

Stock Code : 1810

Hocheng Corporation

2025
General Shareholders Meeting

Meeting Handbook

No. 135, Houzhuang Street, Bade District, Taoyuan City

(Hocheng Third Factory Auditorium)

June 16,2025

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Hocheng Corporation
2025 Regular Shareholders Meeting
Meeting Agenda

Time: Jun.16, 2025 (Monday) at 9 am

Place: No. 135, Houzhuang Street, Bade District, Taoyuan City (Hocheng Third Factory Auditorium)

I. Report on Attending Shares Call Meeting to Order

II. Seating of the Chairman

III. Chairman's Speech

IV. Speeches by the Chief Executive and Guests

V. Matters for Report

1. The 2024 Business Report
2. The 2024 Audit Committee review of the Annual Accounting Final Report
3. Report on Allocation of 2024 Remuneration to Employees and Board of Directors
4. Report on External Endorsements and Guarantees
5. Report on Loaning Funds to Others
- 6.. Report for performance assessed on directors and managers and remuneration
7. Report on Sustainable Development Policies, Systems, or Relevant Management Guidelines, and Specific Implementation Plans.

VI. Matters for Ratification

1. Adoption of proposal of 2024 Business Report and Annual Accounting Final Report
2. Adoption of proposal of 2024surplus distribution proposal

VII. Discussion Items

- 1.Amendments to Certain Articles of the Company's Articles of Association

VIII. Ad Hoc Motions

IX. Adjournment

Rules of Procedure for Shareholders' Meeting of Hocheng Corporation

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedure for the Company's shareholders meeting shall comply with the provisions of these rules, unless otherwise provided by laws, regulations or the articles of incorporation.
- Article 3 The shareholders meeting of the company shall be convened by the board of directors unless otherwise provided by laws and regulations.
- This Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, demerger of the company, or any matters under the first paragraph of Article 185. The main content shall be listed and explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The main content shall be uploaded on the website designated by the securities authority or the company, and its website should be included in the notice.
- Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting. Shareholders who hold more than one percent of the total number of issued shares may submit a proposal to the company's general shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. However, the shareholders' proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibilities, and the board of directors may still include it in the proposal. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- Prior to the book closure date before a regular shareholders meeting is held, this Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part

in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. The number of representatives appointed by juristic person is limited to the number of general directors proposed to be elected by the current shareholders meeting. When juristic person shareholders appoint two or more representatives to attend the shareholders meeting, only one person may speak.

For shareholders who wish to attend the shareholders' meeting via video conference, they shall register with the Company at least two days before the meeting.

For shareholders' meetings held via video conference, the Company shall upload the agenda, annual reports, and other relevant materials to the shareholders' video conference platform at least thirty minutes before the start of the meeting, and continue to disclose them until the meeting concludes.

6-1(Items to be included in the notice of convening a shareholders' meeting via video conference)

When the company convenes a shareholders' meeting via video conference, the following items shall be specified in the notice of convening the shareholders' meeting:

Methods for shareholders to participate in and exercise their rights in the video conference.

Procedures for handling obstacles arising from natural disasters, emergencies, or other force majeure events affecting the video conference platform or participation via video, including at least the following: (a) If obstacles occur before the meeting, and the obstacles persist without resolution, resulting in the need to postpone or continue the meeting, the time for postponement or continuation of the meeting and the date for the postponed or continued meeting. (b) Shareholders who were not registered for video participation in the original shareholders' meeting shall not be allowed to participate in the postponed or continued meeting. (c) In the event of convening an auxiliary video-assisted shareholders' meeting, if it is not possible to continue the video conference, after deducting the number of shares represented by those who participated via video, if the total number of shares represented at the meeting still meets the statutory quorum for convening the shareholders' meeting, the meeting shall proceed, and shareholders participating via video shall be considered abstaining from voting on all agenda items of the meeting. (d) Procedures for cases where all agenda items have been announced with results, and there have been no interim motions.

When convening a video shareholders' meeting, appropriate alternative measures provided to shareholders who have difficulty participating via video shall be specified. Except in cases specified in Article 44-9, Paragraph 6 of the Guidelines for Handling Stock Affairs of Publicly Issued Companies, at least the provision of shareholder connectivity equipment and necessary assistance shall be provided, along with the period during which shareholders may apply to the company and other relevant matters to note.

Article 7 If the shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board asks for leave or is unable to exercise his powers for any reason, the vice chairperson shall act in place of the chairperson. If there is no vice chairperson or vice chairperson also asks for leave or for any reason is unable to exercise the powers, the chairman of the board shall appoint one managing director to act as chair; if there is no managing directors, one of the directors shall be appointed to act as chair; if the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, and

at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Evidence of Recording or Filming of Shareholders' Meeting Proceedings)

The company shall continuously and uninterruptedly record the entire process of shareholder registration, meeting proceedings, and voting and vote counting processes from the acceptance of shareholder registrations.

The audiovisual materials mentioned above shall be retained for at least one year.

However, if a shareholder initiates litigation in accordance with Article 189 of the Company Act, they shall be retained until the conclusion of the litigation.

For shareholders' meetings conducted via video conference, the company shall record and retain data such as registration, enrollment, check-in, questioning, voting, and company vote counting results. Additionally, the entire video conference shall be continuously and uninterruptedly recorded.

The company shall properly preserve the aforementioned data, recordings, and footage for the duration required, and provide the recordings and footage to the appointed party responsible for handling video conference affairs.

For shareholders' meetings conducted via video conference, it is advisable for the company to record the backend operation interface of the video conference platform.

Article 9

Attendance at shareholder meetings shall be based on shares. The number of shares in attendance shall be calculated based on the sign-in book or submitted sign-in cards, as well as the number of shares registered via the video conference platform, plus the number of shares exercising voting rights through written or electronic means.

Upon reaching the scheduled meeting time, the chairperson shall promptly declare the meeting open and disclose information such as the number of non-voting shares and the total number of shares represented.

However, if attending shareholders representing more than half of the total issued shares are not present, the chairperson may announce a postponement of the meeting, limited to a maximum of two postponements, with a total cumulative delay not exceeding one hour. If after two postponements the attending shareholders still represent less than one-third of the total issued shares, the chairperson shall declare the meeting adjourned. For shareholders' meetings conducted via video conference, the company shall also announce the adjournment on the shareholder meeting video conference platform.

If after two postponements the attendance still falls short but attending shareholders representing one-third or more of the total issued shares are present, a tentative resolution may be adopted in accordance with Article 175, paragraph 1 of the Company Act, and shareholders shall be notified of the tentative resolution for another shareholder meeting to be convened within one month. For shareholders' meetings conducted via video conference,

shareholders wishing to attend via video conference shall re-register with the company in accordance with Article 6.

Before the conclusion of the current meeting, if attending shareholders representing a majority of the total issued shares are present, the chairperson may resubmit the tentative resolution for a vote by the shareholder meeting in accordance with Article 174 of the Company Act.

- Article 10 If the shareholders' meeting is convened by the board of directors, its agenda shall be determined by the board of directors, and all relevant resolutions (including ad hoc motions and amendments to original motions) shall be voted on individually. The meeting shall proceed according to the scheduled agenda and may not be changed without the approval of the shareholders' meeting.
- If the shareholders' meeting is convened by a person other than the board of directors with the authority to convene, the provisions of the preceding paragraph shall apply *mutatis mutandis*.
- Prior to the completion of the agenda set forth in the preceding two paragraphs, including deliberations (including ad hoc motions), the chairperson may not adjourn the meeting without resolution. If the chairperson violates the rules of procedure and adjourns the meeting, other members of the board of directors shall promptly assist the shareholders to elect, in accordance with the statutory procedures, a new chairperson with the consent of the majority of the voting rights of the attending shareholders to continue the meeting.
- The chairperson shall provide ample explanation and discussion opportunities for resolutions and amendments or ad hoc motions proposed by shareholders. When it is deemed that a sufficient level of discussion has been reached, the chairperson may announce the cessation of discussion, put the matter to a vote, and arrange an adequate voting period.
- Article 11 Before shareholders speak, they must fill out a speaking slip specifying the purpose of their speech, their shareholder account number (or attendance certificate number), and their name, and the chairperson will determine the speaking order.
- Shareholders who only submit speaking slips without speaking will be considered as not having spoken. If the content of the speech differs from what is written on the speaking slip, the content of the speech shall prevail.
- Each shareholder may speak on the same agenda item no more than twice, with each speech not exceeding five minutes, without the approval of the chairperson. However, if a shareholder's speech violates the rules or goes beyond the scope of the agenda, the chairperson may stop the speech.
- During shareholder speeches, other shareholders may not speak without the consent of the chairperson and the speaking shareholder. The chairperson shall intervene if there is any interference.
- When a corporate shareholder appoints more than two representatives to attend the shareholders' meeting, only one person may speak on the same agenda item.
- After shareholders speak, the chairperson may personally respond or designate relevant personnel to do so.
- For shareholders' meetings conducted via video conference, shareholders participating via video may ask questions in writing on the video conference platform from the announcement of the meeting until the adjournment. Each question on an agenda item may not exceed two times, with each question limited to 200 words, and the provisions from the first to the fifth paragraph do not apply.
- Questions that do not violate the rules or exceed the scope of the agenda item should be disclosed on the video conference platform for public knowledge.

