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ANNUAL SHAREHOLDER'S MEETING 2022

HWA FONG RUBBER IND. CO., LTD.
No. 300, Sec. 2, Chung-Shan Rd., Ta-Tsun Township,
Changhua County 515002, Taiwan

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Hwa Fong Rubber Ind. Co., Ltd.

2022 Annual Shareholders 'Meeting

Meeting Procedure

- I. Call meeting to order
- II. Chairman's address
- III. Reported Matters
- IV. Acknowledged Matters
- V. Matters for Discussion
- VI. Election Matters
- VII. Other Proposals
- VIII. Extemporaneous Motions
- IX. Adjournment

Hwa Fong Rubber Ind. Co., Ltd.

2022 Annual Shareholders 'Meeting

Meeting Agenda

Time: June 14, 2022, (Tuesday), at 9:30 a.m.

Place: No. 20, Sec. 1, Zhongshan Rd., Chung Chuang Village, Huatan Township, Changhua County
(the Company's Huatan Plant)

Method: Physical shareholders' meeting.

I. Call Meeting to Order (report of shareholding attendance)

II. Chairman's Address

III. Reported Matters

1. 2021 Business Report of the Company.
2. 2021 Annual Final Accounting Books and Statements Audited by Audit Committee.
3. The Company's Making of Endorsements/Guarantees for Other Companies.
4. 2021 Directors' and Employees' Remuneration Distribution Report Proposal.
5. 2021 Cash Dividend Distribution Report Proposal.

IV. Acknowledged Matters

1. 2021 Business Report and Annual Final Accounting Books and Statements.
2. 2021 Appropriation of Loss proposal.

V. Matters for Discussion

1. Amendment of Articles of Incorporation.
2. Amendment of Regulations Governing the Acquisition and Disposal of Assets.
3. Amendment of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.
4. Amendment of Procedures for Election of Directors.

VI. Election Matters

Election of 26th Directors (Independent Directors) Proposal.

VII. Other proposals

Lifting restrictions of non-compete prohibition of new-elected directors.

VIII. Extemporaneous Motions

IX. Adjournment

Reported Matters

ONE

Proposal: 2021 Business Report, for your approval.

Explanation: 2021 business report of the Company, please refer to P.11-12 of the agenda (attachment 1).

TWO

Proposal: 2021 Annual Final Accounting Books and Statements Audited by Audit Committee, for your approval.

Explanation: Audit committee's audit report, please refer to P.13 of the agenda (attachment 2).

THREE

Proposal: The Company's Making of Endorsements/Guarantees for Other Companies, for your approval.

Explanation: As of December 31, 2021, sum of the Company's making of endorsements/guarantees for affiliated companies was NT\$ 359,190 thousand, and details are as the following statement in accordance with the Company's Rules of Procedure for Making of Endorsements/Guarantees, for your approval and reference.

Counter parties of endorsements/guarantees	Financial Institutions of business transaction	Balance of endorsements/guarantees		Endorsement balance accounted for net worth rate
		US dollar (thousand)	NTD (thousand)	
Hwa Fong Rubber (Hong Kong) Inc. Co., Ltd.	EnTie Commercial Bank (approved by board of directors on January 10, 2020)	3,000	82,890	11.80%
Hwa Fong Rubber (Hong Kong) Inc. Co., Ltd.	Taichung Commercial Bank Co., Ltd. (approved by board of directors on January 4, 2018)	10,000	276,300	
Sum			359,190	11.80%

Note:(1) The Company's total amount of endorsements/guarantees approved by a shareholders' meeting was NT\$ 3,044,110 thousand.

(2) The limit of endorsements/guarantees made by the Company for a single enterprise was 1,522,055 thousand.

FOUR

Proposal: 2021 directors' and employees' remuneration distribution report, for your approval

Explanation: The Company's 2021 directors' and employees' remuneration was approved by a resolution of the board of directors on March 17, 2022. According to Articles of Incorporation, directors' remuneration was distributed 2%, the amount was NT\$ 9,048,980; and employees' remuneration was distributed 3%, the amount was NT\$ 13,573,471, and all were distributed by cash.

FIVE

Proposal: 2021 cash dividend distribution report, for your approval

Explanation:

1. According to Articles of Incorporation, the board of directors was authorized to make a resolution for cash dividend distribution after the end of each half of fiscal year. The amount and distribution date of the Company's cash dividend in the first half and the second half of year 2021 are stated below:
2. Shareholder cash dividend was distributed to the nearest dollar (with amounts of less than NT\$ 1.00 unconditionally rounded down), and the fractional sum of less than NT\$ 1.00 shall be included as the Company's other revenue, and the board of directors shall be authorized to set ex-dividend record date, distribution date and other relevant matters.
3. If conducting private placement common stock, repurchase treasury stock or treasury stock transfer or write-off, convertible corporate bond or employee warrant certificate exercise, etc., it affects the number of common stock outstanding, and causes the change of shareholder payout ratio, the board of directors shall be authorized to adjust with full discretion.

Year (2021)	Approval date (Month/Day/Year)	Distribution date (Month/Day/Year)	Cash dividend per share (NT\$)	Total amount of cash dividend (NT\$)
First half of the year	August 12, 2022	October 26, 2021	0.5	139,674,567
Second half of the year	March 17, 2022	May 20, 2022	0.5	139,674,567
Total:			1	279,349,134

Acknowledged Matters

Proposed by board of directors

ONE

Proposal: 2021 Business Report and Financial Statements Proposal, for your approval

Explanation:

1. 2021 annual financial statements (and consolidated financial statements) were audited by the accountants Hsu, Chien-Yeh and Wu, Sung-Yuan of PwC Taiwan, and to issue an auditors' report that includes our opinion, together with the business report were audited by the Company's audit committee, and the audit report has been offered.
2. Business report, accountants' audit report and the preceding financial statements, please refer to P.11-12 (attachment 1) and P.14-42 (attachment 3) of the agenda.
3. For your approval

Resolution:

Proposed by board of directors

TWO

Proposal: 2021 earnings distribution proposal, for your approval

Explanation:

1. The Company's 2021 net profit after tax was NT\$ 362,014,604, plus retained earnings after capital decrease was NT\$ 141,921,375, and deducted actuarial gain or loss of defined benefit plan NT\$ 1,982,046, after designated legal reserve was NT\$ 36,003,256, and special reserve was NT\$ 148,952,796 in accordance with regulations, distributable earnings was NT\$ 316,997,881, deducted the last distributable shareholder's cash dividend was NT\$ 139,674,567, and the next distributable shareholder's cash dividend was NT\$ 139,674,567, unappropriated retained earnings was NT\$ 37,648,747.
2. The Company's 2021 earnings distribution statement, please refer to P.43 of the agenda (attachment 4).
3. For your approval

Resolution:

Matters for Discussion

Proposed by board of directors

ONE

Proposal: Amendment of Articles of Incorporation Proposal, for your decision.

Explanation:

1. In response to amendments of regulations of competent authority, Articles of Incorporation was amended, and comparison of amended articles, it is stated in detail as attachment 5 (please refer to P.45-47 of the meeting agenda) “Comparison of Articles of Incorporation of Hwa Fong Rubber Ind. Co., Ltd.”
2. For your decision

Resolution:

Proposed by board of directors

TWO

Proposal: Amendment of Regulations Governing the Acquisition and Disposal of Assets Proposal, for your decision

Explanation:

1. In response to amendments of regulations of competent authority, the Company’s Regulations Governing the Acquisition and Disposal of Assets was amended, and comparison of amended articles is stated in detail as attachment 6 (please refer to P.48-53 of the meeting agenda) “Comparison of Regulations Governing the Acquisition and Disposal of Assets of Hwa Fong Rubber Ind. Co., Ltd.”
2. For your decision

Resolution:

Proposed by board of directors

THREE

Proposal: Amendment of Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees Proposal, for your decision

Explanation:

1. In response to amendments of regulations of competent authority, the Company’s Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees was amended, and comparison of amended articles is stated in detail as attachment 7 (please refer to P.54-55 of the meeting agenda) “Comparison of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees of Hwa Fong Rubber Ind. Co., Ltd.”
2. For your decision

Resolution:

Proposed by board of directors

FOUR

Proposal: Amendment of Procedures for Election of Directors Proposal, for your decision

Explanation:

1. In response to amendments of regulations of competent authority, the Company’s Procedures for Election of Directors was amended, and comparison of amended articles is stated in detail as attachment 8 (please refer to P.56 of the meeting agenda) “Comparison of Procedures for Election of Directors of Hwa Fong Rubber Ind. Co., Ltd.”
2. For your decision

Resolution:

Election Matters

Proposed by board of directors

Proposal: Election of 26th Directors (Independent Directors) Proposal.

Explanation:

1. The term of office of the Company's 25th directors (independent directors) will expire on June 20, 2022.
2. According to Articles of Incorporation, after approved by a resolution of board of directors the number of directors of the election is eleven (the number of independent directors is three), a candidate nomination system has been adopted.
3. New-elected directors (including independent directors) will take office after the election, the term of office shall not exceed three years, from June 14, 2022 to June 13, 2025.
4. According to Article 192-1 of the Company Act, handling relevant announcements and conducting the nomination of directors and independent directors, the list of the qualified directors and independent directors after reviewed, is stated below:

List of director candidates	Education	Major experience	Current position	Number of shares currently held
Representative of Feng Tsuan Co., Ltd.: Shen Kuo-Jung	MBA from Pacific Western University, USA, MBA, University of Sydney, Australia, Honorary Doctorate from IAU University, Honorary Doctorate of Management, Chaoyang University of Science and Technology	Chairman of Hota Industrial Co., Ltd., Chairman of KAO FONG Industrial Co., Ltd. Chairman of Inalways Corporation Chairman of Hwa Fong Rubber Industry Co., Ltd.	Chairman of Hota Industrial Co., Ltd., Chairman of KAO FONG Industrial Co., Ltd. Chairman of Inalways Corporation Chairman of Hwa Fong Rubber Industry Co., Ltd.	8,884,210
Representative of Feng Tsuan Co., Ltd.: Chiu Shih-Chien	Master of Statistics, National Cheng Kung University	Vice Chairman of Hwa Fong Rubber Industry Co., Ltd. Vice Chairman of Inalways Corporation Consultant, Jian Sin Industrial Co., Ltd.	Vice Chairman of Hwa Fong Rubber Industry Co., Ltd. Vice Chairman of Inalways Corporation Consultant, Jian Sin Industrial Co., Ltd.	8,884,210
Representative of Feng Tsuan Co., Ltd.: Lin Wen-Cheng	Private Soochow University Law Department	Judge of Taichung District Court, Taiwan Director of Hwa Fong Rubber Industry Co., Ltd.	Director of Hwa Fong Rubber Industry Co., Ltd. Chief Legal Officer of Hwa Fong Rubber Industry Co., Ltd.	8,884,210
Representative of Feng Tsuan Co., Ltd.: Wu Pin-Yi	Department of Law, National Chung Hsing University	Deputy General Manager of Huwa Fong Rubber Industry Co., Ltd. Director of Jian Sin Industrial Co., Ltd.	Deputy General Manager of Huwa Fong Rubber Industry Co., Ltd. Director of Hwa Fong Rubber Industry Co., Ltd. Director of Jian Sin Industrial Co., Ltd.	8,884,210

List of director candidates	Education	Major experience	Current position	Number of shares currently held
Representative of Feng Tsuan Co., Ltd.: Liao Chen Hsuan-Yu	Master of Information Management, National Taiwan University Bachelor of Economics, University of British Columbia,	Director of VeeTIME Corp. Chairman of Tokugawa International Development Co., Ltd. Chairman of Alibaba International Ltd Company	Director of VeeTIME Corp. Chairman of Tokugawa International Development Co., Ltd. Chairman of Alibaba International Ltd Company Director of Hwa Fong Rubber Industry Co., Ltd.	8,884,210
Sumitomo Rubber Industry Co., Ltd.	N/A	N/A	Director of Hwa Fong Rubber Industry Co., Ltd.	28,428,574
Representative of Teng Feng Investment Development Co., Ltd.: Yan Ruei-Sian	Department of Business Administration, Da-Yeh University National Changhua University of Education International Business Management Master (IMBA)	General Manager of SHING TAI HARDWARE CO., LTD. Director of ZU LON INDUSTRIAL CO., LTD.	General Manager of SHING TAI HARDWARE CO., LTD. Director of ZU LON INDUSTRIAL CO., LTD. Director of Hwa Fong Rubber Industry Co., Ltd.	3,460,024
Representative of Sheng Ta Investment Co., Ltd.: Yan Ming-Shan	EMBA , National Changhua University of Education	Director of Hwa Fong Rubber Industry Co., Ltd. Director of Hwa Fong Rubber (Thailand) Public Co., Ltd.	Director of Hwa Fong Rubber Industry Co., Ltd. Director of Hwa Fong Rubber (Thailand) Public Co., Ltd.	507,764

List of independent director candidates	Education	Major experience	Current position	Number of shares currently held
Tsai Hong-Wen	PhD, Department of Chemical Engineering, National Taiwan University Master of Law Interdisciplinary Integration, National Chengchi University	Associate Professor, Patent Institute, National Taiwan University of Science and Technology	Associate Professor, Patent Institute, National Taiwan University of Science and Technology	0

List of independent director candidates	Education	Major experience	Current position	Number of shares currently held
Yang Wen-Kuang	PhD, National Yunlin University of Science and Technology/Business Management Department	Independent Director of KUNG LONG BATTERIES INDUSTRIAL CO., LTD. Managing director of TAICHUNG INTERNATIONAL ENTERTAINMENT CORPORATION Vice President Chaoyang University of Technology	Vice President Chaoyang University of Technology	0
Huang Chu-Chia	Takming University of Science and Technology	BaiYang CPA Firm Accountant Director of the Chinese Association of Auditing Finance and Taxation Professionals Director of Taipei City Tax Agents Association	BaiYang CPA Firm Accountant Director of Juilli Enterprise Co., Ltd.	100,000

5. For your election.

Results of election:

Other Proposals

Proposed by board of directors

Proposal: Lifting restrictions of non-compete prohibition of new-elected directors' proposal, for your approval.

