796,984</u>	<u>100</u>	<u>\$ 43,080,632</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 2,555,875	6	\$ 5,781,121	14
Short-term bills payable (Note 19)	4,800,000	10	1,700,000	4
Financial liabilities at fair value through profit or loss - current (Note 7)	46,399	-	43,147	-
Notes payable to unrelated parties	4,378	-	461	-
Trade payables to unrelated parties	1,140,642	3	1,334,265	3
Current tax liabilities (Note 25)	196,258	-	173,076	-
Lease liabilities - current (Note 16)	48,148	-	106,877	-
Deferred revenue - current (Note 28)	10,678	-	16,065	-
Current portion of long-term liabilities (Notes 19, 20 and 28)	3,234,006	7	729,016	2
Other current liabilities (Notes 21 and 31)	<u>1,814,407</u>	<u>4</u>	<u>2,085,371</u>	<u>5</u>
Total current liabilities	<u>13,850,791</u>	<u>30</u>	<u>11,969,399</u>	<u>28</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 20)	3,704,564	8	6,629,064	16
Long-term borrowings (Notes 19 and 28)	7,991,561	17	3,440,658	8
Deferred tax liabilities (Note 25)	78,699	-	78,738	-
Lease liabilities - non-current (Note 16)	433,092	1	571,056	1
Deferred revenue - non-current (Note 28)	46,451	-	28,019	-
Net defined benefit liabilities - non-current (Note 22)	60,653	-	52,747	-
Guarantee deposits received	<u>61,958</u>	<u>-</u>	<u>30,248</u>	<u>-</u>
Total non-current liabilities	<u>12,376,978</u>	<u>26</u>	<u>10,830,530</u>	<u>25</u>
Total liabilities	<u>26,227,769</u>	<u>56</u>	<u>22,799,929</u>	<u>53</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>				
Ordinary shares	2,957,865	6	2,957,859	7
Capital surplus	6,825,654	15	6,803,917	16
Retained earnings				
Legal reserve	2,770,583	6	2,486,507	6
Special reserve	1,741,663	4	2,645,911	6
Unappropriated earnings	7,767,789	16	6,282,299	14
Other equity	<u>(1,996,338)</u>	<u>(4)</u>	<u>(1,741,663)</u>	<u>(4)</u>
Total equity attributable to owners of the Corporation	20,067,216	43	19,434,830	45
<b>NON-CONTROLLING INTERESTS</b>	<u>501,999</u>	<u>1</u>	<u>845,873</u>	<u>2</u>
Total equity	<u>20,569,215</u>	<u>44</u>	<u>20,280,703</u>	<u>47</u>
<b>TOTAL</b>	<u>\$ 46,796,984</u>	<u>100</u>	<u>\$ 43,080,632</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 6, 2026)

# TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
SALES (Notes 31 and 37)	\$ 28,876,866	100	\$ 28,408,164	100
COST OF GOODS SOLD (Notes 12, 24 and 31)	<u>22,451,306</u>	<u>78</u>	<u>22,142,337</u>	<u>78</u>
GROSS PROFIT	<u>6,425,560</u>	<u>22</u>	<u>6,265,827</u>	<u>22</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	1,115,696	4	1,161,726	4
General and administrative expenses	1,178,023	4	1,234,656	4
Research and development expenses	<u>375,020</u>	<u>1</u>	<u>324,386</u>	<u>1</u>
Total operating expenses	<u>2,668,739</u>	<u>9</u>	<u>2,720,768</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>3,756,821</u>	<u>13</u>	<u>3,545,059</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Note 24)	129,564	-	194,050	1
Finance costs (Notes 24 and 28)	(377,100)	(1)	(327,923)	(1)
Interest income	97,950	-	122,850	-
Net foreign exchange gains (loss)	<u>(57,263)</u>	<u>-</u>	<u>116,855</u>	<u>-</u>
Total non-operating income and expenses	<u>(206,849)</u>	<u>(1)</u>	<u>105,832</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	3,549,972	12	3,650,891	13
INCOME TAX EXPENSE (Note 25)	<u>732,716</u>	<u>2</u>	<u>691,392</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,817,256</u>	<u>10</u>	<u>2,959,499</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	9,979	-	8,856	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	186,408	1	(1,014)	-
Income tax expense relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(1,978)	-	(1,766)	-

(Continued)

# TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (454,096)	(2)	\$ 917,466	3
Other comprehensive loss for the year, net of income tax	(259,687)	(1)	923,542	3
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 2,557,569</u>	<u>9</u>	<u>\$ 3,883,041</u>	<u>14</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 2,691,189	9	\$ 2,833,665	10
Non-controlling interests	126,067	1	125,834	-
	<u>\$ 2,817,256</u>	<u>10</u>	<u>\$ 2,959,499</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 2,444,515	9	\$ 3,745,003	13
Non-controlling interests	113,054	-	138,038	1
	<u>\$ 2,557,569</u>	<u>9</u>	<u>\$ 3,883,041</u>	<u>14</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ 9.10</u>		<u>\$ 9.80</u>	
Diluted	<u>\$ 9.08</u>		<u>\$ 9.78</u>	

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

(With Deloitte & Touche auditors' report dated March 6, 2026)

(Concluded)

**TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital (Note 23)	Capital Surplus (Note 23)	Retained Earnings (Notes 22 and 23)			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, 2024	\$ 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
Appropriation of 2023 earnings										
Legal reserve	-	-	246,989	-	(246,989)	-	-	-	-	-
Special reserve	-	-	-	258,410	(258,410)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,539,654)	-	-	(1,539,654)	-	(1,539,654)
Equity component of convertible bonds issued by the Company	-	440,990	-	-	-	-	-	440,990	-	440,990
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(23,011)	(23,011)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(31,561)	(31,561)
Net profit for the year ended December 31, 2024	-	-	-	-	2,833,665	-	-	2,833,665	125,834	2,959,499
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	7,090	905,262	(1,014)	911,338	12,204	923,542
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	2,840,755	905,262	(1,014)	3,745,003	138,038	3,883,041
Issuance of ordinary shares for cash	80,000	984,000	-	-	-	-	-	1,064,000	-	1,064,000
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of	-	6	-	-	-	-	-	6	(6)	-
Share-based payments arrangements	-	24,464	-	-	-	-	-	24,464	-	24,464
BALANCE AT DECEMBER 31, 2024	2,957,859	6,803,917	2,486,507	2,645,911	6,282,299	(1,730,619)	(11,044)	19,434,830	845,873	20,280,703
Appropriation of 2024 earnings										
Legal reserve	-	-	284,076	-	(284,076)	-	-	-	-	-
Special reserve	-	-	-	(904,248)	904,248	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,833,872)	-	-	(1,833,872)	-	(1,833,872)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	(412,061)	(412,061)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(24,049)	(24,049)
Overdue dividends not collected by shareholders	-	833	-	-	-	-	-	833	-	833
Net profit for the year ended December 31, 2025	-	-	-	-	2,691,189	-	-	2,691,189	126,067	2,817,256
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	8,001	(441,083)	186,408	(246,674)	(13,013)	(259,687)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	2,699,190	(441,083)	186,408	2,444,515	113,054	2,557,569
Convertible bonds converted to ordinary shares	6	86	-	-	-	-	-	92	-	92
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of	-	20,818	-	-	-	-	-	20,818	(20,818)	-
BALANCE AT DECEMBER 31, 2025	\$ 2,957,865	\$ 6,825,654	\$ 2,770,583	\$ 1,741,663	\$ 7,767,789	\$ (2,171,702)	\$ 175,364	\$ 20,067,216	\$ 501,999	\$ 20,569,215

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

(With Deloitte & Touche auditors' report dated March 6, 2026)

# TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	<u>For the Year Ended December 31</u>	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,549,972	\$ 3,650,891
Adjustments for:		
Depreciation and amortization expenses	2,510,978	2,531,045
Expected credit loss (reversed) recognized on trade receivables	(53,511)	5,350
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	2,055	13,526
Finance costs	377,100	327,923
Interest income	(97,950)	(122,850)
Dividend income	(1,405)	(1,128)
Compensation cost of employee share options	-	24,464
Share of loss of associates accounted for using the equity method	605	1,160
(Gain) loss on disposal of property, plant and equipment	(7,957)	20,111
Impairment loss recognized on property, plant and equipment	4,440	-
Write-down of inventories	7,917	2,981
Unrealized net loss (gain) on foreign currency exchange	37,514	(17,821)
Gain on lease modification	(2,986)	(123)
Reversal of deferred revenue	(16,065)	(19,117)
Net changes in operating assets and liabilities		
Notes receivable	63,265	(29,653)
Trade receivables	26,437	(569,603)
Inventories	391,564	(673,793)
Other current assets	85,418	(438,702)
Notes payable	3,913	(22)
Trade payables	(173,698)	28,540
Other current liabilities	(220,649)	297,398
Net defined benefit plans	4,425	(221)
Deferred revenue	28,055	15,000
Cash generated from operations	6,519,437	5,045,356
Interest received	95,303	122,899
Interest paid	(299,164)	(298,741)
Income tax paid	(748,812)	(803,730)
Net cash generated from operating activities	<u>5,566,764</u>	<u>4,065,784</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(1,383,048)	(1,554,554)
Proceeds from repayment of financial assets at amortized cost	177,528	1,345,834
Purchase of financial assets at fair value through profit or loss	(61,600)	(32,160)
Payments for property, plant and equipment	(3,000,635)	(1,536,382)
Proceeds from disposal of property, plant and equipment	26,027	64,714
Increase in refundable deposits	(5,602)	(10,253)
Payments for intangible assets	(1,929)	(630)

(Continued)

# TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Net cash outflow on acquisition of subsidiaries	\$ -	\$ (67,055)
Acquisition of investment properties	(16,145)	(169,066)
Increase in other non-current assets	(19,812)	(39,214)
Increase in prepayments for equipment	(3,628,916)	(3,702,643)
Other dividends received	<u>1,405</u>	<u>1,128</u>
Net cash used in investing activities	<u>(7,912,727)</u>	<u>(5,700,281)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	4,391,114
Decrease in short-term borrowings	(3,220,176)	-
Increase in short-term bills payable	3,100,000	-
Decrease in short-term bills payable	-	(3,800,000)
Proceeds from issuance of convertible bonds	-	4,089,375
Proceeds from long-term borrowings	12,808,145	13,784,354
Repayments of long-term borrowings	(8,849,938)	(17,533,860)
Increase guarantee deposits received	30,654	465
Repayment of the principal portion of lease liabilities	(89,151)	(87,703)
Dividends paid to owners of the Corporation	(1,833,872)	(1,539,654)
Issuance of ordinary shares for cash	-	1,064,000
Changes in non-controlling interests	(412,061)	(23,011)
Dividends paid to non-controlling interests	(24,049)	(31,561)
Overdue dividends not collected by shareholders	<u>833</u>	<u>-</u>
Net cash generated from financing activities	<u>1,510,385</u>	<u>313,519</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(90,159)</u>	<u>303,893</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(925,737)	(1,017,085)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,847,741</u>	<u>5,864,826</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,922,004</u>	<u>\$ 4,847,741</u>

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

(With Deloitte & Touche auditors' report dated March 6, 2026)

(Concluded)

# TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Taiwan Hon Chuan Enterprise Co., Ltd. (the “Corporation”) was incorporated in 1969. It manufactures and sells various packaging materials for the food and beverage industries (such as aluminum closures, plastic caps, metal lug caps, labels, low-density polyethylene (LDPE) films, polyethylene terephthalate (PET) bottles, and beverage filling original equipment manufacturer (OEM) and automatic sealer machines.

The Corporation became a public company in August 1993 under the approval of the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission. The Corporation’s shares have been listed on the Taiwan Stock Exchange since March 2, 2001.