- Article 12 Voting at the shareholders' meeting shall be based on shareholdings. In resolutions of the shareholders' meeting, the shareholdings of shareholders without voting rights shall not be counted towards the total number of issued shares. Shareholders who have a conflict of interest with the matters of the meeting that may harm the interests of the company shall not participate in the voting and shall not delegate other shareholders to exercise their voting rights. The shareholdings for which voting rights cannot be exercised according to the preceding paragraph shall not be counted towards the voting rights of the attending shareholders. Except for trust businesses or share registry agencies approved by the securities regulatory authority, when a person is simultaneously entrusted by two or more shareholders, the voting rights of their proxies shall not exceed three percent of the total voting rights of the issued shares. Any excess voting rights shall not be counted.
- Article 13 Each shareholder shall have one voting right per share; however, those with restricted rights or as listed in Article 179, Paragraph 2 of the Company Act are not subject to this limit. When convening a shareholders' meeting, the company shall adopt electronic means and may also adopt written means for exercising voting rights; the method of exercising voting rights in writing or electronically shall be specified in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to be personally present at the shareholders' meeting. However, with regard to ad hoc motions and amendments to original motions at that shareholders' meeting, they shall be deemed to have abstained, so the company should avoid proposing ad hoc motions and amendments to original motions. For shareholders who exercise their voting rights in writing or electronically, their expression of intent shall be delivered to the company two days before the shareholders' meeting, and if there are multiple expressions of intent, the earliest one shall prevail. However, expressions of intent that revoke previous ones are not subject to this limit. After exercising their voting rights in writing or electronically, if shareholders wish to attend the shareholders' meeting in person or via video, they shall revoke their previous expression of intent to exercise their voting rights in the same manner as their original exercise of voting rights two days before the shareholders' meeting; if the revocation is overdue, the voting rights exercised in writing or electronically shall prevail. If shareholders exercise their voting rights in writing or electronically and appoint a proxy to attend the shareholders' meeting, the voting rights exercised by the proxy attending the meeting shall prevail. Unless otherwise provided by the Company Act and the company's articles of association, resolutions shall be passed with the consent of more than half of the voting rights of the attending shareholders. During the vote, after the chairperson or their designated person announces the total voting rights of the attending shareholders, the shareholders shall vote on each item, and on the same day of the shareholders' meeting, the results of the agreement, opposition, and abstention of the shareholders shall be entered into the public information observation station. When there are amendments or substitute motions for the same agenda item, the chairperson shall determine the order of voting together with the original motion. If one of the motions has been passed, the other motions shall be deemed rejected, and there is no need for further voting. The supervisors and vote counters for voting on resolutions or elections at shareholders' meetings shall be appointed by the chairperson, but the supervisors shall be shareholders. The vote counting for resolutions or elections at the shareholders' meeting shall be conducted openly within the venue of the shareholders' meeting, and the results of the vote, including the number of votes, shall be announced on the spot after the vote counting is completed, and a record shall be made.

When the company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting via video and wish to attend the physical shareholders' meeting in person shall revoke their registration in the same manner as their registration two days before the shareholders' meeting; if the revocation is overdue, they may only attend the shareholders' meeting via video. Shareholders who exercise their voting rights in writing or electronically and participate in the shareholders' meeting via video may not exercise their voting rights on the original motion again or propose amendments to the original motion or exercise voting rights on amendments to the original motion, except for ad hoc motions

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Resolutions of the shareholders' meeting shall be recorded in the minutes, signed or sealed by the chairperson, and distributed to each shareholder within twenty days after the meeting. The preparation and distribution of the minutes may be done electronically.

The distribution of the minutes as mentioned above may be made by means of a public announcement through the Public Information Observation Station.

The minutes shall accurately record the date, time, location of the meeting, name of the chairperson, method of resolution, key points of the proceedings, and voting results (including the total number of voting rights). In the case of director elections, the number of votes received by each candidate shall be disclosed. The minutes shall be permanently retained during the existence of the company.

In the case of a shareholders' meeting held via video conference, in addition to the matters required to be recorded according to the preceding provisions, the minutes shall also include the start and end time of the meeting, the method of convening the meeting, the names of the chairperson and the recorder, and the procedures and outcomes in case of any obstacles or disruptions due to natural disasters, emergencies, or other force majeure events affecting the video conference platform or the participation via video. When the company convenes a video shareholders' meeting, in addition to complying with the preceding provisions, the minutes should also specify alternative measures provided for shareholders who have difficulties participating in the shareholders' meeting via video.

Article 16 (Public Announcement)

The number of shares solicited by the solicitor, the number of shares represented by the proxy, and the number of shares represented by shareholders attending in writing or electronically shall be compiled into a statistical table by the Company in accordance with the prescribed format and prominently displayed at the venue of the shareholders' meeting on the day of the meeting. In the case of a shareholders' meeting held via video conference, the Company shall upload the aforementioned data to the video conference platform at least thirty minutes before the start of the meeting and continue to disclose it until the end of the meeting.

When announcing the commencement of a shareholders' meeting held via video conference, the Company shall disclose the total number of shares represented by attending shareholders on the video conference platform. If there are additional statistics on the total number of shares represented by attending shareholders and the total number of voting rights during the meeting, they shall also be disclosed

accordingly.

If the resolutions of the shareholders' meeting involve significant information as stipulated by laws and regulations or the Taiwan Stock Exchange Corporation (Taiwan Stock Exchange) or the Taipei Exchange (GreTai Securities Market), the Company shall transmit the content to the Public Information Observation Platform within the prescribed time frame.

Article 17 The staff responsible for managing the shareholders' meeting should wear identification badges or armbands.

The chairperson may direct marshals or security personnel to assist in maintaining order at the venue. Marshals or security personnel assisting in maintaining order should wear armbands or identification badges bearing the words "Marshal" when present.

If there are public address systems at the venue, the chairperson may prohibit shareholders from speaking unless they use equipment provided by the company.

Shareholders who violate the rules of procedure, refuse to comply with the chairperson's correction, or obstruct the conduct of the meeting after being prohibited may be requested by the chairperson to leave the venue with the assistance of marshals or security personnel.

Article 18 During the meeting, the chairperson may, at their discretion, announce breaks, and in case of unforeseen circumstances, the chairperson may temporarily suspend the meeting and announce a resumption time depending on the situation.

If the venue scheduled for the shareholders' meeting becomes unavailable before the agenda is completed (including any ad hoc motions), the meeting may resolve to find an alternative venue to continue the meeting.

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

Article 19 (Information Disclosure for Video Conferences)

In the case of a shareholders' meeting conducted via video conference, the company shall promptly disclose the voting results and election outcomes of each agenda item on the shareholders' meeting video conference platform after the conclusion of voting. The company shall continue to disclose this information for at least fifteen minutes after the chairperson announces the adjournment of the meeting.

Article 20 (Location of Chairperson and Recording Personnel for Video Shareholders' Meeting)

When the company convenes a video shareholders' meeting, the chairperson and recording personnel should be located at the same place within the country, and the chairperson should announce the address of that location at the commencement of the meeting.

Article 21 (Handling of Disconnection)

For a shareholders' meeting conducted via video conference, the company may conduct a simple connection test for shareholders before the meeting and provide immediate assistance during the meeting to address any technical communication issues.

If a shareholders' meeting is conducted via video conference and due to a natural disaster, unforeseen event, or other force majeure circumstances, the video conference platform or participation via video conference is disrupted for a continuous period of thirty minutes or more before the adjournment announced by the chairperson, the company shall postpone or continue the meeting within five days, exempting from the provisions of Article 182 of the Company Act. In the event of a postponed or continued meeting, shareholders who were not registered to participate via video conference in the original meeting shall not be allowed to participate. For shareholders who were registered to participate via video conference in the original meeting and completed the registration but did not participate in the postponed or continued meeting, their shares, exercised voting rights, and election rights exercised at the original meeting shall be included in the total shares, voting rights, and election rights of the shareholders attending the postponed or continued meeting.

When conducting a postponed or continued meeting according to the provisions of the second paragraph, items for which voting and vote counting have been completed and the voting results or the list of elected directors or supervisors have been announced do not need to be reconsidered and resolved.

In the event of the inability to continue the video conference during a video-assisted shareholders' meeting as stipulated in the second paragraph, if the total shares attending the meeting still meet the statutory threshold after deducting the shares attending the meeting via video conference, the shareholders' meeting should proceed without postponing or continuing as per the provisions of the second paragraph.

In the event of the need to proceed with the meeting as described above, shareholders participating in the shareholders' meeting via video conference should have their shares counted towards the total shares of shareholders attending the meeting, but they are considered to have abstained from voting on all items on the agenda for that shareholders' meeting.

When the company postpones or continues a meeting according to the provisions of the second paragraph, it shall carry out relevant preparatory work in accordance with the provisions listed in Article 44-20, Paragraph 7 of the Rules Governing the Handling of Shareholder Services by Public Companies.

During the period specified in the latter part of Article 12 and Article 13, Paragraph 3 of the Rules for the Use of Proxy at Shareholders' Meetings of Public Companies, as well as Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Rules Governing the Handling of Shareholder Services by Public Companies, the company shall handle the meeting date of the postponed or continued meeting in accordance with the provisions of the second paragraph.

Article 22 (Handling of Digital Disparity)

When conducting a video conference shareholders' meeting, the company should provide appropriate alternative measures for shareholders who have difficulty attending the meeting via video conference.

Except for situations specified in Article 44-9, Paragraph 6 of the Rules Governing the Handling of Shareholder Services by Public Companies, the company should at least provide shareholders with connection equipment and necessary assistance, and specify the period during which shareholders can apply to the company and other relevant matters to be noted.

Article 23 Any matters not covered by these regulations shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations, as well as the company's articles of association.

These regulations shall come into effect after being passed by the shareholders' meeting, and the same applies to any amendments made thereafter.

Matters for Report

1. The 2024 Business Report

Hocheng Corporation The 2024 Business Report

Dear shareholders, ladies and gentlemen:

On behalf of the company's management team, I sincerely welcome all shareholders to attend the Company's 2025 General Shareholders' Meeting. Looking back on the past year, with the support of the board of directors and the concerted efforts of all colleagues, the net operating income attributable to the parent company in 2024 was NT\$ 3,132 million, with an **reduce by** of NT\$123 million from NT\$ 3,225 million in 2023. The report on the operating status of the company in 2024 is as follows:

(1) Results of the Implementation of the Business Plan

Unit: Million of NT\$

Item \ Year ended	Year ended Dec.31,2024 Amount	Year ended Dec.31,2023 Amount	Increase (decrease) amount	Increase (decrease) %
Consolidated net operating income	4,857	4,871	(14)	(0.29)
Consolidated operating margin	1,211	1,200	11	0.92
Consolidated operating net profit	2	(8)	10	125
Consolidated non-operating income and expenses				
Consolidated non-operating income and expenses	94	74	20	27.03
Net (loss) net profit after combined tax	61	22	39	177.27
Net (loss) net profit per share (Unit: NT\$)	0.19	0.06	0.13	216.67

(2) Implementation of the financial forecast in 2024:

In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the company does not need to disclose the 2024 financial forecast information, so there is no 2024 budget execution analysis data.