Explanation:

1. According to Article 209-1 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
2. Drafted to submit to the shareholders' meeting for approving lifting restrictions of non-compete prohibition of the new-elected directors and other representatives, the detail of lifting restrictions of non-compete prohibition is stated below:

Position	Name/Company names	Concurrent company/position
Director	Shen Kuo-Jung / Feng Tsuan Co., Ltd.	Chairman of Hota Industrial Co., Ltd., Chairman of KAO FONG Industrial Co., Ltd.
Director	Chiu Shih-Chien / Feng Tsuan Co., Ltd.	Consultant, Jian Sin Industrial Co., Ltd.
Director	Wu Pin-Yi / Feng Tsuan Co., Ltd.	Director of Jian Sin Industrial Co., Ltd
Director	Sumitomo Rubber Industry Co., Ltd.	Sumitomo Rubber Industry Co., Ltd.

3. For your decision

Resolution:

Extemporaneous Motions

Adjournment

Hwa Fong Rubber Ind. Co., Ltd.

2021 Business Report

Retrospect to 2021, there were political and economic situation turmoil one after another, such as the variant virus of COVID-19 has continued to rage, international financial market has disturbed, Taiwan stock index has repeatedly created new high and double counter sanctions of USA, etc., plus global port congestion and shipping hindrance, and significantly rise of raw materials, car and motorcycles have been substantially decreased to produce caused by short supply of global car chips, environmental protection policy of mainland China has become stricter, and all social, political and economic environment factors challenge management capacity and core competitive capacity of the industry itself.

2021 Operating Results

2021 consolidated net operating revenue of the Company was NT\$ 5,540,899 thousand, compared with the consolidated net operating revenue of the year 2020 of NT\$ 4,882,864 thousand, increased by NT\$ 559,101 thousand; the consolidated net profit after tax was NT\$ 559,101 thousand, and compared with the consolidated net profit after tax of the year 2020 of NT\$ 561,919 thousand, slightly decreased by NT\$ 2,818 thousand.

2021 net revenue of the Company was NT\$ 2,134,493 thousand, compared with the net revenue of the year 2020 of NT\$ 2,096,167 thousand, increased by NT\$ 38,326 thousand; as the situation of global various raw materials rise, the operating costs increased by 5.12%, compared with year 2020, and net operating margin consequently decreased by NT\$ 38,783 thousand, the decrease was 6.58%; 2021 operating expenses slightly increased by 3.73%, compared with the last year, and operating net profit was NT\$ 240,918 thousand, compared with the last year, decreased by NT\$ 39,680 thousand, the decrease was 14.14%; in the aspect of non-operating income and expenses, mainly came from benefits of recognized subsidiaries, associates and joint ventures by using equity method of NT\$ 202,282 thousand, and caused net income of non-operating income and expenses of NT\$213,636 thousand; annual operating results is net income after tax of NT\$ 362,015 thousand.

2021 Production and Sales Situation & Operation Statement of the Company are as follows:

(1) Production and Sales Situation:

Unit: thousand

Item	Year	2021 Production volume	2021 Sales volume	2020 Sales volume	Sales volume Increase (decrease)	%
Bicycle tire		1,739	1,672	1,077	595	55.25%
Agricultural/industrial tire		1,491	1,433	1,028	405	39.40%
Motorcycle tire		2,576	2,505	2,509	-4	-0.16%
Truck/auto tire		49	48	46	2	4.35%
Radial tire		66	77	331	-254	-76.74%
Other rubber products		0	524	380	144	37.89%

(2) Operation Statement:

Unit: NT\$ 1,000

Item	Year	2021 Amount	2020 Amount	Increased (decreased) amount	%
Operating revenue		2,134,493	2,096,167	38,326	1.83%
Operating costs		1,583,703	1,506,594	77,109	5.12%
Operating margin - net income		561,222	589,390	(28,168)	-4.78%
Operating expenses		320,304	308,792	11,512	3.73%
Operating net profit		240,918	280,598	(39,680)	-14.14%
Non-operating income and expenses		213,636	180,535	33,101	18.33%
Net income (loss) before tax		454,554	461,133	(6,579)	-1.43%
Net income (loss)		362,015	371,601	(9,586)	-2.58%

Look ahead to 2022, the problem of COVID-19 rage around the world seemed to have a sign of slowdown, many countries have initiated unblock and measures of opening border control, the purpose is hopeful to decrease the impact on domestic economy of various countries, however, current geopolitics problem has been increasingly serious. Crisis caused by Ukrainian-Russian War has made global political, economic and financial situations more fluctuate and unpredictable, plus the problems, like port congestion, shipping hindrance and rising freight without a trend of decrease, etc., they not only cause rise of all costs, but also will generate serious influence for all large economies, and therefore, all industries need to be prepared this year for encountering more difficult and treacherous international market environment and challenge.

For European market aspect, facing current situation of all costs rise, in connection with sales strategies of European market, except fully increasing prices, we should further increase high gross profit and high added value products in sales and promotion of repair market, and promote new products completed development in 2021 on relevant markets for increasing customers' purchase options, and rise competitiveness of market expansion.

For American aspect, as America taxes Taiwan, Thailand, South Korea and Vietnam on anti-dumping duties of sedans and light trucks, it causes that the Company stop exporting this category of products which produced in Taiwan and sold in America, and we are positively looking for outsourcing manufacturers to help produce for the benefit of counting to sell this category of products in America at present. The Company positively implement internal improvement, reduce wastes, and avoid increasing deadweight costs, R&D unit strives to develop tires with new patterns and specifications, and thereby hoping to rise the Company's overall competitiveness.

Encountering the variation of international political and economic situation, the Company still has actively invested in equipment and talents, etc., except the original market, also has striven to expand the market of ASEAN countries by means of capacity utilization rate increasing, development of tires with high-added value, and constant input of research and development, etc., and stayed the Company's international competitiveness, made every effort to break through the overall economic dilemma in 2022, and lived up to shareholders' support and expectation.

Chairman: Shen, Kuo-Jung

Managerial officer: Wang, Jiaw-Chyi

Accounting supervisor: Lee, Yuan-Chi

Attachment 2

3. The Audit Committee report on the latest annual financial report

The Board of Auditors Report of Examination

The board of directors made and sent to the company business operation report of year 2021, financial statements (individual and consolidated financial statements) and surplus allocation proposal and other lists. After the review of audit committee and of other members, that there is no discrepancy, then according to the provisions of the Company Law in article 219, we prepared the report.

Please watch

Yours Faithfully,

Hwa Fong Rubber Ind. Co., Ltd Regular shareholders meeting 2022



Convenor of the Audit Committee:

Hong-Wen Tsai

The Republic of China, March 17, 2022

Attachment 3

INDEPENDENT AUDITORS' REPORT

(2022) No. Financial Auditing-21004659

To the Board of Directors and Shareholders:

Hwa Fong Rubber Industrial Co., Ltd.

Opinion

We have audited the accompanying individual balance sheets of Hwa Fong Rubber Industrial Co., Ltd. as of December 31, 2021 and 2020, and the related individual consolidated statements of income, changes in equity, and cash flows for the years ended December 31, 2021 and 2020, and the related individual notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (see Other Matters), the financial statements referred to above present fairly, in all material respects, the financial position of Hwa Fong Rubber Industrial Co., Ltd. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021 and 2020, in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the paragraph of our responsibility to audit the individual financial statements. We believe that the staff of the firm to which we belong are independent in accordance with the ROC Code of Ethics for Accountants, and we have fulfilled our responsibilities under that Code. We believe that we have obtained sufficient and appropriate evidence to provide a basis for our audit opinion.

Key Audit Matters

Key auditing matters are those matters that, in our professional judgment, are most significant in relation to our audit of the financial statements of Hwa Fong Rubber Industrial Co., Ltd. These matters have been considered in the process of examining the financial statements taken as a whole and forming an opinion thereon.

The key audited items in the individual financial statements for fiscal 2021 are as follows :

Evaluation of allowance for losses on accounts receivable

Matter Description

Please refer to Note 4(9) to the financial statements for the accounting policies of accounts receivable; Note 5(2) to the financial statements for the accounting estimates and assumption uncertainties of accounts receivable; and Note 6(4) to the financial statements for the accounting entries of accounts receivable. As of December 31, 2021, accounts receivable and allowance for doubtful accounts amounted to NT\$209,465,000 and NT\$1,813,000, respectively.

Hwa Fong Rubber Industrial Co., Ltd. sells its products through distributors in various regions. The financial condition of the distributors will affect the collectability of accounts receivable. Since the impact of accounts receivable on the overall financial statements is significant, and the allowance for losses on accounts receivable is measured based on the expected credit risk loss over the ongoing period, the measurement process requires appropriate grouping of accounts receivable and judgment and analysis of the application of relevant assumptions in the measurement process, including the consideration of appropriate aging ranges and loss rates for each aging range. The measurement results affect net accounts receivable. Therefore, we consider the evaluation of accounts receivable to be one of the most important matters for this year's audit.

In accordance with the audit procedure

The procedures that we have performed in response to the specific aspects of the critical audit described above are set out below:

1. Obtain the expected loss rates calculated by management based on historical and forward-looking information for similar credit risk groups in order to assess the reasonableness of the accounts receivable provision.
2. Verify the correctness of the aging report used by Hwa Fong Rubber Industrial Co., Ltd to evaluate the accounts receivable to confirm that the reported information is consistent with its policies.

3. To test the collectability of accounts receivable by sampling the post-period cash collections.
4. For accounts that are past due and uncollectible, to understand the customer's historical payment status, the availability of collaterals and other repayment ability in order to assess the adequacy of the allowance for losses provided by management.

Evaluation of allowance for losses on inventories

Matter Description

Please refer to Note 4(11) to the financial statements for the accounting policy of inventory valuation; Note 5(2) to the financial statements for the accounting estimates and assumption uncertainties of inventory valuation; and Note 6(5) to the financial statements for the description of inventory accounting. As of December 31, 2021, the inventory and allowance for impairment loss were NT\$388,467,000 and NT\$24,996,000, respectively.

Hwa Fong Rubber Industrial Co., Ltd.'s inventories are measured at cost and net realizable value. An allowance for impairment loss is provided for inventories that are older than a specified period and for inventories that are individually identified as obsolete based on the degree of inventory depletion. As inventories are subject to fluctuations in international raw material prices and market supply and demand, raw material costs and product selling prices may fluctuate significantly, resulting in a higher risk that the net realizable value of inventories will fall below the carrying value and become stagnant. Due to the diversity of product models, the evaluation of obsolete inventory items and the net realizable value used in the valuation of such items often involves subjective judgments and is therefore subject to a high degree of estimation uncertainty. As the aforementioned issues also exist in the subsidiaries held by Hwa Fong Rubber Industrial Co., Ltd. which are accounted for as investments under the equity method, we consider the valuation of the allowance for impairment loss on inventories to be one of the most significant matters to be audited during the year.

In accordance with the audit procedure

The procedures that we have performed in response to the specific aspects of the critical audit described above are set out below:

1. To understand the operating and industrial characteristics of Hwa Fong Rubber Industrial Co., Ltd. and evaluate the reasonableness of the valuation loss of its allowance for inventories and the reasonableness of the provisioning policy adopted.
2. To review its annual inventory plan and participate in annual inventory counts to assess the effectiveness of management's control of obsolete and damaged stock.
3. To verify the correctness of the inventory ageing statement used by Hwa Fong Rubber Industrial Co., Ltd. to confirm that the information in the statement is consistent with its policies.
4. To obtain a statement of the net realizable value of each item of inventory, confirm that the logic of its calculation is consistently applied, test the information on which the net realizable value of inventory is estimated, including verification of supporting documents such as selling prices and purchase prices, and recalculate and assess the reasonableness of the valuation of inventories.

The equity method of investment in property, plant and equipment is impaired.

Matter Description

Please refer to Note 4(15) to the individual financial statements for a description of the accounting policy for impairment of non-financial assets of investments accounted for using the equity method and Note 6(6) to the individual financial statements for a description of accounting for investments accounted for using the equity method.

Hwa Fong Rubber (China) Company Limited (hereinafter referred to as China Hwa Fong), a reinvestment business of Hwa Fong Rubber Industrial Co., Ltd., and Hwa Fong Rubber (Suzhou) Company Limited (hereinafter referred to as Suzhou Hwa Fong) have been facing high competition in their respective industries in recent years. Due to the restriction on production and sales as a result of the environmental protection law in the PRC, the financial statements of China Hwa Fong and Suzhou Hwa Fong showed a loss in fiscal 2021, and there were signs of impairment on property, plant and equipment. As the equity-method investment is a subsidiary of Hwa Fong Rubber Industrial Co., Ltd. and the carrying amount is significant, we consider the assessment of impairment to be one of the most significant matters in our audit for the year.

