

HWA FONG RUBBER IND. CO., LTD.

ANNUAL SHAREHOLDER'S MEETING 2025

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Hwa Fong Rubber Ind. Co., Ltd.

2025 Annual Shareholders 'Meeting

Meeting Procedure

I. Call Meeting to Order

II. Chairman's Address

III. Reported Matters

IV. Acknowledged Matters

V. Matters for Discussion

VI. Election Matters

VII. Other Proposals

VIII. Extemporaneous Motions

IX. Adjournment

Hwa Fong Rubber Ind. Co., Ltd.

2025 Annual Shareholders 'Meeting

Meeting Agenda

Time : June 13, 2025, (Friday), at 10:00 a.m.

Place : No. 137, Zhongzheng East Road, Dacun Township, Changhua County (Dacun Plant II of the Company)

Method : Physical shareholders' meeting.

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

II. Chairman's Address

III. Reported Matters

1. 2024 Business Report of the Company.
2. 2024 Annual Final Accounting Books and Statements Audited by Audit Committee.
3. 2024 Directors' and Employees' Remuneration Distribution Report Proposal.
4. 2024 Cash Dividend Distribution Report Proposal.

IV. Acknowledged Matters

1. 2024 Business Report and Annual Final Accounting Books and Statements.

V. Matters for Discussion

1. Amendment of Articles of Incorporation..

VI. Election Matters

Election of 27th Directors (Independent Directors) Proposal.

VII. Other proposals

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

VIII. Extemporary Motions

IX. Adjournment

Reported Matters

ONE

Proposal : 2024 Business Report, for your approval.

Explanation : 2024 business report of the Company, please refer to P.10-12 of the agenda (Attachment 1).

TWO

Proposal : 2024 Annual Final Accounting Books and Statements Audited by Audit Committee, for your approval.

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

THREE

Proposal : 2024 directors' and employees' remuneration distribution report, for your approval.

Explanation : The Company's 2024 directors' and employees' remuneration was approved by a resolution of the board of directors on March 12, 2025. According to Articles of Incorporation, directors' remuneration was distributed 1.5%, the amount was NT\$ 8,821,492; and employees' remuneration was distributed 2.5%, the amount was NT\$ 14,702,486, and all were distributed by cash.

FOUR

Proposal : 2024 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 2024 are stated below:

Year (2024)	Approval date (Month/Day/Year)	Distribution date (Month/Day/Year)	Cash dividend per share (NT\$)	Total amount of cash dividend (NT\$)
First half of the year	August 12, 2024	October 21, 2024	0.7	195,544,394
Second half of the year	March 12, 2025	May 16, 2025	0.8	223,479,307
Total :			1.5	419,023,701

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 chairman 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.

Acknowledged Matters

Proposed by board of directors

ONE

Proposal : 2024 Business Report and Financial Statements Proposal, for your approval

Explanation :

1. The 2024 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.10-12 (Attachment 1), P.14-38 (Attachment 3) and P.39 (Attachment 4) of the agenda.
3. For your approval.

Resolution :

Matters for Discussion

Proposed by board of directors

ONE

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

Explanation :

1. In response to amendments of regulations of competent authority, Articles of Incorporation was amended, and comparison of amended articles, it is stated in detail as attachment 5 (please refer to P.40-41 of the meeting agenda) “Comparison of Amended Articles of Incorporation of Hwa Fong Rubber Ind. Co., Ltd.”
2. For your decision

Resolution:

Election Matters

Proposed by board of directors

Proposal: Election of 27h Directors (Independent Directors) Proposal.

Explanation:

1. The term of office of the Company’s 26h directors (independent directors) will expire on June 13, 2025.
2. According to Articles of Incorporation, after approved by a resolution of board of directors the number of directors of the election is 11 (the number of independent directors is 3), a candidate nomination system has been adopted.
3. New-elected directors (including independent directors) will take office after the election, the term of office shall not exceed three years, from June 13, 2025 to June 12, 2028.
4. According to Article 192-1 of the Company Act, handling relevant announcements and conducting the nomination of directors and independent directors, the list of the qualified directors and independent directors after reviewed, is stated below:

