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HWA FONG RUBBER

ANNUAL SHAREHOLDER'S MEETING 2023

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.

2023 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. Extemporaneous Motions

VII. Adjournment

Hwa Fong Rubber Ind. Co., Ltd.

2023 Annual Shareholders 'Meeting

Meeting Agenda

Time: June 16, 2023, (Friday), at 10:00 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. 2022 Business Report of the Company.
2. 2022 Annual Final Accounting Books and Statements Audited by Audit Committee.
3. The Company's Making of Endorsements/Guarantees for Other Companies.
4. 2022 Directors' and Employees' Remuneration Distribution Report Proposal.
5. 2022 Cash Dividend Distribution Report Proposal.
6. Amendment of Regulations Governing Procedure for Board of Directors Meetings.

IV. Acknowledged Matters

1. 2022 Business Report and Annual Final Accounting Books and Statements.

V. Matters for Discussion

1. Amendment of Regulations Governing Loaning of Funds.
2. Amendment of Procedures for Election of Directors.

VI. Extemporaneous Motions

VII. Adjournment

Reported Matters

ONE

Proposal: 2022 Business Report, for your approval.

Explanation: 2022 business report of the Company, please refer to P.7-9 of the agenda (attachment 1).

TWO

Proposal: 2022 Annual Final Accounting Books and Statements Audited by Audit Committee, for your approval.

Explanation: Audit committee's audit report, please refer to P.10 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, 2022, sum of the Company's making of endorsements/guarantees for affiliated companies was NT\$ 398,580 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
		USD (thousand)	NTD (thousand)	
Hwa Fong Rubber (Hong Kong) Inc. Co., Ltd.	En Tie Commercial Bank (approved by board of directors on January 10, 2020)	3,000	91,980	12.41%
Hwa Fong Rubber (Hong Kong) Inc. Co., Ltd.	Taichung Commercial Bank Co., Ltd. (approved by board of directors on January 4, 2018)	10,000	306,600	
Sum			398,580	12.41%

Note:(1)The Company's total amount of endorsements/guarantees approved by a shareholders' meeting was NT\$ 3,212,079 thousand.

(2) The limit of endorsements/guarantees made by the Company for a single enterprise was 1,606,040 thousand.

FOUR

Proposal: 2022 directors' and employees' remuneration distribution report, for your approval.

Explanation: The Company's 2022 directors' and employees' remuneration was approved by a resolution of the board of directors on March 15, 2023. According to Articles of Incorporation, directors' remuneration was distributed 1.5%, the amount was NT\$ 6,100,074; and employees' remuneration was distributed 2.5%, the amount was NT\$ 10,166,790, and all were distributed by cash.

FIVE

Proposal: 2022 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 2022 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 (2022)	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 10, 2022	October 20, 2022	0.5	139,674,567
Second half of the year	March 15, 2023	May 22, 2023	0.4	111,739,654
Total:			0.9	251,414,221

SIX

Proposal: Amendment of Regulations Governing Procedure for Board of Directors Meetings report, for your approval.

Explanation: In response to amendments of regulations of competent authority, Regulations Governing Procedure for Board of Directors Meetings was amended, and comparison of amended articles, please refer to P.11-12 of the agenda (attachment 3) "Comparison of Regulations Governing Procedure for Board of Directors Meetings of Hwa Fong Rubber Ind. Co., Ltd."

Acknowledged Matters

Proposed by board of directors

ONE

Proposal: 2022 Business Report and Financial Statements Proposal, for your approval

Explanation:

1. The 2022 financial statements (including consolidated financial statements) of the Company were audited by PwC Taiwan's accountants Wu, Sung-Yuen and Hsu, Chien-Yeh. The audited financial statements, along with the business report, were submitted to the audit committee and a written audit report has been provided.
2. Business report, accountants' audit report, the preceding financial statements and earnings distribution statement, please refer to P.7-9 (attachment 1), P.13-38 (attachment 4) and P.39 (attachment 5) of the agenda.
3. For your approval.

Resolution:

Matters for Discussion

Proposed by board of directors

ONE

Proposal: Amendment of Regulations Governing Loaning of Funds, for your decision.

Explanation:

1. To address the actual conditions of providing loans to third parties, Regulations Governing Loaning of Funds was amended, and comparison of amended articles, it is stated in detail as attachment 6 (please refer to P.40 of the meeting agenda) "Comparison of Regulations Governing Loaning of Funds of Hwa Fong Rubber Ind. Co., Ltd."
2. For your decision.

Resolution:

Proposed by board of directors

TWO

Proposal: Amendment of Procedures for Election of Directors , 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 7 (please refer to P.41-42 of the meeting agenda) "Comparison of Procedures for Election of Directors of Hwa Fong Rubber Ind. Co., Ltd."
2. For your decision.

Resolution:

Extemporaneous Motions

Adjournment

Attachment 1

Hwa Fong Rubber Ind. Co., Ltd. 2022 Business Report

Looking back on 2022, although the COVID-19 pandemic slowed down, the Russo-Ukrainian War continued, and there was a China-United States chip trade war, as well as rapidly rising interest rates from the Fed, a European energy crisis, and continued global automotive chip supply shortages. The international political and economic situation remained turbulent, with various significant events such as soaring raw material prices, port and vessel congestion, and the outbreak of the Russo-Ukrainian War causing inflation to rise steadily. In addition, unpredictable environmental factors and a treacherous political and economic situation have challenged the operational ability and core competitiveness of enterprises.

2022 Operating Results

2022 consolidated net operating revenue of the Company was NT\$ 5,414,345 thousand, compared with the consolidated net operating revenue of the year 2021 of NT\$ 5,540,899 thousand, decreased by NT\$ 126,554 thousand; the consolidated net profit after tax was NT\$ 444,345 thousand, and compared with the consolidated net profit after tax of the year 2021 of NT\$ 559,101 thousand, decreased by NT\$ 114,756 thousand.

In 2022, the Company's net operating revenue amounted to NT\$2,225,968 thousand, which increased by NT\$91,475 thousand compared to NT\$2,134,493 thousand in 2021. However, due to the global rise in raw materials, operating costs increased by 8.19%, resulting in a decrease in net gross profit by NT\$45,350 thousand, or 8.08%, compared to 2021. Operating expenses decreased by NT\$4,351 thousand or 1.36%, compared to the previous year. Operating net profit was NT\$199,919 thousand, representing a decrease of approximately NT\$40,999 thousand, or 17.02%, compared to the previous fiscal year. Non-operating income and expenditure decreased by NT\$23,151 thousand, or 10.84%, compared to the previous year. In summary, the net profit after tax of annual operating results was NT\$294,488 thousand, which decreased by 18.65% compared to last year due to the soaring raw materials and increased costs.