In accordance with the audit procedure

The procedures that we have performed in response to the specific aspects of the critical audit described above are set out below:

1. To understand the reasonableness of the process of estimating future cash flows for each cash-generating unit on which management's evaluation of asset impairment is based.
2. Discussing with management the reasonableness of the future operating forecasts for China Hwa Fong and Suzhou Hwa Fong and comparing them with historical results °
3. For property and plant, to obtain the market value of transactions in the vicinity and assess the reasonableness of the management's use of fair value less costs to sell as the recoverable amount.
4. For the machinery and equipment section, the evaluation report commissioned by the appraisal management from an external appraisal company contains the following procedures
 - (1) The expert's qualifications and expertise in the relevant field and his or her independence and competence.
 - (2) The purpose and scope of the review of the expert's opinion and that the measurement methods used are commonly used in the industry.
 - (3) To check the setting of the parameters and formulae of the evaluation model.
 - (4) To assess the reasonableness of the material assumptions used in the model.

Other Matters – Reference to other accountants' audit

The financial statements of certain equity-method investees included in Hwa Fong Rubber Industrial Co., Ltd.'s individual financial statements, which are prepared under a different financial reporting framework, have not been audited by us, but by other auditors in accordance with different auditing standards. We conducted our audits in accordance with the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations and Interpretations issued by the Financial Supervisory Commission (FSC), as modified by the conversion of the financial statements of these equity-method investees to conform to IFRSs and IASs, as endorsed by the FSC and effective for publication. Accordingly, our opinion on the financial statements of those investees accounted for using the equity method is based on the reports of other auditors and additional auditing

procedures performed in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and relevant provisions of auditing standards generally accepted in the Republic of China. The equity method investments in these investees amounted to NT\$808,677,000 and NT\$768,818,000 for the years ended December 31, 2021 and 2020, respectively, representing 12.5% and 12.49% of the total individual assets. The Company's consolidated profit and loss for the years ended December 31, 2021 and 2020 were NT\$41,772,000 and NT\$14,176,000, respectively, representing 24.78% and 5.05% of the consolidated profit and loss.

Management's and Governance's Responsibility for the Financial Statements

The responsibility of management is to prepare financial statements that give a fair view in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and to maintain such internal control relevant to the preparation of financial statements as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management's responsibility also includes assessing the ability of Hwa Fong Rubber Industrial Co., Ltd. to continue as a going concern, the disclosure of related matters, and the basis of accounting for going concern, unless management intends to liquidate Hwa Fong Rubber Industrial Co., Ltd. or to cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governing body (including the Audit Committee) of Hwa Fong Rubber Industrial Co., Ltd. has the responsibility to oversee the financial reporting process.

Accountant's Responsibility for Auditing Financial Statements

The objective of our audit is to obtain reasonable assurance about whether, taken as a whole, there are material misstatements in the financial statements that are attributable to fraud or error and to issue a report thereon. Reasonable assurance is a high degree of assurance, but an audit performed in accordance with generally accepted auditing standards in the Republic of China does not provide assurance that material misstatements in the individual financial statements will be detected. An untrue statement may be the result of fraud or error. An inaccuracy is considered material if the amount or aggregation of the

individual elements of the inaccuracy could reasonably be expected to affect the economic decisions made by the users of the individual financial statements.

We conducted our audit in accordance with generally accepted auditing standards in the Republic of China, using our professional judgement and maintaining professional doubt. We also performed the following work :

1. Identify and assess the risks of material misstatement of individual financial statements, whether due to fraud or error; to design and perform appropriate responses to those risks assessed; and to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of detecting a material misstatement due to error because the fraud may involve conspiracy, forgery, intentional omission, misstatement or a breach of internal control.
2. Obtain such understanding of the internal control relevant to the audit as is necessary to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Hwa Fong Rubber Industrial Co., Ltd.
3. Evaluate the appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made.
4. Based on the evidence obtained, we draw conclusions about the appropriateness of management's adoption of the going concern basis of accounting and about whether there is any material uncertainty about events or conditions that might cast significant doubt about Hwa Fong Rubber Industrial Co., Ltd.'s ability to continue as a going concern. If we believe that there is a material uncertainty about those events or circumstances, we should draw the attention of users of the individual financial statements to the relevant disclosures in the audit report or revise our audit opinion if those disclosures are inappropriate. Our conclusion is based on the audit evidence available to us as of the date of the audit report. However, future events or circumstances may cause Hwa Fong Rubber Industrial Co., Ltd. to cease to be able to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the related notes, and whether the individual financial statements present fairly the relevant transactions and events.

6. We obtained sufficient and appropriate evidence to form an opinion on the financial information of Hwa Fong Rubber Industrial Co., Ltd. We are responsible for directing, supervising and performing the audit of individual cases and for forming an opinion on the individual financial statements.

We communicate with the governance entity regarding the scope and timing of the planned audit and significant audit findings, including significant deficiencies in internal control identified in the course of the audit.

We also provide the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Accountants in the Republic of China with respect to independence, and communicate with the governing body about all relationships and other matters (including related safeguards) that could be considered to affect the accountant's independence.

We have determined the key audit issues for the audit of Hwa Fong Industrial Co., Ltd.'s individual financial statements for 2021 from our communications with the governing bodies. We identified those matters in our auditor's report, except where disclosure of specific matters is not permitted by law or, in rare circumstances, we decided not to communicate specific matters in our auditor's report because we could reasonably expect that the negative effect of such communication would outweigh the public interest that would be served.

PWC Taiwan

WU,SUNG-YUAN

CPA:

HSU,CHIEN-YEH

Financial Supervisory Commission
Certified Registration No. :
Financial-Supervisory-Securities-Auditing- 1090350620
Financial-Supervisory-Securities-Auditing- 1050035683

March 17, 2022

Hwa Fong Rubber Industrial Co., Ltd
Individual Balance Sheets
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000

ASSETS		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 500,992	8	\$ 354,541	6
1136	Financial assets at fair value through	6(3)&8				
	P/L - current amortized cost		83,394	1	147,289	2
1150	Notes receivable, net	6(4)	39,613	1	30,383	1
1170	Accounts receivable, net	6(4)	207,652	3	191,680	3
1180	Accounts receivable - related parties, net	7	72,705	1	104,519	2
1200	Other receivables		4,687	-	5,652	-
1210	Other receivables - related parties	7	227,295	3	210,534	3
130X	Inventory	6(5)	363,471	6	300,888	5
1470	Other current assets	7	17,602	-	14,027	-
11XX	Total current assets		1,517,411	23	1,359,513	22
Non-current assets						
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(2)	227,897	3	-	-
1535	Financial assets measured at amortized cost - non-current	6(3)&8	142,160	2	223,113	4
1550	Investments accounted for using the equity method	6(6)	2,947,256	46	3,017,764	49
1600	Property, plant and equipment	6(7) &8	1,465,953	23	1,426,963	23
1755	Right-of-use assets	6(8)	3,707	-	6,414	-
1840	Deferred income tax assets	6(24)	122,001	2	71,211	1
1900	Other non-current assets	6(26) &8	44,154	1	48,391	1
15XX	Total non-current assets		4,953,128	77	4,793,856	78
1XXX	Total assets		\$ 6,470,539	100	\$ 6,153,369	100

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Hwa Fong Rubber Industrial Co., Ltd
Individual Balance Sheets
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000

LIABILITIES AND EQUITY			December 31, 2021		December 31, 2020				
			Note	Amount	%	Amount	%		
CURRENT ASSETS									
2100	Short-term borrowings	6(9) &8	\$	561,932	9	\$	497,612	8	
2110	Short-term notes payable	6(10)		49,979	1		49,966	1	
2130	Contractual liabilities - current	6(18)		17,930	-		18,499	-	
2170	Accounts Payable			142,476	2		101,489	2	
2180	Accounts payable - related parties	7		2,161	-		3,566	-	
2200	Other payables	6(11)		129,611	2		118,678	2	
2220	Other payables - related parties	7		178	-		115	-	
2230	Current income tax liabilities			25,991	-		48,155	1	
2280	Lease liabilities - current	6(8)		2,444	-		3,055	-	
2320	Long-term liabilities due within one year or one business cycle	6(12)		84,527	1		59,527	1	
2399	Other current liabilities - other	6(18) &8		28,388	1		23,674	-	
21XX	Total current liabilities			1,045,617	16		924,336	15	
2540	Long-term loans	6(12)&8		1,347,997	21		1,235,073	20	
2570	Deferred income tax liabilities	6(24)		259,207	4		219,118	3	
2580	Lease liabilities - non-current	6(8)		1,372	-		3,421	-	
2640	Net defined benefit liabilities - non-current	6(13)		41,938	1		47,183	1	
2650	Loans from investments accounted for using the equity method	6(6)		702,746	11		670,184	11	
2670	Other non-current liabilities - other			27,552	-		38,905	1	
25XX	Total non-current liabilities			2,380,812	37		2,213,884	36	
2XXX	Total liabilities			3,426,429	53		3,138,220	51	
	Equity								
	Share Capital	6(14)							
3110	Common stock capital			2,793,492	43		3,323,492	54	
	Capital Surplus	6(15)							
3200	Capital Surplus			37,290	1		37,256	1	
	Retained earnings	6(16)							
3310	Legal surplus reserve			21,456	-		-	-	
3320	Special surplus reserve			70,030	1		-	-	
3350	Undistributed earnings (deficit to be covered)			270,793	4	(	388,079)	(	6)
	Other equity	6(17)							
3400	Other equity		(	148,951)	(	2)	42,480	-	
3XXX	Total equity			3,044,110	47		3,015,149	49	
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9							
3X2X	Total liabilities and equity		\$	6,470,539	100	\$	6,153,369	100	

The accompanying notes to the individual financial statements form part of these individual financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

Hwa Fong Rubber Industrial Co., Ltd
Consolidated Statement of Profit and Loss for Individuals
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000
(Except for earnings per share of NTD)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating Income	6(18) & 7	\$ 2,134,493	100	\$ 2,096,167	100
5000 Operating Costs	6(5)(23)	(1,583,703)	(74)	(1,506,594)	(72)
5900 Gross profit		550,790	26	589,573	28
5920 Realized gain (loss) on sales		10,432	-	(183)	-
5950 Net operating profit		561,222	26	589,390	28
Operating expenses	6(23) & 7				
6100 Marketing expenses		(138,787)	(6)	(125,093)	(6)
6200 Management Fees		(142,679)	(7)	(148,518)	(7)
6300 Research and development expenses		(38,838)	(2)	(34,924)	(2)
6450 Expected credit impairment loss	12(2)	-	-	(257)	-
6000 Total operating expenses		(320,304)	(15)	(308,792)	(15)
6900 Operating profit		240,918	11	280,598	13
Non-operating income and expenses					
7100 Interest income	6(19)	1,177	-	6,857	-
7010 Other income	6(20) & 7	65,501	3	75,267	4
7020 Other gains and losses	6(21)	(26,121)	(1)	(31,994)	(2)
7050 Finance costs	6(22)	(29,203)	(1)	(27,534)	(1)
7070 Share of profits and losses of subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(6)				
		202,282	9	157,939	8
7000 Total non-operating income and expenses		213,636	10	180,535	9
7900 Net profit before tax		454,554	21	461,133	22
7950 Income tax expense	6(24)	(92,539)	(4)	(89,532)	(4)
8200 Net profit for the period		\$ 362,015	17	\$ 371,601	18

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Hwa Fong Rubber Industrial Co., Ltd
Consolidated Statement of Profit and Loss for Individuals
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000
(Except for earnings per share of NTD)

	Item	Note	2021		2020	
			Amount	%	Amount	%
	Other comprehensive income (net)					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(13)	(\$ 2,478)	-	(\$ 4,127)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		(22,083)	(1)	-	-
8330	Share of other comprehensive income or loss of subsidiaries, affiliates and joint ventures recognized under the equity method - not reclassified to profit or loss		(1,632)	-	425	-
8349	Income tax relating to items that are not reclassified	6(24)	496	-	825	-
8310	Total amount of items not reclassified to profit or loss		(25,697)	(1)	(2,877)	-
	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income or loss of subsidiaries, affiliates and joint ventures recognized under the equity method - possible reclassification to profit or loss		(209,645)	(10)	(109,865)	(6)
8399	Income tax relating to items that may be reclassified	6(24)	41,929	2	21,973	1
8360	Total amount of items that may be reclassified subsequently to profit or loss		(167,716)	(8)	(87,892)	(5)
8300	Other comprehensive income (net)		(\$ 193,413)	(9)	(\$ 90,769)	(5)
8500	Total comprehensive profit or loss for the current period		<u>\$ 168,602</u>	<u>8</u>	<u>\$ 280,832</u>	<u>13</u>
	Basic EPS	6(25)				
9750	Basic EPS		<u>\$ 1.30</u>		<u>\$ 1.33</u>	
	Diluted EPS	6(25)				
9850	Diluted EPS		<u>\$ 1.29</u>		<u>\$ 1.33</u>	