List of director candidates	Education	Major experience	Current position	Number of shares currently held
Representative of Feng Tsuan Co., Ltd.: Shen Kuo-Jung	MBA from Pacific Western University, USA, MBA, University of Sydney, Australia, Honorary Doctorate from IAU University, Honorary Doctorate of Management, Chaoyang University of Science and Technology	Chairman of Hota Industrial Co., Ltd., Chairman of Mediera Corporation Chairman of Hwa Fong Rubber Industry Co., Ltd. Director of Kao Fong Industrial Co., Ltd.	Chairman of Hota Industrial Co., Ltd., Chairman of Mediera Corporation Chairman of Hwa Fong Rubber Industry Co., Ltd. Director of Kao Fong Industrial Co., Ltd.	8,884,210
Representative of Feng Tsuan Co., Ltd.: Chiu Shih-Chien	Master of Statistics, National Cheng Kung University	Vice Chairman of Hwa Fong Rubber Industry Co., Ltd. Vice Chairman of Mediera Corporation Director of Dyaco International Inc. Consultant, Jian Sin Industrial Co., Ltd.	Vice Chairman of Hwa Fong Rubber Industry Co., Ltd. Vice Chairman of Mediera Corporation Director of Dyaco International Inc. Consultant, Jian Sin Industrial Co., Ltd.	8,884,210
Representative of Feng Tsuan Co., Ltd.: Shen Chien-Chih	Master of Drucker Academy (US)	Manager of Dong An Investment Co., Ltd. CEO of Hota Industrial Co., Ltd. Director of Kao Fong Industrial Co., Ltd. Independent Director of Orange Electronic Co., Ltd Director of World Known MFG(Cayman) Ltd.	CEO of Hota Industrial Co., Ltd. Director of Kao Fong Industrial Co., Ltd. Independent Director of Orange Electronic Co., Ltd Director of Tan De Tech Co., Ltd. Director of World Known MFG(Cayman) Ltd.	8,884,210
Representative of Feng Tsuan Co., Ltd.: Wu Pin-Yi	Department of Law, National Chung Hsing University	Director & Deputy General Manager of Hwa Fong Rubber Industry Co., Ltd. Director of Mediera Corporation Director of Jian Sin Industrial Co., Ltd. Director of Jui Li Enterprise Co., Ltd.	Director & Deputy General Manager of Hwa Fong Rubber Industry Co., Ltd. Director of Mediera Corporation Director of Jian Sin Industrial Co., Ltd. Director of Jui Li Enterprise Co., Ltd.	8,884,210

List of director candidates	Education	Major experience	Current position	Number of shares currently held
Representative of Feng Tsuan Co., Ltd.: Liao Chen Hsuan-Yu	Master of Information Management, National Taiwan University Bachelor of Economics, University of British Columbia,	Director of Hwa Fong Rubber Industry Co., Ltd. Director of VeeTIME Corp. Chairman of Tokugawa International Development Co., Ltd. Chairman of Alibaba International Ltd Company	Director of Hwa Fong Rubber Industry Co., Ltd. Director of VeeTIME Corp. Chairman of Tokugawa International Development Co., Ltd. Chairman of Alibaba International Ltd Company	8,884,210
Sumitomo Rubber Industries, Ltd.	N/A	Director of Hwa Fong Rubber Industry Co., Ltd.	Director of Hwa Fong Rubber Industry Co., Ltd.	28,428,574
Representative of Teng Feng Investment Development Co., Ltd.: Yan Ruei-Sian	Department of Business Administration, Da-Yeh University National Changhua University of Education International Business Management Master (IMBA)	Director of Hwa Fong Rubber Industry Co., Ltd. General Manager of SHING TAI HARDWARE CO., LTD. Director of ZU LON INDUSTRIAL CO., LTD. General Manager of Miki Construction Co., Ltd. General Manager of Xiang Rui Construction Co., Ltd. General Manager of Hsu Fu Construction Co., Ltd.	Director of Hwa Fong Rubber Industry Co., Ltd. General Manager of SHING TAI HARDWARE CO., LTD. Director of ZU LON INDUSTRIAL CO., LTD.	4,121,151
Representative of Sheng Ta Investment Co., Ltd.: Yan Ming-Shan	EMBA , National Changhua University of Education	Director of Hwa Fong Rubber Industry Co., Ltd. Director of Hwa Fong Rubber (Thailand) Public Co., Ltd.	Director of Hwa Fong Rubber Industry Co., Ltd. Director of Hwa Fong Rubber (Thailand) Public Co., Ltd.	762,764

List of independent director candidates	Education	Major experience	Current position	Number of shares currently held
Yang Wen-Kuang	PhD, National Yunlin University of Science and Technology/Business Management Department	Independent Director of Hwa Fong Rubber Industry Co., Ltd. Independent Director of Kung Long batteries Industrial Co., Ltd. Vice President Chaoyang University of Technology	Independent Director of Hwa Fong Rubber Industry Co., Ltd. Vice President Chaoyang University of Technology	0