(3) Analysis of Financial income and expenditure and profitability (according to the Consolidated Financial Report):

Item \ Year ended		financial analysis	
		Year end2024	Year end2023
Financial structure	Liabilities to assets ratio (%)	33.91	36.51
	Percentage of long-term funds in property, plant and equipment (%)	212.78	196.64
Profitability	Return on assets (%)	0.8	0.62
	Return on shareholders' equity (%)	0.9	0.33
	Ratio of net profit before tax to paid-in capital (%)	3.17	2.19
	Net profit rate (%)	1.26	0.45
	Net profit (loss) per share (yuan)	0.19	0.06

In the past year, inflation caused by political conflicts such as the Russia-Ukraine war and trade confrontations has eased. European and American countries have also started to lower interest rates to avoid negatively impacting economic development. Domestically, while the economy has grown due to strong exports in the semiconductor and AI-related industries, traditional industries have experienced a significant downturn due to China's poor economic performance and increased competition, creating a stark contrast between thriving and struggling industries.

The real estate industry, which is closely related to the company, showed signs of recession in the second half of 2023. However, with the introduction of the new "Youth Home Loan" policy, real estate transactions surged sharply in the first half of 2024, driving domestic housing prices up. Given that domestic housing prices and loan amounts remain high, and the total loan amount is approaching the legal lending limits set by banks, the Central Bank strongly urged banks to control loans in September. As a result, real estate transaction volumes began to decline. For example, in November 2024, the transaction volume in the six metropolitan areas decreased by approximately 3,588 units compared to November 2023, a decline of about 15.3%. Although domestic real estate prices have not significantly dropped, the possibility of short-term relaxation of government loan restrictions is low. Therefore, the outlook for the real estate market in 2025 is not optimistic, and it will gradually affect the development of the company and related industries. The volume of pre-sale housing transactions is expected to shrink significantly in 2025, and the price increase trend may not recover in the short term. Given the potential significant changes in global affairs with the inauguration of the new U.S. president next year, the domestic real estate industry may face a slowdown. We must carefully assess the following factors that could impact the company's future development:

1. Geopolitical Developments:

After the U.S. elections, the Russia-Ukraine war and the Israel-Palestine conflict seem to be approaching their end. However, U.S. international diplomacy and trade policies may undergo significant changes with the new president's inauguration. In terms of politics, the competition between major powers, particularly the U.S. and China, will alter Taiwan's future role and whether stability can be maintained. Economically, the U.S. is shifting towards policies such as increasing tariffs and promoting domestic manufacturing, which will impact both domestic and international export industries, especially high-tech industries like semiconductors. Companies will have to decide whether to invest locally in the U.S. or globally, which will affect the proportion of domestic investment and, consequently, the direction of the domestic economy.

2. AI Technology Development and Impact:

AI technology has made a remarkable rise in 2024, and some have even called it the "Year of AI." The rise of AI has greatly benefitted many related companies in Taiwan. Although our company is not directly involved in AI manufacturing, AI applications are rapidly developing and will soon transform many industries' operating technologies and business models. We need to actively track and understand these applications and, when appropriate, incorporate them into our manufacturing and management processes to enhance operational efficiency.

3. Development of Domestic Related Industries:

The domestic real estate industry, after experiencing labor shortages, material shortages, and inflation during the pandemic, has been further boosted by the new youth home loan policies, leading to the first wave of property sales and skyrocketing home prices. However, this was followed by the Central Bank's lending restrictions, which caused a severe slowdown in real estate transactions, which is not desirable for the industry's normal development. Faced with shrinking real estate transaction volumes, it will be difficult for the industry to grow in 2025. In addition to improving the functionality and quality of bathroom products to

enhance brand recognition, we also need to evaluate and invest in the R&D of new products and technologies in various industries. Expanding into new product categories and focusing on high-value-added products will provide consumers with better choices.

4. Promotion and Development of UB Product Line:

In recent years, Taiwan has faced labor shortages, coupled with an increasingly serious issue of low birth rates. The bathroom construction industry is likely to follow Japan's model, replacing traditional labor-intensive methods with prefabricated bathroom modules. This construction method reduces labor usage and shortens construction time, and it is expected to gain acceptance among builders. The government is also gradually recognizing the benefits of this method and is experimenting with it in public buildings. Our company invested in this construction method years ago. Although the market was not ready for significant growth at the time, demand has increased, and both the industry and government are actively promoting it. This is the perfect stage to introduce this method to the market. We encourage everyone to actively incorporate new technologies and construction methods to lay a solid foundation for future development.

This year marks the 93rd anniversary of the HCG Group. To thank our consumers for their recognition and support, the company has organized many public welfare activities to give back to society. We are also actively promoting ESG and other sustainable environmental standards. We will continue to improve and finalize the "Sustainability Report," moving towards co-existence with the Earth, sharing with humanity, co-creating with society, and benefiting everyone, fulfilling our social responsibility. We also hope the company will continue to seek innovation and change, responding to future global and domestic industry transformations. The application of AI technology will enhance work efficiency, and we firmly believe that our overall bathroom products will help the HCG brand return to the top of the industry.

Best wishes for your health and success.

Chairman: Qiu Lijian

Manager: Chen Shijie

Accounting Supervisor: Luo Yueying

2. The Audit Committee's Review of the annual accounting final report for the year ended Dec. 31, 2024

**Hocheng Corporation
Audit Committee Review Report**

Hereby

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm KMPG was retained to audit Financial Statements (parent company only and consolidated financial statements) of the Company and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of YEM CHIO CO., LTD. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely yours,
2024 Annual General Meeting of Hocheng Corporation.

Chairman of the Audit Committee: Ciu Jingya

May 6, 2025

Independent Auditors' Report Translated from Chinese

To the Board of Directors of Hecheng Xinye Co., Ltd.:

Audit Opinion

The consolidated balance sheets of Hecheng Xinye Co., Ltd. and its subsidiaries as of December 31, 2024, and 2023, and the consolidated income statements, consolidated statements of changes in equity, and consolidated cash flow statements for the periods from January 1, 2024, to December 31, 2024, and January 1, 2023, to December 31, 2023, along with the notes to the consolidated financial statements (including a summary of significant accounting policies), have been audited by us.

In our opinion, based on our audit and the reports of other auditors (see "Other Matters"), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hecheng Xinye Co., Ltd. and its subsidiaries as of December 31, 2024, and 2023, and their consolidated financial performance and cash flows for the periods from January 1 to December 31, 2024, and 2023, in accordance with the Financial Reporting Standards for Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards, Interpretations, and Announcements issued by the Financial Supervisory Commission of Taiwan.

Basis for Opinion

We conducted our audit in accordance with the auditing standards and regulations for the audit of financial statements. Our responsibilities under these standards will be described further in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section. Our firm and the personnel working under the standards of independence have complied with the professional ethical standards for accountants, maintaining complete independence from Hecheng Xinye Co., Ltd. and its subsidiaries. Based on our audit and the reports of other auditors, we believe that we have obtained sufficient and appropriate audit evidence to form the basis for our opinion.

Key Audit Matters

Key audit matters refer to the most significant matters in the audit of the consolidated financial statements of Hecheng Xinye Co., Ltd. and its significant subsidiaries for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion, we do not express an opinion on these matters individually. The key audit matters we communicated in our audit report are as follows:

1. Accounts Receivable Valuation

The accounting policy for accounts receivable valuation is detailed in Note 4(7) of the consolidated financial statements. The accounting estimates and assumptions related to the valuation of accounts receivable and the uncertainties involved are discussed in Note 5(1). Further explanations about the valuation of accounts receivable are provided in Note 6(4).

Key Audit Matter Description:

Sales and accounts receivable for Hecheng Xinye Co., Ltd. and its significant subsidiaries are concentrated in Taiwan, China, and the Philippines. The provision for doubtful accounts requires significant subjective judgment from management, making it a matter of high focus in our financial statement audit.

Audit Procedures Performed:

Our audit procedures for this key audit matter included evaluating whether the impairment of

accounts receivable is in accordance with the established accounting policy of Hecheng Xinye Co., Ltd. and its subsidiaries. We obtained aging analysis reports, analyzed overdue receivables, and performed sample checks to verify the accuracy of the aging report. We assessed whether overdue accounts receivable amounts are significant and evaluated whether provisions for impairment are adequate. We also reviewed the appropriateness of the disclosures related to the provisions for doubtful accounts.

2. Inventory Valuation

The accounting policy for inventory valuation is described in Note 4(8) of the consolidated financial statements. The accounting estimates and assumptions related to inventory valuation and uncertainties involved are discussed in Note 5(2). Further explanations about inventory valuation are provided in Note 6(6).

Key Audit Matter Description:

Inventory in the consolidated financial statements is measured at the lower of cost or net realizable value. Hecheng Xinye Co., Ltd. and its subsidiaries sell products mainly through distributors and large retail outlets. Due to competition from homogeneous products and low-price strategies within the industry, there is a risk that products may become obsolete or not align with consumer preferences, which could result in the inventory's cost exceeding its net realizable value.

Audit Procedures Performed:

Our audit procedures included understanding the inventory impairment policy of Hecheng Xinye Co., Ltd. and its subsidiaries and verifying whether provisions for inventory obsolescence or slow-moving stock are in line with the company's accounting policy. We performed sample tests and reviewed supporting documentation to validate the accuracy of the impairment calculations. We assessed whether management's disclosures about inventory impairment were appropriate.

Other Matters

Certain subsidiaries included in the consolidated financial statements of Hecheng Xinye Co., Ltd. have financial statements that were not audited by us but were audited by other auditors. Therefore, our opinion on the consolidated financial statements is based on the reports of other auditors for the financial statements of these subsidiaries. As of December 31, 2024, and 2023, the total assets of these subsidiaries represented 16% and 21%, respectively, of the consolidated total assets. The net operating revenues of these subsidiaries represented 5% and 10%, respectively, of the consolidated net revenues.

Hecheng Xinye Co., Ltd. has also prepared individual financial statements for 2024 and 2023, which have been audited by us with an unqualified opinion, including an "Other Matters" section for reference.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for preparing the consolidated financial statements in accordance with the Financial Reporting Standards for Securities Issuers and ensuring that these financial statements present fairly the financial position of Hecheng Xinye Co., Ltd. and its subsidiaries. Management is also responsible for maintaining internal controls related to the preparation of these financial statements to prevent material misstatements due to fraud or error. In preparing the consolidated financial statements, management is responsible for evaluating the company's ability to continue as a going concern and for making disclosures related to this.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objective is 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 auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may 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 the financial statements.