The accompanying notes to the individual financial statements form part of these individual financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

Hwa Fong Rubber Industrial Co., Ltd
Statement of Changes in Individual Equity
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000

		Retained earnings				Other Benefits			
							Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
	Note	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Total Equity	
<u>2 0 2 0</u>									
Balance at 1 January 2020		\$ 3,323,492	\$ 36,954	\$ -	\$ -	(\$ 754,094)	\$ 164,623	(\$ 34,676)	\$ 2,736,299
Net profit for the year 2020		-	-	-	-	371,601	-	-	371,601
Other comprehensive profit or loss for the period	6(17)	-	-	-	-	(3,302)	(87,892)	425	(90,769)
Total comprehensive income for the period		-	-	-	-	368,299	(87,892)	425	280,832
Changes in affiliates recognized under the equity method	6(15)	-	302	-	-	(2,284)	-	-	(1,982)
Balance on December 31, 2020		<u>\$ 3,323,492</u>	<u>\$ 37,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 388,079)</u>	<u>\$ 76,731</u>	<u>(\$ 34,251)</u>	<u>\$ 3,015,149</u>
<u>2 0 2 1</u>									
Balance at 1 January 2021		\$ 3,323,492	\$ 37,256	\$ -	\$ -	(\$ 388,079)	\$ 76,731	(\$ 34,251)	\$ 3,015,149
Net profit for 2021		-	-	-	-	362,015	-	-	362,015
Other comprehensive profit or loss for the period	6(17)	-	-	-	-	(1,982)	(167,716)	(23,715)	(193,413)
Total comprehensive profit or loss for the period		-	-	-	-	360,033	(167,716)	(23,715)	168,602
Capital reduction to cover losses	6(14)	(530,000)	-	-	-	530,000	-	-	-
Changes in affiliates recognized under the equity method	6(15)	-	34	-	-	-	-	-	34
Appropriation and distribution of earnings for the first half of fiscal 2021	6(16)								
Legal reserve		-	-	21,456	-	(21,456)	-	-	-
Special reserve		-	-	-	70,030	(70,030)	-	-	-
Balance as of December 31, 2021		-	-	-	-	(139,675)	-	-	(139,675)
Balance on 1 January 2021		\$ 2,793,492	\$ 37,290	\$ 21,456	\$ 70,030	\$ 270,793	(\$ 90,985)	(\$ 57,966)	\$ 3,044,110

The accompanying notes to the individual financial statements form part of these individual financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

Hwa Fong Rubber Industrial Co., Ltd.
Individual Cash Flow Statements
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000

	Note	January 1 - December 31, 2021	January 1 - December 31, 2020
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 454,554	\$ 461,133
Adjustments			
Profit and loss items			
Depreciation expense	6 (7) (8) (23)	99,094	103,684
Amortization expense	6(23)	134	148
Expected credit impairment loss	12(2)	-	257
Gain on disposal of property, plant and equipment	6(21)	(920)	(1,033)
Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method		(202,282)	(157,939)
Interest expense	6 (22)	29,203	27,534
Interest income	6(19)	(1,177)	(6,857)
Realized loss (gain) on sales		(10,432)	183
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Notes receivable, net		(9,230)	594
Accounts receivable (including related parties)		15,842	(35,914)
Inventories		(62,583)	(25,050)
Other receivables (including related parties)		(15,796)	(16,038)
Tax refund receivables		-	28,010
Other current assets		(2,150)	15,417
Net change in liabilities related to operating activities			
Contractual liabilities - current		(569)	7,571
Notes payable		-	(2,313)
Accounts payable (including related parties)		39,582	(14,190)
Other payables		17,377	18,562
Net defined benefit liabilities		(7,722)	(7,784)
Other current liabilities		4,714	(1,420)
Cash inflows from operations		347,639	394,555
Dividends received		94,109	46,427
Interest received		1,177	6,857
Interest paid		(29,092)	(27,461)
Income tax paid		(82,979)	(74,687)
Net cash inflow from operating activities		330,854	345,691
<u>Cash flows from investing activities</u>			
Acquisition of investments accounted for using the equity method		-	(147,883)
Acquisition of property, plant and equipment	6(26)	(137,826)	(173,226)
Disposal of property, plant and equipment		-	797
Increase (decrease) in refundable deposits		671	(7,987)
Acquisition of financial assets measured at amortized cost		-	(269,757)
Disposal of financial assets measured at amortized cost		144,848	-
Acquisition of financial assets at fair value through other comprehensive income or loss		(249,980)	-
Net cash outflow from investing activities		(242,287)	(598,056)
<u>Cash flows from financing activities</u>			
Movement in short-term borrowings	6 (27)	64,320	264,188
Borrowings of long-term loans	6 (27)	646,190	67,900
Repayment of long-term borrowings	6 (27)	(509,826)	(33,395)
Change in short-term bills payable	6 (27)	-	49,966
Principal repayments on leases	6 (27)	(3,125)	(2,799)
Cash dividends paid	6 (16)(27)	(139,675)	-
Net cash inflow from financing activities		57,884	345,860
Current cash and cash equivalents additions		146,451	93,495
Balance of cash at the beginning of the period and cash equivalents		354,541	261,046
Balance of cash at the end of the period		\$ 500,992	\$ 354,541

The accompanying notes to the individual financial statements form part of these individual financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

INDEPENDENT AUDITORS' REPORT

(2022) No. Financial Auditing-21004955

To: The Board of Directors and Shareholders

Hwa Fong Rubber Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Hwa Fong Rubber Industrial Co., Ltd. and subsidiaries (the "Hwa Fong Group") as of December 31, 2021 and 2020, and the related consolidated statements of income, changes in equity, and cash flows for the years ended December 31, 2021 and 2020, and January 1 to December 31, 2012, and the related consolidated notes to the financial statements (including the summary of significant accounting policies).

In our opinion, based on our audits and the reports of the other auditors (see other matters), the consolidated financial statements referred to above have been prepared, in all significant respects, in accordance with International Financial Reporting Standards for Securities Issuers and International Accounting Standards, Interpretations and Explanatory Notes, as approved by the Financial Supervisory Commission, and are sufficient to present fairly the consolidated financial position of the Hwa Fong Group as of December 31, 2021 and 2020, and the consolidated financial performance and consolidated cash flows for the years from January 1 to December 31, 2021 and 2020.

Basis for Opinion

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the paragraph of our responsibility to audit the consolidated financial statements. The staff of the firm to which we belong are subject to the code of ethics for accountants in the Republic of China and have maintained a high degree of independence from the Hwa Fong Group and have fulfilled other responsibilities in accordance with that code. Based on our audits and the reports of the other auditors, we believe that we have obtained sufficient and appropriate

evidence to form the basis of our audit opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, are most significant to our audit of the financial statements of Hwa Fong Group for the year 2021. We do not express an opinion on those matters individually.

Evaluation of allowance for losses on accounts receivable

Matter Description

Please refer to Note 4(11) to the consolidated financial statements for the accounting policy on the evaluation of accounts receivable; Note 5(2) to the consolidated financial statements for the accounting estimates and assumption uncertainties on the evaluation of accounts receivable; and Note 6(5) to the consolidated financial statements for the description of accounting accounts receivable.

Some of Hwa Fong Group's businesses are sold through distributors in different regions. The financial condition of the distributors will affect the collectability of accounts receivable. Since the impact of accounts receivable on the overall financial statements is significant, and the allowance for losses on accounts receivable is measured based on the expected credit risk loss over the period of time, the measurement process requires appropriate grouping of accounts receivable and judgmental analysis of the application of assumptions related to the measurement process, including the consideration of appropriate aging ranges and loss ratios for each aging range, and the measurement of expected credit losses often involves subjective judgment, analysis and estimation, and The measurement results affect the net accounts receivable. Therefore, we consider the evaluation of accounts receivable to be one of the most important matters to be considered in this year's audit.

In accordance with the audit procedure

The procedures that we have performed in response to the specific aspects of the critical audit described above are set out below:

5. Obtain the expected loss rates calculated by management based on historical and

forward-looking information for similar credit risk groups in order to assess the reasonableness of the accounts receivable provision.

6. Verify the correctness of the aging report used by Hwa Fong Group to evaluate the accounts receivable to confirm that the reported information is consistent with its policies.
7. To test the collectability of accounts receivable by sampling the post-period cash collections.
8. For accounts that are past due and uncollectible, to understand the customer's historical payment status, the availability of collaterals and other repayment ability in order to assess the adequacy of the allowance for losses provided by management.

Evaluation of allowance for losses on inventories

Matter Description

Please refer to Note 4(13) to the consolidated financial statements for the accounting policies for inventory valuation; Note 5(2) to the consolidated financial statements for the accounting estimates and assumption uncertainties for inventory valuation; and Note 6(6) to the consolidated financial statements for the description of the accounting for inventories.

Hwa Fong Group's inventories are measured at cost and net realizable value, and an allowance for impairment loss is provided for inventories that are older than a specified period and for inventories that are individually identified as obsolete, depending on the extent of inventory depletion. As inventories are subject to fluctuations in international raw material prices and market supply and demand, raw material costs and product selling prices may fluctuate significantly, resulting in a higher risk that the net realizable value of inventories will fall below their carrying value and become stagnant. In view of the high degree of estimation uncertainty associated with the valuation of obsolete inventory items and the net realizable value used in valuing them, due to the diversity of product types, we consider the valuation of allowance for impairment loss on inventories to be one of the most important matters for this year's audit.

In accordance with the audit procedure

The procedures that we have performed in response to the specific aspects of the critical audit described above are set out below:

9. To understand the operating and industrial characteristics of Hwa Fong Group and evaluate the reasonableness of the valuation loss of its allowance for inventories and the reasonableness of the provisioning policy adopted.
10. To review its annual inventory plan and participate in annual inventory counts to assess the effectiveness of management's control of obsolete and damaged stock.
11. To verify the correctness of the inventory ageing statements used by the Sino-Forest Group for evaluation purposes to confirm that the information in the statements is consistent with its policies.
12. To obtain a statement of the net realizable value of each inventory, confirm that the logic of its calculation is consistently applied, test the information on which the net realizable value of the inventory is estimated, including verification of supporting documents such as selling prices and purchase prices, and recalculate and assess the reasonableness of the valuation of the inventory.

The equity method of investment in property, plant and equipment is impaired.

Matter Description

Please refer to Note 4(19) to the consolidated financial statements for a description of the accounting policy on impairment of non-financial assets and Note 6(8) to the consolidated financial statements for a description of the accounting for property, plant and equipment.

Hwa Fong Rubber (China) Limited (hereinafter referred to as Hwa Fong China) and Hwa Fong Rubber (Suzhou) Limited (hereinafter referred to as Hwa Fong Suzhou), subsidiaries of the Hwa Fong Group, have been facing high competition in their respective industries in recent years, and due to the restriction of the environmental protection law in the PRC, the production has been restricted which in turn affected the sales, resulting in losses in the financial statements. As a result, there were signs of impairment of property, plant and

equipment in China and Suzhou Hwa Fong. As the carrying amounts of the relevant property, plant and equipment are material, we consider the assessment of impairment to be one of the most significant matters in our audit for the year.

In accordance with the audit procedure

The procedures that we have performed in response to the specific aspects of the critical audit described above are set out below:

13. To understand the reasonableness of the process of estimating future cash flows for each cash-generating unit on which management's evaluation of asset impairment is based.
14. Discussing with management the reasonableness of the future operating forecasts for China Hwa Fong and Suzhou Hwa Fong and comparing them with historical results.
15. For property and plant, to obtain the market value of transactions in the vicinity and assess the reasonableness of the management's use of fair value less costs to sell as the recoverable amount.
16. For the machinery and equipment section, the evaluation report commissioned by the appraisal management from an external appraisal company contains the following procedures
 - (5) The expert's qualifications and expertise in the relevant field and his or her independence and competence.
 - (6) The purpose and scope of the review of the expert's opinion and that the measurement methods used are commonly used in the industry.
 - (7) To check the setting of the parameters and formulae of the evaluation model.
 - (8) To assess the reasonableness of the material assumptions used in the model.

Other Matters – Reference to other accountants' audit–

The financial statements of certain subsidiaries and equity-method investees included in the consolidated financial statements of the Hwa Fong Group have not been audited by us, but by other auditors. Accordingly, our opinion on the consolidated financial statements referred to above is based on the reports of other auditors as to the amounts included in the financial statements of those companies. As of December 31, 2021 and 2020, the Company's total assets (including investments accounted for using the equity method) amounted to NT\$759,896,000 and NT\$763,862,000, respectively, representing 9.13% and 9.49% of the consolidated total assets. Operating revenues from January 1 to December 31, 2021 and 2020 were

NT\$581,006,000 and NT\$782,121,000, respectively, representing 10.49% and 16.02% of the consolidated net operating revenues.

Other Matters - Individual Financial Reports–

Hwa Fong Rubber Industrial Co., Ltd. has prepared its financial statements for the years 2021 and 2020, and our auditors have issued an unqualified opinion, together with an audit report on other matters, for information purposes.

Management's and Governance's Responsibility for the Financial Statements

The responsibility of management is to prepare financial statements that give a fair view in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and to maintain such internal control relevant to the preparation of financial statements as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management's responsibility also includes assessing the ability of the Hwa Fong Group to continue as a going concern, the disclosure of related matters and the adoption of the going concern basis of accounting, unless management intends to liquidate the Hwa Fong Group or cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governance units of the Hwa Fong Group (including the Audit Committee) have responsibility for overseeing the financial reporting process.