List of independent director candidates	Education	Major experience	Current position	Number of shares currently held
Huang Chu-Chia	Takming University of Science and Technology	Independent Director of Hwa Fong Rubber Industry Co., Ltd. Bai Yang CPA Firm Accountant Director of the Chinese Association of Auditing Finance and Taxation Professionals	Independent Director of Hwa Fong Rubber Industry Co., Ltd. Bai Yang CPA Firm Accountant Director of Jui Li Enterprise Co., Ltd. Independent Director of Samebest Co.,LTD.	100,000
Liao Shu-Chung	Master of Accounting, National Chengchi University	Independent Director of H.P.B. Optoelectronics Co., Ltd. Independent Director of Wisechip Semiconductor Inc. Independent Director of Kao Fong Industrial Co., Ltd.	Partnership Accountant of EnWise CPAs & Co. Independent Director of Wisechip Semiconductor Inc. Independent Director of Kao Fong Industrial Co., Ltd.	0

5. For your election.

Results of election:

Other Proposals

Proposed by board of directors

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

Explanation:

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

Position	Name/Company names	Concurrent company/position
Director	Shen Kuo-Jung / Feng Tsuan Co., Ltd.	Chairman of Hota Industrial Co., Ltd., Director of Kao Fong Industrial Co., Ltd.
Director	Chiu Shih-Chien / Feng Tsuan Co., Ltd.	Consultant, Jian Sin Industrial Co., Ltd.
Director	Shen Chien-Chih / Feng Tsuan Co., Ltd.	CEO of Hota Industrial Co., Ltd. Director of Kao Fong Industrial Co., Ltd.
Director	Wu Pin-Yi / Feng Tsuan Co., Ltd.	Director of Jian Sin Industrial Co., Ltd. Director of Jui Li Enterprise Co., Ltd.
Director	Sumitomo Rubber Industry Co., Ltd.	Sumitomo Rubber Industry Co., Ltd.

3. For your decision

Resolution:

Extemporaneous Motions

Adjournment

Hwa Fong Rubber Ind. Co., Ltd.

2024 Business Report

Looking back on 2024, The U.S. Federal Reserve's initiation of interest rate cuts has triggered a wave of monetary easing by central banks worldwide. At the same time, mainland China has intensified its policy support for the real estate sector to stimulate economic momentum. Meanwhile, escalating geopolitical risks—including the intensification of the Russia-Ukraine war, ongoing conflicts in the Middle East, and rising tensions across the Taiwan Strait—have become critical issues with global ramifications. In a year marked by turbulence and transformation, these unpredictable macroenvironmental factors have posed significant challenges to corporate operations and core competitiveness.

2024 Operating Results

2024 consolidated net operating revenue of the Company was NT\$ 4,940,875 thousand, compared with the consolidated net operating revenue of the year 2023 of NT\$ 4,674,300 thousand, increased by NT\$ 266,575 thousand; the consolidated net profit after tax was NT\$ 616,177 thousand, and compared with the consolidated net profit after tax of the year 2023 of NT\$ 531,253 thousand, increased by 15.99%.

In 2024, the Company recorded net revenue of NT\$1,978,535 thousand, representing a decrease of approximately 5.63% compared to the 2023 net revenue of NT\$2,096,650 thousand. Operating costs declined by approximately 4.06% year over year, while gross profit decreased by NT\$53,587 thousand, or approximately 8.65%. Operating income amounted to NT\$297,315 thousand, a decrease of NT\$52,209 thousand or approximately 14.94% compared to the previous year. However, non-operating income increased significantly by 53.15% compared to the prior year. In summary, although net revenue declined compared to the previous year, through proactive cost control, enhanced production efficiency, prudent financial management, and the concerted efforts of all employees, the Company achieved a net income after tax of NT\$449,980 thousand for the year, representing an increase of NT\$27,638 thousand or approximately 6.54% over the prior year.