As part of the audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following procedures:

1. Identifying and assessing the risks of material misstatement due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining sufficient and appropriate audit evidence to form the basis of our opinion.
2. Understanding the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
4. Concluding 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 entity' s ability to continue as a going concern.

Signature:

An Hou Jian Ye Joint Accounting Firm
Certified Public Accountant: Xu Shumin
Certified Public Accountant: Wu Zhaoren

Approval No.: Financial Supervisory Commission Approval No. 0940100754
Audit No.: Financial Supervisory Commission Audit No. 1070304941
Date: March 11, 2025

Independent Auditors' Report Translated from Chinese

Audit Report of the Certified Public Accountant

To the Board of Directors of Hecheng Xinye Co., Ltd.:

Audit Opinion

The balance sheet of Hecheng Xinye Co., Ltd. as of December 31, 2024, and December 31, 2023, along with the comprehensive income statement, statement of changes in equity, and cash flow statement for the period from January 1 to December 31, 2024, and January 1 to December 31, 2023, as well as the notes to the individual financial statements (including a summary of significant accounting policies), have been audited by this accountant.

In the opinion of the accountant, based on the audit results and the audit reports of other accountants (please refer to the "Other Matters" section), the individual financial statements mentioned above present fairly, in all material respects, the financial position of Hecheng Xinye Co., Ltd. as of December 31, 2024, and December 31, 2023, and the financial performance and cash flows for the periods from January 1 to December 31, 2024, and January 1 to December 31, 2023, in accordance with the guidelines for the preparation of financial reports by securities issuers.

Basis for Audit Opinion

The audit was conducted in accordance with the regulations for accountants auditing and certifying financial statements and auditing standards. The responsibilities of the auditor under these standards are further explained in the "Auditor's Responsibility" section. The firm to which the auditor belongs adheres to the independence standards and has maintained its independence from Hecheng Xinye Co., Ltd. as required by the professional ethics code, fulfilling other responsibilities in accordance with these standards. Based on the audit results and the audit reports of other accountants, the auditor believes sufficient and appropriate audit evidence has been obtained to provide a basis for the audit opinion.

Key Audit Matters

Key audit matters refer to those matters that, in the auditor's professional judgment, are of the most significance in the audit of the individual financial statements of Hecheng Xinye Co., Ltd. for the fiscal year 2024. These matters were addressed during the audit process in the context of the overall audit of the individual financial statements and in forming the audit opinion. The auditor does not express an opinion on these matters individually. The auditor has identified the following key audit matters to communicate in the audit report:

1. Inventory Valuation

For the accounting policy on inventory valuation, please refer to Note 4(7) of the individual financial statements; for uncertainties in accounting estimates and assumptions regarding inventory valuation, see Note 5; and for further details on inventory valuation, refer to Note 6(6).

Explanation of Key Audit Matter:

Inventory is measured at the lower of cost or net realizable value. The company's products are mainly sold through distributors and large retailers to consumers. Due to the competition from similar products and low-price strategies in the industry, there is a risk that products may become obsolete or not align with consumer preferences, leading to a risk that the cost of inventory may exceed its net realizable value.

Audit Procedures Performed:

The auditor's key audit procedures included understanding the company's accounting policies for inventory impairment provisions, checking whether inventory provisions for impairment or slow-moving inventory had been made according to the company's established accounting policy, performing sampling procedures, verifying related forms and vouchers to check the accuracy of calculations, and evaluating whether the disclosures made by management regarding inventory impairment or slow-moving inventory provisions are appropriate.

2. Equity Method Investment Evaluation

For the accounting policy on equity method investments, please refer to Note 4(8) and (9) of the individual financial statements; for the recognition of equity method investments and the share of income from associates and joint ventures, see Note 6(7).

Explanation of Key Audit Matter:

Hecheng Xinye Co., Ltd. has equity method investments totaling NT\$1,668,964 thousand, which accounts for 20% of the total assets of Hecheng Xinye Co., Ltd. Therefore, investments accounted for using the equity method are a significant matter that requires the auditor's high attention.

Audit Procedures Performed:

The auditor's key audit procedures included providing audit instructions to other auditors of constituent entities, communicating with those auditors, obtaining the financial reports of the constituent entities, verifying the accuracy of the recognized equity method investment amounts and corresponding periods, and evaluating whether the disclosures regarding equity method investments made by management are appropriate.

Other Matters

The financial reports of certain companies included in Hecheng Xinye Co., Ltd.'s equity method investments were not audited by this accountant but were audited by other accountants. Therefore, the amounts in the individual financial statements related to those companies are based on the audit reports of other accountants. As of December 31, 2024, and December 31, 2023, the investments recognized in the equity method for these investee companies accounted for 4% and 7% of total assets, respectively. The share of profit or loss recognized from subsidiaries, associates, and joint ventures using the equity method for the periods from January 1 to December 31, 2024, and January 1 to December 31, 2023, accounted for (91)% and (284)% of pre-tax net income, respectively.

Management's Responsibility for the Individual Financial Statements

Management is responsible for the preparation of the individual financial statements in accordance with the guidelines for the preparation of financial reports by securities issuers and for maintaining the necessary internal controls to ensure that the individual financial statements are free from material misstatements due to fraud or error.

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

Auditor's Responsibility for the Audit of the Individual Financial Statements

The auditor's responsibility is to express an opinion on the individual financial statements as a whole, based on the audit, to obtain reasonable assurance that the financial statements are free from material misstatements due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of

assurance but is not a guarantee that an audit conducted in accordance with auditing standards 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 financial statements.

Audit Procedures Performed:

The auditor's work includes identifying and assessing the risks of material misstatement of the individual financial statements due to fraud or error, designing and performing audit procedures to address those risks, and obtaining sufficient and appropriate audit evidence to form a basis for the audit opinion. The auditor also evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Communication with Governance Bodies

The auditor communicates with the governance bodies (including the audit committee) regarding the scope and timing of the audit and significant audit findings, including significant deficiencies in internal controls identified during the audit.

Signed:

An-Hou Joint CPA Firm

Auditor: Hsu Shu-Min

Certified Public Accountant: Wu Zhao-Ren

Securities Regulatory Authority Approval Numbers: Jin Guan Zheng Liu Zi No. 0940100754, Jin Guan Zheng Shen Zi No. 1070304941

Date: March 11, 2025

III. Report on the remuneration distribution of employees and directors in 2024.

1. Issued in accordance with Article 21 of the Articles of Incorporation of the Company.
2. The company's profit in 2024 is NT\$66,405,942 distributed respectively:
 - (1) Employee' remuneration is NT\$4,378,414 in cash dividends.
 - (2) Directors' remuneration is NT\$2,189,207 in cash dividends.

IV. Report on External Endorsement and Guarantee:

As of the year ended Dec. 31, 2024, the total amount of endorsements and guarantees to domestic and overseas subsidiaries of the company is NT\$360, 801 thousand. The details are as follows:

1. HCG (Philippines): NT\$210, 801 thousand (US\$1,500 thousand and PHP285, 000 thousand).
2. Paolon Interior Design Co., Ltd.: NT\$150,000 thousand

V. Report on f Loaning Funds to Others:

As of the end of December 2024, the Company's loans to its domestic and overseas subsidiaries amounted to NT\$0 thousand , detailed as follows:

VI. Directors' and Managers' Performance Evaluation Results and Compensation Report

(一) Performance Evaluation Results The operation of the Board of Directors indeed complies with the regulations governing board meetings and relevant laws and regulations, and supervises the company's operations and its response to or potential exposure to various risks. It also maintains good interaction with the management, fully fulfilling the functions of the board of directors. Managers all possess relevant experience and expertise in management, business, etc., and demonstrate a considerable level of performance in various performance indicators.

(二) Explanation of the Relationship and Rationality between Tax-Adjusted Profit and Compensation Changes

1. Directors' compensation is determined based on their level of involvement in the company's operations and their contribution value, while also considering industry standards for director compensation.
2. Director remuneration is allocated according to Article 21 of the company's articles of association: In the event of annual profits, remuneration should be allocated to both employees and directors separately. The maximum allocation ratio for director remuneration is 3% of annual profits. The profit for the fiscal year 2024 amounted to : NT\$66,405,942 , with director remuneration allocated: NT\$2,189,207
3. Directors who also serve as employees received related remuneration amounting to: NT\$6,555,600 in 2023 and NT\$6,520,500 in 2024, which is considered reasonable.
4. The operating expenses of the four independent directors in fiscal year 2024 amounted to NT\$927,9078 . According to the regulations governing the responsibilities of independent directors of this company, they do not participate in the allocation of director remuneration.
5. The company's operational performance and individual work performance are related to the compensation and bonuses of managers. Managers demonstrate a certain level of performance in various aspects, and their compensation is considered reasonable.

VII. Sustainable Development Policy, Systems, or Related Management Policies, and Concrete Implementation Plan Report:

The company adheres to the corporate cultural mindset of coexistence with the Earth, sharing with humanity, co-creation with society, and mutual benefit for all. We actively promote sustainability measures such as energy conservation, reducing consumption, and carbon reduction to fulfill our responsibility to society. We plan to complete the "2024 Sustainable Report" by the fiscal year 2025, and upload it to the stock exchange and the company's official website by the end of August 2025, as required, to provide stakeholders with access.

Matters for Ratification

Subject 1: Adoption of the 2024 business report and accounting final report. (Provided by the board of directors)

Explanation: The company's 2024 consolidated and individual financial report was completed by accountants Swimming Hsu and MarShai Wu from KPMG and issued an audit report. The business report has been reviewed by the audit committee, and it is deemed that there is no discrepancy, and it is submitted for recognition.