Accountant's Responsibility for Auditing Financial Statements

Our objective in auditing the consolidated financial statements is to obtain reasonable assurance as to whether, taken as a whole, the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue a report thereon. Reasonable assurance is a high degree of assurance, but an audit performed in accordance with generally accepted auditing standards in the Republic of China does not provide assurance that material misstatements in the consolidated financial statements will be detected. An untrue statement may be the result of fraud or error. An untrue statement is considered to be material if it is of such an amount or aggregation that it could reasonably be expected to affect the economic

decisions made by the users of the consolidated financial statements.

We conducted our audit in accordance with generally accepted auditing standards in the Republic of China, using our professional judgement and maintaining professional doubt. We also performed the following work :

7. Identify and assess the risks of material misstatement of the consolidated financial statements arising from fraud or error; design and implement appropriate responses to the risks assessed; and obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. The risk of material misstatement, whether due to fraud, forgery, intentional omission, misstatement or a breach of internal control, is higher than the risk of non-detection of material misstatement due to fraud.
8. Obtain such understanding of internal control relevant to the audit as is necessary to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hwa Fong Group's internal control °
9. Evaluate the appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made by management.
10. Based on the evidence obtained, we draw conclusions about the appropriateness of management's adoption of the going concern basis of accounting and about whether there is any material uncertainty about events or conditions that might cast significant doubt about Hwa Fong Group's ability to continue as a going concern. If we believe that there is significant uncertainty about those events or circumstances, we must draw the attention of users of the consolidated financial statements to the relevant disclosures in the consolidated financial statements in our audit report or revise our audit opinion if those disclosures are inappropriate. Our conclusion is based on the audit evidence available to us as of the date of the audit report. However, future events or circumstances may cause Hwa Fong Group to cease to be able to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements present fairly the underlying transactions and events.
12. We obtain sufficient and appropriate audit evidence about the financial information of the constituent entities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the

Group's audit and for forming an opinion on the Group's audit.

We communicate with the governance entity regarding the scope and timing of the planned audit and significant audit findings, including significant deficiencies in internal control identified in the course of the audit.

We also provide the governance entity with a statement that the personnel of the firm to which we report are subject to the independence requirements of the R.O.C. Code of Ethics for Accountants and communicate with the governance entity about all relationships and other matters (including related safeguards) that could be considered to affect the accountant's independence.

We determined, based on the matters communicated to us by the governance entity, the key matters that we considered in our audit of the Group's consolidated financial statements for 2021. We identified those matters in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, where we decided not to communicate those matters in our auditor's report because the negative effect of such communication could reasonably be expected to outweigh the public interest that would be served.

PWC Taiwan

WU,SUNG-YUAN

CPA:

HSU,CHIEN-YEH

Financial Supervisory Commission
Certified Registration No. :
Financial-Supervisory-Securities-Auditing- 1090350620
Financial-Supervisory-Securities-Auditing- 1050035683

March 17, 2022

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

Unit: NT\$1,000

ASSETS		Note	December 31, 2021		December 31, 2020			
			Amount	%	Amount	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	1,370,652	16	\$	1,561,036	19
1110	Financial assets at fair value through profit or loss - current	6(2)		56,892	1		45,657	1
1136	Financial assets at fair value through P/L - current amortized cost	6(4)&8		107,916	1		147,289	2
1150	Notes receivable, net	6(5)		43,068	1		34,518	-
1170	Accounts receivable, net	6(5)		879,808	11		766,673	10
1180	Accounts receivable - related parties, net	7(2)		5,634	-		4,138	-
1200	Other receivables			33,454	-		26,567	-
1210	Other receivables - related parties	7(2)		489	-		493	-
130X	Inventory	6(6)		1,289,258	15		956,274	12
1470	Other current assets			44,443	1		31,516	-
11XX	Total current assets			3,831,614	46		3,574,161	44
Non-current assets								
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(3)		227,897	3		-	-
1535	Financial assets measured at amortized cost - non-current	6(4) &8		147,686	2		228,799	3
1550	Investments accounted for using the equity method	6(7)		289,380	3		293,684	4
1600	Property, plant and equipment	6(8) &8		3,383,896	41		3,538,983	44
1755	Right-of-use assets	6(9)		44,685	-		49,531	1
1760	Net investment property	6(10)		194,356	2		203,146	2
1780	Intangible assets			1,105	-		1,173	-
1840	Deferred income tax assets	6(27)		152,787	2		105,039	1
1900	Other non-current assets	6(29) &8		50,523	1		55,201	1
15XX	Total non-current assets			4,492,315	54		4,475,556	56
1XXX	Total assets		\$	8,323,929	100	\$	8,049,717	100

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

Unit: NT\$1,000

LIABILITIES AND EQUITY			December 31, 2021		December 31, 2020				
			Note	Amount	%	Amount	%		
CURRENT ASSETS									
2100	Short-term borrowings	6(11)&8	\$	727,713	9	\$	799,496	10	
2110	Short-term notes payable	6(12)		49,979	-		49,966	-	
2130	Contractual liabilities - current	6(21)		78,580	1		70,350	1	
2170	Accounts Payable			514,119	6		395,306	5	
2180	Accounts payable - related parties	7(2)		4,987	-		-	-	
2200	Other payables	6(13)		300,135	4		322,300	4	
2220	Other payables - related parties	7(2)		701	-		892	-	
2230	Current income tax liabilities			64,886	1		99,684	1	
2250	Short-term borrowings	6(14)		17,207	-		64,056	1	
2280	Lease liabilities - current			2,764	-		3,400	-	
2320	Long-term liabilities due within one year or one business cycle	6(15)		90,853	1		92,164	1	
2399	Other current liabilities - other	6(21) &8		73,662	1		50,004	1	
21XX	Total current liabilities			1,925,586	23		1,947,618	24	
Non-current liabilities									
2540	Long-term loans	6(5) &8		1,554,316	19		1,235,073	15	
2570	Deferred income tax liabilities	6(27)		263,210	3		223,892	3	
2580	Lease liabilities - non-current			1,684	-		4,148	-	
2600	Other non-current liabilities	6(16)		106,740	1		114,008	2	
25XX	Total non-current liabilities			1,925,950	23		1,577,121	20	
2XXX	Total liabilities			3,851,536	46		3,524,739	44	
Equity									
Equity attributable to owners of the parent company									
	Share capital	6(17)							
3110	Common share capital			2,793,492	34		3,323,492	41	
	Capital Surplus	6(18)							
3200	Retained earnings			37,290	1		37,256	-	
	Legal surplus reserve	6(19)							
3310	Special surplus reserve			21,456	-		-	-	
3320	Undistributed earnings (deficit to be covered)			70,030	1		-	-	
3350	Other equity			270,793	3	(	388,079)	(	5)
	Other equity	6(20)							
3400	Capital Surplus		(	148,951)	(	2)	42,480	1	
31XX	Total equity attributable to owners of the parent company			3,044,110	37		3,015,149	37	
35XX	Forehand interests under common control			-	-		-	-	
36XX	Non-controlling interests	4(3)		1,428,283	17		1,509,829	19	
3XXX	Total equity			4,472,393	54		4,524,978	56	
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9							
3X2X	Total liabilities and equity		\$	8,323,929	100	\$	8,049,717	100	

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000
(Except for earnings per share of NTD)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating Income	6(21)&7(2)	\$ 5,540,899	100	\$ 4,882,864	100
5000 Operating Costs	6(6)(26)	(4,288,531)	(77)	(3,723,434)	(76)
5900 Gross profit		<u>1,252,368</u>	<u>23</u>	<u>1,159,430</u>	<u>24</u>
Operating expenses	6(26)&7(2)				
6100 Marketing expenses		(252,082)	(4)	(250,338)	(5)
6200 Management Fees		(273,830)	(5)	(277,916)	(6)
6300 Research and development expenses		(38,838)	(1)	(34,923)	(1)
6450 Expected credit impairment loss	12(2)	<u>12,102</u>	<u>-</u>	<u>8,811</u>	<u>-</u>
6000 Total operating expenses		<u>(552,648)</u>	<u>(10)</u>	<u>(554,366)</u>	<u>(12)</u>
6900 Operating profit					
Non-operating income and expenses		<u>699,720</u>	<u>13</u>	<u>605,064</u>	<u>12</u>
7100 Interest income	6(22)	8,715	-	12,121	-
7010 Other income	6(23)	68,279	1	49,220	1
7020 Other gains and losses	6(24)	24,882	1	123,574	3
7050 Finance costs	6(25)	(45,381)	(1)	(47,064)	(1)
7060 Share of profits and losses of affiliated companies and joint ventures recognized using the equity method	6(7)	<u>3,813</u>	<u>-</u>	<u>2,931</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>60,308</u>	<u>1</u>	<u>140,782</u>	<u>3</u>
7900 Net profit before tax		760,028	14	745,846	15
7950 Income tax expense	6(27)	(200,927)	(4)	(183,927)	(4)
8200 Net profit for the period		<u>\$ 559,101</u>	<u>10</u>	<u>\$ 561,919</u>	<u>11</u>
Other comprehensive income (net)					
Items not reclassified to profit or loss					
8311 Remeasurement of defined benefit obligation	6(16)	<u>(\$ 2,478)</u>	<u>-</u>	<u>(\$ 4,127)</u>	<u>-</u>

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000
(Except for earnings per share of NTD)

	Item	Note	2021		2020	
			Amount	%	Amount	%
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)	(22,083)	(1)	-	-
8320	Share of other comprehensive income or loss of associated companies and joint ventures recognized using the equity method - not reclassified to profit or loss	6(7)	(1,632)	-	465	-
8349	Income tax relating to items that are not reclassified	6(28)	496	-	825	-
8310	Total items not reclassified to profit or loss		(25,697)	(1)	(2,837)	-
Items that may be reclassified subsequently to profit or loss						
8361	Exchange differences on translation of financial statements of foreign operating entities		(396,938)	(7)	(189,097)	(4)
8370	Share of other comprehensive income or loss of associated companies and joint ventures recognized using the equity method - possible reclassification to profit or loss	6(7)	-	-	(170)	-
8399	Income tax relating to items that may be reclassified	6(27)	41,929	1	21,973	1
8360	Total amount of items that may be reclassified subsequently to profit or loss		(355,009)	(6)	(167,294)	(3)
8300	Other comprehensive income (net)		(\$ 380,706)	(7)	(\$ 170,131)	(3)
8500	Total comprehensive profit or loss for the current period		\$ 178,395	3	\$ 391,788	8
Net profit attributable to :						
8610	Owners of the parent company		\$ 362,015	6	\$ 371,601	7
8620	Non-controlling equity		197,086	4	190,318	4
			<u>\$ 559,101</u>	<u>10</u>	<u>\$ 561,919</u>	<u>11</u>
Total consolidated profit or loss attributable to :						
8710	Owners of the parent company		\$ 168,602	3	\$ 280,832	6
8720	Non-controlling equity		9,793	-	110,956	2
			<u>\$ 178,395</u>	<u>3</u>	<u>\$ 391,788</u>	<u>8</u>
Basic EPS						
9750	Basic EPS	6(28)	<u>\$ 1.30</u>		<u>\$ 1.33</u>	
Diluted EPS						
9850	Diluted EPS	6(28)	<u>\$ 1.29</u>		<u>\$ 1.33</u>	

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000

		Equity attributable to owners of the parent company								
		Retained earnings					Other	Equities		
							Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Non-controlling equities	Total equity
Note	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve		Total		
2 0 2 0										
	\$ 3,323,492	\$ 36,954	\$ -	\$ -	(\$ 754,094)	\$ 164,623	(\$ 34,676)	\$ 2,736,299	\$ 1,444,175	\$ 4,180,474
	-	-	-	-	371,601	-	-	371,601	190,318	561,919
	-	-	-	-	(3,302)	(87,892)	425	(90,769)	(79,362)	(170,131)
	-	-	-	-	368,299	(87,892)	425	280,832	110,956	391,788
6(18)	-	302	-	-	(2,284)	-	-	(1,982)	(194)	(2,176)
4(3)	-	-	-	-	-	-	-	-	(45,108)	(45,108)
	\$ 3,323,492	\$ 37,256	\$ -	\$ -	(\$ 388,079)	\$ 76,731	(\$ 34,251)	\$ 3,015,149	\$ 1,509,829	\$ 4,524,978
2 0 2 1										
	\$ 3,323,492	\$ 37,256	\$ -	\$ -	(\$ 388,079)	\$ 76,731	(\$ 34,251)	\$ 3,015,149	\$ 1,509,829	\$ 4,524,978
	-	-	-	-	362,015	-	-	362,015	197,086	559,101
	-	-	-	-	(1,982)	(167,716)	(23,715)	(193,413)	(187,293)	(380,706)
	-	-	-	-	360,033	(167,716)	(23,715)	168,602	9,793	178,395
6(17)	(530,000)	-	-	-	530,000	-	-	-	-	-
6(18)	-	34	-	-	-	-	-	34	-	34
4(3)	-	-	-	-	-	-	-	-	(91,339)	(91,339)
Appropriation and distribution of earnings for the six months ended June 30, 2021										
	-	-	21,456	-	(21,456)	-	-	-	-	-
	-	-	-	70,030	(70,030)	-	-	-	-	-
	-	-	-	-	(139,675)	-	-	(139,675)	-	(139,675)
	\$ 2,793,492	\$ 37,290	\$ 21,456	\$ 70,030	\$ 270,793	(\$ 90,985)	(\$ 57,966)	\$ 3,044,110	\$ 1,428,283	\$ 4,472,393