2022 Production and Sales Situation & Operation Statement of the Company are as follows:

(1) Production and Sales Situation:

Unit: thousand

Item \ Year	2022 Production volume	2022 Sales volume	2021 Sales volume	Sales volume Increase (decrease)	%
Bicycle tire	1,627	1,642	1,672	-30	-1.79%
Agricultural/industrial tire	1,455	1,520	1,433	87	6.07%
Motorcycle tire	2,189	2,273	2,505	-232	-9.26%
Truck/auto tire	21	23	48	-25	-52.08%
Radial tire	54	66	77	-11	-14.29%
Other rubber products	0	419	524	-105	-20.04%

(2) Operation Statement:

Unit: NT\$ 1,000

Item \ Year	2022 Amount	2021 Amount	Increased (decreased) amount	%
Operating revenue	2,225,968	2,134,493	91,475	4.29%
Operating costs	1,713,464	1,583,703	129,761	8.19%
Operating margin - net income	515,872	561,222	(45,350)	-8.08%
Operating expenses	315,953	320,304	(4,351)	-1.36%
Operating net profit	199,919	240,918	(40,999)	-17.02%
Non-operating income and expenses	190,485	213,636	(23,151)	-10.84%
Net income (loss) before tax	390,404	454,554	(64,150)	-14.11%
Net income (loss)	294,488	362,015	(67,527)	-18.65%

Looking ahead to 2023, the COVID-19 epidemic has slowed down, and Taiwan and other countries around the world have lifted border controls and gradually resumed economic activities. There is hope that we can return to the pre-epidemic status. However, global consumption recovery from last year has caused supply chain tension, port congestion, and vessel congestion. In addition, the Russo-Ukrainian War, energy and food crises, and soaring international raw material prices, along with various major international events, have caused inflation to steadily rise. Constant inflation will pose a challenge to the global economy's decline. With the surge in all costs, we are facing the predicament of a global economic downturn. Therefore, all industries must be prepared to face a more challenging and unpredictable international market environment and challenges.

Regarding the European market, while uncertainties caused by the epidemic have decreased, the market has continued to recover to its original supply order. However, we still have to face challenges such as price inflation in the local market, energy shortages, and rising transportation costs. In terms of our sales strategy in the European market, we have stabilized current prices and focused on providing excellent customer service. We have also improved the cost performance ratio of our overall products and services, and have taken advantage of opportunities to adjust our brand portfolio. Additionally, we have identified the growing demand for electric vehicle tires and plan to promote this product to increase our brand value.

In regards to the American market, the Company has faced challenges due to the anti-dumping duty policy of the U.S.A., which has prevented the Company from selling products manufactured in Taiwan to America. To cope with this policy, the Company has found outsourcing manufacturers in Southeast Asia to manufacture tires for sedans and light trucks, which has allowed the Company to continue supplying its second-class products to the American market. The Company has also made positive internal improvements, such as reducing waste to avoid an increase in deadweight costs. The R&D department has also contributed to the development of new tire patterns and specifications, with the aim of significantly increasing the Company's overall competitiveness.

In the face of various international political and economic situations and rising costs, the Company has continued to invest in equipment and talent, while seeking to expand its global market beyond its existing one. We aim to sustain our international competitiveness by increasing our capacity utilization rate, developing high-value-added tires, and continuing to invest in research and development. We are determined to overcome the overall economic difficulties in 2023 and deliver returns to our shareholders, thereby fulfilling their support and expectations.

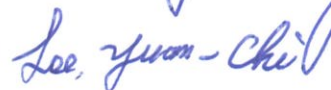
Chairman: Shen, Kuo-Jung



Managerial officer: Wang, Jiaw-Chyi



Accounting supervisor: Lee, Yuan-Chi



Attachment 2

The Board of Auditors Report of Examination

The board of directors made and sent to the company business operation report of year 2022, 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 2023



Convenor of the Audit Committee: *Wen-Goang Yang*

The Republic of China, March 15, 2023

Hwa Fong Rubber Ind. Co., Ltd.

Comparison of Amended Articles Regulations Governing Procedure for Board of Directors Meetings

Amended articles	Current articles	Explanation
Article 3 (Subparagraph 1-2 were omitted.) All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.	Article 3 (Subparagraph 1-2 were omitted.) All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion <u>except in the case of an emergency or for other legitimate reason.</u>	Amended that all matters shall be specified in the notice of the reasons for calling a board of directors' meeting; none of them may be raised by an extraordinary motion.
Article 12 <u>The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:</u> (Subparagraph 1-9 were omitted.) <u>10. Election or discharge of the chairman.</u> <u>11.</u> The appointment or discharge of a financial, accounting, or internal audit officer. <u>12.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition. <u>13.</u> Any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority. The term "related party" in subparagraph <u>12</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; below was omitted.	Article 12 <u>The Company shall submit matters listed below as they relate to the Company for discussion at a board meeting:</u> (Subparagraph 1-9 were omitted.) <u>10.</u> The appointment or discharge of a financial, accounting, or internal audit officer. <u>11.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition. <u>12.</u> Any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority. The term "related party" in subparagraph <u>11</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; below was omitted.	According to the Company Act, the election or discharge of the chairman of the board of directors for discussion.

Amended articles	Current articles	Explanation
Article 19 The history of drawing up and amending the Rules is stated as below: 1. The formulation was approved by the board of directors on November 24, 2006. 2. The amendment was approved by the board of directors on August 23, 2007. 3. The amendment was approved by the board of directors on March 27, 2008. 4. The amendment was approved by the board of directors on June 16, 2009. 5. The amendment was approved by the board of directors on October 8, 2009. 6. The amendment was approved by the board of directors on June 25, 2010. 7. The amendment was approved by the board of directors on September 24, 2012. 8. The amendment was approved by the board of directors on March 28, 2013. 9. The amendment was approved by the board of directors on February 1, 2016. 10. The amendment was approved by the board of directors on March 20, 2019. 11. The amendment was approved by the board of directors on March 20, 2020. 12. The amendment was approved by the board of directors on March 18, 2021. 13. The amendment was approved by the board of directors on March 15, 2023.	Article 19 The history of drawing up and amending the Rules is stated as below: 1. The formulation was approved by the board of directors on November 24, 2006. 2. The amendment was approved by the board of directors on August 23, 2007. 3. The amendment was approved by the board of directors on March 27, 2008. 4. The amendment was approved by the board of directors on June 16, 2009. 5. The amendment was approved by the board of directors on October 8, 2009. 6. The amendment was approved by the board of directors on June 25, 2010. 7. The amendment was approved by the board of directors on September 24, 2012. 8. The amendment was approved by the board of directors on March 28, 2013. 9. The amendment was approved by the board of directors on February 1, 2016. 10. The amendment was approved by the board of directors on March 20, 2019. 11. The amendment was approved by the board of directors on March 20, 2020. 12. The amendment was approved by the board of directors on March 18, 2021.	Added amendment date.