(Please refer to page10 to page12, page 13 to page 21 and page 30 to39)

Resolution:

Subject 2: Adoption of the Proposal for Distribution of 2024 Profits. (Provided by the board of directors)

Explanation:

1. The company's 2024 financial statements are managed by KPMG's accountant Linda Chiang and accountant Calvin Chiang have completed the audit, and the 2024 after-tax surplus will be NT\$ 58,417,645. 10% of the statutory surplus reserve is set aside in NT\$ 18,293,397 in accordance with the company's articles of association. The distributable surplus is NT\$ 1,673,883,208 at the end of the period, proposed to be available for distribution in 2024. Proposed distribution of shareholder cash dividends of NT\$57,437,707 (for every surplus share NT\$ 0.19), calculated until one NTD, rounding, the total distribution of the abnormal amount of less than one NTD number, included in the company's other income (see the surplus distribution table, please refer to section of this manual page 40).
2. After this case is passed by the shareholders' meeting, the chairman is authorized to set the ex-dividend base date, date of issuance and other related matters.
3. If the company subsequently bought back shares of the company, transferred, cancelled, or cooperated with other laws and regulations, affect the number of shares outstanding, and the relevant dividend amount or the adjustment of the dividend rate. The shareholders' meeting authorizes the board of directors to handle it with full authority.
4. This proposal was reviewed and approved by the Audit Committee.
5. Call for recognition.

Resolution:

Discussion Items

Agenda Item 1: Proposal to amend certain provisions of the company's Articles of Incorporation, submitted for discussion. (Board of Directors)

Explanation:

1. In accordance with the Financial Supervisory Commission's Order No. 1130385442, dated November 8, 2024.
2. This proposal has been reviewed and approved by the Audit Committee.
3. Please refer to the comparison table of the provisions. (Please refer to pages _41 of this handbook).
4. Submitted for discussion.

Resolution:

Temporary motions

Adjournment

HOCHENG CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NT\$ thousand

		2024.12.31		2023.12.31	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (Note 6(1))	\$ 771,531	7	1,372,939	13
1110	Current financial assets at fair value through profit or loss (Note 6(2))	222,505	2	149,673	1
1151	Notes receivable (Notes 6(4) and 7)	352,569	3	427,171	4
1170	Accounts receivable, net (Notes 6(4) and 7)	741,112	7	759,623	7
1200	Other receivables, net (Notes 6(5) and 7)	91,652	1	74,317	1
130X	Inventories, net (Note 6(6))	1,749,493	17	1,769,095	17
1476	Other non-current assets - Others (Note 6(7))	406,439	4	-	-
1479	Other Current assets - Others	159,222	2	131,179	1
		<u>4,494,463</u>	<u>43</u>	<u>4,693,997</u>	<u>44</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(3))	1,186,410	11	1,164,916	11
1550	Investments accounted for using the equity method, net (Note 6(8))	53,073	1	52,133	-
1600	Property, plant and equipment (Notes 6(9) and 8)	3,443,810	33	3,457,571	33
1755	Right-of-use assets (Note 6(10) and 7)	92,611	1	114,589	1
1760	Investment property, net (Note 6(11) and 8)	632,132	6	648,928	7
1840	Deferred income tax assets (Note 6(20))	212,620	2	225,175	2
1920	Guarantee deposits paid (Note 8)	44,559	-	43,206	-
1975	Net defined benefit assets - Non-current (Note 6(19))	194,603	2	118,183	1
1984	Other financial assets - Non-current (Note 6(7))	20,151	-	-	-
1995	Other non-current assets - Others (Note 8)	68,641	1	86,091	1
		<u>5,948,610</u>	<u>57</u>	<u>5,910,792</u>	<u>56</u>
		<u>\$ 10,443,073</u>	<u>100</u>	<u>10,594,789</u>	<u>100</u>
Liabilities and equity					
Current liabilities:					
2100	Short-term borrowings (Notes 6(12) and 8)	\$ 205,517	2	465,963	4
2110	Short-term notes and bills payable (Notes 6(13))	100,000	1	-	-
2150	Notes payable (Note 7)	15,076	-	12,987	-
2160	Notes payable - Related parties (note 7)	36,544	-	38,373	-
2170	Accounts payable (Note 7)	568,868	6	518,084	5
2200	Other payables (Notes 7)	378,926	4	421,135	4
2230	Tax liability	24,625	-	186,375	2
2250	Debt allowance - Current (Note 6(17))	12,793	-	16,046	-
2280	Lease liabilities - Current (Note 6(16))	35,618	-	39,214	-
2320	Long-term liabilities due within one year (Notes 6(15) and 8)	76,687	1	459,061	4
2399	Other current liabilities - Others (Note 6(14))	1,239,501	12	1,201,058	12
		<u>2,694,155</u>	<u>26</u>	<u>3,358,296</u>	<u>31</u>
Non-current liabilities:					
2540	Long-term borrowings (Notes 6(15) and 8)	425,528	4	72,432	1
2570	Deferred income tax liabilities (Note 6(20))	365,121	4	362,076	4
2580	Lease liabilities - Non-current (Note 6(16))	32,229	-	51,797	-
2670	Other non-current liabilities	23,872	-	23,525	-
		<u>846,750</u>	<u>8</u>	<u>509,830</u>	<u>5</u>
		<u>3,540,915</u>	<u>34</u>	<u>3,868,126</u>	<u>36</u>
Equity attributable to owners of the parent company (Note 6(21)):					
3100	Capital stock	3,023,037	29	3,023,037	29
3200	Capital surplus	16,847	-	16,587	-
3300	Retained earnings	3,139,684	30	3,017,205	28
3400	Other equity	664,715	6	617,424	6
3500	Treasury stock	(4,781)	-	(4,781)	-
	Equity attributable to shareholders of the parent company	6,839,502	65	6,569,472	63
36XX	Non-controlling interests	62,656	1	57,191	1
	Total equity	6,902,158	66	6,726,663	64
	Total Liabilities and Equity	<u>\$ 10,443,073</u>	<u>100</u>	<u>10,594,789</u>	<u>100</u>

(Please refer to the accompanying notes to consolidated financial statements)

Chairman: Li- Chien Chiu

Managerial officer: Shih-Chieh Chen

Head-Finance & Accounting: Yueh-Ying Lo

HOCHENG CORPORATION AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(23))	\$ 4,856,946	100	4,870,787	100
5000	Operating costs (Note 6(6))	3,645,999	75	3,670,621	75
5950	Operating gross profit	1,210,947	25	1,200,166	25
	Operating expenses:				
6100	Sales and marketing expenses	750,399	16	718,778	15
6200	General and administrative expenses	357,078	7	377,938	8
6300	Research and development expenses	99,734	2	109,058	2
6450	Expected credit loss (Note 6(4))	1,655	-	1,930	-
6300	Subtotal	1,208,866	25	1,207,704	25
6900	Net profit (loss)	2,081	-	(7,538)	-
	Non-operating income and expenses: (Note 6(8) and (25))				
7100	Interest income	27,995	1	13,335	-
7010	Others	110,305	2	150,654	3
7020	Other gains and losses	(15,120)	-	(37,842)	(1)
7050	Finance costs	(29,264)	(1)	(51,893)	(1)
7770	Share of gains of associates and joint ventures recognized by using the equity method	(256)	-	(533)	-
	Subtotal	93,660	2	73,721	1
	Net profits before tax	95,741	2	66,183	1
7950	Less: Income tax expenses (Note 6(20))	34,536	1	44,106	1
	Net profits for the period	61,205	1	22,077	-
8300	Other comprehensive income :				
8310	Not to be reclassified to profit or loss in subsequent periods:				
8311	Remeasurements of defined benefit plans	62,882	1	5,181	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	85,839	2	240,352	5
8349	Income tax related to items that will not be reclassified	(14,794)	-	(869)	-
	Total amount of items that will not be reclassified to profit or loss	133,927	3	244,664	5
8360	Items that may be reclassified to profit or loss subsequently				
8361	Exchange differences on translation of foreign operations	40,821	1	17,763	-
8370	Share of other comprehensive income of associates and joint ventures under the equity method	(2,254)	-	922	-
8399	Income tax related to items that may be reclassified	-	-	-	-
	Total amount of items that may be reclassified to profit or loss subsequently	38,567	1	18,685	-
8300	Other comprehensive income for the year	172,494	4	263,349	5
8500	Total comprehensive income for the period	\$ 233,699	5	285,426	5
	Net profits attributable to:				
8610	Owner of the parent company	\$ 58,418	1	19,347	-
8620	Non-controlling interests	2,787	-	2,730	-
		\$ 61,205	1	22,077	-
	Comprehensive income attributable to:				
8710	Owner of the parent company	\$ 230,231	5	282,047	5
8720	Non-controlling interests	3,468	-	3,379	-
		\$ 233,699	5	285,426	5
	Earnings per share (NT\$) (Note 6(22))				
9750	Basic earnings per share (NT\$)	\$	0.19		0.06
9850	Diluted earnings per share (NT\$)	\$	0.19		0.06

(Please refer to the accompanying notes to consolidated financial statements)

Chairman: Li- Chien Chiu

Managerial officer: Shih-Chieh Chen

Head-Finance & Accounting: Yueh-Yi

HOCHENG CORPORATION AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

Equity attributable to owners of the parent company									
Shares	Other Components of Equity								
	Retained earnings			Unappropriated earnings	Foreign operations	Others Profit or loss measured at fair value	Treasury stock	Attributed to parent	Total equity
	Capital surplus	Legal reserve	Special reserve						
Common stock									
\$	3,032,800	980,671	458,116	1,599,041	(1,184)	377,823	(13,461)	6,448,029	6,508,692
-	-	-	-	19,347	-	-	-	19,347	22,077
-	-	-	-	4,542	17,922	240,007	-	262,471	263,349
-	-	-	-	23,889	17,922	240,007	-	281,818	285,426
-	-	22,910	-	(22,910)	-	-	-	-	-
-	-	-	-	(60,656)	-	-	-	(60,656)	(60,656)
-	(3)	-	-	-	-	-	-	(3)	(3)
(9,763)	1,083	-	-	-	-	-	8,680	-	-
-	284	-	-	-	-	-	-	284	284
-	-	-	-	17,144	-	(17,144)	-	-	-
-	-	-	-	-	-	-	-	-	-
3,023,037	16,567	1,003,581	458,116	1,555,508	16,738	660,686	(4,781)	6,669,472	6,726,063
-	-	-	-	58,418	-	-	-	58,418	61,205
-	-	-	-	48,688	38,037	85,688	-	171,813	172,494
-	-	-	-	106,506	38,037	85,688	-	230,231	233,690
-	-	4,103	-	(4,103)	-	-	-	-	-
-	-	-	-	(60,461)	-	-	-	(60,461)	(60,461)
-	-	-	-	76,437	-	(76,437)	-	-	-
-	171	-	-	-	-	-	-	171	171
-	89	-	-	-	-	-	-	89	89
-	-	-	-	(3)	-	3	-	-	-
-	-	-	-	-	-	-	-	-	-
3,023,037	18,847	1,007,684	458,116	1,673,884	54,775	660,940	(4,781)	6,839,502	6,902,138