The consolidated financial statements of the Corporation and its subsidiaries (collectively referred to as “the Group”) are presented in the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 6, 2026.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

#### Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

## Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

### 1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
  - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
  - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

### 2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction.
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

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

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

- 2) IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

When the Group acquires a subsidiary that does not constitute a business, the Group will identify and recognize the individual identifiable assets acquired (including intangible assets) and liabilities assumed, and then allocate the transaction price to the individual identifiable assets and liabilities.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Group's foreign operations (including subsidiaries and associates in other countries that are prepared using functional currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence, and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## l. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

## m. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, trade receivables at amortized cost, notes receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers that following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

#### 5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and exchange rate swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

#### o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods and accounts receivable are recognized when the goods are delivered to the customer's specific location or when the goods are shipped, because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost), and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Group revises its estimate of the number of employee share options capital surplus - employee share options.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

### Carbon fees

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the management recognizes the carbon fee provision based on the estimate of the chargeable emissions and the preferential rate, the emission adjustment coefficient. The estimate may vary as a result of the result of its implementation of the self-determined reduction plan and the achievement of the designated target. Therefore, the estimated amount of provision is subject to a higher degree of estimation uncertainties

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash on hand and petty cash	\$ 56,577	\$ 44,220
Checking accounts and demand deposits	2,489,689	3,964,747
Cash equivalent		
Time deposits with original maturities of 3 months or less	<u>1,375,738</u>	<u>838,774</u>
	<u>\$ 3,922,004</u>	<u>\$ 4,847,741</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets at Fair Value Through Profit or Loss - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets		
Foreign exchange forward contracts	\$ 1,577	\$ 859
Redemption rights of convertible bonds (Note 20)	<u>400</u>	<u>1,600</u>
	<u>\$ 1,977</u>	<u>\$ 2,459</u>
<u>Financial assets at Fair Value Through Profit or Loss - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic limited partnership fund	<u>\$ 127,073</u>	<u>\$ 63,795</u>

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Financial Liabilities at Fair Value Through Profit or Loss - Current</u>		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities		
Foreign exchange forward contracts	\$ -	\$ 5,147
Put option for convertible corporate bonds (Note 20)	<u>46,399</u>	<u>38,000</u>
	<u>\$ 46,399</u>	<u>\$ 43,147</u>

At the end of the year, outstanding foreign exchange forward contracts and exchange rate swap contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount</b>
<u>December 31, 2025</u>			
Buy	USD/NTD	2026.01.26-2026.03.27	USD1,728/NTD52,562
<u>December 31, 2024</u>			
Buy	USD/JPY	2025.05.21-2025.06.05	USD4,500/JPY665,730
	USD/NTD	2025.01.23-2025.02.10	USD1,617/NTD52,032

The Group entered into foreign exchange forward contracts and exchange rate swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Domestic investments</u>		
Unlisted shares	<u>\$ 6,686</u>	<u>\$ 9,049</u>
<u>Foreign investments</u>		
Listed shares	212,080	14,146
Unlisted shares	<u>-</u>	<u>8,645</u>
	<u>212,080</u>	<u>22,791</u>
	<u>\$ 218,766</u>	<u>\$ 31,840</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 1,432,875	\$ 177,528
<u>Non-current</u>		
Citigroup bond (a)	\$ 157,150	\$ 163,925
HSBC bond (b)	92,458	95,756
Bank of America bond (b)	85,258	86,935
UBS Group AG (b)	<u>64,609</u>	<u>67,849</u>
	<u>\$ 399,475</u>	<u>\$ 414,465</u>

- a. The Group purchased bonds issued by Citigroup Inc. at a face value of US\$ 5,000 thousand on April 3, 2024. Both the coupon rate and the effective interest rate were 5%, and will mature on April 3, 2029.
- b. The Group purchased bonds issued by HSBC Holdings Plc and Bank of America Corp at a face value of US\$ 3,000 thousand on April 24, 2024 and May 16, 2024, respectively. The coupon rates were 4.583% and 2.496%, and the effective interest rates were 5.43% and 5.10%. The maturity dates are June 19, 2029 and February 13, 2031, respectively. Additionally, the Group purchased bonds issued by UBS GROUP AG at a face value of US\$ 2,000 thousand on August 23, 2024, the coupon rate was 5.428%, the effective interest rate was 4.60%, and the maturity date is August 2, 2030.
- c. Refer to Note 10 for information relating to credit risk management and impairment of financial assets at amortized cost.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

### At Amortized Cost

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Gross carrying amount	\$ 1,832,350	\$ 591,993
Loss allowance	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,832,350</u>	<u>\$ 591,993</u>

The Group invests in time deposits and debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since initial recognition.

## 11. TRADE RECEIVABLES - NET

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Trade receivables from unrelated parties	\$ 4,773,502	\$ 4,873,016
Less: Allowance for impairment loss	<u>(18,016)</u>	<u>(36,874)</u>
	<u>\$ 4,755,486</u>	<u>\$ 4,836,142</u>

The average credit period of sales of goods is 30 to 90 days. No interest is charged on trade receivables. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group has no notes receivable past due. The following table details the loss allowance of trade receivables:

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>181 to 360 Days Past Due</b>	<b>Over 1 Year Past Due</b>	<b>Total</b>
Expected credit loss rate	0.001%	0.5%-2%	3%-5%	10%	50%-100%	
<u>December 31, 2025</u>						
Gross carrying amount	\$ 3,869,761	\$ 859,830	\$ 24,252	\$ 7,678	\$ 11,981	\$ 4,773,502
Loss allowance (Lifetime ECLs)	<u>(39)</u>	<u>(5,948)</u>	<u>(739)</u>	<u>(772)</u>	<u>(10,518)</u>	<u>(18,016)</u>
Amortized cost	<u>\$ 3,869,722</u>	<u>\$ 853,882</u>	<u>\$ 23,513</u>	<u>\$ 6,906</u>	<u>\$ 1,463</u>	<u>\$ 4,755,486</u>
<u>December 31, 2024</u>						
Gross carrying amount	\$ 4,349,966	\$ 433,667	\$ 14,360	\$ 35,452	\$ 39,571	\$ 4,873,016
Loss allowance (Lifetime ECLs)	<u>(43)</u>	<u>(2,650)</u>	<u>(568)</u>	<u>(3,545)</u>	<u>(30,068)</u>	<u>(36,874)</u>
Amortized cost	<u>\$ 4,349,923</u>	<u>\$ 431,017</u>	<u>\$ 13,792</u>	<u>\$ 31,907</u>	<u>\$ 9,503</u>	<u>\$ 4,836,142</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 36,874	\$ 32,195
Allowance (Reversal) of impairment loss	(7,076)	4,355
Amounts written off	(10,351)	(1,573)
Foreign exchange gains and losses	<u>(1,431)</u>	<u>1,897</u>
Balance at December 31	<u>\$ 18,016</u>	<u>\$ 36,874</u>

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Finished goods	\$ 1,239,161	\$ 1,359,511
Work in progress	55,078	51,554
Raw materials	1,638,970	1,959,569
Inventory in transit	<u>23,877</u>	<u>19,122</u>
	<u>\$ 2,957,086</u>	<u>\$ 3,389,756</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 was \$22,451,306 thousand and \$22,142,337 thousand, respectively.

The cost of goods sold for the years ended December 31, 2025 and 2024 included inventory write-downs \$7,917 thousand and \$2,981 thousand, respectively.

## 13. SUBSIDIARIES

### Subsidiaries included in the consolidated financial statements

<b>Investor</b>	<b>Investee</b>	<b>Main Businesses</b>	<b>% of Ownership</b>	
			<b>2025</b>	<b>2024</b>
The Corporation	Hon Chuan Holding Limited ("Samoa Hon Chuan")	Overseas reinvested holding company	100	100
	Bon Trust International Trade Co., Ltd. ("Bon Trust")	Overseas reinvested holding company and international trade	99.96	99.96
	Hon Chuan (Cambodia) Co., Ltd. ("Hon Chuan Cambodia")	Manufacture and sale of PET bottles	100	100
	Hon Chuan (Philippines) Corporation ("Hon Chuan Philippines")	Manufacture and sale of plastic caps and PET bottles	100	100
	Hon Chuan Malaysia Sdn. Bhd. ("Hon Chuan Malaysia")	Manufacture and sale of plastic caps and PET bottles	100	100
	Hon Jeng Mozambique SU, Limitada ("Hon Jeng Mozambique")	Manufacture and sale of plastic caps and PET bottles	100	-
Samoa Hon Chuan	Hon Chuan (China) Holdings Co., Ltd. ("Hon Chuan China")	Overseas reinvested holding company	100	96.39
	HC (Asia) Holdings Co., Ltd. ("Hon Chuan Asia")	Overseas reinvested holding company	100	100
	Hon Chuan (Africa) Holdings Co., Ltd. ("Hon Chuan Africa")	Overseas reinvested holding company	100	100

(Continued)

Investor	Investee	Main Businesses	% of Ownership	
			December 31 2025	December 31 2024
Hon Chuan China	Kai Gang Industries Limited ("Kai Gang")	Overseas reinvested holding company	100	100
	Hon Hsing (Samoa) Holding Limited ("Samoa Hon Hsing")	Overseas reinvested holding company	100	100
Hon Chuan Asia	Hon Chuan (Thailand) Co., Ltd. ("Hon Chuan Thailand")	Manufacture and sale of plastic caps, metal lug caps and PET bottles	100	100
	PT Hon Chuan Indonesia ("Hon Chuan Indonesia")	Manufacture and sale of plastic caps, labels and PET bottles and beverage filling OEM services	100	100
	Hon Chuan (Myanmar) Co., Ltd. ("Hon Chuan Myanmar")	Manufacture and sale of plastic caps, PET bottles and LDPE membrane	80	80
	Hon Chuan Vietnam Co., Ltd. ("Hon Chuan Vietnam")	Manufacture and sale of plastic caps and PET bottles	100	100
	Honly Holding Co., Ltd. ("Samoa Honly")	Overseas reinvested holding company	100	100
	Honly International Co., Ltd. ("Honly")	Overseas reinvested holding company	49	49
	Hon Hua (Samoa) Holdings Limited ("Hon Hua")	Overseas reinvested holding company and international trade	60	60
	Hon Chia (Myanmar) Co., Ltd. ("Hon Chia Myanmar")	Manufacture and sale of plastic caps, PET bottles and labels	100	100
	Kai Gang	Hon Chuan Enterprise (Suzhou) Company Limited ("Suzhou Hon Chuan")	Manufacture and sale of various plastic caps, labels and PET film	100
Hon Chuan Food Packing (Qingxin) Co., Ltd. ("Qingxin Hon Chuan")		Manufacture and sale of various plastic caps, metal lug caps, labels, PET bottles and beverage filling OEM service	100	100
Hon Chuan Food Packing (Zhangzhou) Co., Ltd. ("Zhangzhou Hon Chuan")		Manufacture and sale of PET bottles and beverage filling OEM service	66.67	66.67
Hon Chuan Food Packing (Chuzhou) Co., Ltd. ("Chuzhou Hon Chuan")		Manufacture and sale of various plastic caps and PET bottles	35.6	50.1
Hon Chuan Food Packing (Xiantao) Co., Ltd. ("Xiantao Hon Chuan")		Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	100	100
Hon Chuan Food Packing (Luohe) Co., Ltd. ("Luohe Hon Chuan")		Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	100	100
Hon Chuan Food Packing (Quzhou) Co., Ltd. ("Quzhou Hon Chuan")		Manufacture and sale of various plastic caps and PET bottles	49.23	49.23
Samoa Hon Hsing		Suzhou Hongxin Food Packing Co., Ltd. ("Suzhou Hongxin")	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	100
	Hon Chuan Food Packing (Taiyuan) Co., Ltd. ("Taiyuan Hon Chuan")	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	100	100
	Hon Chuan Enterprise (Changsha) Co., Ltd. ("Changsha Hon Chuan")	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	100	100
	Hon Chuan Food Packing (Jinan) Co., Ltd. ("Jinan Hon Chuan")	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	100	100
	Chuzhou Hon Chuan	Manufacture and sale of various plastic caps and PET bottles	35.45	49.9
	Zhangzhou Hon Chuan	Manufacture and sale of PET bottles and beverage filling OEM service	33.33	33.33

(Continued)

Investor	Investee	Main Businesses	% of Ownership	
			December 31 2025	2024
Hon Chuan Thailand	Hon Chuan FD Packaging Co., Ltd. ("Hon Fu Thailand")	Manufacture and sale of labels and PET bottles	65	65
	Hon Shin (Thailand) Co., Ltd. ("Hon Shin Thailand")	Manufacture and sale of PET bottles and beverage filling OEM service	100	100
Samoa Honly	Honly Food & Beverage Co., Ltd. ("Honly Food")	Beverage filling	100	100
Hon Chuan Africa	Hon Shi (Samoa) Holdings Limited ("Hon Shi Samoa")	Overseas reinvested holding company	100	60
Hon Shi Samoa	Shimada International Limitada ("Shimada")	Manufacture and sale of plastic caps PET bottles and LDPE membrane	100	100
	Hon Shi Mozambique, Limitada ("Hon Shi Mozambique")	Manufacture and sale of plastic caps	100	100
Hon Hua	Uni Tun Co., Ltd. (Uni Tun)	Bottled water filling	100	100
Jinan Hon Chuan	Hon Chuan Packing Technology (Changshan) Co., Ltd. ("Changshan Hon Chuan")	Manufacture and sale of aluminum caps	100	100
	Quzhou Hon Chuan	Manufacture and sale of various plastic caps and PET bottles	50.77	50.77
Changsha Hon Chuan	Chuzhou Hon Chuan	Manufacture and sale of various plastic caps and PET bottles	28.95	-

(Concluded)

Hon Chuan China, 96.39%-owned subsidiary of Samoa Hon Chuan, primarily engaged in international investment and was originally incorporated in the Cayman Islands in January 2003. It subsequently re-domiciled to Samoa completing its registration in August 2025. Furthermore, in August 2025, Samoa Hon Chuan 's board of directors approved the acquisition of remaining non-controlling interests in Hon Chuan China bringing its shareholding to 100%.