Attachment 4

INDEPENDENT AUDITORS' REPORT

(2023) No. Financial Auditing-22004473

The Board of Directors and Shareholders :

Hwa Fong Rubber Industrial Co., Ltd.

We have audited the accompanying individual balance sheets of Hwa Fong Rubber Industrial Co., Ltd. as of December 31, 2022 and 2021, and the related individual statements of income, changes in equity, and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022 and 2021, in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

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 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. for FY 2022.

These matters have been considered in the process of examining the individual financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on them individually.

The key audited items in the individual financial statements for fiscal 2022 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, 2022, accounts receivable and allowance for doubtful accounts amounted to NT\$204,878,000 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:

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.

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.

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.

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, 2022, the inventory and allowance for impairment loss were NT\$371,032,000 and NT\$24,136,000, 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.

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.

2. 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.
Discussing with management the reasonableness of the future operating forecasts for China Hwa Fong and Suzhou Hwa Fong and comparing them with historical results
2. For the 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.

– Reference to other accountants' audit

The financial statements of certain equity-method investees included in the Individual financial statements of Hwa Fong Rubber Industrial Co., Ltd. have not been audited by us, but by other auditors. Accordingly, our opinion on the financial statements referred to above is based on the reports of the other auditors. The equity method investments in these investees amounted to NT\$936,850,000 and NT\$808,677,000 as of December 31, 2022 and 2021, respectively, accounting for 14.56% and 12.50% of total individual assets. The Individual profit

or loss for the years ended December 31, 2022 and 2021 were NT\$128,832,000 and NT\$41,772,000, respectively, representing 28.80% and 24.78% of the Individual profit or 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

Financial-Supervisory-Securities-Auditing- 1090350620

Financial-Supervisory-Securities-Auditing- 1050035683

March 15. 2023

Hwa Fong Rubber Industrial Co., Ltd
Individual Balance Sheets
January 1 - December 31, 2022 and 2021

Unit: NT\$1,000

		December	31,	2022	December	31,	2021
ASSETS		Note	Amount	%	Amount	%	
CURRENT ASSETS							
1100	Cash and cash equivalents	6(1)	\$ 478,078	8	\$ 500,992	8	
1136	Financial assets at fair value through P/L - current amortized cost	6(3)&8	-	-	83,394	1	
1150	Notes receivable, net	6(4)	24,239	-	39,613	1	
1170	Accounts receivable, net	6(4)	203,065	3	207,652	3	
1180	Accounts receivable - related parties, net	7(2)	62,571	1	72,705	1	
1200	Other receivables		7,342	-	4,687	-	
1210	Other receivables - related parties	7(2)	233,733	4	227,295	3	
130X	Inventory	6(5)	346,896	5	363,471	6	
1470	Other current assets	7(2)	15,772	-	17,602	-	
11XX	Total current assets		1,371,696	21	1,517,411	23	
Non-current assets							
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(2)	233,786	4	227,897	3	
1535	Financial assets measured at amortized cost - non-current	6(3)&8	96,469	2	142,160	2	
1550	Investments accounted for using the equity method	6(6)	3,234,067	50	2,947,256	46	
1600	Property, plant and equipment	6(7)&8	1,400,265	22	1,465,953	23	
1755	Right-of-use assets	6(8)	1,333	-	3,707	-	
1840	Deferred income tax assets	6(24)	80,985	1	122,001	2	
1900	Other non-current assets	6(26)&8	14,319	-	44,154	1	
15XX	Total non-current assets		5,061,224	79	4,953,128	77	
1XXX	Total assets		\$ 6,432,920	100	\$ 6,470,539	100	

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Hwa Fong Rubber Industrial Co., Ltd
Individual Balance Sheets
January 1 - December 31, 2022 and 2021

Unit: NT\$1,000

LIABILITIES AND EQUITY			December 31, 2022	December 31, 2021		
	Note	Amount	%	Amount	%	
CURRENT LIABILITIES						
2100	Short-term borrowings	6(9)&8	\$ 423,854	7	\$ 561,932	9
2110	Short-term notes payable	6(10)	-	-	49,979	1
2130	Contractual liabilities - current	6(18)	14,477	-	17,930	-
2170	Accounts Payable		133,335	2	142,476	2
2180	Accounts payable - related parties	7(2)	1,312	-	2,161	-
2200	Other payables	6(11)	107,274	2	129,611	2
2220	Other payables - related parties	7(2)	467	-	178	-
2230	Current income tax liabilities		39,143	1	25,991	-
2280	Lease liabilities - current	6(8)	1,015	-	2,444	-
2320	Long-term liabilities due within one year or one business cycle	6(12)	230,100	3	84,527	1
2399	Other current liabilities - other	6(18)&8	26,130	-	28,388	1
21XX	Total current liabilities		977,107	15	1,045,617	16
NON-CURRENT LIABILITIES						
2540	Long-term loans	6(12)&8	1,079,090	17	1,347,997	21
2570	Deferred income tax liabilities	6(24)	266,599	4	259,207	4
2580	Lease liabilities - non-current	6(8)	337	-	1,372	-
2640	Net defined benefit liabilities - non-current	6(13)	24,710	1	41,938	1
2650	Loans from investments accounted for using the equity method	6(6)	848,866	13	702,746	11
2670	Other non-current liabilities - other		24,132	-	27,552	-
25XX	Total non-current liabilities		2,243,734	35	2,380,812	37
2XXX	Total liabilities		3,220,841	50	3,426,429	53
Equity						
Share Capital						
3110	Common stock capital	6(14)	2,793,492	43	2,793,492	43
Capital Surplus						
3200	Capital Surplus	6(15)	37,290	1	37,290	1
Retained earnings						
3310	Legal surplus reserve	6(16)	50,031	1	21,456	-
3320	Special surplus reserve		112,404	2	70,030	1
3350	Undistributed earnings (deficit to be covered)		228,151	3	270,793	4
Other equity						
3400	Other equity	6(17)	(9,289)	-	(148,951)	(2)
3XXX	Total equity		3,212,079	50	3,044,110	47
Significant Contingent Liabilities and Unrecognized Contractual Commitments						
3X2X	Total liabilities and equity		\$ 6,432,920	100	\$ 6,470,539	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
Individual Statement of Profit and Loss for Individuals
January 1 - December 31, 2022 and 2021