2024 Production and Sales Situation & Operation Statement of the Company are as follows:

(1) Production and Sales Situation:

Unit: thousand

Item \ Year	2024 Production volume	2024 Sales volume	2023 Sales volume	Sales volume Increase (decrease)	%
Bicycle tire	621	640	680	-40	-5.88%
Agricultural/industrial tire	1,103	1,160	1,225	-65	-5.31%
Motorcycle tire	2,372	2,387	2,350	37	1.57%
Truck/auto tire	6	8	44	-36	-81.82%
Radial tire	22	21	26	-5	-19.23%
Other rubber products	0	0	317	-317	-100.00%

(2) Operation Statement:

Unit: NT\$ 1,000

Item \ Year	2024 Amount	2023 Amount	Increased (decreased) amount	%
Operating revenue	1,978,535	2,096,650	(118,115)	-5.63%
Operating costs	1,414,836	1,474,645	(59,809)	-4.06%
Operating margin - net income	566,060	619,647	(53,587)	-8.65%
Operating expenses	268,745	270,123	(1,378)	-0.51%
Operating net profit	297,315	349,524	(52,209)	-14.94%
Non-operating income and expenses	267,260	174,506	92,754	53.15%
Net income (loss) before tax	564,575	524,030	40,545	7.74%
Net income (loss)	449,980	422,342	27,638	6.54%

Looking ahead to 2024, the re-election of Donald Trump and the anticipated return of his “America First” trade policies are expected to exert a profound impact on global supply chain restructuring and market dynamics. Although global inflation is easing and the world economy has not entered a recession, most countries have already entered an interest rate-cutting cycle. Nonetheless, downside risks are rising significantly, and there is a possibility of facing a prolonged period of low growth and high debt. In addition, persistent geopolitical tensions are further intensifying global economic and political uncertainty and instability. With the combined effects of high costs, rising debt levels, and intensifying protectionism, the global economy continues to face adjustment pressures amid a turbulent and unpredictable environment.

Since the Red Sea crisis at the end of 2023 forced shipping routes to be diverted, markets in the Middle East and Europe have gradually adjusted to and adapted to the resulting longer shipping times. The overall European market is showing signs of stagnation, prompting many enterprises to downsize in response. Extended replacement cycles in the market have introduced further uncertainties. Nevertheless, the Company's existing sales strategies for the European market remain unchanged, with a continued focus on enhancing the cost-performance ratio of products and services, expanding sales channels and development for high-margin products, and strengthening the promotion of electric vehicle-related products.

In the U.S. market, in response to rising demand for ATV/UTV tires, the Company has reallocated and increased production capacity to meet customer needs. Internally, the Company is actively pursuing operational improvements, minimizing waste, and preventing unnecessary cost increases. In addition, the Company is committed to developing new tread patterns and tire specifications (such as golf cart tires) in an effort to further enhance 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 2025 and deliver returns to our shareholders, thereby fulfilling their support and expectations.

Chairman: Shen, Kuo-Jung 

Managerial officer: Wang, Jiaw-Chyi 

Accounting supervisor: Chen, Chang-Yuan 

Attachment 2

Audit Committee's Auditor's Report

The board of directors prepared the Company's business report, financial statements (individual and consolidated financial statements) and earnings distribution proposal of the year 2024, and all were audited by the audit committee, and were reviewed and determined to be correct and accurate by the audit committee members, and the report was made in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

For your examination

Faithfully
2025 Annual Shareholders' Meeting of Hwa Fong Rubber Ind. Co., Ltd.



Convener of Audit Committee:

Wen-Goang Yang

March 12, 2025

INDEPENDENT AUDITORS' REPORT

(2025) No. Financial Auditing- 24004903

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

Opinion

We have audited the accompanying individual balance sheets of Hwa Fong Rubber Industrial Co., Ltd. as of December 31, 2024 and 2023, and the related parent company only statements of income, changes in equity, and cash flows for the years ended December 31, 2024 and 2023, and the related notes to the parent company only 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, 2024 and 2023, and the results of its operations and its cash flows for the years ended December 31, 2024 and 2023, in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit entrusted by the Company 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 parent company only financial statements. We believe that the staff of the firm to which we belong are independent in accordance with the ROC Code of Ethics for Accountants, and we have fulfilled our responsibilities under that Code. We believe that we have obtained sufficient and appropriate evidence to provide a basis for our audit opinion.

Key Audit Matters

Key auditing matters are those matters that, in our professional judgment, are most significant in relation to our audit of the financial statements of Hwa Fong Rubber Industrial Co., Ltd. for FY 2024.

These matters have been considered in the process of examining the parent company only 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 parent company only financial statements for the year ended December 31, 2024 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, 2024, accounts receivable and allowance for doubtful accounts amounted to NT\$177,414 thousand and NT\$1,813 thousand, respectively.