Hon Chuan Africa and the non-controlling shareholders agreed that the latter would surrender their shares in Hon Shi Samoa for cancellation, making Hon Shi Samoa a wholly-owned subsidiary of Hon Chuan Africa.

Changsha Hon Chuan increased its investment in Chuzhou Hon Chuan by US\$9,799 thousand in cash in January 2025, reaching the 28.95% shareholding, while the shareholdings of Kai Gang and Samoa Hon Hsing were diluted to 35.60% and 35.45%, respectively.

Jinan Hon Chuan made successive cash capital increase in Changshan Hon Chuan totaling RMB 20,000 thousand from June 2024 to March 2025. The shareholding ratio remains unchanged after the capital increase.

Hon Chuan Thailand made successive cash capital increase in Hon Shin Thailand totaling THB 905,000 thousand from February to September 2025. The shareholding ratio remains unchanged after the capital increase.

The Corporation's board of directors approved the establishment of Hon Jeng Mozambique in March 2025.

The Corporation's board of directors approved the establishment of Hon Shin Thailand and Changshan Hon Chuan in March 2024.

The Corporation's board of directors approved to increase cash investment in Bon Trust by NT\$15,000 thousand on August 9, 2024, bringing its ownership to 99.96%, while the non-controlling interests was diluted to 0.04%.

Hon Hua reduced its capital by US\$700 thousand, US\$800 thousand, US\$1,000 thousand and US\$800 thousand in April and November 2025, April and September 2024, respectively, and its shareholding ratio remained unchanged after the capital reduction.

Jinan Hon Chuan increased cash investment in Quzhou Hon Chuan by RMB 70,000 thousand in September 2024, bringing its shareholding to 50.77% after the capital increase, while the shareholding of Kai Gang was diluted to 49.23%.

On August 9, 2024, the Corporation's board of the directors resolved Hon Chuan Asia to acquire 100% of the shares of Oji Myanmar Packing Company Limited at a consideration of US\$3,790 thousand and the name was changed to Hon Chia (Myanmar) Co., Ltd. The Group completed the transaction in August 2024. According to IFRS 3 "Business Combination", it was determined not a business and should be accounted for as an acquisition of assets. At the date of acquisition, the amount of the acquired assets and the liabilities assumed were US\$4,109 thousand and US\$319 thousand, respectively, the relevant net cash outflow from acquisition of subsidiaries was \$67,055 thousand.

Refer to Tables 7 and 8 for information on the nature of business for each subsidiary.

The Corporation has the practical ability to direct the relevant activities of Honly; therefore, the Corporation has control over Honly.

#### 14. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2025	2024
<u>Associates</u>		
Unlisted company		
Paean International Co., Ltd ("Paean Company")	\$ <u>10,358</u>	\$ <u>11,441</u>

At the end of the reporting period, the proportions of ownership and voting rights in associates held by the Group were as follows:

	<u>December 31</u>	
	2025	2024
<u>Name of Associates</u>		
Paean Company	23.08%	23.08%

#### Aggregate information of associates

	<u>For the Year Ended December 31</u>	
	2025	2024
The Group's share of:		
Loss from continuing operations	\$ <u>(605)</u>	\$ <u>(1,160)</u>

Refer to Table 7 for the nature of activities, principal place of business and countries of incorporation of the associates.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Beginning Balance	Acquisitions through Business Combinations	Additions	Disposals	Reclassified Amount	Effects of Foreign Currency Exchange Differences	Ending Balance
<u>For the Year Ended December 31, 2025</u>							
Cost							
Freehold land	\$ 916,712	\$ -	\$ 342,173	\$ -	\$ 9,528	\$ 22,039	\$ 1,290,452
Buildings	9,205,760	-	14,496	(13,865)	74,020	(40,211)	9,240,200
Equipment	23,209,634	-	610,780	(264,844)	1,774,937	(271,370)	25,059,137
Other equipment	13,661,219	-	340,087	(64,594)	863,176	(62,239)	14,737,649
Leased assets	-	-	133,420	-	-	-	133,420
Property under construction	<u>1,279,372</u>	<u>-</u>	<u>1,534,173</u>	<u>-</u>	<u>(52,867)</u>	<u>(54,335)</u>	<u>2,706,343</u>
	<u>48,272,697</u>	<u>\$ -</u>	<u>\$ 2,975,129</u>	<u>\$ (343,303)</u>	<u>\$ 2,668,794</u>	<u>\$ (406,116)</u>	<u>53,167,201</u>
Accumulated depreciation							
Buildings	3,502,213	\$ -	\$ 294,741	\$ (12,362)	\$ -	\$ 369	3,784,961
Equipment	15,590,127	-	1,182,545	(250,059)	-	(168,152)	16,354,461
Other equipment	<u>8,884,170</u>	<u>-</u>	<u>892,141</u>	<u>(62,812)</u>	<u>-</u>	<u>(22,753)</u>	<u>9,690,746</u>
	<u>27,976,510</u>	<u>\$ -</u>	<u>\$ 2,369,427</u>	<u>\$ (325,233)</u>	<u>\$ -</u>	<u>\$ (190,536)</u>	<u>29,830,168</u>
Accumulated impairment							
Buildings	187,262	\$ -	\$ -	\$ -	\$ -	\$ (7,739)	179,523
Equipment	58,661	-	4,440	-	-	(2,195)	60,906
Other equipment	<u>499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>479</u>
	<u>246,422</u>	<u>\$ -</u>	<u>\$ 4,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,954)</u>	<u>240,908</u>
	<u>\$20,049,765</u>						<u>\$23,096,125</u>
<u>For the Year Ended December 31, 2024</u>							
Cost							
Freehold land	\$ 885,674	\$ -	\$ 9,879	\$ -	\$ -	\$ 21,159	\$ 916,712
Buildings	7,579,664	203,294	118,675	(2,189)	1,114,553	191,763	9,205,760
Equipment	21,427,972	78,451	228,999	(555,549)	1,631,359	398,402	23,209,634
Other equipment	12,277,756	3,621	287,170	(186,052)	966,248	312,476	13,661,219
Property under construction	<u>1,621,296</u>	<u>-</u>	<u>1,253,686</u>	<u>-</u>	<u>(1,587,619)</u>	<u>(7,991)</u>	<u>1,279,372</u>
	<u>43,792,362</u>	<u>\$ 285,366</u>	<u>\$ 1,898,409</u>	<u>\$ (743,790)</u>	<u>\$ 2,124,541</u>	<u>\$ 915,809</u>	<u>48,272,697</u>
Accumulated depreciation							
Buildings	3,085,040	\$ 19,876	\$ 311,005	\$ (1,398)	\$ -	\$ 87,690	3,502,213
Equipment	14,439,671	20,832	1,229,354	(484,080)	-	384,350	15,590,127
Other equipment	<u>8,004,050</u>	<u>2,384</u>	<u>847,692</u>	<u>(172,000)</u>	<u>-</u>	<u>202,044</u>	<u>8,884,170</u>
	<u>25,528,761</u>	<u>\$ 43,092</u>	<u>\$ 2,388,051</u>	<u>\$ (657,478)</u>	<u>\$ -</u>	<u>\$ 674,084</u>	<u>27,976,510</u>
Accumulated impairment							
Buildings	-	\$ 183,418	\$ -	\$ -	\$ -	\$ 3,844	187,262
Equipment	568	57,619	-	(739)	-	1,213	58,661
Other equipment	<u>-</u>	<u>1,237</u>	<u>-</u>	<u>(748)</u>	<u>-</u>	<u>10</u>	<u>499</u>
	<u>\$ 568</u>	<u>\$ 242,274</u>	<u>\$ -</u>	<u>\$ (1,487)</u>	<u>\$ -</u>	<u>\$ 5,067</u>	<u>\$ 246,422</u>
	<u>\$18,263,033</u>						<u>\$20,049,765</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	10-60 years
Electrical power equipment	4-50 years
Other	4-50 years
Machinery equipment	2-22 years
Other equipment	2-25 years
Leased assets	10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 32.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	2025	2024
<u>Carrying amount</u>		
Land	\$ 1,533,409	\$ 1,656,644
Buildings	102,757	246,836
Other equipment	<u>1,538</u>	<u>1,136</u>
	<u>\$ 1,637,704</u>	<u>\$ 1,904,616</u>
	<u>For the Year Ended December 31</u>	
	2025	2024
Additions to right-of-use assets	<u>\$ 34,536</u>	<u>\$ 315,301</u>
Business combinations	<u>\$ -</u>	<u>\$ 76,911</u>
Depreciation charge for right-of-use assets		
Land	\$ 35,055	\$ 34,811
Buildings	63,407	73,985
Other equipment	<u>736</u>	<u>787</u>
	<u>\$ 99,198</u>	<u>\$ 109,583</u>

### b. Lease liabilities

	<u>December 31</u>	
	2025	2024
<u>Carrying amount</u>		
Current	<u>\$ 48,148</u>	<u>\$ 106,877</u>
Non-current	<u>\$ 433,092</u>	<u>\$ 571,056</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2025	2024
Land	1.18%-5.95%	1.18%-5.95%
Buildings	1.05%-8.36%	1.05%-8.36%
Other equipment	3.83%	1.18%-3.83%

### c. Material leasing activities and terms

The Group leases land for the use of plants, office spaces and warehouses with lease terms of 10 years from the Export Processing Zone Administration, MOEA of the ROC. Based on the lease, the variable lease payments are dependent on the Taiwan consumer price index of the year before the lease. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<b><u>For the Year Ended December 31</u></b>	
	<b>2025</b>	<b>2024</b>
Expenses relating to short-term leases	\$ 91,390	\$ 78,558
Total cash outflow for leases	<u>\$ (190,801)</u>	<u>\$ (181,723)</u>

The Group leases certain buildings, office equipment and transportation equipment that qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 17. INVESTMENT PROPERTIES

	<b>Building</b>
<u>Cost</u>	
Balance at January 1, 2025	\$ 329,841
Additions	<u>16,145</u>
Balance at December 31, 2025	<u>\$ 345,986</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2025	\$ 1,832
Depreciation expenses	<u>11,357</u>
Balance at December 31, 2025	<u>\$ 13,189</u>
Carrying amounts at December 31, 2025	<u>\$ 332,797</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ -
Additions	169,066
Transfers from property under construction	<u>160,775</u>
Balance at December 31, 2024	<u>\$ 329,841</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2024	\$ -
Depreciation expenses	<u>1,832</u>
Balance at December 31, 2024	<u>\$ 1,832</u>
Carrying amounts at December 31, 2024	<u>\$ 328,009</u>

The above items of investment property are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	30 years
Electrical power equipment	5-30 years

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property was not reliably measurable.

## 18. OTHER ASSETS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Office supplies	\$ 870,506	\$ 878,690
Prepaid expenses and prepayment for purchases	714,734	957,569
Refundable deposits	87,974	84,035
Other receivables	31,919	40,338
Restricted assets (Note 32)	1,664	9,403
Others	<u>521,150</u>	<u>253,468</u>
	<u>\$ 2,227,947</u>	<u>\$ 2,223,503</u>
Current	\$ 2,127,166	\$ 2,118,953
Non-current	<u>100,781</u>	<u>104,550</u>
	<u>\$ 2,227,947</u>	<u>\$ 2,223,503</u>

The movements of the loss allowance of other receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 112,112	\$ 105,378
Allowance (Reversal) of impairment loss	(46,435)	995
Amounts written off	(31,631)	(712)
Foreign exchange gains (losses)	<u>(3,476)</u>	<u>6,451</u>
Balance at December 31	<u>\$ 30,570</u>	<u>\$ 112,112</u>

Restricted assets pledged as collateral for bank borrowings were set out in Note 32.