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

		2022		2021		
Item		Item	Amount	%	Amount	%
4000	Operating Income	6(18)&7(2)	\$ 2,225,968	100	\$ 2,134,493	100
5000	Operating Costs	6(5)(23)	(1,713,464)	(77)	(1,583,703)	(74)
5900	Gross profit		512,504	23	550,790	26
5920	Realized gain (loss) on sales		3,368	-	10,432	-
5950	Operating profit		515,872	23	561,222	26
	Operating expenses	6(23)&7(2)				
6100	Marketing expenses		(126,094)	(6)	(138,787)	(6)
6200	Management Fees		(143,759)	(6)	(142,679)	(7)
6300	Research and development expenses		(31,450)	(1)	(38,838)	(2)
6450	Expected credit impairment loss	12(2)	(14,650)	(1)	-	-
6000	Total operating expenses		(315,953)	(14)	(320,304)	(15)
6900	Operating profit		199,919	9	240,918	11
	Non-operating income and expenses					
7100	Interest income	6(19)	2,301	-	1,177	-
7010	Other income	6(20)&7(2)	57,474	3	65,501	3
7020	Other gains and losses	6(21)	75,298	3	(26,121)	(1)
7050	Finance costs	6(22)	(32,203)	(2)	(29,203)	(1)
7070	Share of profits and losses of subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(6)	87,615	4	202,282	9
7000	Total non-operating income and expenses		190,485	8	213,636	10
7900	Net profit before tax		390,404	17	454,554	21
7950	Income tax expense	6(24)	(95,916)	(4)	(92,539)	(4)
8200	Net profit for the period		\$ 294,488	13	\$ 362,015	17

(Continued on next page)

Hwa Fong Rubber Industrial Co., Ltd
Individual Statement of Profit and Loss for Individuals
January 1 - December 31, 2022 and 2021

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

Item		Note	2022		2021	
			Amount	%	Amount	%
Other comprehensive income (net)						
Items not reclassified to profit or loss						
8311	Remeasurement of defined benefit obligation	6(13)	\$ 7,733	1	(\$ 2,478)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		5,889	-	(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		4,318	-	(1,632)	-
8349	Income tax relating to items that are not reclassified	6(24)	(1,546)	-	496	-
8310	Total amount of items not reclassified to profit or loss		<u>16,394</u>	<u>1</u>	<u>(25,697)</u>	<u>(1)</u>
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		170,547	8	(209,645)	(10)
8399	Income tax relating to items that may be reclassified	6(24)	(34,110)	(2)	41,929	2
8360	Total amount of items that may be reclassified subsequently to profit or loss		<u>136,437</u>	<u>6</u>	<u>(167,716)</u>	<u>(8)</u>
8300	Other comprehensive income (net)		<u>\$ 152,831</u>	<u>7</u>	<u>(\$ 193,413)</u>	<u>(9)</u>
8500	Total comprehensive profit or loss for the current period		<u>\$ 447,319</u>	<u>20</u>	<u>\$ 168,602</u>	<u>8</u>
Basic EPS						
9750	Basic EPS	6(25)	\$ 1.05		\$ 1.30	
Diluted EPS						
9850	Diluted EPS	6(25)	\$ 1.05		\$ 1.29	

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, 2022 and 2021

Unit: NT\$1,000

		Retained earnings						Retained equities			
								Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Total	Equity
	Note	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve				
<u>2021</u>											
Balance on 1 January 2021		\$ 3,323,492	\$ 37,256	\$ -	\$ -	(\$ 388,079)	\$ 76,731	(\$ 34,251)		\$ 3,015,149	
Net profit for the year 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 income for the period		-	-	-	-	360,033	(167,716)	(23,715)		168,602	
Capital reduction to cover losses		(530,000)	-	-	-	530,000	-	-		-	
Changes in affiliates recognized under the equity method	6(15)	-	34	-	-	-	-	-		34	
Appropriation and distribution of earnings for the six months ended June 30, 2021	6(16)	-	-	21,456	-	(21,456)	-	-		-	
Legal reserve		-	-	-	-	(21,456)	-	-		-	
Special reserve		-	-	-	70,030	(70,030)	-	-		-	
Cash dividends		-	-	-	-	(139,675)	-	-		(139,675)	
Balance on December 31, 2021		\$ 2,793,492	\$ 37,290	\$ 21,456	\$ 70,030	\$ 270,793	(\$ 90,985)	(\$ 57,966)		\$ 3,044,110	
<u>2022</u>											
Balance on 1 January 2022		\$ 2,793,492	\$ 37,290	\$ 21,456	\$ 70,030	\$ 270,793	(\$ 90,985)	(\$ 57,966)		\$ 3,044,110	
Net profit for the year 2022		-	-	-	-	294,488	-	-		294,488	
Other comprehensive profit or loss for the period	6(17)	-	-	-	-	13,169	136,437	3,225		152,831	
Total comprehensive profit or loss for the period		-	-	-	-	307,657	136,437	3,225		447,319	
Appropriation and distribution of earnings for the six months ended December 31, 2021	6(16)	-	-	-	-	-	-	-		-	
Legal reserve		-	-	14,547	-	(14,547)	-	-		-	
Special reserve		-	-	-	78,923	(78,923)	-	-		-	
Cash dividends		-	-	-	-	(139,675)	-	-		(139,675)	
Appropriation and distribution of earnings for the six months ended June 30, 2022	6(16)	-	-	14,028	-	(14,028)	-	-		-	
Legal reserve		-	-	-	-	(14,028)	-	-		-	
Special reserve		-	-	-	(36,549)	36,549	-	-		-	
Cash dividends		-	-	-	-	(139,675)	-	-		(139,675)	
Balance on December 31, 2022		\$ 2,793,492	\$ 37,290	\$ 50,031	\$ 112,404	\$ 228,151	\$ 45,452	(\$ 54,741)		\$ 3,212,079	