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

In accordance with the audit procedure

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

1. Obtain the expected loss rates calculated by management based on historical and forward-looking information for similar credit risk groups in order to assess the reasonableness of the accounts receivable provision.
2. Verify the correctness of the aging report used by Hwa Fong Rubber Industrial Co., Ltd to evaluate the accounts receivable to confirm that the reported information is consistent with its policies.
3. 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.
4. For accounts that are past due and uncollectible, to understand the customer's historical payment status, the availability of collaterals and other repayment ability in order to assess the adequacy of the allowance for losses provided by management.

Evaluation of allowance for losses on inventories

Matter Description

Please refer to Note 4(11) to the financial statements for the accounting policy of inventory valuation; Note 5(2) to the financial statements for the accounting estimates and assumption uncertainties of inventory valuation; and Note 6(5) to the financial statements for the description of inventory accounting. As of December 31, 2024, the inventory and allowance for impairment loss were NT\$328,454 thousand and NT\$9,043 thousand, respectively.

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

In accordance with the audit procedure

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

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

Other Matter– Reference to other accountants' audit

The financial statements of certain equity-method investees included in the parent company only 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\$1,087,829 thousand and NT\$1,005,361 thousand as of December 31, 2024 and 2023, respectively, accounting for 16.23% and 14.95% of total parent company only assets. The comprehensive income of the aforementioned companies for the years ended December 31, 2024 and 2023 were NT\$82,467 thousand and NT\$59,079 thousand, respectively, accounting for 17.86% and 12.81% of the comprehensive income of Hwa Fong Rubber Industrial Co., Ltd.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Hwa Fong Rubber Industrial Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Hwa Fong Rubber Industrial Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing Hwa Fong Rubber Industrial Co., Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the related notes, and whether the parent company only 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 parent company only 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 parent company only financial statements for 2024 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 12. 2025

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Balance Sheets
January 1 - December 31, 2024 and 2023

Unit: NT\$1,000

ASSETS			December 31, 2024		December 31, 2023			
			Amount	%	Amount	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	690,556	10	\$	615,211	9
1150	Notes receivable, net	6(4)		19,021	-		23,958	-
1170	Accounts receivable, net	6(4)		175,601	3		156,455	2
1180	Accounts receivable - related parties, net	7(2)		67,614	1		143,482	2
1200	Other receivables			8,704	-		3,352	-
1210	Other receivables - related parties	7(2)		54,327	1		44,843	1
130X	Inventory	6(5)		319,411	5		314,643	5
1470	Other current assets	7(2)		24,007	-		38,829	1
11XX	Total current assets			1,359,241	20		1,340,773	20
Non-current assets								
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(2)		124,695	2		267,793	4
1535	Financial assets measured at amortized cost - non-current	6(3) &8		8,850	-		62,189	1
1550	Investments accounted for using equity method	6(6)		3,860,772	58		3,616,781	54
1600	Property, plant and equipment	6(7) &8		1,285,057	19		1,354,068	20
1755	Right-of-use assets	6(8)		3,447	-		891	-
1780	Intangible assets			895	-		1,102	-
1840	Deferred income tax assets	6(23)		58,660	1		79,559	1
1900	Other non-current assets	6(25) &8		2,087	-		1,724	-
15XX	Total non-current assets			5,344,463	80		5,384,107	80
1XXX	Total assets		\$	6,703,704	100	\$	6,724,880	100

(Continued on next page)

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Balance Sheets
January 1 - December 31, 2024 and 2023