## 19. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 2,541,016	\$ 5,778,091
Loans for purchasing raw materials	<u>14,859</u>	<u>3,030</u>
	<u>\$ 2,555,875</u>	<u>\$ 5,781,121</u>
<u>Rate of interest per annum (%)</u>		
Line of credit borrowings	1.75-5.68	1.74-5.11
Loans for purchasing raw materials	1.87-4.75	1.80

b. Short-term bills payable

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Commercial paper	<u>\$ 4,800,000</u>	<u>\$ 1,700,000</u>
<u>Rate of interest per annum (%)</u>		
Commercial paper	1.65-1.75	1.89-1.96

c. Long-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Line of credit borrowings	\$ 7,628,408	\$ 4,170,664
Mortgage borrowings	598,131	-
Less: Current portion	(234,978)	(729,016)
Discounts on government grants (Note 28)	<u>-</u>	<u>(990)</u>
Long-term borrowings	<u>\$ 7,991,561</u>	<u>\$ 3,440,658</u>
<u>Rate of interest per annum (%)</u>		
Line of credit borrowings	0.72-4.88	0.72-6.63
Mortgage borrowings	2.58-2.68	-
<u>Maturity Date</u>		
Line of credit borrowings	2026.03.31- 2030.01.22	2025.01.03- 2029.01.11
Mortgage borrowings	2032.08.13- 2032.09.11	-

The above current portion of long-term borrowings includes discounts on government grants of \$990 thousand and \$5,699 thousand for the year ended December 31, 2025 and 2024, respectively.

**20. BONDS PAYABLE**

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Unsecured domestic convertible bonds (a)	\$ 3,999,900	\$ 4,000,000
Unsecured domestic bonds (b)	3,000,000	3,000,000
Less: Current portion	(2,999,028)	-
Less: Bonds discount	<u>(296,308)</u>	<u>(370,936)</u>
	<u>\$ 3,704,564</u>	<u>\$ 6,629,064</u>

a. Unsecured domestic convertible bonds

The Group issued 40,000 units of domestic unsecured convertible bonds at a principal amount of \$100 thousand with an issue price of 101% of the principal amount and 0% coupon rate for a total amount of \$4,092,085 thousand on October 29, 2024. The bond has a maturity of 5 years, from the issue date of October 29, 2024 to October 29, 2029.

In accordance with the terms and conditions governing the issuance and conversion of the convertible bonds, the original conversion price was \$167.7 per share. However, if cash dividends are distributed on common shares, the conversion price shall be adjusted in accordance with the prescribed conversion price adjustment formula. As the Company has distributed cash dividends in prior periods, the conversion price will be adjusted to \$161.2 per share, effective July 8, 2025. The conversion period from January 30, 2025 to October 29, 2029. Bonds held until maturity would be redeemed in cash at the principal amount. Other major clauses are as follows:

1) Put option of the bondholders

Bondholders may request the Group to redeem the convertible bonds three years after the issue date (i.e., the put date is October 29, 2027) at the principal amount. Upon such request, the Group shall redeem the bonds in cash.

2) Redemption right of the Group

Between the day immediately following 3 months from the issue date (i.e., January 30, 2025) and 40 days prior to the maturity date (i.e., September 19, 2029), the Group may redeem the outstanding convertible bonds in cash at the principal amount in accordance with the relevant rules when the closing price of the Group's ordinary shares exceeds the conversion price at that time by 30% (inclusive) for a period of thirty consecutive trading days or when the balance of the outstanding bonds is less than 10% of the issue amount.

The convertible bonds contain a liability component and an equity component. The equity component is presented as capital surplus - stock options. For liability component, the effective interest rate at initial recognition is 2.007%. Derivatives from the redemption right and put option are recognized as financial liabilities at fair value through profit or loss - current and financial asset at fair value through profit or loss - current at the net amount at the net amount, respectively.

Proceeds from issuance (net of transaction costs of \$2,710 thousand)	\$ 4,089,375
Equity component (net of transaction costs allocated to the equity component of \$295 thousand)	(440,990)
Derivative from the redemption right and put option	<u>(30,000)</u>
Liability component at the date of issue (net of transaction costs allocated to the liability component of \$2,415 thousand)	3,618,385
Interest Calculated using an effective interest rate of 2.007%	<u>12,721</u>
Liability component at December 31, 2024	<u>\$ 3,631,106</u>
Interest calculated using an effective interest rate of 2.007%	73,550
Conversion of corporate bonds payable to common stock	<u>(92)</u>
Liability component at December 31, 2025	<u>\$ 3,704,564</u>

b. Unsecured domestic bonds

On November 26, 2021, the Group issued five-year unsecured domestic bonds for a total of \$3,000,000 thousand with a coupon rate of 0.75% and an effective interest rate of 0.7862%. The principal is repayable in cash upon maturity on November 26, 2026.

## 21. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Payables for purchases of equipment	\$ 640,556	\$ 627,627
Payables for salaries	416,499	420,223
Contract liabilities	94,948	197,579
Payables for bonus to employees	54,746	59,704
Payables for annual leave	35,683	33,622
Payables for remuneration of directors	22,729	23,830
Others	<u>549,246</u>	<u>722,786</u>
	<u>\$ 1,814,407</u>	<u>\$ 2,085,371</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China, Vietnam and Malaysia are members of state-managed retirement benefit plans operated by their respective governments. Each subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

The defined benefit plans adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

Hon Chuan Indonesia, Hon Chuan Thailand and Hon Fu Thailand also adopted the defined benefit plan in accordance with their local regulations.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Present value of defined benefit obligation	\$ 189,551	\$ 186,725
Fair value of plan assets	<u>(187,217)</u>	<u>(178,298)</u>
Net defined benefit liabilities	<u>\$ 2,334</u>	<u>\$ 8,427</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2024	\$ <u>173,709</u>	\$ <u>(158,568)</u>	\$ <u>15,141</u>
Service cost			
Current service cost	4,837	-	4,837
Net interest expense (income)	<u>3,051</u>	<u>(2,148)</u>	<u>903</u>
Recognized in profit or loss	<u>7,888</u>	<u>(2,148)</u>	<u>5,740</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,926)	(13,926)
Actuarial gain - changes in demographic assumptions	(420)	-	(420)
Actuarial loss - changes in financial assumptions	3,128	-	3,128
Actuarial loss - experience adjustments	<u>2,362</u>	<u>-</u>	<u>2,362</u>
Recognized in other comprehensive income	<u>5,070</u>	<u>(13,926)</u>	<u>(8,856)</u>
Contributions from the employer	-	(5,960)	(5,960)
Benefits paid	(2,304)	2,304	-
Exchange differences on foreign plans	<u>2,362</u>	<u>-</u>	<u>2,362</u>
Balance at December 31, 2024	\$ <u>186,725</u>	\$ <u>(178,298)</u>	\$ <u>8,427</u>
Service cost			
Current service cost	\$ 7,008	\$ -	\$ 7,008
Net interest expense (income)	<u>3,731</u>	<u>(2,896)</u>	<u>835</u>
Recognized in profit or loss	<u>10,739</u>	<u>(2,896)</u>	<u>7,843</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,240)	(12,240)
Actuarial loss - changes in financial assumptions	2,876	-	2,876
Actuarial gain - experience adjustments	<u>(615)</u>	<u>-</u>	<u>(615)</u>
Recognized in other comprehensive income	<u>2,261</u>	<u>(12,240)</u>	<u>(9,979)</u>
Contributions from the employer	-	(3,417)	(3,417)
Benefits paid	(9,634)	9,634	-
Exchange differences on foreign plans	<u>(540)</u>	<u>-</u>	<u>(540)</u>
Balance at December 31, 2025	\$ <u>189,551</u>	\$ <u>(187,217)</u>	\$ <u>2,334</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rate(s)		
The Corporation	1.30%	1.60%
Hon Chuan Indonesia	6.86%	7.14%
Hon Chuan Thailand	3.04%	3.04%
Hon Fu Thailand	1.94%	2.96%
Expected rate(s) of salary increase		
The Corporation	1.875%	1.875%
Hon Chuan Indonesia	8.00%	8.00%
Hon Chuan Thailand	4.00%	4.00%
Hon Fu Thailand	4.00%	4.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>The Corporation</u>		
Discount rate		
0.25% increase	\$ (1,841)	\$ (1,955)
0.25% decrease	\$ 1,889	\$ 2,007
Expected rate of salary increase/decrease		
0.25% increase	\$ 1,826	\$ 1,941
0.25% decrease	\$ (1,788)	\$ (1,900)

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Hon Chuan Indonesia</u>		
Discount rate		
0.25% increase	\$ (744)	\$ (654)
0.25% decrease	\$ 866	\$ 764
Expected rate of salary increase/decrease		
0.25% increase	\$ 844	\$ 746
0.25% decrease	\$ (739)	\$ (652)
<u>Hon Chuan Thailand</u>		
Discount rate		
0.25% increase	\$ (557)	\$ (531)
0.25% decrease	\$ 661	\$ 612
Expected rate of salary increase/decrease		
0.25% increase	\$ 721	\$ 607
0.25% decrease	\$ (632)	\$ (533)
<u>Hon Fu Thailand</u>		
Discount rate		
0.25% increase	\$ (108)	\$ (96)
0.25% decrease	\$ 124	\$ 109
Expected rate of salary increase/decrease		
0.25% increase	\$ 120	\$ 134
0.25% decrease	\$ (119)	\$ (118)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Expected contributions to the plans for the next year	\$ 4,133	\$ 7,482
Average duration of the defined benefit obligation		
The Corporation	7 years	7 years
Hon Chuan Indonesia	21 years	21 years
Hon Chuan Thailand	14 years	14 years
Hon Fu Thailand	12 years	12 years

## 23. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Shares authorized (in thousands of shares)	<u>350,000</u>	<u>350,000</u>
Shares authorized	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>295,786</u>	<u>295,786</u>
Shares issued	<u>\$ 2,957,865</u>	<u>\$ 2,957,859</u>

As of the end of the reporting period, \$5,960 in convertible corporate bonds issued by the Corporation have been converted into 596 shares of common stock, with the registration finalized on August 21, 2025.

### b. Capital surplus

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Arising from issuance of common shares (1)	\$ 6,050,278	\$ 6,050,181
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (1)	333,557	312,739
Recognition of equity component of convertible bonds (2)	440,979	440,990
Other (3)	<u>840</u>	<u>7</u>
	<u>\$ 6,825,654</u>	<u>\$ 6,803,917</u>

1) The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares) and the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's paid-in capital and to once a year).

2) Recognition of equity component from issuance of convertible bonds may not be used for any purpose.

3) Such capital surplus may be used to offset a deficit.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Corporation made a profit after tax in a fiscal year, the profit shall be first utilized for offsetting cumulative losses, setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, please refer to compensation of employees and remuneration of directors in Note 24-d.

The dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholder's meeting.

The dividends policy of the Corporation shall be made according to the Corporation's current and future plan, considering investment environment, fund requirements, overall competition and taking into account the interests of shareholders. The Corporation may appropriate more than 30% of net profits of current year for dividends to shareholders. However, when accumulated unappropriated earnings are less than 10% of capital, the Corporation may decide not to distribute dividend.

The shareholders' dividends shall be distributed in the form of cash dividends or share dividends. More than (or equal to) 50% of the total amount of shareholders' dividends shall be in the form of cash dividends.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of cash dividends per share for 2024 and 2023 were as follows:

	<u>Appropriation of Earnings</u> <u>For the Year Ended December 31</u>		<u>Dividends Per Share</u> <u>(NT\$)</u>	
			<u>For the Year Ended</u> <u>December 31</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Legal reserve	\$ 284,076	\$ 246,989		
Special reserve (reversed)	(904,248)	258,410		
Cash dividends	1,833,872	1,539,654	\$6.20	\$5.35

The Corporation's Board of Directors resolved the appropriation of earnings as cash dividends on March 7, 2025, and March 8, 2024. The other proposed appropriations were resolved at the shareholders' meeting on May 31, 2024, and are expected to be resolved on May 29, 2025.