(Please refer to the accompanying notes to consolidated financial statements)

Managerial officer: Shih-Chieh Chen

Head-Finance & Accounting: Yueh-Ying Lo

Chairman: Li-Chien Chiu

HOCHENG CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Profit before tax from continuing operations	\$ 95,741	66,183
Net income before tax		
Adjustments to reconcile profit (loss)		
Depreciation	210,195	227,117
Amortization expense	9,366	10,290
Expected credit impairment losses	1,655	1,930
Net gains on financial assets at fair value through profit or loss	(3,540)	(2,934)
Interest expenses	29,264	51,893
Interest income	(27,995)	(13,335)
Dividend income	(45,594)	(49,947)
Share of gains of associates and joint ventures recognized by using the equity method	256	533
Gains on disposal and scrapping of property, plant and equipment	(866)	(49)
(gain) loss on lease modification	<u>(149)</u>	<u>121</u>
Total items of income and expenses	<u>172,592</u>	<u>225,619</u>
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes receivable	74,662	16,160
Accounts receivables	16,856	(44,409)
Other receivables	(17,335)	(4,768)
Inventory	19,602	108,148
Other current assets	(28,043)	10,990
Increase in other Financial assets	(406,439)	-
Net defined benefit assets liabilities	<u>(16,144)</u>	<u>(41,192)</u>
Total net changes in assets related to operating activities	<u>(356,841)</u>	<u>44,929</u>
Net changes in liabilities related to operating activities		
Notes payable	260	(72,007)
Accounts payable	50,784	41,361
Other payables	(42,209)	(116,861)
Debt allowance	(3,253)	(3,043)
Other current liabilities	<u>38,443</u>	<u>1,090,010</u>
Total net changes in liabilities related to operating activities	<u>44,025</u>	<u>939,460</u>
Total net changes in assets and liabilities related to operating activities	<u>(312,816)</u>	<u>984,389</u>
Total item of adjustments	<u>(140,224)</u>	<u>1,210,008</u>
Cash inflows (outflows) generated from operations	(44,483)	1,276,191
Interest received	27,995	13,335
Dividends received	45,594	49,947
Interest paid	(29,229)	(51,806)
Income tax paid	<u>(180,686)</u>	<u>(26,923)</u>
Net cash outflows (inflows) from operating activities	<u>(180,809)</u>	<u>1,260,744</u>

(Please refer to the accompanying notes to consolidated financial statements)

Chairman: Li-Chien Chiu

Managerial officer: Shih-Chieh Chen

Head-Finance & Accounting: Yueh-Ying Lo

HOCHENG CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows (cont'd)

January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	<u>2024</u>	<u>2023</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(46,563)	(50,873)
Disposal of financial assets measured at fair value through other comprehensive income	110,909	89,399
Acquisition of financial assets at fair value through profit or loss	(116,050)	(124,586)
Disposal of financial assets at fair value through profit or loss	46,758	293,258
Acquisition of investments accounted for under the equity method	-	(620)
Acquisition of property, plant and equipment	(115,431)	(105,298)
Proceeds from disposal of property, plant and equipment	1,582	78,563
(Increase) decrease in refundable deposits	(1,353)	18,855
Acquisition of intangible assets	(3,213)	(3,857)
Other Financial assets	(20,151)	-
Other non-current assets	<u>11,297</u>	<u>(28,442)</u>
Net cash outflows (inflows) from investing activities	<u>(132,215)</u>	<u>166,399</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(262,000)	(461,988)
Short-term notes payable	100,000	(105,000)
Increase in long-term loans	419,419	92,370
Decrease in long-term loans	(450,660)	(156,496)
(Decrease) increase in refundable deposits	347	(107)
Repayment of principal of lease liabilities	(43,126)	(37,355)
Cash dividends paid	(60,461)	(60,470)
Changes in non-controlling interests	(91)	(6,132)
Others	<u>171</u>	<u>-</u>
Net cash outflows from financing activities	<u>(296,401)</u>	<u>(735,178)</u>
Effect of exchange rate changes on cash and cash equivalents	8,017	15,107
Net increase (decrease) in cash and cash equivalents during the period	(601,408)	707,072
Cash and cash equivalents at beginning of year	<u>1,372,939</u>	<u>665,867</u>
Cash and cash equivalents at end of year	<u>\$ 771,531</u>	<u>1,372,939</u>

Balance Sheet

Unit: NT\$ thousand

Total Assets

Chairman: Li-Chien Chiu

Head-Finance & Accounting: Yueh-Ying Lo

Hocheng Corporation
Statement of Comprehensive income
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(22) and 7)	\$ 3,132,034	100	3,255,265	100
5000	Operating costs (Note 6(8) and 7)	2,387,917	76	2,411,916	74
5900	Gross profit before adjustment	744,117	24	843,349	26
5910	Less: Unrealized sales gains or losses	3,145	-	8,632	-
5920	Add: Realized sales gains or losses	8,632	-	7,060	-
5950	Operating gross profit	749,604	24	841,777	26
	Operating expenses(note 7)				
6100	Sales and marketing expenses	473,085	15	462,226	14
6200	General and administrative expenses	175,522	6	154,133	5
6300	Research and development expenses	100,377	3	109,406	3
6450	Expected credit impairment (reversal gains) losses (Note 6(4))	(1,920)	-	224	-
6900	Subtotal	747,064	24	725,989	22
6900	Operating profit	2,540	-	115,788	4
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	4,222	-	1,678	-
7010	Other income (Note 6(24) and 7)	98,559	3	109,837	3
7020	Other gains and losses (Note 6(24))	(5,988)	-	(7,117)	-
7050	Finance costs (Note 6(24))	(17,264)	(1)	(21,987)	(1)
7070	Profit and loss of subsidiaries, associates and joint ventures recognized by using equity method (Note 6(7))	(15,663)	(1)	(141,745)	(4)
	Subtotal	63,866	1	(50,334)	(2)
7900	Net profits before tax	66,406	1	56,454	2
7950	Less: Income tax expenses (Note 6(19))	7,988	-	37,107	1
	Net profits for the period	58,418	1	19,347	1
8300	Other comprehensive income :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	51,538	2	9,486	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	47,945	2	144,015	4
8330	Share of gains of subsidiaries, associates, and joint ventures recognized by using the equity method - Items not reclassified to profit or loss	46,481	1	91,973	3
8349	Less: Income tax related to items that will not be reclassified	12,188	-	925	-
	Total amount of items that will not be reclassified to profit or loss	133,776	5	244,549	7
8360	Items that may be reclassified to profit or loss subsequently				
8361	Exchange differences on translation of foreign operations	38,037	1	17,922	1
8380	Share of gains of subsidiaries, associates, and joint ventures recognized by using the equity method - Items that may be reclassified to profit or loss	-	-	-	(1)
8399	Less: Income tax related to items that may be reclassified	-	-	-	-
	Total amount of items that may be reclassified to profit or loss subsequently	38,037	1	17,922	-
8300	Other comprehensive income or loss of the period (net after taxes)	171,813	6	262,471	7
8500	Total comprehensive income for the period	\$ 230,231	7	\$ 281,818	8
	Earnings per share (NT\$) (Note 6(21))				
9750	Basic earnings per share (NT\$)	\$	0.19	\$	0.06
9850	Diluted earnings per share (NT\$)	\$	0.19	\$	0.06

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu Managerial officer: Shih-Chieh Chen Head-Finance & Accounting: Yueh-Ying Lo

Hocheng Corporation
Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	Shares	Other Components of Equity								
		Retained earnings				Foreign operations	Others Profit or loss measured at fair value			
		Capital surplus	Legal reserve	Special reserve	Unappropriated earnings					
Common stock										
\$ 3,032,800		15,223	980,671	458,116	1,598,041	(1,184)	377,823	(13,461)	6,448,029	
-		-	-	-	19,347	-	-	-	19,347	
-		-	-	-	4,542	17,922	240,007	-	262,471	
-		-	-	-	23,889	17,922	240,007	-	281,818	
-		-	-	-	-	-	-	-	-	
-		-	22,910	-	(22,910)	-	-	-	-	
-		-	-	-	(60,656)	-	-	-	(60,656)	
-		(3)	-	-	-	-	-	-	(3)	
(9,763)		1,083	-	-	-	-	-	8,680	-	
-		284	-	-	-	-	-	-	284	
-		-	-	-	17,144	-	(17,144)	-	-	
3,023,037		16,587	1,003,581	458,116	1,555,508	16,738	600,686	(4,781)	6,669,472	
-		-	-	-	58,418	-	-	-	58,418	
-		-	-	-	48,088	38,037	85,688	-	171,813	
-		-	-	-	106,506	38,037	85,688	-	230,231	
-		-	4,103	-	(4,103)	-	-	-	-	
-		-	-	-	(60,461)	-	-	-	(60,461)	
-		-	-	-	76,437	-	(76,437)	-	-	
-		171	-	-	-	-	-	-	171	
-		89	-	-	-	-	-	-	89	
-		-	-	-	(3)	-	3	-	-	
\$ 3,023,037		16,847	1,007,684	458,116	1,673,884	54,775	609,940	(4,781)	6,839,502	

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu

Managerial officer: Shih-Chieh Chen

Head-Finance & Accounting: Yueh-Ying Lo

Hocheng Corporation
Statement of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NTS thousand