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, 2022 and 2021

Unit: NT\$1,000

	Note	January 1 - December 31, 2022	January 1 - December 31, 2021
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 390,404	\$ 454,554
Adjusted Items			
Profit and loss items			
Depreciation expense	6(7)(8)(23)	92,446	99,094
Amortization expense	6(23)	147	134
Expected credit impairment loss	12(2)	14,650	-
Gain on disposal of property, plant and equipment	6(21)	(4,271)	(920)
Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method	6(6)	(87,615)	(202,282)
Interest expense	6(22)	32,203	29,203
Interest income	6(19)	(2,301)	(1,177)
Realized loss (gain) on sales		(3,368)	(10,432)
Changes in assets/liabilities related to operating activities			
Changes in assets/liabilities related to operating activities			
Notes receivable, net		15,374	(9,230)
Accounts receivable (including related parties)		14,721	15,842
Inventories		16,575	(62,583)
Other receivables (including related parties)		(23,743)	(15,796)
Other current assets		1,684	(2,150)
Net change in liabilities related to operating activities			
Contractual liabilities - current		(3,453)	(569)
Accounts payable (including related parties)		(9,990)	39,582
Other payables		(20,019)	17,377
Net defined benefit liabilities		(9,495)	(7,722)
Other current liabilities		(2,258)	4,714
Cash inflows from operations		411,691	347,639
Dividends received		121,789	94,109
Interest received		2,301	1,177
Interest paid		(32,099)	(29,092)
Income tax paid		(70,014)	(82,979)
Net cash inflow from operating activities		433,668	330,854
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment	6(26)	(39,377)	(137,826)
Disposal of property, plant and equipment		21,130	-
Decrease in refundable deposits		25,569	671
Disposal of financial assets measured at amortized cost		129,085	144,848
Acquisition of financial assets at fair value through other comprehensive income or loss		-	(249,980)
Net cash inflow (outflow) from investing activities		136,407	(242,287)
<u>Cash flows from financing activities</u>			
Movement in short-term borrowings	6(27)	(138,078)	64,320
Borrowings of long-term loans	6(27)	100,000	646,190
Repayment of long-term borrowings	6(27)	(223,334)	(509,826)
Change in short-term bills payable	6(27)	(49,979)	-
Principal repayments on leases	6(27)	(2,464)	(3,125)
Increase in refundable deposits		216	-
Cash dividends paid	6(16)(27)	(279,350)	(139,675)
Net cash (outflow) inflow from financing activities		(592,989)	57,884
(Decrease) increase in cash and cash equivalents for the period		(22,914)	146,451
Balance of cash at the beginning of the period and cash equivalents		500,992	354,541
Balance of cash at the end of the period		\$ 478,078	\$ 500,992

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

(2023) No. Financial Auditing-22004685

To: The Board of Directors and Shareholders
Hwa Fong Rubber Industrial Co., Ltd.

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, 2022 and 2021, and the related consolidated statements of income, changes in equity, and cash flows for the years ended December 31, 2022 and 2021, and January 1 to December 31, 2022, 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, 2022 and 2021, and the consolidated financial performance and consolidated cash flows for the years from January 1 to December 31, 2022 and 2021.

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 2022. 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:

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.

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.

To test the collectability of accounts receivable by sampling the post-period cash collections.

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:

3. 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.

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.

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.

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:

4. 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. Discussing with management the reasonableness of the future operating forecasts for China Hwa Fong and Suzhou Hwa Fong and comparing them with historical results.
5. For the 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.

–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, 2022 and 2021, the Company's total assets (including investments accounted for using the equity method) amounted to NT\$835,954,000 and NT\$759,896,000, respectively, accounting for 10.36% and 9.13% of the consolidated total assets, and operating revenues from January 1 to December 31, 2022 and 2021 amounted to NT\$618,570,000 and NT\$581,006,000, respectively, accounting for 11.42% and 10.49% of the consolidated net operating revenues. The operating revenues from January 1 to December 31, 2022 and 2021 were NT\$618,570,000 and NT\$581,006,000, respectively, accounting for 11.42% and 10.49% of the consolidated net operating revenues.

–Individual Financial Reports

Hwa Fong Rubber Industrial Co., Ltd. has prepared its financial statements for the years 2022 and 2021, 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 2022. 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 15, 2023

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT\$1,000

ASSETS			December 31, 2022	December 31, 2021		
	Note	Amount	%	Amount	%	
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 1,702,701	21	\$ 1,370,652	16
1110	Financial assets at fair value through profit or loss - current	6(2)	116,691	2	56,892	1
1136	Financial assets at fair value through P/L - current amortized cost	6(4)	26,475	-	107,916	1
1150	Notes receivable, net	6(5)	24,239	-	43,068	1
1170	Accounts receivable, net	6(5)	712,792	9	879,808	11
1180	Accounts receivable - related parties, net	7(2)	9,336	-	5,634	-
1200	Other receivables		33,189	1	33,454	-
1210	Other receivables - related parties	7(2)	-	-	489	-
130X	Inventory	6(6)	1,070,075	13	1,289,258	15
1470	Other current assets		27,132	-	44,443	1
11XX	Total current assets		3,722,630	46	3,831,614	46
Non-current assets						
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(3)	233,786	3	227,897	3
1535	Financial assets measured at amortized cost - non-current	6(4)&8	102,601	1	147,686	2
1550	Investments accounted for using the equity method	6(7)	285,636	4	289,380	3
1600	Property, plant and equipment	6(8)&8	3,352,587	42	3,383,896	41
1755	Right-of-use assets	6(9)	42,004	1	44,685	-
1760	Net investment property	6(10)	196,741	2	194,356	2
1780	Intangible assets		803	-	1,105	-
1840	Deferred income tax assets	6(27)	114,857	1	152,787	2
1900	Other non-current assets	8	15,245	-	50,523	1
15XX	Total non-current assets		4,344,260	54	4,492,315	54
1XXX	Total assets		\$ 8,066,890	100	\$ 8,323,929	100

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT\$1,000

LIABILITIES AND EQUITY		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
CURRENT ASSETS						
2100	Short-term borrowings	6(11)&8	\$ 623,144	8	\$ 727,713	9
2110	Short-term notes payable	6(12)	-	-	49,979	-
2130	Contractual liabilities - current	6(21)	74,453	1	78,580	1
2170	Accounts Payable		331,917	4	514,119	6
2180	Accounts payable - related parties	7(2)	-	-	4,987	-
2200	Other payables	6(13)	254,154	3	300,135	4
2220	Other payables - related parties	7(2)	1,456	-	701	-
2230	Current income tax liabilities		60,201	1	64,886	1
2250	Short-term borrowings	6(14)	3,793	-	17,207	-
2280	Lease liabilities - current		1,350	-	2,764	-
2320	Long-term liabilities due within one year or one business cycle	6(15)	250,685	3	90,853	1
2399	Other current liabilities - other	6(21)&8	33,855	-	73,662	1
21XX	Total current liabilities		<u>1,635,008</u>	<u>20</u>	<u>1,925,586</u>	<u>23</u>
Non-current liabilities						
2540	Long-term loans	6(15)&8	1,309,445	16	1,554,316	19
2570	Deferred income tax liabilities	6(27)	270,753	4	263,210	3
2580	Lease liabilities - non-current		820	-	1,684	-
2600	Other non-current liabilities	6(16)	71,478	1	106,740	1
25XX	Total non-current liabilities		<u>1,652,496</u>	<u>21</u>	<u>1,925,950</u>	<u>23</u>
2XXX	Total liabilities		<u>3,287,504</u>	<u>41</u>	<u>3,851,536</u>	<u>46</u>
Equity						
Equity attributable to owners of the parent company						
	Share capital	6(17)				
3110	Common share capital		2,793,492	35	2,793,492	34
	Capital Surplus	6(18)				
3200	Capital Surplus		37,290	-	37,290	1
	Retained earnings	6(19)				
3310	Legal surplus reserve		50,031	1	21,456	-
3320	Special surplus reserve		112,404	1	70,030	1
3350	Undistributed earnings		228,151	3	270,793	3
	Other equity	6(20)				
3400	Other equity		(9,289)	-	(148,951)	(2)
31XX	Total equity attributable to owners of the parent company		<u>3,212,079</u>	<u>40</u>	<u>3,044,110</u>	<u>37</u>
36XX	Non-controlling interests	4(3)	<u>1,567,307</u>	<u>19</u>	<u>1,428,283</u>	<u>17</u>
3XXX	Total equity		<u>4,779,386</u>	<u>59</u>	<u>4,472,393</u>	<u>54</u>
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
3X2X	Total liabilities and equity		<u>\$ 8,066,890</u>	<u>100</u>	<u>\$ 8,323,929</u>	<u>100</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 Comprehensive Income
January 1 - December 31, 2022 and 2021