The appropriation of earnings for 2025, which was proposed/resolved by the Corporation's board of directors on March 6, 2026, was as follows:

	<u>Appropriation</u> <u>of Earnings</u>	<u>Dividends Per</u> <u>Share (NT\$)</u>
<u>Proposed</u>		
Legal reserve	\$ 269,919	
Special reserve	254,675	
<u>Resolved</u>		
Cash dividends	1,833,876	\$ 6.20

The appropriation of earnings as cash dividends as listed above had been resolved by the Corporation's board of directors; the other proposed appropriations will be resolved at the shareholders' meeting on May 29, 2026.

d. Special reserves

The increase in retained earnings that resulted from all IFRS Accounting Standards adjustments was not enough for this appropriation; therefore, the Corporation appropriated to the special reserve an amount of \$352,668 thousand, the increase in retained earnings that resulted from all IFRS Accounting Standards adjustments on transitions to IFRS Accounting Standards.

Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS Accounting Standards. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

## 24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations includes the following items:

a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Loss on valuation of financial assets and liabilities at FVTPL	\$ (24,323)	\$ (492)
Gain (loss) on disposal of property, plant and equipment	7,957	(20,111)
Loss recognized on associates accounted for using the equity method	(605)	(1,160)
Miscellaneous income	182,303	237,669
Miscellaneous expense	<u>(35,768)</u>	<u>(21,856)</u>
	<u>\$ 129,564</u>	<u>\$ 194,050</u>

b. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest on bank loans	\$ 264,023	\$ 264,753
Interest on corporate bonds	97,118	36,282
Interest on lease liabilities	10,260	15,462
Other finance costs (Note 28)	<u>5,699</u>	<u>11,426</u>
	<u>\$ 377,100</u>	<u>\$ 327,923</u>

c. Employee benefits expense, depreciation and amortization expenses

	<b>For the Year Ended December 31, 2025</b>			
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses</b>	<b>Total</b>
Employee benefits expense				
Payroll expense	\$ 1,818,614	\$ 729,054	\$ -	\$ 2,547,668
Labor and health insurance expense	103,006	89,834	-	192,840
Pension expense (Note 22)	37,430	83,377	-	120,807
Other employee benefits expense	25,753	63,460	-	89,213
Remuneration of directors	-	22,729	-	22,729
Depreciation expenses	2,238,082	230,543	11,357	2,479,982
Amortization expenses	27,032	3,964	-	30,996

	<b>For the Year Ended December 31, 2024</b>			
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses</b>	<b>Total</b>
Employee benefits expense				
Payroll expense	\$ 1,762,164	\$ 747,476	\$ -	\$ 2,509,640
Labor and health insurance expense	95,544	83,784	-	179,328
Pension expense (Note 22)	34,050	75,739	-	109,789
Other employee benefits expense	23,743	57,716	-	81,459
Remuneration of directors	-	23,830	-	23,830
Depreciation expenses	2,248,885	248,749	1,832	2,499,466
Amortization expenses	27,556	4,023	-	31,579

d. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate that non-executive employees shall receive a minimum of 20% of the total employee compensation distributed for the year.

The compensation of employees and remuneration of directors for the years ended December 31, 2025 and 2024 which have been approved by the Corporation's board of directors on March 6, 2026 and March 7, 2025, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2025</b>		<b>2024</b>	
	<b>%</b>	<b>Cash</b>	<b>%</b>	<b>Cash</b>
Compensation of employees	1.89%	\$ 54,636	1.96%	\$ 59,592
Remuneration of directors	0.78%	22,729	0.78%	23,830

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors in 2026 and 2025 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 25. INCOME TAXES

### a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax		
In respect of the current year	\$ 675,309	\$ 692,945
Adjustments for prior year	<u>26,571</u>	<u>28,173</u>
	<u>701,880</u>	<u>721,118</u>
Deferred tax		
In respect of the current year	(11,662)	(27,659)
Adjustments for prior year	42,498	(8,075)
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>6,008</u>
	<u>30,836</u>	<u>(29,726)</u>
Income tax expense recognized in profit or loss	<u>\$ 732,716</u>	<u>\$ 691,392</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Income tax expense calculated at the statutory rate	\$ 1,233,747	\$ 1,213,490
Nondeductible expenses in determining taxable income	23,987	3,998
Tax-exempt income	(91,780)	(55,027)
Unrecognized deductible temporary differences	(478,629)	(475,058)
Effect of tax rate changes	-	6,008
Deductible items in determining taxable income	(23,678)	(22,117)
Adjustments for prior years' tax	<u>69,069</u>	<u>20,098</u>
Income tax expense recognized in profit or loss	<u>\$ 732,716</u>	<u>\$ 691,392</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Deferred tax		
In respect of current year		
- Remeasurement of defined benefit plans	<u>\$ (1,978)</u>	<u>\$ (1,766)</u>

c. Deferred tax assets and liabilities

	For the Year Ended December 31, 2025				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Tax losses	\$ 239,834	\$ (40,265)	\$ -	\$ (551)	\$ 199,018
Defined benefit obligation	5,753	740	199	(414)	6,278
Allowance for impairment loss of write-down of inventories	8,806	1,505	-	(90)	10,221
Others	<u>42,075</u>	<u>3,011</u>	<u>-</u>	<u>(2,481)</u>	<u>42,605</u>
	<u>\$ 296,468</u>	<u>\$ (35,009)</u>	<u>\$ 199</u>	<u>\$ (3,536)</u>	<u>\$ 258,122</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Reserve for land value increment tax	\$ 24,283	\$ -	\$ -	\$ -	\$ 24,283
Defined benefit obligation	8,864	623	2,177	-	11,664
Others	<u>45,591</u>	<u>(4,796)</u>	<u>-</u>	<u>1,957</u>	<u>42,752</u>
	<u>\$ 78,738</u>	<u>\$ (4,173)</u>	<u>\$ 2,177</u>	<u>\$ 1,957</u>	<u>\$ 78,699</u>

	For the Year Ended December 31, 2024				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Tax losses	\$ 223,674	\$ 8,745	\$ -	\$ 7,415	\$ 239,834
Defined benefit obligation	3,448	2,147	59	99	5,753
Allowance for impairment loss of write-down of inventories	7,721	922	-	163	8,806
Others	<u>33,659</u>	<u>7,403</u>	<u>-</u>	<u>1,013</u>	<u>42,075</u>
	<u>\$ 268,502</u>	<u>\$ 19,217</u>	<u>\$ 59</u>	<u>\$ 8,690</u>	<u>\$ 296,468</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Reserve for land value increment tax	\$ 24,283	\$ -	\$ -	\$ -	\$ 24,283
Defined benefit obligation	5,898	1,141	1,825	-	8,864
Others	<u>53,148</u>	<u>(11,650)</u>	<u>-</u>	<u>4,093</u>	<u>45,591</u>
	<u>\$ 83,329</u>	<u>\$ (10,509)</u>	<u>\$ 1,825</u>	<u>\$ 4,093</u>	<u>\$ 78,738</u>

- d. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$2,446,936 thousand and \$2,054,579 thousand, respectively.

e. Information about unused loss carryforwards and tax-exemptions

Investee	Unused Amount	Expiry Year
Suzhou Hongxin	\$ 831,064	2025-2030
Suzhou Hon Chuan	63,210	2026-2030
Luohe Hon Chuan	15,898	2029-2030
Xiantao Hon Chuan	13,586	2027-2029
Changshan Hon Chuan	<u>8,629</u>	2029-2030
	<u>\$ 932,387</u>	

Pursuant to local regulations, the loss carryforwards arising from Suzhou Hon Chuan, Suzhou Hongxin, Luohe Hon Chuan, Xiantao Hon Chuan and Changshan Hon Chuan as of December 31, 2025, are available to be offset against future taxable income.

f. Income tax assessments

Income tax returns of the Corporation through 2023 have been assessed by the tax authorities.

g. Pillar Two income tax legislation

Kai Gang, Hon Chuan Thailand, Hon Fu Thailand, Hon Shin Thailand, Hon Chuan Malaysia, Hon Chuan Vietnam and Hon Chuan Indonesia were incorporated in Hong Kong, Thailand, Malaysia, Vietnam and Indonesia, respectively, where The Pillar Two income tax legislation has taken effect. Pursuant to the Pillar Two framework, subsidiaries operating in aforementioned jurisdictions with an effective tax rate under 15% may incur a top-up tax liability. Such taxes are either levied directly on the subsidiaries, or collected at the Ultimate Parent Entity level under the Income Inclusion Rule (IIR), or allocated across other sister jurisdictions via the Undertaxed Profits Rule (UTPR). Nevertheless, since the Group's operations in these countries satisfy the Safe Harbor criteria, no Pillar Two tax liabilities have been recognized in the current period.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

## 26. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the year ended December 31, 2025</u>			
Basic earnings per share			
Net profit attributable to owners of the Corporation	\$ 2,691,189	295,786	<u>\$ 9.10</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>516</u>	
Diluted earnings per share			
Net profit attributable to owners of the Corporation adding effect of potentially dilutive ordinary shares	<u>\$ 2,691,189</u>	<u>296,302</u>	<u>\$ 9.08</u>

	<b>Net Profit Attributable to Owners of the Corporation</b>	<b>Number of Shares (In Thousands)</b>	<b>Earnings Per Share (NT\$)</b>
<u>For the year ended December 31, 2024</u>			
Basic earnings per share			
Net profit attributable to owners of the Corporation	\$ 2,833,665	289,185	<u>\$ 9.80</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>                    -</u>	<u>                    467</u>	
Diluted earnings per share			
Net profit attributable to owners of the Corporation adding effect of potentially dilutive ordinary shares	<u>\$ 2,833,665</u>	<u>                    289,652</u>	<u>\$ 9.78</u>

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

If the outstanding convertible bonds issued by the Group are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

## 27. SHARE-BASED PAYMENT ARRANGEMENTS

### Issuance of shares from cash capital increase reserved for employee subscription

On August 9, 2024, the Corporation's board of directors resolved to issue ordinary shares for cash and reserved 800 thousand shares for employee subscription in accordance with the Company Act.

On October 7, 2024, Black-Scholes pricing model was used for the issuance of shares from cash capital increase reserved for employee subscription, and the inputs to the model were as follows:

	<b>October 7, 2024</b>
Grant-date share price (NT\$)	163.5
Exercise price (NT\$)	133
Expected volatility (%)	25.78
Expected life (in years)	0.049
Risk-free interest rate (%)	1.2496

The Corporation recognized a compensation cost of \$24,464 thousand under the above share-based payment arrangement for the year ended December 31, 2024.

## 28. GOVERNMENT GRANTS

Except as disclosed in other notes, the following government grants were received by the Group:

As of December 31, 2025, according to the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” made by the government, the Corporation borrowed \$3,270,237 thousand from the National Development Fund with a preferential interest rate for its operation and purchase of equipment. The loan is expected to be settled within 5 to 7 years in equal installments. Using the prevailing market interest rates of 0.85%-1.97% for an equivalent loan, the fair value of the loan was estimated at \$3,179,875 thousand on initial recognition. The difference of \$90,362 thousand between the proceeds and the fair value of the loan is viewed as the government grants derived from an interest-free loan and is recognized as deferred revenue, which will be subsequently transferred to profit or loss over time. For the year ended December 31, 2025 and 2024, the amount recognized in other revenue was \$12,928 thousand and \$15,842 thousand, respectively, and interest expense recognized on this loan was \$5,699 thousand and \$11,426 thousand, respectively.

If the Corporation fails to comply the loan regulations, and the National Development Fund terminates the grants, the Corporation will pay the loan with the original agreed interest rate plus the annual interest rate.

## 29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2025</u>				
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 1,577	\$ -	\$ 1,577
Redemption rights of domestic convertible bonds	-	400	-	400
Domestic limited partnership fund	-	-	127,073	127,073
	<u>\$ -</u>	<u>\$ 1,977</u>	<u>\$ 127,073</u>	<u>\$ 129,050</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2025</u>				
Financial liabilities at FVTPL				
Put options of domestic convertible bonds	\$ <u>-</u>	\$ <u>46,399</u>	\$ <u>-</u>	\$ <u>46,399</u>
Financial assets at FVTOCI				
Equity instruments				
Foreign listed shares	\$ 212,080	\$ -	\$ -	\$ 212,080
Unlisted shares	<u>-</u>	<u>-</u>	<u>6,686</u>	<u>6,686</u>
	<u>\$ 212,080</u>	<u>\$ -</u>	<u>\$ 6,686</u>	<u>\$ 218,766</u>
<u>December 31, 2024</u>				
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 859	\$ -	\$ 859
Redemption rights of domestic convertible bonds	-	1,600	-	1,600
Domestic limited partnership fund	<u>-</u>	<u>-</u>	<u>63,795</u>	<u>63,795</u>
	<u>\$ -</u>	<u>\$ 2,459</u>	<u>\$ 63,795</u>	<u>\$ 66,254</u>
Financial liabilities at FVTPL				
Exchange rate swap contracts	\$ -	\$ 5,147	\$ -	\$ 5,147
Put options of domestic convertible bonds	<u>-</u>	<u>38,000</u>	<u>-</u>	<u>38,000</u>
	<u>\$ -</u>	<u>\$ 43,147</u>	<u>\$ -</u>	<u>\$ 43,147</u>
Financial assets at FVTOCI				
Equity instruments				
Foreign listed shares	\$ 14,146	\$ -	\$ -	\$ 14,146
Unlisted shares	<u>-</u>	<u>-</u>	<u>17,694</u>	<u>17,694</u>
	<u>\$ 14,146</u>	<u>\$ -</u>	<u>\$ 17,694</u>	<u>\$ 31,840</u>

(Concluded)

There were no transfers between Level 1 and 2 in the current and prior years.