	2024	2023
Cash flows from operating activities:		
Profit before tax from continuing operations	\$ 66,406	56,454
Net income before tax		
Adjustments to reconcile profit (loss)		
Depreciation	137,289	149,793
Amortization expense	4,358	4,853
Expected credit impairment losses	(1,920)	224
Net gains on financial assets at fair value through profit or loss	(1,732)	(3,572)
Interest expenses	17,264	21,987
Interest income	(4,222)	(1,678)
Dividend income	(29,169)	(28,658)
Share of losses (gains) of subsidiaries, associates, and joint ventures recognized by using the equity method	15,663	141,745
Gains (losses) from disposal and scrapping of property, plant and equipment	6	(886)
(gain) loss on lease modification	(146)	209
Loss on disposal of intangible assets	-	558
Unrealized (Realized) Sales (Gains) Losses	(5,487)	1,572
Total items of income and expenses	131,904	286,147
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes receivable	79,204	45,489
Accounts receivables	(2,646)	160,770
Other receivables	(13,973)	(8,052)
Inventory	11,255	96,129
Other current assets	5,222	11,243
Net defined benefit assets liabilities	(12,372)	(35,786)
Total net changes in assets related to operating activities	66,690	269,793
Net changes in liabilities related to operating activities		
Notes payable	(2,705)	(64,110)
Accounts payable	26,156	(28,945)
Other payables	(4,003)	(106,929)
Debt allowance	(2,432)	(4,258)
Other current liabilities	(9,708)	(8,482)
Total net changes in liabilities related to operating activities	7,308	(212,724)
Total net changes in assets and liabilities related to operating activities	73,998	57,069
Total item of adjustments	205,902	343,216
Cash inflows generated from operations	272,308	399,670
Interest received	4,222	1,678
Dividends received	51,732	61,965
Interest paid	(17,230)	(21,900)
Income tax paid	(37,784)	(15,803)
Net cash inflows from operating activities	273,248	425,610

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu

Managerial officer: Shih-Chieh Chen

Head-Finance & Accounting: Yueh-Ying Lo

Hocheng Corporation
Statement of Cash Flows (cont'd)
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	<u>2024</u>	<u>2023</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(922)	(23,434)
Disposal of financial assets measured at fair value through other comprehensive income	2,924	47,330
Acquisition of financial assets at fair value through profit or loss	(11,000)	(52,900)
Disposal of financial assets at fair value through profit or loss	-	24,259
Acquisition of investments accounted for under the equity method	-	(150,620)
Acquisition of property, plant and equipment	(44,586)	(51,543)
Proceeds from disposal of property, plant and equipment	65	6,140
Decrease in refundable deposits	2,125	18,057
Acquisition of intangible assets	(1,590)	(1,863)
Disposal of intangible assets	-	356
Cash inflow from merger	-	257,434
Other Financial assets	(26)	-
Other non-current assets	(11,552)	(1,144)
Net cash outflows (inflows) from investing activities	<u>(64,562)</u>	<u>72,072</u>
Cash flows from financing activities:		
(Decrease) Increase in short-term borrowings	(181,385)	20,000
Increase (Decrease) in short-term notes payable	100,000	(105,000)
Increase in long-term loans	400,000	-
Decrease in long-term loans	(440,000)	(80,000)
Increase in guarantee deposits received	347	-
Repayment of principal of lease liabilities	(21,047)	(42,447)
Cash dividends paid	(60,461)	(60,461)
Others	171	-
Net cash outflows from financing activities	<u>(202,375)</u>	<u>(267,908)</u>
Net increase in cash and cash equivalents during the period	<u>6,311</u>	<u>229,774</u>
Cash and cash equivalents at beginning of year	<u>370,049</u>	<u>140,275</u>
Cash and cash equivalents at end of year	<u>\$ 376,360</u>	<u>370,049</u>

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu

Managerial officer: Shih-Chieh Chen

Head-Finance & Accounting: Yush-Ying Lo

HOCHENG CORPORATION
Earnings Distribution Table
for the Year 2024

	Unit: NTD
	Amount
Beginning Undistributed Earnings	1,490,943,477
Add (Less):	
Changes to Actuarial Gains and Losses in Current Period (incl. DTA)	48,087,446
Disposal of Equity Instruments Measured at Fair Value through Other Comprehensive Income	76,434,640
Current Net Profit (Loss) after Tax	58,417,645
Earnings Distributable	182,939,731
Less:	1,673,883,208
Legal Reserve	18,293,973
Distribution Items:	
Shareholders' Bonus-Cash	57,437,707
Ending Undistributed Earnings	75,731,680
Note:	1,598,151,528
Shareholders' Bonus-Cash:	302,303,719*0.19=57,437,707
Chairman: Patrick Chiu	Manager: Chen, Shih-Chieh
	Accounting Manager: Monica Luo

Appendix 10

Hocheng Industrial Co., Ltd.

Comparison Table of Amendments to Certain Articles of the Articles of Association

Amended Article	Existing Article	Explanation
<p>Article 21</p> <p>If the company achieves a profit in the annual financial statement, employee and director compensation shall be allocated accordingly.</p> <p>The allocation ratio for employee compensation shall be 5% to 8% of the annual profit.</p> <p>The portion of employee compensation allocated shall not be less than [percentage] to be distributed among the frontline employees.</p> <p>The allocation ratio for director compensation shall be a maximum of 3% of the annual profit.</p> <p>The allocation procedure shall be handled in accordance with relevant regulations.</p>	<p>Article 21</p> <p>If the company achieves a profit in the annual financial statement, employee and director compensation shall be allocated accordingly.</p> <p>The allocation ratio for employee compensation shall be 5% to 8% of the annual profit.</p> <p>The allocation ratio for director compensation shall be capped at 3% of the annual profit.</p> <p>The allocation procedure shall be carried out in accordance with relevant regulations.</p>	<p>In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act, supplementary provisions require that companies listed on the stock exchange or over-the-counter market specify in their articles of incorporation the matters related to adjusting salaries or distributing compensation to grassroots employees based on a certain percentage of annual earnings.</p> <p>Therefore, pursuant to the Financial Supervisory Commission's Order No. 11303854 42, the original third and fourth paragraphs have been amended to the fourth and fifth paragraphs, respectively, and a new third paragraph has been added.</p>

Appendix 11

Articles of Incorporation of Hocheng Corporation

Chapter One General Provisions

Article1:

The company is organized in accordance with the provisions of the Company Act, named 和成欣業股份有限公司 and the English name is HOCHENG CORPORATION.

Article2:

The scope of business of the Corporation shall be as follows:

1. B202010 Mining of Non-metallic.
2. C802090 Cleaning Products Manufacturing.
3. C802200 Coating, Paint, Dye, and Pigment Manufacturing.
4. C805030 Plastic Daily Necessities Manufacturing.
5. C805070 Reinforced Plastic Products Manufacturing.
6. C901010 Ceramics and Ceramic Products Manufacturing.
7. C901050 Cement and Concrete Product Manufacturing.
8. C901060 Refractory Material Manufacturing.
9. CA01120 Copper Casting.
- 10.CA02010 Metal Structure and Building Component Manufacturing.
- 11.CA02050 Valve Manufacturing.
- 12.CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified.
- 13.CA04010 Surface Treatments.
- 14.CB01010 Mechanical Equipment Manufacturing.
- 15.CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- 16.CC01080 Electronic Component Manufacturing.

- 17.CE01010 General Instrument Manufacturing.
- 18.CN01010 Furniture and Fittings Manufacturing.
- 19.CR01010 Fuel Gas Equipments, Materials and Parts Manufacturing.
- 20.E601020 Electric Appliance Installation.
- 21.E603130 Gas Water Heater Contractors.
- 22.E801010 Indoor Decoration.
- 23.E801020 Doors and Windows Installation Engineering.
- 24.E801070 Kitchen and Bath Facilities Construction.
- 25.F105050 Wholesale of Furniture, Bedding, Kitchen Utensils and Fixtures.
- 26.F106040 Wholesale of Plumbing Materials.
- 27.F106050 Wholesale of Pottery, Porcelain and Glassware
- 28.F108040 Wholesale of Cosmetics..
- 29.F110010 Wholesale of Clocks and Watches.
- 30.F111090 Wholesale of Building Materials.
- 31.F113010 Wholesale of Machinery.
- 32.F113020 Wholesale of Household Appliance.
- 33.F114010 Wholesale of Motor Vehicles.
- 34.34, F199990 Other Wholesale Trade.
- 35.F120010 Wholesale of Refractory Materials.
- 36.F205040 Retail Sale of Furniture, Bedding, Kitchen Utensils and Fixtures.
- 37.F206040 Retail Sale of Plumbing Materials.
- 38.F208040 Retail Sale of Cosmetics.
- 39.F210010 Retail Sale of Watches and Clocks.
- 40.F211010 Retail Sale of Building Materials
- 41.F213010 Retail Sale of Electrical Appliances
- 42.F214010 Retail Sale of Motor Vehicles

- 43.F220010 Retail Sale of Refractory Materials.
- 44.F299990 Retail Sale of Other Products.
- 45.F401010 International Trade.
- 46.H701010 Housing and Building Development and Rental.
- 47.H701020 Industrial Factory Development and Rental.
- 48.H701040 Specific Area Development.
- 49.J602010 Performing Arts Activities.
- 50.I503010 Landscape and Interior Designing.
- 51.F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- 52.F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
- 53.CF01011 Medical Devices Manufacturing
- 54.F108031 Wholesale of Medical Devices.
- 55.F208031 Retail Sale of Medical Apparatus.
- 56.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval..
- 57.CD01060 Aircraft and Parts Manufacturing.

Article 2-1 :

The company shall handle guarantee business in accordance with relevant regulations due to business needs.

Article 3:

The company shall establish its head office in Taipei City, and may establish or abolish factories, branches or other branches at home and abroad if necessary through the resolution of the board of directors.

Article 4: Deleted.

Article5: The company may reinvest in related businesses for business needs, and shall not be subject to the restrictions stipulated in Article 13 of the Company Act.

Chapter Two. Shares

Article 6:

The total capital of the company is rated at NT\$5700 million, divided into NT\$570 million shares, at NT\$10 per share, of which 30 million shares are reserved for employee stock option certificates and may be issued in installments in accordance with the resolution of the board of directors.

Article 7:

All Company's shares are registered shares and the share certificates shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. After the company's public offering of stocks, when issuing new stocks, the total number of shares issued for that time may be combined to print the stocks, or the printing of stocks may be exempted.