Unit: NT\$1,000

LIABILITIES AND EQUITY			December 31, 2024		December 31, 2023			
			Note	Amount	%	Amount	%	
CURRENT LIABILITIES								
2100	Short-term borrowings	6(9)	\$	360,000	5	\$	361,354	5
2130	Contract liabilities - current	6(17)		28,744	-		28,218	-
2170	Accounts Payable			135,192	2		123,384	2
2180	Accounts payable - related parties	7(2)		1,389	-		819	-
2200	Other payables	6(10)		110,333	2		110,812	2
2220	Other payables - related parties	7(2)		146	-		102	-
2230	Current income tax liabilities			45,587	1		50,155	1
2280	Lease liabilities - current	6(8)		1,405	-		350	-
2320	Long-term liabilities due within one year or one business cycle	6(11)		125,000	2		279,390	4
2399	Other current liabilities - other	6(17), 7(2) &8		25,666	-		31,623	1
21XX	Total current liabilities			833,462	12		986,207	15
NON-CURRENT LIABILITIES								
2540	Long-term borrowings	6(11) &8		1,021,606	15		1,000,000	15
2570	Deferred income tax liabilities	6(23)		289,223	4		266,373	4
2580	Lease liabilities - non-current	6(8)		2,076	-		562	-
2640	Net defined benefit liabilities - non-current	6(12)		8,032	-		16,584	-
2650	Loans from investments accounted for using equity method	6(6)		1,034,612	16		979,998	15
2670	Other non-current liabilities - other			22,513	1		25,625	-
25XX	Total non-current liabilities			2,378,062	36		2,289,142	34
2XXX	Total liabilities			3,211,524	48		3,275,349	49
Equity								
Share Capital								
3110	Common stock capital	6(13)		2,793,492	42		2,793,492	41
Capital Surplus								
3200	Capital Surplus	6(14)		37,174	-		37,174	1
Retained earnings								
3310	Legal surplus reserve	6(15)		134,509	2		84,765	1
3320	Special surplus reserve			-	-		6,321	-
3350	Undistributed earnings (deficit to be covered)			484,888	7		497,987	7
Other equity								
3400	Other equity	6(16)		42,117	1		29,792	1
3XXX	Total equity			3,492,180	52		3,449,531	51
Significant Contingent Liabilities and Unrecognized Contractual Commitments								
Significant subsequent events								
3X2X	Total liabilities and equity	11	\$	6,703,704	100	\$	6,724,880	100

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

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Statements of Comprehensive Income
January 1 - December 31, 2024 and 2023

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

		2024		2023		
Item	Item	Amount	%	Amount	%	
4000	Operating Income	6(17) &7(2)	\$ 1,978,535	100	\$ 2,096,650	100
5000	Operating Costs	6(5) (22) &7(2)	(1,414,836)	(71)	(1,474,645)	(70)
5900	Gross profit		563,699	29	622,005	30
5920	Realized gain (loss) on sales		2,361	-	(2,358)	-
5950	Operating profit		566,060	29	619,647	30
	Operating expenses	6(22) &7(2)				
6100	Marketing expenses		(132,969)	(7)	(131,400)	(6)
6200	Management Fees		(114,364)	(6)	(115,238)	(6)
6300	Research and development expenses		(21,264)	(1)	(23,485)	(1)
6450	Expected credit impairment loss	12(2)	(148)	-	-	-
6000	Total operating expenses		(268,745)	(14)	(270,123)	(13)
6900	Operating profit		297,315	15	349,524	17
	Non-operating income and expenses					
7100	Interest income	6(18)	20,078	1	8,865	-
7010	Other income	6(19) &7(2)	58,995	3	52,128	3
7020	Other gains and losses	6(20)	42,658	2	15,523	1
7050	Finance costs	6(21)	(33,078)	(1)	(33,432)	(2)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)				
			178,607	9	131,422	6
7000	Total non-operating income and expenses		267,260	14	174,506	8
7900	Net profit before tax		564,575	29	524,030	25
7950	Income tax expense	6(23)	(114,595)	(6)	(101,688)	(5)
8200	Net profit for the period		\$ 449,980	23	\$ 422,342	20

(Continued on next page)

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Statements of Comprehensive Income
January 1 - December 31, 2024 and 2023

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

Item		Note	2024		2023	
			Amount	%	Amount	%
Other comprehensive income (net)						
Items not reclassified to profit or loss						
8311	Remeasurement of defined benefit obligation	6(12)	\$ 2,104	-	(\$ 469)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(2)	(143,098)	(7)	34,007	2
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		4,776	-	(700)	-
8349	Income tax relating to items that are not reclassified	6(23)	(421)	-	94	-
8310	Total amount of items not reclassified to profit or loss		(136,639)	(7)	32,932	2
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		185,414	9	7,217	-
8399	Income tax relating to items that may be reclassified	6(23)	(37,083)	(2)	(1,443)	-
8360	Total amount of items that may be reclassified subsequently to profit or loss		148,331	7	5,774	-
8300	Other comprehensive income (net)		<u>\$ 11,692</u>	<u>-</u>	<u>\$ 38,706</u>	<u>2</u>
8500	Total comprehensive profit or loss for the current period		<u>\$ 461,672</u>	<u>23</u>	<u>\$ 461,048</u>	<u>22</u>
	Basic EPS	6(24)				
9750	Basic EPS		<u>\$</u>	<u>1.61</u>	<u>\$</u>	<u>1.51</u>
	Diluted EPS	6(24)				
9850	Diluted EPS		<u>\$</u>	<u>1.61</u>	<u>\$</u>	<u>1.51</u>