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

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating Income	6(21)&7(2)	\$ 5,414,345	100	\$ 5,540,899	100
5000	Operating Costs	6(6)(26)	(4,338,315)	(80)	(4,288,531)	(77)
5900	Gross profit		<u>1,076,030</u>	<u>20</u>	<u>1,252,368</u>	<u>23</u>
	Operating expenses	6(26)&7(2)				
6100	Marketing expenses		(222,759)	(4)	(252,082)	(4)
6200	Management Fees		(253,828)	(5)	(273,830)	(5)
6300	Research and development expenses		(31,704)	(1)	(38,838)	(1)
6450	Expected credit impairment loss	12(2)	<u>3,527</u>	<u>-</u>	<u>12,102</u>	<u>-</u>
6000	Total operating expenses		(504,764)	(10)	(552,648)	(10)
6900	Operating profit		<u>571,266</u>	<u>10</u>	<u>699,720</u>	<u>13</u>
	Non-operating income and expenses					
7100	Interest income	6(22)	4,785	-	8,715	-
7010	Other income	6(23)	36,803	1	68,279	1
7020	Other gains and losses	6(24)	64,423	1	24,882	1
7050	Finance costs	6(25)	(56,469)	(1)	(45,381)	(1)
7060	Share of profits and losses of affiliated companies and joint ventures recognized using the equity method	6(7)	(1,597)	-	3,813	-
7000	Total non-operating income and expenses		<u>47,945</u>	<u>1</u>	<u>60,308</u>	<u>1</u>
7900	Net profit before tax		<u>619,211</u>	<u>11</u>	<u>760,028</u>	<u>14</u>
7950	Income tax expense	6(27)	(174,866)	(3)	(200,927)	(4)
8200	Net profit for the period		<u>\$ 444,345</u>	<u>8</u>	<u>\$ 559,101</u>	<u>10</u>

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 - December 31, 2022 and 2021

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

Item		Note	2022		2021				
			Amount	%	Amount	%			
Other comprehensive income (net)									
Items not reclassified to profit or loss									
8311	Remeasurement of defined benefit obligation	6(16)	\$	25,041	1	(\$	2,478)	-	
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income			5,889	-	(	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)	(	2,808)	-	(	1,632)	-	
8349	Income tax relating to items that are not reclassified	6(27)	(	5,007)	-		496	-	
8310	Total items not reclassified to profit or loss			23,115	1	(	25,697)	(	1)
Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of financial statements of foreign operating entities			271,636	5	(	396,938)	(	7)
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)		458	-		-	-	
8399	Income tax relating to items that may be reclassified	6(27)	(	34,110)	(	1)	41,929	1	
8360	Total amount of items that may be reclassified subsequently to profit or loss			237,984	4	(	355,009)	(	6)
8300	Other comprehensive income (net)		\$	261,099	5	(\$	380,706)	(	7)
8500	Total comprehensive profit or loss for the current period		\$	705,444	13	\$	178,395	3	
Net profit attributable to :									
8610	Owners of the parent company		\$	294,488	5	\$	362,015	6	
8620	Non-controlling equity			149,857	3		197,086	4	
			\$	444,345	8	\$	559,101	10	
Total consolidated profit or loss attributable to :									
8710	Owners of the parent company		\$	447,319	8	\$	168,602	3	
8720	Non-controlling equity			258,125	5		9,793	-	
			\$	705,444	13	\$	178,395	3	
Basic EPS									
9750	Basic EPS	6(28)	\$		1.05	\$		1.30	
Diluted EPS									
9850	Diluted EPS	6(28)	\$		1.05	\$		1.29	

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, 2022 and 2021

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 1										
Balance as of January 1, 2021	\$ 3,323,492	\$ 37,256	\$ -	\$ -	(\$ 388,079)	\$ 76,731	(\$ 34,251)	\$ 3,015,149	\$ 1,509,829	\$ 4,524,978
Net income for fiscal 2021	-	-	-	-	362,015	-	-	362,015	197,086	559,101
Other comprehensive income or loss for the period	-	-	-	-	(1,982)	(167,716)	(23,715)	(193,413)	(187,293)	(380,706)
Total comprehensive income for the period	-	-	-	-	360,033	(167,716)	(23,715)	168,602	9,793	178,395
Capital reduction to cover losses	6(17)	(530,000)	-	-	530,000	-	-	-	-	-
Changes in affiliates recognized under the equity method	6(18)	-	34	-	-	-	-	34	-	34
Dividends paid by subsidiaries	4(3)	-	-	-	-	-	-	-	(91,339)	(91,339)
Appropriation and distribution of earnings for the six months ended June 30, 2021	6(19)	-	-	-	-	-	-	-	-	-
Legal surplus reserve	-	-	21,456	-	(21,456)	-	-	-	-	-
Special surplus reserve	-	-	-	70,030	(70,030)	-	-	-	-	-
Cash dividends	-	-	-	-	(139,675)	-	-	(139,675)	-	(139,675)
Balance as of December 31, 2021	\$ 2,793,492	\$ 37,290	\$ 21,456	\$ 70,030	\$ 270,793	(\$ 90,985)	(\$ 57,966)	\$ 3,044,110	\$ 1,428,283	\$ 4,472,393
2 0 2 2										
Balance as of January 1, 2022	\$ 2,793,492	\$ 37,290	\$ 21,456	\$ 70,030	\$ 270,793	(\$ 90,985)	(\$ 57,966)	\$ 3,044,110	\$ 1,428,283	\$ 4,472,393
Net income for fiscal 2022	-	-	-	-	294,488	-	-	294,488	149,857	444,345
Other comprehensive income or loss for the period	-	-	-	-	13,169	136,437	3,225	152,831	108,268	261,099
Total comprehensive income for the period	-	-	-	-	307,657	136,437	3,225	447,319	258,125	705,444
Dividends paid by subsidiaries	4(3)	-	-	-	-	-	-	-	(119,101)	(119,101)
Dividends paid by subsidiaries	6(19)	-	-	-	-	-	-	-	-	-
Appropriation and distribution of earnings for the six months ended December 31, 2022	-	-	14,547	-	(14,547)	-	-	-	-	-
Special surplus reserve	-	-	-	78,923	(78,923)	-	-	-	-	-
Cash dividends	-	-	-	-	(139,675)	-	-	(139,675)	-	(139,675)
Appropriation and distribution of earnings for the six months ended June 30, 2022	6(19)	-	-	-	-	-	-	-	-	-
Legal surplus reserve	-	-	14,028	-	(14,028)	-	-	-	-	-
Special surplus reserve	-	-	-	(36,549)	36,549	-	-	-	-	-
Cash dividends	-	-	-	-	(139,675)	-	-	(139,675)	-	(139,675)
Balance as of December 31, 2022	\$ 2,793,492	\$ 37,290	\$ 50,031	\$ 112,404	\$ 228,151	\$ 45,452	(\$ 54,741)	\$ 3,212,079	\$ 1,567,307	\$ 4,779,386