2) Valuation techniques and assumptions applied for fair value measurement

- a) The fair value of financial instruments with standard terms and conditions that are traded in an active market, including listed shares and emerging market shares, is determined based on the market price.
- b) The fair values of foreign exchange forward contracts and exchange rate swap contracts are determined using the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

- c) Redemption right and put option of convertible bonds are valued using binomial tree pricing model of convertible bonds. Pricing is based on the volatility of conversion price, risk-free interest rate, risk discount rate and the number of years to maturity.
- d) The unlisted equity investments at fair value through other comprehensive income are all measured at Level 3. The fair values of unlisted equity investments are determined using price-to-book ratio approach. In this approach, according to the financial information of the companies, both net book value per share calculated and share price estimated by comparing share price or P/E ratio with similar companies were used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.
- e) The domestic limited partner funds held by the Group were valued using the asset-based approach and were based on the net asset value measured at fair value and the investment agreement.
- 3) Adjustments of Level 3 fair value measurements of financial instruments

2025

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Debt Instruments	Equity Instruments
Beginning at January 1	\$ 63,795	\$ 17,694
Recognized in profit or loss (unrealized valuation gains or losses on debt instruments measured at fair value through profit or loss)	1,678	-
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	(2,363)
Purchases	61,600	-
Reclassification	-	(8,645)
Balance at December 31	<u>\$ 127,073</u>	<u>\$ 6,686</u>

2024

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Debt Instruments	Equity Instruments
Beginning at January 1	\$ 35,022	\$ 17,792
Recognized in profit or loss (unrealized valuation gains or losses on debt instruments measured at fair value through profit or loss)	(3,387)	-
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	(98)
Purchases	<u>32,160</u>	-
Balance at December 31	<u>\$ 63,795</u>	<u>\$ 17,694</u>

The carrying amounts of the Group's financial assets and liabilities that are not measured at fair value approximated their fair values.

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 129,050	\$ 66,254
Financial assets at amortized cost		
Cash and cash equivalents	3,922,004	4,847,741
Financial assets at amortized cost	1,832,350	591,993
Notes receivable and trade receivables	4,925,161	5,069,743
Financial assets at fair value through other comprehensive income - equity investments	218,766	31,840
Other receivables	31,919	40,338
Refundable deposits	87,974	84,035
<u>Financial liabilities</u>		
Mandatorily classified as at FVTPL	46,399	43,147
Amortized cost		
Short-term borrowings	2,555,875	5,781,121
Short-term bills payable	4,800,000	1,700,000
Notes payable and trade payables	1,145,020	1,334,726
Bonds payable (including current portion)	6,703,592	6,629,064
Long-term borrowings (including current portion)	8,226,539	4,169,674
Other payables	1,189,802	1,350,413
Guarantee deposits received	61,958	30,248

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings and bonds payable. The Group's corporate treasury function identifies and assesses the risks and manages market uncertainties with the objective of reducing the potentially adverse effects that market fluctuations may have on its financial performance. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's corporate treasury function evaluates, on a quarterly basis, whether the use of financial derivatives is governed by the Group's policies that were approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

### Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts. The use of financial derivatives would reduce the influence of foreign exchange risk but could not completely eliminate the risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

### Sensitivity analysis

The Group is mainly exposed to the USD and EUR.

The Group's sensitivity to a 1% increase and decrease in NTD (the functional currency) against the relevant foreign currencies represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items. The sensitivity analysis included external borrowings as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. Assuming a 1% strengthening in the NTD against the USD, the pre-tax profit for the years ended December 31, 2025 and 2024 would have increased by \$1,902 thousand and decreased by \$662 thousand, respectively. Assuming a 1% strengthening in the NTD against the EUR, the pre-tax profit for the years ended December 31, 2025 and 2024 would have increased by \$4,282 thousand and \$1,433 thousand, respectively.

### Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Fair value interest rate risk		
Financial assets	\$ 3,208,088	\$ 1,430,767
Financial liabilities	11,984,832	9,006,997
Cash flow interest rate risk		
Financial assets	2,082,496	3,731,073
Financial liabilities	10,782,414	9,950,795

### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.125% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been raised by 0.125% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2025 and 2024 would decrease by \$10,875 thousand and \$7,775 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, is arising from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Trade receivables consist of a large number of customers, which spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of trade receivables. The Group's concentrations of credit risk regarding top 5 customers were 42% and 41%, respectively, in total trade receivables as of December 31, 2025 and 2024. No other concentration of credit risk was observed.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Corporation had available unutilized short-term bank loan facilities of \$22,893,636 thousand and \$24,866,817 thousand, respectively.

The following table has been drawn up based on the undiscounted cash flows of financial liabilities from the due date.

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>December 31, 2025</u>			
Non-derivative financial liabilities			
Borrowings	\$ 2,790,853	\$ 7,991,561	\$ -
Short-term bills payable	4,800,000	-	-
Non-interest bearing liabilities	1,145,020	-	-
Bonds payable	2,999,028	3,704,564	-
Lease liabilities	<u>53,203</u>	<u>168,122</u>	<u>349,634</u>
	<u>\$ 11,788,104</u>	<u>\$ 11,864,247</u>	<u>\$ 349,634</u>

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>December 31, 2024</u>			
Non-derivative financial liabilities			
Borrowings	\$ 6,510,137	\$ 3,440,658	\$ -
Short-term bills payable	1,700,000	-	-
Non-interest bearing liabilities	1,334,726	-	-
Bonds payable	-	6,629,064	-
Lease liabilities	<u>120,723</u>	<u>277,483</u>	<u>396,368</u>
	<u>\$ 9,665,586</u>	<u>\$ 10,347,205</u>	<u>\$ 396,368</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
<u>December 31, 2025</u>						
Lease liabilities	<u>\$ 53,203</u>	<u>\$ 168,122</u>	<u>\$ 91,788</u>	<u>\$ 93,366</u>	<u>\$ 66,580</u>	<u>\$ 97,900</u>
<u>December 31, 2024</u>						
Lease liabilities	<u>\$ 120,723</u>	<u>\$ 277,483</u>	<u>\$ 101,090</u>	<u>\$ 99,219</u>	<u>\$ 78,404</u>	<u>\$ 117,655</u>

### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Food and Drinks Public Company Limited	Others

b. Sales of goods

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Net sales		
Others	<u>\$ 2,350</u>	<u>\$ 5,830</u>
Rental expenses (recorded under manufacturing or operation expenses)		
Others	<u>\$ 3,782</u>	<u>\$ 3,636</u>

The price of sales to related parties and collection terms approximated those for third parties.

The Corporation has leased warehouse from related parties. The rent is based on the rates of neighboring properties and paid monthly.

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Trade receivables		
Others	\$ <u>430</u>	\$ <u>391</u>
Other payables (recognized as other current liabilities)		
Others	\$ <u>342</u>	\$ <u>329</u>
c. Remuneration of key management personnel		

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 94,919	\$ 86,531
Post-employment benefits	<u>(209)</u>	<u>(119)</u>
	<u>\$ 94,710</u>	<u>\$ 86,412</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Property, plant and equipment	\$ 1,896,752	\$ 104,028
Restricted assets (recognized as other current assets)	<u>1,664</u>	<u>9,403</u>
	<u>\$ 1,898,416</u>	<u>\$ 113,431</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2025 and 2024 were as follows:

- a. As of December 31, 2025 and 2024, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$102,622 thousand and \$107,728 thousand, respectively.
- b. Unrecognized commitments were as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Acquisition of property, plant and equipment	\$ <u>2,022,538</u>	\$ <u>4,588,001</u>

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group, and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2025			2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets of monetary items</u>						
USD	\$ 17,965	31.43	\$ 564,640	\$ 18,018	32.79	\$ 590,810
EUR	656	36.90	24,206	8,546	34.14	291,760
<u>Financial liabilities of monetary items</u>						
USD	24,018	31.43	754,886	15,998	32.79	524,574
EUR	12,260	36.90	452,394	12,745	34.14	435,114

For the years ended December 31, 2025 and 2024, realized and unrealized foreign exchange gains (losses) were \$(57,263) thousand and \$116,855 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) on each significant foreign currency there were many foreign currency transactions and the Group entities had different functional currencies.

### 35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 6) Intercompany relationships and significant intercompany transactions. (Table 6)
- 7) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
  - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)
  - The amount of property transactions and the amount of the resultant gains or losses. (None)
  - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 2)
  - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
  - Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)

### 36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Domestic - Manufacture and sale in Taiwan.
- Foreign - Manufacture and sale in countries other than Taiwan.

#### a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Domestic	Foreign Subsidiaries	Adjustment and Elimination	Total
<u>For the Year ended December 31, 2025</u>				
Revenue from external customers	\$ 10,114,445	\$ 18,762,421	\$ -	\$ 28,876,866
Inter-segment revenue	<u>87,572</u>	<u>12,239</u>	<u>(99,811)</u>	-
Segment revenue	<u>\$ 10,202,017</u>	<u>\$ 18,774,660</u>	<u>\$ (99,811)</u>	<u>\$ 28,876,866</u>
Segment income	<u>\$ 697,111</u>	<u>\$ 3,059,710</u>		\$ 3,756,821
Other gains and losses				129,564
Financial costs				(377,100)
Interest income				97,950
Foreign exchange loss				<u>(57,263)</u>
Profit before tax				<u>\$ 3,549,972</u>

	Domestic	Foreign Subsidiaries	Adjustment and Elimination	Total
<u>For the Year ended December 31, 2024</u>				
Revenue from external customers	\$ 10,074,884	\$ 18,333,280	\$ -	\$ 28,408,164
Inter-segment revenue	<u>75,717</u>	<u>33,719</u>	<u>(109,436)</u>	<u>-</u>
Segment revenue	<u>\$ 10,150,601</u>	<u>\$ 18,366,999</u>	<u>\$ (109,436)</u>	<u>\$ 28,408,164</u>
Segment income	<u>\$ 761,275</u>	<u>\$ 2,783,784</u>		<u>\$ 3,545,059</u>
Other gains and losses				194,050
Financial costs				(327,923)
Interest income				122,850
Foreign exchange gain				<u>116,855</u>
Profit before tax				<u>\$ 3,650,891</u>

Inter-segment revenue was accounted for based on market prices.

Segment profit represented the profit before tax earned by each segment without financial costs, interest income, other gains and losses, exchange gains or losses and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

- b. The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.
- c. Revenue from major products and services

The following is an analysis of the Corporation's revenue from continuing operations from its major products and services:

	<u>For the Year Ended December 31</u>	
	2025	2024
Packaging materials	\$ 19,392,884	\$ 19,141,151
Beverages (included bottle filling and OEM)	8,279,704	8,283,356
Others	<u>1,204,278</u>	<u>983,657</u>
	<u>\$ 28,876,866</u>	<u>\$ 28,408,164</u>

- d. Geographical information

The Corporation operates in three principal geographical areas - Taiwan, China and Southeast Asia.

The Corporation's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	<u>Revenue from External Customers</u>		<u>Non-current Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	2025	2024	2025	2024
Taiwan	\$ 10,114,445	\$ 10,074,884	\$ 9,810,388	\$ 8,868,036
China	9,954,487	9,152,091	8,649,809	7,973,505
Southeast Asia	8,615,433	9,019,400	11,532,500	9,384,856
Others	<u>192,501</u>	<u>161,789</u>	<u>365,905</u>	<u>385,726</u>
	<u>\$ 28,876,866</u>	<u>\$ 28,408,164</u>	<u>\$ 30,358,602</u>	<u>\$ 26,612,123</u>

Non-current assets exclude financial instruments, deferred tax assets, and net defined benefit assets.

e. Information about major customers

Single customer contributed 10% or more to the Group's revenue as below.