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

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Statements of Changes in Equity
January 1 - December 31, 2024 and 2023

Unit: NT\$1,000

		Retained earnings					Other	equities		
							Exchange differences arising on translation of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Equity
	Note	Share capital - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
<u>2023</u>										
Balance on 1 January 2023		\$ 2,793,492	\$ 37,290	\$ 50,031	\$ 112,404	\$ 228,151	\$ 45,452	(\$ 54,741)	\$ 3,212,079	
Net profit for the year 2023		-	-	-	-	422,342	-	-	422,342	
Other comprehensive income for the period	6(16)	-	-	-	-	(375)	5,774	33,307	38,706	
Total comprehensive income for the period		-	-	-	-	421,967	5,774	33,307	461,048	
Changes in associates accounted for using equity method		-	(116)	-	-	-	-	-	(116)	
Appropriation and distribution of earnings for the six months ended December 31, 2022	6(15)									
Legal reserve		-	-	16,737	-	(16,737)	-	-	-	
Special reserve		-	-	-	(103,115)	103,115	-	-	-	
Cash dividends		-	-	-	-	(111,740)	-	-	(111,740)	
Appropriation and distribution of earnings for the six months ended June 30, 2023	6(15)									
Legal reserve		-	-	17,997	-	(17,997)	-	-	-	
Special reserve		-	-	-	(2,968)	2,968	-	-	-	
Cash dividends		-	-	-	-	(111,740)	-	-	(111,740)	
Balance on December 31, 2023		\$ 2,793,492	\$ 37,174	\$ 84,765	\$ 6,321	\$ 497,987	\$ 51,226	(\$ 21,434)	\$ 3,449,531	
<u>2024</u>										
Balance on 1 January 2024		\$ 2,793,492	\$ 37,174	\$ 84,765	\$ 6,321	\$ 497,987	\$ 51,226	(\$ 21,434)	\$ 3,449,531	
Net profit for the year 2024		-	-	-	-	449,980	-	-	449,980	
Other comprehensive income for the period	6(16)	-	-	-	-	(633)	148,331	(136,006)	11,692	
Total comprehensive income for the period		-	-	-	-	449,347	148,331	(136,006)	461,672	
Appropriation and distribution of earnings for the six months ended December 31, 2023	6(15)									
Legal reserve		-	-	24,200	-	(24,200)	-	-	-	
Special reserve		-	-	-	(6,321)	6,321	-	-	-	
Cash dividends		-	-	-	-	(223,479)	-	-	(223,479)	
Appropriation and distribution of earnings for the six months ended June 30, 2024	6(15)									
Legal reserve		-	-	25,544	-	(25,544)	-	-	-	
Cash dividends		-	-	-	-	(195,544)	-	-	(195,544)	
Balance on December 31, 2024		\$ 2,793,492	\$ 37,174	\$ 134,509	\$ -	\$ 484,888	\$ 199,557	(\$ 157,440)	\$ 3,492,180	

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

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 - December 31, 2024 and 2023