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, 2022 and 2021

Unit: NT\$1,000

	Note	January 1 - December 31, 2022	January 1 - December 31, 2021
<u>Cash flows from operating activities</u>			
Net income before tax for the period		\$ 619,211	\$ 760,028
Adjusted items			
Income and expense items			
Depreciation expense	6(8)(9) (26)	211,435	209,077
Amortization expense	6(26)	512	512
Expected credit impairment reversal benefit	12(2)	(3,527)	(12,102)
Share of interests in affiliated companies and joint ventures recognized using the equity method	6(7)	1,597	(3,813)
Net gain or loss on financial assets and liabilities measured at fair value through profit or loss	6(2)(24)	29,660	3,616
Gain on disposal of property, plant and equipment	6(24)	(49,711)	(642)
Interest income	6(22)	(4,785)	(8,715)
Interest expense	6(25)	56,469	45,381
Dividend income		(2,191)	(525)
Unrealized foreign currency exchange loss		-	(750)
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes Receivable		18,891	(8,550)
Accounts receivable (including related parties)		213,348	(102,529)
Other receivables		24,042	(6,883)
Inventory		273,002	(332,984)
Other current assets		18,263	(12,927)
Other non-current assets		14	-
Net change in liabilities related to operating activities			
Contractual liabilities		(8,788)	8,230
Notes Payable (Including related parties)		(211,525)	123,800
Other payables		(48,166)	(7,248)
Provision for liabilities		(13,713)	(46,332)
Other current liabilities		(3,814)	23,659
Other non-current liabilities		(10,437)	(9,745)
Cash inflows from operations		1,109,787	620,558
Interest received		4,320	8,715
Dividends received		3,783	3,448
Interest paid		(56,365)	(45,284)
Income tax paid		(173,259)	(186,349)
Net cash inflow from operating activities		888,266	401,088

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Cash Flow Statement
January 1 - December 31, 2022 and 2021

Unit: NT\$1,000

	Note	January 1 - December 31, 2022	January 1 - December 31, 2021
<u>Cash flows from investing activities</u>			
Increase in financial assets at fair value through profit or loss		(\$ 84,756)	(\$ 14,851)
Acquisition of financial assets at amortized cost - current		(8,511)	(54,834)
Disposal of financial assets carried at amortized cost - current		91,711	87,169
Acquisition of property, plant and equipment		45,691	77,926
Disposal of property, plant and equipment	6(29)	(96,796)	(254,994)
Acquisition of intangible assets		23,567	1,402
Increase in financial assets at fair value through profit or loss		-	(480)
Decrease (increase) in refundable deposits		30,935	1,074
Acquisition of financial assets at fair value through other comprehensive income		-	(249,980)
Net cash inflow (outflow) from investing activities		<u>1,841</u>	<u>(407,568)</u>
<u>Cash flows from financing activities</u>			
Change in short-term borrowings	6(30)	(123,204)	(66,612)
Increase in short-term bills payable	6(30)	(49,979)	-
Borrowing of long-term loans	6(30)	143,969	862,045
Repayment of long-term borrowings	6(30)	(232,994)	(545,098)
Principal repayment of leases	6(30)	(2,771)	(3,283)
Cash dividends paid by subsidiaries to non-controlling interests		216	-
Cash dividends paid	4(3)	(119,101)	(91,339)
Change in short-term borrowings	6(19)(30)	(279,350)	(139,675)
Net cash inflow (outflow) from financing activities		<u>(663,214)</u>	<u>16,038</u>
Effect of exchange rate changes		<u>105,156</u>	<u>(199,942)</u>
(Decrease) increase in cash and cash equivalents for the period		332,049	(190,384)
Balance of cash and cash equivalents at the beginning of the period		<u>1,370,652</u>	<u>1,561,036</u>
Balance of cash and cash equivalents at the end of the period		<u>\$ 1,702,701</u>	<u>\$ 1,370,652</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

Attachment 5

Hwa Fong Rubber Ind. Co., Ltd.

2022 Earnings Distribution Statement

Unit: NTD

	Amount	Remark
Beginning of period undistributed earnings	\$37,648,747	
Net profit after tax	294,477,534	
Changes in ownership interests in subsidiaries of the year 2022	0	
Actuarial interests of defined benefit plan of the year 2022	13,167,528	
Amount of unappropriated earnings	345,304,809	
Legal reserve 10%	(30,765,606)	
Special reserve reversal	139,663,755	
Capital reserve - common stock premium	0	
Distributable net profit	454,202,958	
Distributable items		
Distributed cash dividend (NT\$ 0.5 per share)	(139,674,567)	
Distributed cash dividend (NT\$ 0.4 per share)	(111,739,654)	
Shareholder dividend - stock	0	
Unappropriated retained earnings	\$202,788,737	

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

Attachment 6

Hwa Fong Rubber Ind. Co., Ltd.