Article 8:

The rename and transfer of stocks shall cease within 60 days prior to the convening date of the regular shareholders' meeting, 30 days prior to the convening date of a special shareholders' meeting, or 5 days prior to the target date fixed by the issuing company for distribution of dividends and bonuses or other benefits.

Article 9:

The company's stock affairs shall be handled in accordance with relevant laws and regulations and the regulations of the competent authority.

Chapter Three: Shareholders' Meeting

Article 10:

There are two types of shareholder meetings: regular meetings and special meetings. Regular meetings shall be held once a year and within six months after the end of each fiscal year; special meetings shall be convened in accordance with relevant laws and regulations when necessary.

Article 11:

Except restricted or in the circumstance of no voting power provided in Article 179-2 of Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 12:

Unless otherwise stipulated by relevant laws and regulations, the resolutions of the shareholders meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. However, in the following circumstances, the resolutions of the shareholders meeting shall be adopted by a majority vote of the shareholders present, who represent more than two-third of the total number of voting shares or proxy.

1. Acquisition or merger of other domestic and foreign companies.
2. Dissolution or liquidation, division.

Article 13:

When a shareholder is unable to attend the shareholders meeting for some reason, he may entrust a proxy to attend the meeting in accordance with relevant laws and regulations.

Article 14:

The shareholders meeting shall be convened by the board of directors with the chairman of the board of directors as the chairman. When the chairman is absent due to certain circumstances, the chairman shall designate one of the directors to act as chair, and when such designation is not appointed, one of the directors shall elect among themselves to act as chair. It shall be convened by a convening authority other than the board of directors, and the chairman shall be the convening

authority. If there are two or more convening persons, one of the other convening authorities shall be elected to serve as the chairman.

Article 14-1:

The resolutions of the shareholders meeting shall be recorded in minutes, signed, or sealed by the chairman of the shareholders meeting, and the minutes shall be distributed to all shareholders within 20 days after the meeting.

The production and distribution of the proceedings of the preceding paragraph shall be carried out electronically.

The dissemination of the minutes of the proceedings in Paragraph 1 and the companies that publicly issue stocks may do so by way of public announcement.

Chapter 4: Directors and Supervisors

Article 15:

The company shall have seven directors, who are elected by the shareholders' meeting with capacity for a term of three years and may be re-elected. The company's director election adopts a candidate nomination system, and the members of shareholders' meeting shall be selected from the list of director candidates. Among the aforementioned number of directors, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. The selection and appointment of independent directors adopts a candidate nomination system, and shall be selected from the list of independent director candidates. The professional qualifications, shareholding, term of office, part-time restriction, independence determination, nomination and selection methods, and other matters to be followed for independent directors shall be conducted in accordance with the Securities and Exchange Act and the relevant regulations of the competent authority in charge of securities affairs. After the company's shares are issued to the public, the total shareholdings of all supervisors shall meet the requirement as separately specified by the competent authority in charge of securities affairs.

Article 16: The board of directors is constituted by directors and, the board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman shall externally represent the company. . When the chairman of the board asks for leave or is unable to exercise

his powers for any reason, his agency shall be handled in accordance with the relevant provisions of the Company Act. When the number of vacancies in the board of directors of a company equals one-third of the total number of directors, the board of directors shall call within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies.

The meetings of the Board of Directors shall be convened with a notice given to each director 7 days in advance in written, by fax or email, and if emergency, it shall be convened immediately.

Article 16-1:

In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

Article 17:

The resolution of the board of directors, unless otherwise stipulated by the Company Law, shall be carried out with the presence of more than half of the directors and the consent of more than half of the directors present.

Independent directors shall not be represented by non-independent directors if they are required to be mentioned in Article 14 of the Securities and Exchange Act. Independent directors shall not be represented by non-independent directors if they are not present in person; if independent directors cannot be represented in person, they may be represented by other independent directors.

If independent directors have objections or reservations to the preceding proposal, they shall issue written opinions in advance and record them in the minutes of the board of directors.

Article 17-1: In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, which shall be composed of the entire number of independent directors. The provisions regarding supervisors in

the Company Act, Securities and Exchange Act and other laws and regulations shall apply mutatis mutandis to the audit committee and members of the audit committee.

Article 18: When the directors of the company conduct business affairs, regardless of the company's operating profit or loss, shall be paid with compensation. The compensation is determined by board of directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the same industry..

Article 18-1:

The company may purchase liability insurance for the directors during their term of office for the scope of business performed by the directors in accordance with the law.

Chapter 5 Manager

Article 19:

The company may have one or more managerial personnel, and appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with the Company Act.

Chapter 6 Accounting

Article 20:

At the close of each fiscal year, starting from January 1 until December 31, the board of directors shall prepare the statements and records of (1) the business report; (2) the financial statements; and (3) the surplus earning distribution or loss off-setting proposals; and shall forward the same to supervisors for their ratification of a general meeting of shareholders..

Article 21:

If there is a profit in the company's annual final accounts, the remuneration of employees and directors shall be provided separately.

The employee compensation rate is 5% to 8% of the annual profit.

The director's remuneration rate is set at an upper limit of 3% of annual profit.
The allocation procedures shall be handled in accordance with relevant regulations.

Article 21-1:

The company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve, and shall set aside remaining profit as special reserve in accordance with laws and regulations. Aside from the aforesaid legal reserve, the company may, under its Articles of Incorporation, set aside another sum as special reserve. . If there is still surplus, the shareholders meeting will distribute dividends to shareholders based on the surplus and the undistributed surplus accumulated in previous years.
The distribution of dividends to shareholders is subject to the company's operating conditions and capital needs, and the board of directors shall propose a proposal and send it to the shareholders meeting for approval. Priority is given to cash dividends. When cash dividends and stock dividends are paid at the same time, the cash dividends shall not be less than 10% of the total dividends paid. When the statutory surplus reserve has reached the total capital, it may be subject to a resolution of the shareholders meeting to stop the allocation. The statutory surplus and capital reserve shall be paid as dividends and bonuses, as required by relevant laws and regulations, and shall also be distributed after the board of directors proposes to send it to the shareholders meeting for approval.

Article 22: The company's articles of incorporation and details of rules shall be separately formulated by the board of directors.

Article 23:

Any matter not provided in these Rules and Procedures shall be handled in accordance with Company Act, the Articles of Incorporation of the Company and any other relevant laws and regulations.

Article 24:

This Articles of Association was established on Nov. 23, 1961. The first amendment was made on Dec. 1, 1962. The second amendment was made on May 9, 1968. The third amendment was made on Oct. 5, 1970. The fourth amendment was made on May 31, 1972. The fifth amendment was made on Sep. 5, 1975. The sixth amendment was made on Oct. 25, 1976. The seventh amendment was made on Jan. 16, 1980. The eighth revision was made on Oct. 1, 1980. The ninth amendment was made on Oct. 3, 1981. The tenth amendment was made on Jul. 10, 1982. The eleventh amendment was made on Jul. 10, 1987. The twelfth revision was made on May 31, 1989. The thirteenth amendment was made on Oct. 15, 1989. The fourteenth amendment was made on Apr. 31, 1990. The fifteenth amendment was made on Apr. 30, 1991. The sixteenth amendment was made on Sep. 21, 1991. The seventeenth amendment was made on Apr. 31, 1992. The eighteenth amendment was made on Apr. 30, 1993. The nineteenth amendment was made on Apr. 30, 1994. The twentieth revision was made on May 20, 1995. The twenty-first amendment was made on May 31, 1996. The twenty-second revision was made on May 28, 1997. The twenty-third revision was made on May 29, 1998. The twenty-fourth amendment was made on May 31, 2000. The twenty-fifth amendment was made on May 31, 2001. The twenty-sixth amendment was made on Jun. 26, 2002. The twenty-seventh amendment was made on Jun. 28, 2004. The twenty-eighth amendment was made on Jun. 29, 2005. The twenty-ninth amendment was made on Jun. 31, 2006. The thirtieth amendment was made on Jun. 19, 2009. The thirty-first amendment was made on Jun. 25, 2010. The thirty-second amendment was made on Jun. 28, 2011. The thirty-third amendment was made on Jun. 21, 2012. The thirty-fourth amendment was made on Jun. 27, 2014. The thirty-fifth amendment was made on Jun. 29, 2016. The thirty-sixth amendment was made on Jun. 28, 2017. The thirty-seventh amendment was made on Jun. 28, 2018. The thirty-eighth amendment was deleted on June 29, 2020 concerning the relevant regulations of the supervisory personnel in this Articles of Incorporation, and it will take effect on the day of the establishment of the Audit Committee. It will take effect from the date when the submission is approved by the competent authority for registration, and the same applies to amendments.

HOCHENG Corporation
Chairman: Chiu Li-Chien

Appendix 12

The number of shares held by individual, and all directors as recorded in the shareholder register as of the day of 2025.04.18.

The statutory minimum number of shares to be held by all directors: 12,092,149 Shares.

Title	Name	Appointment date	term of office	Number of shares held at the time of appointment	Shareholding ratio at the time of appointment	Number of shares held in the shareholder register on the date of closing	Shareholding ratio recorded in the shareholder register on the closing date
Chairman	The legal representative of Fu Lu Cun Investment Co., Ltd.: Chiu Li-Chien	2024.6.26	Three years	1,348,220	0.45%	1,348,220	0.45%
Director	Wu Yue-Long	2024.6.26	Three years	2,243,861	0.74%	2,243,861	0.74%
Director	Fuho Investment Co., Ltd. Representative: Chiu Chi-Hsin	2024.6.26	Three years	1,113,542	0.37%	1,113,542	0.37%
Director	Yuhuang Co., Ltd. representative: Chiu Shi-Kai	2024.6.26	Three years	11,507,643	3.81%	11,507,643	3.81%
Independent Director	Qiu Jing-ya	2024.6.26	Three years	0	0%	0	0%
Independent Director	Fan Wei-Guang	2024.6.26	Three years	0	0%	0	0%
Independent Director	Wang Min-Chi	2024.6.26	Three years	0	0%	0	0%

Remarks:

1. As of April 18, 2025, the company has issued a total of 302,303,719 shares.

2.The company has appointed 3 independent directors. According to Article 2 of the Rules for the Shareholding Ratio and Audit Implementation for

Directors and Supervisors of Publicly Listed Companies, the shareholding ratio of all company directors has decreased to 80%.