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Cash Flow Statement
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000

	Note	January 1 - December 31, 2021	January 1 - December 31, 2020
<u>Cash flows from operating activities</u>			
Net income before tax for the period		\$ 760,028	\$ 745,846
Adjusted items			
Income and expense items			
Depreciation expense	6(8)(9)(26)	209,077	214,179
Amortization expense	6(26)	512	535
Expected credit impairment reversal benefit	12(2)	(12,102)	(8,811)
Share of interests in affiliated companies and joint ventures recognized using the equity method	6(7)	(3,813)	(2,931)
Net gain or loss on financial assets and liabilities measured at fair value through profit or loss	6(2)(24)	3,616	(8,741)
Gain on disposal of property, plant and equipment	6(24)	(642)	(1,782)
Gain on disposal of land use rights		-	(115,895)
Interest income	6(22)	(8,715)	(12,121)
Interest expense	6(25)	45,381	47,064
Dividend income		(525)	(872)
Unrealized foreign currency exchange loss		(750)	-
Impairment loss on non-financial assets	6(7)(24)	-	30,548
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes Receivable		(8,550)	36,051
Accounts receivable (including related parties)		(102,529)	21,966
Other receivables		(6,883)	545
Inventory		(332,985)	72,113
Other current assets		(12,927)	13,346
Net change in liabilities related to operating activities			
Contractual liabilities		8,230	23,766
Notes Payable		-	(2,313)
Accounts payable		123,800	(34,473)
Other payables		(7,248)	15,495
Provision for liabilities		(46,332)	64,056
Other current liabilities		23,659	(616)
Other non-current liabilities		(9,745)	(7,349)
Cash inflows from operations		620,557	1,089,606
Interest received		8,715	12,121
Dividends received		3,448	3,482
Interest paid		(45,284)	(47,502)
Income tax paid		(186,349)	(123,179)
Net cash inflow from operating activities		401,087	934,528

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Cash Flow Statement
January 1 - December 31, 2021 and 2020

Unit: NT\$1,000

	Note	January 1 - December 31, 2021	January 1 - December 31, 2020
<u>Cash flows from investing activities</u>			
Increase in financial assets at fair value through profit or loss		(\$ 14,851)	(\$ 36,472)
Acquisition of financial assets at amortized cost - current		(54,834)	(143,889)
Disposal of financial assets carried at amortized cost - current		87,169	128,674
Acquisition of property, plant and equipment	6(29)	(254,994)	(459,287)
Disposal of property, plant and equipment		1,402	8,857
Acquisition of intangible assets		(480)	(410)
Decrease (increase) in refundable deposits		1,074	(14,482)
Acquisition of financial assets at fair value through other comprehensive income		(249,980)	-
Financial assets measured at amortized cost - non-current changes		77,926	(125,568)
Acquisition of investments accounted for by the equity method		-	(117,733)
Proceeds from disposal of land use rights		-	133,108
Net cash outflow from investing activities		(407,568)	(627,202)
<u>Cash flows from financing activities</u>			
Change in short-term borrowings	6(30)	(66,612)	395,492
Increase in short-term bills payable	6(30)	-	49,966
Borrowing of long-term loans	6(30)	862,045	67,900
Repayment of long-term borrowings	6(30))	(545,098)	(300,031)
Principal repayment of leases	6(30)	(3,283)	(3,004)
Cash dividends paid by subsidiaries to non-controlling interests	4(3)	(91,339)	(45,108)
Cash dividends paid	6(19)(30)	(139,675)	-
Net cash inflows from financing activities		16,038	165,215
Effect of exchange rate changes		(199,941)	(119,686)
(Decrease) increase in cash and cash equivalents for the period		(190,384)	352,855
Balance of cash and cash equivalents at the beginning of the period		1,561,036	1,208,181
Balance of cash and cash equivalents at the end of the period		\$ 1,370,652	\$ 1,561,036

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : LI,YUAN-CHI

Attachment 4

Hwa Fong Rubber Ind. Co., Ltd.

2020 Earnings Distribution Statement

Unit: NTD

	Amount	Remark
Beginning of period undistributed earnings	(\$388,078,625)	
Amount of capital decrease of January, 2021	530,000,000	
Retained earnings after capital decrease	141,921,375	
Net profit after tax	362,014,604	
Changes in ownership interests in subsidiaries of the year 2021	0	
Actuarial loss of defined benefit plan of the year 2021	(1,982,046)	
Amount of unappropriated earnings	501,953,933	
Legal reserve 10%	(36,003,256)	
Special reserve	(148,952,796)	
Capital reserve - common stock premium	0	
Distributable net profit	316,997,881	
Distributable items		
Distributed cash dividend (NT\$ 0.5 per share)	(139,674,567)	
Drafted distributed cash dividend (NT\$ 0.5 per share)	(139,674,567)	
Shareholder dividend - stock	0	
Unappropriated retained earnings	\$37,648,747	

Chairman: Shen, Kuo-Jung Managerial officer: Wang, Jiaw-Chyi Accounting supervisor: Lee, Yuan-Chi

Attachment 5

Hwa Fong Rubber Ind. Co., Ltd.
Comparison of Amended Articles of Articles of Incorporation

Amended articles	Current articles	Explanation
Article 9-1 The Company's shareholders' meeting shall be convened online or by other methods announced by central authority. When a virtual shareholders' meeting is adopted, matters shall be conducted in accordance with relevant regulations, such as meeting conditions, operating procedures and other complied matters, etc., except as otherwise provided by central authority, matters shall be conducted in accordance with the regulation.	This Article was added.	In response to Article 172-2 of the Company Act, it was added that a shareholders' meeting may be convened online.
Article 26 The Articles of Incorporation was drawn up on March 8, 1959. The 1st amendment was made on April 8, 1962. The 2nd amendment was made on May 15, 1967. The 3rd amendment was made on August 10, 1970. The 4th amendment was made on October 20, 1972. The 5th amendment was made on September 20, 1973. The 6th amendment was made on June 20, 1976. The 7th amendment was made on December 3, 1977. The 8th amendment was made on April 15, 1979. The 9th amendment was made on June 21, 1981. The 10th amendment was made on May 23, 1982. The 11th amendment was made on June 12, 1983. The 12th amendment was made on February 10, 1985. The 13th amendment was made on February 5, 1986. The 14th amendment was made on	Article 26 The Articles of Incorporation was drawn up on March 8, 1959. The 1st amendment was made on April 8, 1962. The 2nd amendment was made on May 15, 1967. The 3rd amendment was made on August 10, 1970. The 4th amendment was made on October 20, 1972. The 5th amendment was made on September 20, 1973. The 6th amendment was made on June 20, 1976. The 7th amendment was made on December 3, 1977. The 8th amendment was made on April 15, 1979. The 9th amendment was made on June 21, 1981. The 10th amendment was made on May 23, 1982. The 11th amendment was made on June 12, 1983. The 12th amendment was made on February 10, 1985. The 13th amendment was made on February 5, 1986. The 14th amendment was made on	Added amendment date.

Amended articles	Current articles	Explanation
February 13, 1988. The 15th amendment was made on May 22, 1991. The 16th amendment was made on June 28, 1991. The 17th amendment was made on May 15, 1992. The 18th amendment was made on May 14, 1993. The 19th amendment was made on July 8, 1994. The 20th amendment was made on May 17, 1995. The 21st amendment was made on May 24, 1996. The 22nd amendment was made on December 2, 1996. The 23rd amendment was made on May 23, 1997. The 24th amendment was made on May 13, 1998. The 25th amendment was made on June 15, 1999. The 26th amendment was made on June 19, 2000. The 27th amendment was made on June 12, 2001. The 28th amendment was made on June 14, 2002. The 29th amendment was made on March 20, 2003. The 30th amendment was made on June 17, 2004. The 31st amendment was made on June 16, 2005. The 32nd amendment was made on June 19, 2008. The 33rd amendment was made on June 25, 2010. The 34th amendment was made on June 16, 2011. The 35th amendment was made on September 14, 2011. The 36th amendment was made on June 19, 2013. The 37th amendment was made on May 14, 2014. The 38th amendment was made on October 14, 2014. The 39th amendment was made on	February 13, 1988. The 15th amendment was made on May 22, 1991. The 16th amendment was made on June 28, 1991. The 17th amendment was made on May 15, 1992. The 18th amendment was made on May 14, 1993. The 19th amendment was made on July 8, 1994. The 20th amendment was made on May 17, 1995. The 21st amendment was made on May 24, 1996. The 22nd amendment was made on December 2, 1996. The 23rd amendment was made on May 23, 1997. The 24th amendment was made on May 13, 1998. The 25th amendment was made on June 15, 1999. The 26th amendment was made on June 19, 2000. The 27th amendment was made on June 12, 2001. The 28th amendment was made on June 14, 2002. The 29th amendment was made on March 20, 2003. The 30th amendment was made on June 17, 2004. The 31st amendment was made on June 16, 2005. The 32nd amendment was made on June 19, 2008. The 33rd amendment was made on June 25, 2010. The 34th amendment was made on June 16, 2011. The 35th amendment was made on September 14, 2011. The 36th amendment was made on June 19, 2013. The 37th amendment was made on May 14, 2014. The 38th amendment was made on October 14, 2014. The 39th amendment was made on	

Amended articles	Current articles	Explanation
March 25, 2016. The 40th amendment was made on June 27, 2018. The 41st amendment was made on June 21, 2019. The 42nd amendment was made on July 22, 2021. <u>The 43rd amendment was made on June 14, 2022.</u>	March 25, 2016. The 40th amendment was made on June 27, 2018. The 41st amendment was made on June 21, 2019. The 42nd amendment was made on July 22, 2021.	

Attachment 6

Hwa Fong Rubber Ind. Co., Ltd. Comparison of Amended Articles of Regulations Governing the Acquisition and Disposal of Assets

Amended articles	Current articles	Explanation
Article 4-1: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong</u> and with the following provisions: (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. (2) When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. (3) <u>They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u> (4) <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.</u>	Article 4-1: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions: (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. (2) When <u>auditing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. <u>The sources of data used, the parameters, and the information, etc.</u>	In response to laws and regulations, it was amended.

Amended articles	Current articles	Explanation
Article 8: Acquisition and disposal of assets 1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (2) If the discrepancy between the professional appraiser's appraisal results and the transaction amount is 20 percent or more of the transaction amount, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price. (3) Where the transaction amount is NT\$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained; if the discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.	Article 8: Acquisition and disposal of assets 1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (2) If the discrepancy between the professional appraiser's appraisal results and the transaction amount is 20 percent or more of the transaction amount, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>conduct in accordance with statements on auditing standards issued by Accounting Research and Development Foundation, and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price. (3) Where the transaction amount is NT\$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained; if the discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount, a certified public accountant shall be engaged to <u>conduct statements on auditing standards no. 20 issued by Accounting Research and Development Foundation, and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, a	In response to laws and regulations, it was amended.

Amended articles	Current articles	Explanation
3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$ 300 million or more, except in transactions with a <u>domestic government agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. Omitted.	certified public accountant shall be engaged to <u>conduct statements on auditing standards no. 20 issued by Accounting Research and Development Foundation</u>, and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price. However, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission. 3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$ 300 million or more, except in transactions with a <u>government agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price, a certified public accountant shall be engaged to <u>conduct statements on auditing standards no. 20 issued by Accounting Research and Development Foundation</u>. Omitted.	
Article 8-1: Related party transactions 1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9, subparagraph 2 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. 2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.	Article 8-1: Related party transactions 1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9, subparagraph 2 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. 2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.	In response to laws and regulations, it was amended.

Amended articles	Current articles	Explanation
(2) The reason for choosing the related party as a transaction counterparty. (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with this Article, subparagraph 3 and 4. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (7) Restrictive covenants and other important stipulations associated with the transaction. With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiary, the Company's board of directors may pursuant to Article 6 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. Where the position of independent director has been created in accordance with Securities and Exchange Act, when a matter is submitted for discussion by the board of directors pursuant to subparagraph 2, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. A resolution of audit committee in subparagraph 2 shall be subject to mutatis mutandis application of Article 12, paragraphs 4 and 5. <u>If the Company or a subsidiary will have a transaction set out in subparagraph 2 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of subparagraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiary or between its subsidiaries. The calculation of the transaction amounts referred to in subparagraph 2 and the preceding paragraph shall be made in accordance with Article 9, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders.'</u>	(2) The reason for choosing the related party as a transaction counterparty. (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with this Article, subparagraph 3 and 4. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (7) Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to the preceding paragraph shall be made in accordance with Article 9, subparagraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiary, the Company's board of directors may pursuant to Article 6 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. If the position of independent director has been created in accordance with Securities and Exchange Act, when a matter is submitted for discussion by the board of directors pursuant to subparagraph 2, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. A resolution of audit committee in subparagraph 2 shall be subject to mutatis mutandis application of Article 12, paragraphs 4 and 5.	