Comparison of Amended Articles of Regulations Governing Loaning of Funds

Amended articles	Current articles	Explanation
Article 3: Requirements of fund-loaning Amount of fund-loaning: The Company's fund-loaning shall be regarded financial situation then to determine, the maximum limit shall not exceed 40% of net worth in the Company's financial statements of the most recent year as limit, making fund-loaning for any single entity shall not exceed 10% of net worth in financial statements of the most recent year as limit. Period of short-term financing: Each period of financing shall not exceed 12 months as limit. Calculation of interest: Calculation of interest shall not be less than the highest rate of fund borrowing when the Company makes short-term financing for financial institutions, and monthly interest is made, one interest payment each month is the principle, the borrower shall pay interest within one week from notifying agreed interest payment date; <u>in special circumstances, it shall be adjusted in accordance with actual situation after approved by a resolution of board of directors' meeting.</u> Acquirement of collateral: When a borrower makes loan, shall provide equivalent property or securities for setting pledge for the Company, or sign a surety note, and estimated repayment date is note maturity date for giving the Company to execute. The Company holds directly or indirectly 100% of the voting shares between overseas companies, the amount of fund-loaning shall not exceed 10 times of net worth in the Company's financial statements of the most recent year, period of financing shall not exceed 50 years as limit, and calculation interest and collateral shall not apply to the preceding restrictions.	Article 3: Requirements of fund-loaning Amount of fund-loaning: The Company's fund-loaning shall be regarded financial situation then to determine, the maximum limit shall not exceed 40% of net worth in the Company's financial statements of the most recent year as limit, making fund-loaning for any single entity shall not exceed 10% of net worth in financial statements of the most recent year as limit. Period of short-term financing: Each period of financing shall not exceed 12 months as limit. Calculation of interest: Calculation of interest shall not be less than the highest rate of fund borrowing when the Company makes short-term financing for financial institutions, and monthly interest is made, one interest payment each month is the principle, the borrower shall pay interest within one week from notifying agreed interest payment date; Acquirement of collateral: When a borrower makes loan, shall provide equivalent property or securities for setting pledge for the Company, or sign a surety note, and estimated repayment date is note maturity date for giving the Company to execute. The Company holds directly or indirectly 100% of the voting shares between overseas companies, the amount of fund-loaning shall not exceed 10 times of net worth in the Company's financial statements of the most recent year, period of financing shall not exceed 50 years as limit, and calculation interest and collateral shall not apply to the preceding restrictions.	To meet the actual situation, amendment was made.

Hwa Fong Rubber Ind. Co., Ltd.

Comparison of Amended Articles of Procedures for Election of Directors

Amended articles	Current articles	Explanation
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. <u>A candidate nomination has been adopted for the election of the Company's directors, it shall be conducted in accordance with a candidate nomination system specified in the Company Act and regulations.</u>	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. <u>A candidate nomination has been adopted for the election of independent directors.</u>	To meet amendment of laws, explaining election of directors has been adopted a candidate nomination system.
Article 7 <u>The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected.</u> The elector shall <u>fill in name or account name of the elected in</u> column of "elected". However, when government or juristic person shareholder is the elected, name of government or juristic person shall be entered in the column of elected on the ballot, name of government or juristic person and name of representative shall be also entered; when there are several juristic persons, names of representatives shall be separately entered. <u>A shareholder can use stamp to replace of entering name or account name of elected.</u> When the elector exercises voting in electronic form, shall tick candidate seat and enter all representing numbers of voting rights, the ticked candidate seat shall not exceed number equal to the directors to be elected, and total number of split voting rights shall not exceed total number of voting rights held by the elector.	Article 7 <u>The Company shall prepare separate ballots, each ballot shall be numbered by attendance card number, and voting right number of all shareholders shall be filled. If the elected has shareholder status, the elector shall enter account name and shareholder account number of the elected shall be entered in the column of "elected" on the ballot; if the elected does not have shareholder status, name of elected and I.D. card number shall be entered.</u> However, when government or juristic person shareholder is the elected, name of government or juristic person shall be entered in the column of elected on the ballot, name of government or juristic person and name of representative shall be also entered; when there are several juristic persons, names of representatives shall be separately entered. When the elector exercises voting in electronic form, shall tick candidate seat and enter all representing numbers of voting rights, the ticked candidate seat shall not exceed number equal to the directors to be elected, and total number of split voting rights shall not exceed total number of voting rights held by the elector.	To meet laws and current situation, the Article was amended.

Amended articles	Current articles	Explanation
Article 8 A ballot is invalid under any of the following circumstances: 1. The ballot was not prepared <u>by a person with the right to convene.</u> 2. <u>Two or more elected were entered in the same ballot.</u> 3. Other words or marks are entered in addition to <u>name or account name of the elected,</u> the number of voting rights allotted. 4. A blank ballot is placed in the ballot <u>box.</u> 5. The writing is unclear <u>and</u> indecipherable <u>or has been altered.</u> 6. <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u>	Article 8 A ballot is invalid under any of the following circumstances: 1. The ballot was not prepared <u>in accordance with the Procedures.</u> 2. <u>The number of entered elected exceeds the specified number.</u> 3. Other words or marks are entered in addition to <u>account name (name) or shareholder account number (I.D. card number) and</u> the number of voting rights allotted. 4. A blank ballot is placed in the ballot <u>cabinet.</u> 5. The writing is unclear, indecipherable. 6. <u>If entered elected has shareholder status, his/her/its name does not conform to the roster; if entered elected does not have shareholder status, his/her/its name, I.D. card number does not conform after verified.</u> 7. <u>Name of entered elected is same as other shareholder, and shareholder account number or I.D. card number was not entered for verification.</u> 8. <u>Entered elected is not candidate specified in the candidate list.</u> 所 9. <u>The total number of voting rights thrown by the elector exceed the total number of holding voting rights.</u>	To meet the latest laws, the content of the Article was amended and deleted.

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

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.
- 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.

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 unexpired 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.
The 43rd amendment was made on June 14, 2022.

Appendix 3

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 18, 2023).
2. The minimum legally held shares held by the Company's shareholders: 12,000,000.
3. As of the book closure date (April 18, 2023) at 2023 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.	3,908,151	1.40%
	Director/representative: Yan, Ruei-Sian		
Director	Sheng Ta Investment Co., Ltd.	538,764	0.19%
	Director/representative: Yan, Ming-Shan		
Independent director	Tsai, Hung-Wen	-	-
Independent director	Yang, Wen-Goang	-	-
Independent director	Huang, Chu-Chia	10,000	0.04%
Sum of all directors' shareholding numbers		41,859,699	14.98%

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 2023, so it's not applicable.



華豐橡膠工業股份有限公司 2023股東常會議事手冊
HWA FONG RUBBER ANNUAL SHAREHOLDER'S MEETING 2023
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