	<b>For the Year Ended December 31</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
A customer	\$ 4,767,731	17	\$ 4,128,915	15

## TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHER  
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(In Thousands of Dollars, Unless Otherwise Specified)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (Note 5)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1 and 3)	Aggregate Financing Limits (Notes 2 and 3)
													Item	Value		
1	Samoa Hon Chuan	Hon Chuan China	Receivable from related parties	Yes	\$ 3,789,515 (US\$ 120,570)	\$ 3,747,713 (US\$ 119,240)	\$ 3,747,713 (US\$ 119,240)	2.875%	Short-term financing	\$ -	Operating Capital	\$ -	-	\$ -	\$ 10,610,207	\$ 10,610,207
		Samoa Hon Hsing	Receivable from related parties	Yes	212,781 (US\$ 6,770)	212,781 (US\$ 6,770)	212,781 (US\$ 6,770)	2.875%	Short-term financing	-	Operating Capital	-	-	-	10,610,207	10,610,207
		Hon Shi Mozambique	Other receivable - related parties	Yes	1,470 (US\$ 47)	5 (US\$ -)	5 (US\$ -)	-	Business transaction	6,643 (US\$ 211)	Business transaction	-	-	-	6,643	10,610,207
		Honly Food	Receivable from related parties	Yes	2,200 (US\$ 70)	2,200 (US\$ 70)	2,200 (US\$ 70)	2.875%	Short-term financing	-	Operating Capital	-	-	-	10,610,207	10,610,207
2	Suzhou Hon Chuan	Chuzhou Hon Chuan	Receivable from related parties	Yes	(RMB 130,384 29,000)	(RMB 49,456 11,000)	(RMB 49,456 11,000)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	401,431	401,431
		Suzhou Hongxin	Receivable from related parties	Yes	29,224 (RMB 6,500)	-	-	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	401,431	401,431
		Quzhou Hon Chuan	Receivable from related parties	Yes	155,112 (RMB 34,500)	112,400 (RMB 25,000)	112,400 (RMB 25,000)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	401,431	401,431
		Zhangzhou Hon Chuan	Receivable from related parties	Yes	22,480 (RMB 5,000)	-	-	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	401,431	401,431
		Luohe Hon Chuan	Receivable from related parties	Yes	6,744 (RMB 1,500)	-	-	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	401,431	401,431
3	Changsha Hon Chuan	Chuzhou Hon Chuan	Receivable from related parties	Yes	(RMB 60,696 13,500)	(RMB 60,696 13,500)	(RMB 60,696 13,500)	1.80%	Short-term financing	-	Operating Capital	-	-	-	427,311	427,311
		Quzhou Hon Chuan	Receivable from related parties	Yes	177,592 (RMB 39,500)	111,501 (RMB 24,800)	111,501 (RMB 24,800)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	427,311	427,311
		Zhangzhou Hon Chuan	Receivable from related parties	Yes	53,952 (RMB 12,000)	53,952 (RMB 12,000)	53,952 (RMB 12,000)	1.80%	Short-term financing	-	Operating Capital	-	-	-	427,311	427,311
		Luohe Hon Chuan	Receivable from related parties	Yes	8,992 (RMB 2,000)	-	-	1.80%	Short-term financing	-	Operating Capital	-	-	-	427,311	427,311
4	Jinan Hon Chuan	Chuzhou Hon Chuan	Receivable from related parties	Yes	(RMB 215,808 48,000)	(RMB 130,384 29,000)	(RMB 130,384 29,000)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	653,426	653,426
		Quzhou Hon Chuan	Receivable from related parties	Yes	227,048 (RMB 50,500)	143,872 (RMB 32,000)	143,872 (RMB 32,000)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	653,426	653,426
5	Taiyuan Hon Chuan	Chuzhou Hon Chuan	Receivable from related parties	Yes	(RMB 170,848 38,000)	(RMB 112,400 25,000)	(RMB 112,400 25,000)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	468,213	468,213
		Zhangzhou Hon Chuan	Receivable from related parties	Yes	80,928 (RMB 18,000)	-	-	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	468,213	468,213
		Quzhou Hon Chuan	Receivable from related parties	Yes	170,848 (RMB 38,000)	71,936 (RMB 16,000)	71,936 (RMB 16,000)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	468,213	468,213
6	Xiantao Hon Chuan	Luohe Hon Chuan	Receivable from related parties	Yes	(RMB 11,240 2,500)	-	-	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	187,783	187,783
		Zhangzhou Hon Chuan	Receivable from related parties	Yes	76,432 (RMB 17,000)	-	-	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	187,783	187,783
		Quzhou Hon Chuan	Receivable from related parties	Yes	88,571 (RMB 19,700)	88,571 (RMB 19,700)	88,571 (RMB 19,700)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	187,783	187,783
		Chuzhou Hon Chuan	Receivable from related parties	Yes	94,416 (RMB 21,000)	40,464 (RMB 9,000)	40,464 (RMB 9,000)	1.80%- 2.20%	Short-term financing	-	Operating Capital	-	-	-	187,783	187,783
7	Hon Chuan Thailand	Hon Shin Thailand	Receivable from related parties	Yes	(THB 230,436 230,000)	(THB 75,142 75,000)	-	3.10%	Short-term financing	-	Operating Capital	-	-	-	1,243,584	1,243,584

Note 1: The financing for operation should not exceed the amount of transaction amounts; the short-term financing should not exceed 40% of the latest net assets of the subsidiaries.

Note 2: The maximum amount is 40% of the latest net assets of the subsidiaries

Note 3: Offshore subsidiaries whose voting share are 100% held, directly or indirectly, by the Corporation will not be subjected to the restriction on 40% of the latest net assets of the Corporation.

Note 4: The foreign-currency amounts were translated into New Taiwan dollars at the exchange rates prevailing on December 31, 2025.

Note 5: Significant intercompany accounts and transactions have been eliminated.

## TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
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No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Hon Chuan China	(Note 4)	\$ 9,085,017	\$ 1,257,200 (US\$ 40,000)	\$ 1,100,050 (US\$ 35,000)	\$ 80,775 (US\$ 2,570)	\$ -	6	\$ 18,170,033	Y	-	-
		Samoa Hon Hsing	(Note 4)	9,085,017	565,740 (US\$ 18,000)	565,740 (US\$ 18,000)	-	-	3	18,170,033	Y	-	-
		Hon Chuan Asia	(Note 4)	9,085,017	157,150 (US\$ 5,000)	157,150 (US\$ 5,000)	-	-	1	18,170,033	Y	-	-
		Quzhou Hon Chuan	(Note 4)	9,085,017	188,580 (US\$ 6,000)	157,150 (US\$ 5,000)	-	-	1	18,170,033	Y	-	Y
		Chuzhou Hon Chuan	(Note 4)	9,085,017	314,300 (US\$ 10,000)	157,150 (US\$ 5,000)	-	-	1	18,170,033	Y	-	Y
		Zhangzhou Hon Chuan	(Note 4)	9,085,017	220,010 (US\$ 7,000)	-	-	-	-	18,170,033	Y	-	Y
		Hon Chuan Myanmar	(Note 4)	9,085,017	94,290 (US\$ 3,000)	94,290 (US\$ 3,000)	5,102 (US\$ 162)	-	1	18,170,033	Y	-	-
		Hon Chuan Indonesia	(Note 4)	9,085,017	2,891,560 (US\$ 92,000)	2,891,560 (US\$ 92,000)	966,346 (US\$ 30,746)	-	16	18,170,033	Y	-	-
		Hon Chuan Malaysia	(Note 4)	9,085,017	94,290 (US\$ 3,000)	94,290 (US\$ 3,000)	-	-	1	18,170,033	Y	-	-
		Bon Trust	(Note 4)	9,085,017	213,724 (US\$ 6,800)	213,724 (US\$ 6,800)	-	-	1	18,170,033	Y	-	-
1	Hon Chuan Thailand	Hon Fu Thailand	(Note 4)	3,108,960	30,057 (THB 30,000)	20,038 (THB 20,000)	2,004 (THB 2,000)	-	0.1	3,108,960	Y	-	-
		Hon Shin Thailand	(Note 4)	3,108,960	1,542,917 (THB 1,540,000)	1,542,917 (THB 1,540,000)	598,131 (THB 597,000)	-	8	3,108,960	Y	-	-

Note 1: The maximum is 50% of the net assets of the Corporation and subsidiaries in the latest financial report.

Note 2: The maximum is 100% of the net assets of the Corporation and subsidiaries in the latest financial report.

Note 3: The maximum amount of the total guarantee for all group entities is 100% of the net assets of the Corporation and subsidiaries.

Note 4: Investees which the Corporation directly and indirectly holds more than 50% percent of the voting shares.

Note 5: The foreign-currency amounts were translated into New Taiwan dollars at the exchange rates prevailing on December 31, 2025.

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD  
DECEMBER 31, 2025  
(In Thousands of Dollars, Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025			
				Number of Shares	Carrying Amount (Note 1)	Percentage of Ownership (%)	Fair Value (Note 1)
The Corporation	<u>Share Capital</u> CDIB CME Fund Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,630,000	\$ 6,686	2.00	\$ 6,686
	Lightel Corporation	-	Financial assets at fair value through other comprehensive income - non-current	551,051	198,654	2.22	198,654
	<u>Domestic limited partnership fund</u> Houshi Strategic Investment Limited Partnership	-	Financial instruments at fair value through profit or loss - non-current	-	127,073	-	127,073
Samoa Hon Chuan	<u>Corporate Bonds</u> Garden Fresh (HK) Fruit & Vegetable Co., Limited	-	Financial instruments at fair value through profit or loss - current	-	-	-	-
	<u>Bonds</u> Citigroup Inc.	-	Financial assets at amortized cost - non current	-	157,150	-	158,615
	HSBC Holdings Plc.	-	Financial assets at amortized cost - non current	-	(US\$ 5,000)	-	(US\$ 5,047)
	Bank of America Corp.	-	Financial assets at amortized cost - non current	-	(US\$ 92,458)	-	(US\$ 93,700)
	UBS GROUP AG	-	Financial assets at amortized cost - non current	-	(US\$ 2,942)	-	(US\$ 2,981)
		-	Financial assets at amortized cost - non current	-	(US\$ 85,258)	-	(US\$ 87,309)
Hon Chuan Thailand	<u>Share Capital</u> Ichitan Group Public Company Limited	-	Financial assets at fair value through other comprehensive income - non-current	1,000,000	(THB 13,426)	0.08	(THB 13,400)

Note 1: The information about fair value please see Note 30.

Note 2: Information on investees, please see Tables 7 and 8.

Note 3: The foreign-currency amounts were translated into New Taiwan dollars at the exchange rates prevailing on December 31, 2025.

**TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of Dollars, Unless Otherwise Specified)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Hon Chuan Myanmar	Hon Chia Myanmar	Associate	Purchases	\$ 241,554 (US\$ 7,747)	35	T/T 90 Days	-	-	\$ 35,815	77	
Hon Chia Myanmar	Hon Chuan Myanmar	Associate	Sales	241,554 (US\$ 7,747)	100	T/T 90 Days	-	-	35,815	100	

Note: Significant intercompany accounts and transactions have been eliminated.

## TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2025  
 (In Thousands of Dollars, Unless Otherwise Specified)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Samoa Hon Chuan	Hon Chuan China	(Note 2)	\$ 3,756,922 (US\$ 119,533)	-	\$ -	Depend on the operation	\$ -	\$ -
Samoa Hon Chuan	Samoa Hon Hsing	(Note 2)	215,358 (US\$ 6,852)	-	-	Depend on the operation	-	-
Suzhou Hon Chuan	Quzhou Hon Chuan	(Note 2)	112,400 (RMB 25,000)	-	-	Depend on the operation	29,224 (RMB 6,500)	-
Changsha Hon Chuan	Quzhou Hon Chuan	(Note 2)	111,501 (RMB 24,800)	-	-	Depend on the operation	-	-
Jinan Hon Chuan	Quzhou Hon Chuan	(Note 2)	143,872 (RMB 32,000)	-	-	Depend on the operation	-	-
Jinan Hon Chuan	Chuzhou Hon Chuan	(Note 2)	130,384 (RMB 29,000)	-	-	Depend on the operation	-	-
Taiyuan Hon Chuan	Chuzhou Hon Chuan	(Note 2)	112,400 (RMB 25,000)	-	-	Depend on the operation	-	-

Note 1: Including trade receivables, other receivables and receivable from related parties.