Amended articles	Current articles	Explanation
<u>meeting, board of directors and the audit committee need not be counted toward the transaction amount.</u> Omitted.	Omitted.	
Article 9: Information disclosure 1. Public announcement and regulatory filing items and public announcement and regulatory filing standard (1) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more. However, in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises shall not apply. (2) Implementation of mergers, demergers, acquisitions, or transfer of shares. (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. (4) Where an asset transaction other than any of those referred to in the preceding three items, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances: 1. Trading of <u>domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds in the primary market, and subscription or offering of securities is made in accordance with regulations. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 4. When the asset type of acquisition and disposal of assets is machine and equipment for business use or right-of-use assets, and the transaction counterparty is not related party, and transaction amount is less than NT\$ 500 million. 5. Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount is less than NT\$ 500 million. 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related	Article 9: Information disclosure 1. Public announcement and regulatory filing items and public announcement and regulatory filing standard (1) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more. However, in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises shall not apply. (2) Implementation of mergers, demergers, acquisitions, or transfer of shares. (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. (4) Where an asset transaction other than any of those referred to in the preceding three items, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances: 1. Trading of domestic government bonds or foreign government bonds. 2. Where done by professional investors—securities trading on <u>domestic and overseas</u> securities exchanges or OTC markets, or subscription of foreign government bonds made by <u>securities dealers</u> in the primary market, and subscription or offering of securities is made in accordance with regulations. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 4. When the asset type of acquisition and disposal of assets is machine and equipment for business use or right-of-use assets, and the transaction counterparty is not related party, and transaction amount is less than NT\$ 500 million. 5. Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount is less than NT\$ 500 million. 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related	In response to laws and regulations, it was amended.

Amended articles	Current articles	Explanation
party, and the amount the company expects to invest in the transaction is less than NT\$500 million. Omitted.	party, and the amount the company expects to invest in the transaction is less than NT\$ 500 million. Omitted.	

Attachment 7

Hwa Fong Rubber Ind. Co., Ltd.

Comparison of Amended Articles of Regulations Governing Loaning of Funds

Amended articles	Current articles	Explanation
Article 4: Detailed review procedures When loaning funds to others, a borrower shall submit “a financing application form (or an official letter)” with loan amount, use, period and financial information to the Company, in order to conduct credit status; financial department shall audit the necessity, and assess use, purpose, benefit, credit and operating situation, and draft to set the interest rate and the period, submit to general manager and chairman for approval, and matters shall be conducted after approved by a resolution of board of directors, and decided by other authorized person. When the Company intends to loan funds to others, it shall be approved by a resolution of board of directors. For loans of funds between the Company and its subsidiary, or between its subsidiaries, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Except in it directly or indirectly holds 100 percent of voting rights, the degree of authority delegated shall not exceed 10 percent of net worth in the latest financial statements. Where the position of independent director has been created, when the Company intends to loan funds to others, each independent director's opinions shall be taken into full consideration, <u>if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u> Article 10: Implementation and amendments If the Operational Procedures was approved by the audit committee and the board of directors, it shall be reported to the shareholders' meeting for approval, where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the shareholders' meeting for discussion. The same shall apply to any amendments to the Procedures. In addition, where the Company has appointed independent directors, when it submits its “Operational Procedures for Loaning Funds to Others” for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion, <u>if an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.</u> <u>If the approval of one-half or more of all audit committee members</u> as required in the preceding paragraph is not obtained, the Operational Procedures <u>shall be implemented if approved by two-thirds or more of all directors,</u> and the	Article 4: Detailed review procedures When loaning funds to others, a borrower shall submit “a financing application form (or a official letter)” with loan amount, use, period and financial information to the Company, in order to conduct credit status; financial department shall audit the necessity, and assess use, purpose, benefit, credit and operating situation, and draft to set the interest rate and the period, submit to general manager and chairman for approval, and matters shall be conducted after approved by a resolution of board of directors, and decided by other authorized other person. When the Company intends to loan funds to others, it shall be approved by a resolution of board of directors. Loans of funds between the Company and its subsidiary, or between its subsidiaries, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Except in it directly or indirectly holds 100 percent of voting rights, the degree of authority delegated shall not exceed 10 percent of net worth in the latest financial statements. Where the position of independent director has been created, when the Company intends to loan funds to others, each independent director's opinions shall be taken into full consideration, <u>and the precise agreeing or objecting opinions, and objecting reasons shall be recorded in the minutes of the board of directors meeting.</u> Article 10: Implementation and amendments After the Operational Procedures was approved by the audit committee and the board of directors, and it shall be reported to the shareholders' meeting for approval, where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion <u>to each supervisor</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. In addition, where the Company has appointed independent directors, when it submits its “Operational Procedures for Loaning Funds to Others” for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion, each independent director's opinions shall be taken into full consideration, <u>and the precise agreeing or objecting opinions, and objecting reasons shall be recorded in the minutes of the board of directors meeting.</u> If the approval of a resolution of the audit committee as required in the preceding paragraph is not obtained, and the Operational Procedures <u>shall be implemented if approved</u>	In response to laws and regulations, it was amended.

resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.	by a <u>special resolution</u> of board of directors, and the resolution <u>situation</u> of the audit committee shall be recorded in the minutes of the board of directors meeting.	
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Hwa Fong Rubber Ind. Co., Ltd.

Comparison of Amended Articles of Regulations of Making Endorsements/Guarantees

Amended articles	Current articles	Explanation
Article 9: Announcement and reporting 1. The Company shall announce and report the previous month's balances of endorsements/guarantees by the 10th day of each month, and upload to Market Observation Post System. 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement. (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement. (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$ 10 million or more and the aggregate amount of all endorsements/guarantees for, <u>carrying value of equity method investment in</u>, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement. (4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$ 30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. 3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to all subparagraphs of the preceding paragraph. 4. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures. Article 12: Implementation and amendments If the Procedures was approved by the audit committee and the board of directors, it shall be reported to the shareholders' meeting for approval, if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the shareholders' meeting for discussion, the same applies when the procedures are amended. In addition, where the Company has appointed independent directors, when it submits its "Operational Procedures for Loaning Funds to Others" for discussion by the board of directors under the preceding paragraph, the	Article 9: Announcement and reporting 1. The Company shall announce and report the previous month's balances of endorsements/guarantees by the 10th day of each month, and upload to Market Observation Post System. 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement. (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement. (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$ 10 million or more and the aggregate amount of all endorsements/guarantees, <u>long-term investment</u>, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement. (4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$ 30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. 3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to all subparagraphs of the preceding paragraph. 4. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures. Article 12: Implementation and amendments After the Procedures was approved by the audit committee and the board of directors, and it shall be reported to the shareholders' meeting for approval, if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>each supervisor and the</u> shareholders' meeting for discussion, the same applies when the procedures are amended. In addition, where the Company has appointed independent directors, when it submits its	In response to laws and regulations, it was amended.

board of directors shall take into full consideration each independent director's opinion, if <u>an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting. If the approval of one-half or more of all audit committee members</u> as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if <u>approved by two-thirds or more of all directors</u>, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.	“Operational Procedures for Loaning Funds to Others” for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting, the board of directors shall take into full consideration each independent director's opinion, each independent director's opinions shall be taken into full consideration, <u>and the precise agreeing or objecting opinions, and objecting reasons shall be recorded in the minutes of the board of directors meeting. If the approval of a resolution of the audit committee</u> as required in the preceding paragraph is not obtained, and the Operational Procedures shall be implemented if <u>approved by a special resolution of board of directors</u>, and the resolution situation of the audit committee shall be recorded in the minutes of the board of directors meeting.	
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Attachment 8

Hwa Fong Rubber Ind. Co., Ltd.

Comparison of Amended Articles of Procedures for Election of Directors

Amended articles	Current articles	Explanation
Article 10 After the end of the poll, the voting rights shall be calculated on site immediately by vote monitoring and counting personnel, and the results of the calculation shall be announced by the chair on the site, including the list of persons elected as directors <u>and the numbers of votes with which they were elected</u>. The ballots 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 10 After the end of the poll, the voting rights shall be calculated on site immediately by vote monitoring and counting personnel, and the results of the calculation shall be announced by the chair on the site, including the list of persons elected as directors. The ballots 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.	In response to laws and regulations, it was amended.

Appendix 1

Hwa Fong Rubber Ind. Co., Ltd. Rules of Procedure for Shareholders Meetings

Amendment approved by the shareholders' meeting on March 25, 2016

Amendment approved by the shareholders' meeting on June 12, 2020

Amendment approved by the shareholders' meeting on July 22, 2021

1. The Company's shareholders' meeting agenda, unless otherwise provided for by the decrees and Articles of Incorporation, shall be conducted in accordance with the Rules.
2. When the Company calls a shareholders' meeting, shall adopt the way of electronic transmission and in the form of writing to exercise shareholders' voting power; when exercised their voting power in writing or with the way of electronic transmission, the method of exercising their voting power shall be described in the shareholders' meeting notice. A shareholder who exercises his/her/its voting power at a shareholders' meeting in writing or with the way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her/its voting power in respective of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.
- 2-1. When a shareholder in person or a proxy appointed by a shareholder attending a shareholders' meeting, and shall hand in sign-in cards instead of register. The number of shares in attendance shall be calculated according to the shares indicated by sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
3. Attendance and vote at shareholders' meetings shall be calculated based on numbers of shares.
4. The venue for a shareholders meeting shall be the premises of the 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.
5. If a 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 is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
If a shareholders meeting convened by a party with the power to convene, the meeting shall be chaired by a party with the power to convene.
6. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

7. The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting, and the recorded materials shall be retained for at least one year.
8. The chair shall call the meeting to order at the appointed meeting time, and announce related information, such as the number of nonvoting rights and the number of shares in attendance, etc., at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act, when the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
9. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

After the meeting was declared to adjourn, shareholders shall not elect another chair or resume the meeting at another venue.
10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.

When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor, the chair shall stop any violation.
11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the preceding rules or exceeds the scope of the agenda item, the chair may terminate the speech.
12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

14. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.
16. When a meeting is in progress, the chair may announce a break based on time considerations.
17. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, if the shareholders voting by the way of electronic transmission represent objection or abstention, shall be consulted by the chair without objection, and regarded as passed, its effectiveness is the same as vote.
18. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
19. The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."
20. These Rules shall take effect after submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Hwa Fong Rubber Ind. Co., Ltd. Articles of Incorporation (before amended)

Chapter 1 General Provision

Article 1: The Company organized in accordance with the Company Act, named “HWA FONG RUBBER IND. CO., LTD.”

Article 2: The Company’s operating business is as follow:

1. C804010 tires manufacturing
2. C804020 industrial rubber products manufacturing
3. C804990 other rubber products manufacturing
4. F114030 wholesale of motor vehicle parts and motorcycle parts, accessories
5. F114040 wholesale of bicycle and component parts thereof
6. F114050 wholesale of tires
7. F214030 retail sale of motor vehicle parts and motorcycle parts, accessories
8. F214040 retail sale of bicycle and component parts thereof
9. F214050 retail sale of tires and tubes
10. F399040 retail sale no storefront
11. F401010 international trade
12. JA01010 automobile repair
13. ZZ99999 all business items that are not prohibited or restricted by law, except those that are subject to special approval
14. E801010 building maintenance and upholstery
15. F111090 wholesale of building materials
16. G202010 parking area operators
17. H701010 housing and building development and rental
18. H701020 industrial factory buildings lease construction and development
19. H701040 specific area development
20. H701050 investment, development and construction in public construction
21. H701060 new towns, new community development
22. H701070 process zone expropriation and urban land readjustment agency
23. H701080 urban renewal reconstruction
24. H701090 urban renewal renovation or maintenance
25. H703090 real estate business
26. H703100 real estate rental and leasing
27. F113990 wholesale of other machinery and equipment
28. F114010 wholesale of motor vehicles
29. F114020 wholesale of motorcycles
30. F213990 retail sale of other machinery and equipment
31. F214010 retail sale of motor vehicles
32. F214020 retail sale of motorcycles
33. JA02030 bicycle repair

Article 3: The Company established the head office in Changhua County, shall establish branches in other proper places when it’s necessary.

Article 4: The Company’s announcement methods shall be implemented in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article 5: The Company's total capital was set as NT\$ 10 billion, separated into 1 billion shares, the price per share was NT\$ 10, and unissued shares were issued by authorized board of directors at several times.
- Article 6: The Company's shares are all adopted registered share certificates, affixed respective signatures or personal seals of five or more directors, and issued in accordance with the regulations. The Company may be exempted from printing any share certificate for the shares issued, but shall be registered in Centralized Securities Depository Enterprises.
- Article 7: The Company's securities affairs shall be conducted in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies issued by the competent authority.
- Article 8: A shareholder's name change and transfer shall not be conducted before 60 days of a regular shareholders' meeting, before 30 days of a special shareholders' meeting or within 5 days before the record date of dividends or other benefits distribution decided by the Company.
- Article 9: Shareholders' meeting shall be of two kinds: a regular shareholders' meeting and a special shareholders' meeting, the regular shareholders' meeting shall be convened within six months after close of each fiscal year, and the special shareholders' meeting shall be convened in accordance with the regulations when it's necessary. When a shareholder cannot attend the shareholders' meeting for any reason, shall appoint a proxy issued by the Company to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. Unless otherwise permitted by Article 177 of the Company Act, related matters shall be conducted in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies issued by the competent authority.

Chapter 3 Shareholders' meeting

- Article 10: Resolutions at a shareholders' meeting shall, unless otherwise provided for related regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- However, when the following circumstances occurred, and the shareholders who represent two-third of the total number of issued shares intends to attend the meeting in person or by a proxy, and by agreement of a majority of the votes represented by the attending shareholders.
- (1) Purchased or merged other domestic and foreign companies.
 - (2) The dissolution or final accounts, demerger of the Company.

Article 10-1: When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence, a shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting, it means that it shall be conducted in accordance with Article 177-2 of the Company Act.

Article 11: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Article 12: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes, and the meeting minutes shall be conducted in accordance with Article 183 of the Company Act.

Article 13: The board of directors of a company shall have nine to thirteen directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity, and the term of office of a director shall not exceed three years, but he/she may be eligible for re-election.

The number of directors mentioned above independent directors shall not be less than two persons, and less than one-fifth of the director seats, a candidates nomination system is adopted by a company for election of the directors (included independent directors) of the Company, and shareholders elected directors (independent directors) among a roster of director candidates.

Elections of directors at the Company shall be conducted with elections of independent directors and non-independent directors, and separately calculated the number of elected. The professional qualifications, shareholding, part-time restrictions, nomination and election methods and other matters to be followed of the independent director shall be conducted in accordance with the relevant provisions of the securities authorities.

The preceding percentage of shareholdings of all the directors selected is subject to the provisions prescribed by the Securities Regulatory Agency.

Article 13-1: When the Company appointed the audit committee, shall not elect another supervisor in accordance with Article 14-4 of Securities and Exchange Act, the audit committee shall be composed of the entire number of independent directors, it shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. Duty exercising of the audit Committee, organization rules or other matters for compliance, shall be conducted in accordance with related regulations or the Company's rules.

Article 14: The Company's election of directors shall adopt a cumulative voting, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates, a candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect.

Chapter 4 Director, Supervisor and Managerial Officer

Article 15: Directors organized the board of directors to exercise the duties of directors, and the directors shall be elected by the shareholders from among themselves or appoint one person as a chairman, one person as vice chairman, the chairman represent the Company to chair all business, however the vice chairman assists the chairman in all business. The proxy mentioned above, when one-third of term of office left, re-election shall be held within three months. When the number of vacancies in the board of directors of a company equals to one-third of the total number of directors, the board of directors shall call, within 30 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies, his/her/its term of office is restricted to fulfill the unexposed term of office of the predecessor. After the Company issued stocks in public, the board of directors shall call a special shareholders' meeting for re-election within 60 days.

Article 16: A meeting of board of directors may be convened one time each quarter, and in calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting, and shall be given to each director no later than 7 days prior to the scheduled meeting date; however, in the case of emergency, a meeting of the board of directors may be convened at any time. The notice of the meeting of board of directors may be effected by means of writing, electronic transmission or E-mail, etc.

Unless the first meeting of each term of the board of directors shall be convened in accordance with the proviso in Article 203 of the Company Act, other meetings shall be convened and chaired by the chairman, unless otherwise regulations provided for the Company Act, a resolution of the meeting of board of directors shall be agreed by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company, and the meeting minutes shall be made. When a director cannot attend the meeting of the board of directors in person, a director may be represented by another director. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 17: Deleted

Article 18: The remuneration of directors, and shall be determined by the authorized board of directors to pay at such level as generally adopted by the enterprises of the same industry.

Article 19: The Company may appoint an executive director, several managerial officers (include general manger, vice general manager), his/her appointment, discharge and remuneration shall be conducted in accordance with Article 29 of the Company Act and related regulations. They may recruit consultants as business needs.

Article 19-1: The Company may purchase the liability insurance for directors and important staff with respect to liabilities resulting from exercising their duties during their terms of directorship.

Chapter 5 Accounting

Article 20: The end of December every year is the final accounts period of the Company, and the following final statements shall be drawn up by the board of directors at the end of each fiscal year, and submitted to the audit committee for audit before 30 days of the scheduled date of a regular shareholders' meeting and the audit report shall be offered, and reported to a shareholders' meeting for approval.

(1) Business Report

(2) Balance Sheet

(3) Comprehensive Income Statement

(4) Statements of Changes in Equity

(5) Statements of Cash Flows

(6) Earnings distribution or appropriation of loss proposal

Article 21: As the profitability of the current year, the Company shall not allocate less than 2% as employees' remuneration, and more than 5% as directors' remuneration. However, the company's accumulated losses shall have been covered.

Employees' compensation may be distributed in the form of shares or in cash, and qualification requirements of employees shall include the employees of parents or subsidiaries of the company meeting certain specific requirements.

The profitability of the current year mentioned in paragraph 1 means that income before distributed employees and directors' remuneration was deducted from net income before tax.

Distribution of employees and directors' remuneration shall be conducted by a resolution by a majority voting of the directors present at a meeting of its board of directors attended by two-third of the directors of the company, and reported to a shareholders' meeting.

A company which has the profit distributed to employees in the form of shares by a resolution of the meeting of board of directors in accordance with the provision of the preceding paragraph may resolve, at the same meeting of the board of directors, to distribute the shares by way of new shares to be issued by the company or existing shares to be re-purchased by the company.

Article 21-1: The Company's earnings distribution or loss recovery was conducted in the end of each half of fiscal year. The Company's earnings distribution proposal or loss appropriation proposal of the first half of the fiscal year, shall be submitted with the operation report and financial statements to the audit committee, and reported to the board of directors for approval after audited. Due to the variation of the industrial environment where the Company lies in, the enterprise is in the phase of steady growth, and considered the Company's future fund needs and long-term financial plan, if there are earnings, tax contribution and loss recovery shall be made first, and then appropriated 10% as legal reserve, however, except when legal reserve achieved the Company's paid-in capital; besides, as the Company's operational needs and the regulations, designated special reserve, if there were earnings, consolidated beginning of period undistributed earnings, 20-90% of earnings can be appropriated by the resolution of the board of directors as earnings distribution of the current year. The cash dividends inside shall not be lower than 10% of total number of earnings distribution. When earnings mentioned in the preceding paragraph were distributed as dividends or designated legal reserve or capital reserve, all or a part may be paid in cash, and it shall be conducted after approved by the special resolution of the board of directors, and reported to a shareholders' meeting, when the distribution was made in the form of issuing new shares, shall be reported to a shareholders' meeting, and conducted after approved.

Chapter 6 Supplemental Provisions

Article 22: After approved by the board of directors, the Company may make guarantees for other companies.

Article 23: The Company's related reinvestment business shall have no restrictions.

Article 24: The Company's organizational regulations, rules and other chapters shall be prescribed by the board of directors.

Article 25: Unsettled matters of the Articles shall be conducted in accordance with the Company Act.

Article 26: The Articles of Incorporation was drawn up on March 8, 1959.

The 1st amendment was made on April 8, 1962.

The 2nd amendment was made on May 15, 1967.

The 3rd amendment was made on August 10, 1970.

The 4th amendment was made on October 20, 1972.

The 5th amendment was made on September 20, 1973.

The 6th amendment was made on June 20, 1976.

The 7th amendment was made on December 3, 1977.

The 8th amendment was made on April 15, 1979.

The 9th amendment was made on June 21, 1981.

The 10th amendment was made on May 23, 1982.

The 11th amendment was made on June 12, 1983.

The 12th amendment was made on February 10, 1985.

The 13th amendment was made on February 5, 1986.

The 14th amendment was made on February 13, 1988.
The 15th amendment was made on May 22, 1991.
The 16th amendment was made on June 28, 1991.
The 17th amendment was made on May 15, 1992.
The 18th amendment was made on May 14, 1993.
The 19th amendment was made on July 8, 1994.
The 20th amendment was made on May 17, 1995.
The 21st amendment was made on May 24, 1996.
The 22nd amendment was made on December 2, 1996.
The 23rd amendment was made on May 23, 1997.
The 24th amendment was made on May 13, 1998.
The 25th amendment was made on June 15, 1999.
The 26th amendment was made on June 19, 2000.
The 27th amendment was made on June 12, 2001.
The 28th amendment was made on June 14, 2002.
The 29th amendment was made on March 20, 2003.
The 30th amendment was made on June 17, 2004.
The 31st amendment was made on June 16, 2005.
The 32nd amendment was made on June 19, 2008.
The 33rd amendment was made on June 25, 2010.
The 34th amendment was made on June 16, 2011.
The 35th amendment was made on September 14, 2011.
The 36th amendment was made on June 19, 2013.
The 37th amendment was made on May 14, 2014.
The 38th amendment was made on October 14, 2014.
The 39th amendment was made on March 25, 2016.
The 40th amendment was made on June 27, 2018.
The 41st amendment was made on June 21, 2019.
The 42nd amendment was made on July 22, 2021.

Hwa Fong Rubber Ind. Co., Ltd.

Procedures for Election of Directors(before amended)

Amendment approved by the shareholders' meeting on March 25, 2016

Amendment approved by the shareholders' meeting on June 21, 2019

- Article 1: The Company's election of directors shall be conducted in accordance with these Procedures.
- Article 2: The Company's election of directors shall be conducted at a shareholders' meeting.
- Article 3: The Company's election of directors, attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 4: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. A candidates' nomination system is adopted for election of independent directors of the Company.
- Article 5: The number of the Company's directors prescribed by the Company's Articles of Incorporation, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
Elections of independent directors and non-independent directors shall conduct at the same time, and separately calculated the number of elected, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.
- Article 6: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
- Article 7: The ballots shall be prepared and provided by the Company, and each ballot shall be numbered by attendance card numbers, and filled in a shareholder's number of voting rights. When the elected is shareholder, the elected shall fill in the name and shareholder's account number in the column of "the elected" on the ballots; if he/she is not a shareholder, the name and I. D. number of the elected shall be filled in. However, when the government or a juristic shareholder is the elected, the column of the elected name on the ballots shall be filled in the name of the government or a juristic person, and filled in the name of the government or a juristic person and its representative's name; if there are several representatives, the representatives' names shall be separately filled in. When electors exercise voting by way of electronic transmission, candidate seats shall be checked, and the number of voting rights allotted shall be entered, checked candidate seats shall not exceed the number of elected, and total number of allotted voting rights shall not exceed total number of voting rights held by electors.
- Article 8: A ballot is invalid under any of the following circumstances:
- (1) The ballot was not prepared in accordance with the procedure.
 - (2) The number of filled elected exceeds the number of places that should be selected.
 - (3) Other words or marks are entered in addition to the account name (name) of the elected or shareholder's account number (I. D. number), and the number of voting rights allotted.
 - (4) A blank ballot is placed in the ballot box.

- (5) The writing is unclear and indecipherable or has been altered.
- (6) When the filled elected is shareholder, the name and shareholder's account number do not conform to the roster; when the filled elected is not shareholder, the name and I. D. number of the elected do not conform to the director candidate list.
- (7) The name of the filled elected is the same as other shareholder's name, and recognizable shareholder's account number or I. D. number are not filled in.
- (8) The filled elected is not the candidate listed in the candidate list.
- (9) Total number of voting rights voted by electors exceeds total number of voting rights held by electors.

Article 9: Election of directors, the ballot boxes shall be prepared and publicly checked by the vote monitoring personnel before voting commences.

Article 10: The voting rights shall be calculated by vote monitoring and counting personnel on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors, shall be announced by the chair on the site.
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 11: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 4

Hwa Fong Rubber Ind. Co., Ltd. All Directors' Shareholding Statement

1. Total number of the Company's issued shares: 279,349,134 (as of the book closure date: April 16, 2022).
2. The minimum legally held shares held by the Company's shareholders: 12,000,000.
3. As of the book closure date (April 16, 2022) at 2022 annual shareholders' meeting, and individual and all directors' shareholding statements registered in the shareholders roster are as follows.

Current All Directors' Shareholding Statement

Total number of issued shares: 279,349,134 shares

Title	Name	Shareholding numbers	Shareholding ratios
Chairman	Feng Tsuan Co., Ltd.	8,884,210	3.18%
	Chairman/representative: Shen, Kuo-Jung		
Vice chairman	Vice chairman/representative: Chiu, Shih-Chien		
Director	Director/representative: Lin, Wen-Cheng		
	Director/representative: Wu, Pin-Yi		
	Director/representative: Laio Chen, Hsuan-Yu		
Director	Sumitomo Rubber Industries, Ltd.	28,428,574	10.18%
Director	Teng Feng Investment & Development Co., Ltd.	3,460,024	1.24%
	Director/representative: Yan, Ruei-Sian		
Director	Sheng Ta Investment Co., Ltd.	507,764	0.18%
	Director/representative: Yan, Ming-Shan		
Independent director	Tsai, Hung-Wen	-	-
Independent director	Yang, Wen-Kuang	-	-
Independent director	Huang, Chu-Chia	10,000	0.04%
Sum of all directors' shareholding numbers		41,380,572	14.81%

Appendix 5

Other Disclosure Matters

The influence of the Company's operational performance, earnings per share and shareholders' return on investment caused by the bonus shares:

The Company has no public financial forecast information of the year 2022, so it's not applicable.



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HWA FONG RUBBER

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