Note 2: Investees which the Corporation directly or indirectly holds more than 50% of the voting shares.

Note 3: Significant intercompany accounts and transactions have been eliminated.

## TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (In Thousands)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details (Note 2)			% to Total Sales or Assets
				Financial Statement Account	Amount (Note 3)	Payment Terms	
1	Samoa Hon Chuan	Hon Chuan China	3	Receivable from related parties	\$ 3,747,713	Depend on working capital sufficiency	8
2	Hon Chuan Myanmar	Hon Chia Myanmar	3	Purchases	241,554	Depend on working capital sufficiency	1

Note 1: Relationship of counterparty; (1) parent company to subsidiary; (2) subsidiary to parent company; (3) subsidiary to subsidiary.

Note 2: The transaction with each subsidiary account for more than or equal to 0.5% of total sales or assets of the consolidated financial statements.

Note 3: Significant intercompany accounts and transactions have been eliminated.

## TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2025	December 31, 2024	Shares	%	Carrying Amount			
The Corporation	Samoa Hon Chuan Bon Trust	Samoa Taichung	Overseas reinvested holding company Overseas reinvested holding company and international trade	\$ 15,369,869 24,990	\$ 15,369,869 24,990	501,383,319 2,499,000	100 99.96	\$ 27,282,634 45,800	\$ 2,295,085 15,745	\$ 2,295,085 15,739	Subsidiary Subsidiary
	Hon Chuan Cambodia	Cambodia	Manufacture and sale of PET bottles	76,585	76,585	1,000	100	80,796	1,311	1,311	Subsidiary
	Hon Chuan Philippines	Philippines	Manufacture and sale of plastic caps and PET bottles	91,125	91,125	15,000,000	100	74,036	654	654	Subsidiary
	Hon Chuan Malaysia	Malaysia	Manufacture and sale of plastic caps and PET bottles	567,503	567,503	81,259,900	100	903,048	87,692	87,692	Subsidiary
	Hon Jeng Mozambique	Mozambique	Manufacture and sale of plastic caps and PET bottles	-	-	-	100	(754)	(749)	(749)	Subsidiary
Samoa Hon Chuan	Hon Chuan China	Samoa	Overseas reinvested holding company	6,303,035 (US\$ 200,542)	5,973,020 (US\$ 190,042)	141,288,613	100	9,756,941 ( US\$ 310,434)	799,050 ( US\$ 25,627)	(Note 1)	Indirect subsidiary
	Hon Chuan Asia	Cayman Island	Overseas reinvested holding company	7,458,590 (US\$ 237,308)	7,458,590 (US\$ 237,308)	235,593,480	100	12,566,657 ( US\$ 399,830)	1,343,764 (US\$ 43,097)	(Note 1)	Indirect subsidiary
	Hon Chuan Africa	Samoa	Overseas reinvested holding company	409,973 (US\$ 13,044)	409,973 (US\$ 13,044)	13,044,118	100	460,041 ( US\$ 14,637)	31,804 ( US\$ 1,020)	(Note 1)	Indirect subsidiary
	Paean Company	Seychelles	Overseas reinvested holding company	29,481 (US\$ 938)	29,481 (US\$ 938)	937,500	23.08	10,358 ( US\$ 330)	(2,621) ( US\$ 84)	(Note 1)	Investments accounted for using equity method
Hon Chuan China	Kai Gang	Hong Kong	Overseas reinvested holding company	3,974,638 (US\$ 126,460)	3,974,638 (US\$ 126,460)	997,475,329	100	7,728,794 ( US\$ 245,905)	600,745 ( US\$ 19,267)	(Note 1)	Indirect subsidiary
	Samoa Hon Hsing	Samoa	Overseas reinvested holding company	3,576,923 (US\$ 113,806)	3,576,923 (US\$ 113,806)	113,806,000	100	5,740,847 ( US\$ 182,655)	349,902 ( US\$ 11,222)	(Note 1)	Indirect subsidiary
Hon Chuan Asia	Hon Chuan Thailand	Thailand	Manufacture and sale of plastic caps, metal lug caps and PET bottles	1,304,282 (US\$ 41,498)	1,304,282 (US\$ 41,498)	137,000,000	100	3,192,597 (US\$ 101,578)	360,347 (US\$ 11,557)	(Note 1)	Indirect subsidiary
	Hon Chuan Indonesia	Indonesia	Manufacture and sale of plastic caps, labels, PET bottles and beverage filling OEM service	4,364,778 (US\$ 138,873)	4,364,778 (US\$ 138,873)	138,794,150	100	6,057,944 (US\$ 192,744)	475,183 (US\$ 15,240)	(Note 1)	Indirect subsidiary
	Hon Chuan Vietnam	Vietnam	Manufacture and sale of plastic caps and PET bottles	1,005,760 (US\$ 32,000)	1,005,760 (US\$ 32,000)	-	100	1,489,971 (US\$ 47,406)	92,106 (US\$ 2,954)	(Note 1)	Indirect subsidiary
	Hon Chuan Myanmar	Myanmar	Manufacture and sale of plastic caps, PET bottles and LDPE membrane	688,600 (US\$ 21,909)	688,600 (US\$ 21,909)	89,524,394	80	996,897 (US\$ 31,718)	343,791 (US\$ 11,026)	(Note 1)	Indirect subsidiary
	Samoa Honly	Samoa	Overseas reinvested holding company	454,635 (US\$ 14,465)	454,635 (US\$ 14,465)	69,854,780	100	51,074 (US\$ 1,625)	(14,748) (US\$ 473)	(Note 1)	Indirect subsidiary
	Honly	Cambodia	Overseas reinvested holding company	56,700 (US\$ 1,804)	56,700 (US\$ 1,804)	1,002	49	59,120 (US\$ 1,881)	4,771 (US\$ 153)	(Note 1)	Indirect subsidiary
	Hon Hua	Samoa	Overseas reinvested holding company and international trade	140,021 (US\$ 4,455)	168,308 (US\$ 5,355)	4,455,000	60	193,263 (US\$ 6,149)	46,676 (US\$ 1,497)	(Note 1)	Indirect subsidiary
	Hon Chia Myanmar	Myanmar	Manufacture and sale of plastic caps, PET bottles and labels	244,840 (US\$ 7,790)	244,840 (US\$ 7,790)	19,929,000	100	377,411 (US\$ 12,008)	122,600 (US\$ 3,932)	(Note 1)	Indirect subsidiary
Hon Chuan Thailand	Hon Fu Thailand	Thailand	Manufacture and sale of labels and PET bottles	126,902 (THB 126,662)	126,902 (THB 126,662)	12,666,225	65	150,157 ( THB 149,873)	22,377 ( THB 23,486)	(Note 1)	Indirect subsidiary
	Hon Shin Thailand	Thailand	Manufacture and sale of labels and PET bottles and beverage filling OEM service	1,177,226 (THB 1,175,000)	270,511 (THB 270,000)	117,500,000	100	1,169,150 ( THB1,166,940)	(5,383) ( THB 5,650)	(Note 1)	Indirect subsidiary
Samoa Honly	Honly Food	Cambodia	Beverage filling	564,703 (US\$ 17,967)	564,703 (US\$ 17,967)	17,966,248	100	51,011 ( US\$ 1,623)	(14,717) ( US\$ 472)	(Note 1)	Indirect subsidiary
Hon Chuan Africa	Hon Shi Samoa	Samoa	Overseas reinvested holding company	409,973 (US\$ 13,044)	409,973 (US\$ 13,044)	3,138,790	100	452,529 ( US\$ 14,398)	30,962 ( US\$ 993)	(Note 1)	Indirect subsidiary
Hon Shi Samoa	Shimada	Mozambique	Manufacture and sale of plastic caps PET bottles and LDPE membrane	28,570 (US\$ 909)	28,570 (US\$ 909)	-	100	151,367 ( US\$ 4,816)	26,659 ( US\$ 855)	(Note 1)	Indirect subsidiary
	Hon Shi Mozambique	Mozambique	Manufacture and sale of plastic caps	76,123 (US\$ 2,422)	76,123 (US\$ 2,422)	-	100	61,540 ( US\$ 1,958)	4,365 ( US\$ 140)	(Note 1)	Indirect subsidiary
Hon hua	Uni Tun	Myanmar	Bottled water filling	4,337 (US\$ 138)	4,337 (US\$ 138)	-	100	51,137 ( US\$ 1,627)	40,066 (US\$ 1,285)	(Note 1)	Indirect subsidiary

Note 1: Not applicable.

Note 2: The foreign-currency amounts were translated into New Taiwan dollars at the exchange rates prevailing on December 31, 2025.

Note 3: Information on investments in mainland China, please see Table 8.

Note 4: Significant intercompany accounts and transactions have been eliminated except for Paean Company.

## TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of Dollars, Unless Otherwise Specified)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment (Note 1)	Investment Gain (Loss) (Notes 2 and 5)	Carrying Amount as of December 31, 2025 (Notes 2 and 5)	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Suzhou Hon Chuan	Manufacture and sale of various plastic caps, labels and PET film	\$ 836,981 (US\$ 26,630)	(Note 1)	\$ 605,310 (US\$ 19,259)	\$ -	\$ -	\$ 605,310 (US\$ 19,259)	\$ 17,211	100%	\$ 16,549	\$ 1,021,444	\$ -
Qingxin Hon Chuan	Manufacture and sale of various plastic caps, Metal lug caps, labels, PET bottles and beverage filling OEM service	2,101,410 (US\$ 66,860)	(Note 1)	-	-	-	-	370,637	100%	356,871	3,668,478	-
Zhangzhou Hon Chuan	Manufacture and sale of PET bottles and beverage filling OEM service	1,414,350 (US\$ 45,000)	(Note 1)	201,246 (US\$ 6,403)	-	-	201,246 (US\$ 6,403)	9,292	100%	8,524	1,498,017	-
Suzhou Hongxin	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	1,445,780 (US\$ 46,000)	(Note 1)	770,852 (US\$ 24,526)	-	-	770,852 (US\$ 24,526)	(64,324)	100%	(62,390)	481,853	-
Jinan Hon Chuan	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	1,131,480 (US\$ 36,000)	(Note 1)	233,273 (US\$ 7,422)	-	-	233,273 (US\$ 7,422)	153,936	100%	148,678	1,793,270	-
Changsha Hon Chuan	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	829,438 (US\$ 26,390)	(Note 1)	308,925 (US\$ 9,829)	-	-	308,925 (US\$ 9,829)	113,526	100%	109,620	1,306,357	-
Taiyuan Hon Chuan	Manufacture and sale of plastic caps, PET bottles and beverage filling OEM service	628,600 (US\$ 20,000)	(Note 1)	-	-	-	-	75,456	100%	72,530	1,248,808	-
Chuzhou Hon Chuan	Manufacture and sale of various plastic caps and PET bottles	1,063,874 (US\$ 33,849)	(Note 1)	14,584 (US\$ 464)	-	-	14,584 (US\$ 464)	248,972	100%	240,675	1,760,991	-
Xiantao Hon Chuan	Manufacture and sale of various plastic caps, PET bottles and beverage filling OEM service	471,450 (US\$ 15,000)	(Note 1)	24,390 (US\$ 776)	-	-	24,390 (US\$ 776)	56,280	100%	54,447	527,835	-
Luohe Hon Chuan	Manufacture and sale of various plastic caps, PET bottles and beverage filling OEM service	377,160 (US\$ 12,000)	(Note 1)	-	-	-	-	(7,109)	100%	(6,912)	408,276	-
Quzhou Hon Chuan	Manufacture and sale of various plastic caps and PET bottles	606,505 (US\$ 19,297)	(Note 1)	-	-	-	-	140,216	100%	135,929	863,194	-
Changshan Hon Chuan	Manufacture and sale of aluminum caps	89,920 (RMB 20,000)	(Note 1)	-	-	-	-	(6,296)	100%	(6,097)	82,448	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 2,211,761 ( US\$ 70,371 )	\$ 9,777,056 ( US\$ 311,074 )	(Note 3)

Note 1: The Corporation invested in China through third parties.

Note 2: The Corporation recognized its equity in the investee's net income on the basis of financial statements audited by the CPA member firm of the Corporation's auditors.

Note 3: The regulation refers to "Regulations for Screening of Application to Engage in Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs.

Note 4: The foreign-currency amounts were translated into New Taiwan dollars at the exchange rates prevailing on December 31, 2025.

Note 5: Significant intercompany accounts and transactions have been eliminated.