Unit: NT\$1,000

	Note	January 1 - December 31, 2024	January 1 - December 31, 2023
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 564,575	\$ 524,030
Adjusted Items			
Profit and loss items			
Depreciation expense	6(7)(8)(22)	79,086	85,939
Amortization expense		207	138
Expected credit impairment loss	12(2)	148	-
Gain on disposal of property, plant and equipment	6(20)	(870)	(865)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(178,607)	(131,422)
Interest expense	6(21)	33,078	33,432
Interest income	6(18)	(20,078)	(8,865)
Realized loss (gain) on sales		(2,361)	2,358
Changes in assets/liabilities related to operating activities			
Changes in assets/liabilities related to operating activities			
Notes receivable, net		4,937	281
Accounts receivable (including related parties)		56,574	(34,301)
Inventories		(4,768)	32,253
Other receivables (including related parties)		(14,892)	192,880
Other current assets		11,428	(23,057)
Net change in liabilities related to operating activities			
Contract liabilities - current		526	13,741
Accounts payable (including related parties)		12,378	(10,444)
Other payables		2,046	1,330
Net defined benefit liabilities		(6,448)	(8,595)
Other current liabilities		(5,957)	5,494
Cash inflows from operations		531,002	674,327
Dividends received		179,422	109,960
Interest received		20,134	8,865
Interest paid		(33,190)	(33,319)
Income tax paid		(112,918)	(90,826)
Net cash inflow from operating activities		584,450	669,007
<u>Cash flows from investing activities</u>			
Acquisition of financial assets measured at amortized cost - current		(30,645)	-
Disposal of financial assets measured at amortized cost - current		30,645	34,281
Disposal of financial assets measured at amortized cost - non-current		53,339	-
Acquisition of investments accounted for using equity method	6(6)	-	(223,720)
Acquisition of property, plant and equipment	6(25)	(15,859)	(25,625)
Disposal of property, plant and equipment		5,280	-
Decrease (increase) in refundable deposits		(1,137)	1,478
Acquisition of intangible assets		-	(1,240)
Net cash inflow (outflow) from investing activities		41,623	(214,826)
<u>Cash flows from financing activities</u>			
Changes in short-term borrowings	6(26)	(1,354)	(62,500)
Increase in long-term borrowings	6(26)	500,000	1,050,000
Repayment of long-term borrowings	6(26)	(629,390)	(1,079,800)
Repayment of lease principal	6(26)	(931)	(1,268)
Decrease in guaranteed deposits received	6(26)	(30)	-
Cash dividends paid	6(15)(26)	(419,023)	(223,480)
Net cash outflow from financing activities		(550,728)	(317,048)
Increase in cash and cash equivalents for the period		75,345	137,133
Balance of cash and cash equivalents at the beginning of the period		615,211	478,078
Balance of cash at the end of the period		\$ 690,556	\$ 615,211

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

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : CHEN, CHANG-YUAN

INDEPENDENT AUDITORS' REPORT

(2025) No. Financial Auditing-24005453

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

Opinion

We have audited the accompanying consolidated balance sheets of Hwa Fong Rubber Industrial Co., Ltd. and subsidiaries (the "Hwa Fong Group") as of December 31, 2024 and 2023, and the related consolidated statements of income, changes in equity, and cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, and the consolidated financial performance and consolidated cash flows for the years from January 1 to December 31, 2024 and 2023.

Basis for Opinion

We conducted our audits entrusted by the Group 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 2024. We do not express an opinion on those matters individually.

Key audit matters of the consolidated financial statements of Hwa Fong Group for the year 2024 are as follows:

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:

1. Obtain the expected loss rates calculated by management based on historical and forward-looking information for similar credit risk groups in order to assess the reasonableness of the accounts receivable provision.
2. Verify the correctness of the aging report used by Hwa Fong Group to evaluate the accounts receivable to confirm that the reported information is consistent with its policies.
3. To test the collectability of accounts receivable by sampling the post-period cash collections.
4. For accounts that are past due and uncollectible, to understand the customer's historical payment status, the availability of collaterals and other repayment ability in order to assess the adequacy of the allowance for losses provided by management.

Evaluation of allowance for losses on inventories

Matter Description

Please refer to Note 4(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:

1. 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.
2. To review its annual inventory plan and participate in annual inventory counts to assess the effectiveness of management's control of obsolete and damaged stock.
3. To verify the correctness of the inventory ageing statements used by the Sino-Forest Group for evaluation purposes to confirm that the information in the statements is consistent with its policies.
4. 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.

Other Matter–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, 2024 and 2023, the companies' total assets (including investments accounted for using equity method) amounted to NT\$906,590 thousand and NT\$972,967 thousand, respectively, accounting for 10.97% and 12.25% of the consolidated total assets, and operating revenues from January 1 to December 31, 2024 and 2023 amounted to NT\$634,266, thousand and NT\$646,040 thousand, respectively, accounting for 12.84% and 13.82% of the consolidated net operating revenues.

Other Matter–Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Hwa Fong Rubber Industrial Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unqualified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. 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 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.
2. 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.
3. Evaluate the appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made by management.
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 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.
5. 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.
6. 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 2023. 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 12, 2025

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

Unit: NT\$1,000

ASSETS			December 31, 2024		December 31, 2023			
			Amount	%	Amount	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	2,665,645	32	\$	2,496,578	32
1110	Financial assets at fair value through profit or loss - current	6(2)		123,360	2		108,495	1
1136	Financial assets at fair value through P/L - current amortized cost	6(4)		29,268	-		86,927	1
1150	Notes receivable, net	6(5)		34,141	-		28,303	-
1170	Accounts receivable, net	6(5)		760,298	9		589,029	8
1180	Accounts receivable - related parties, net	7(2)		5,933	-		2,648	-
1200	Other receivables			46,008	1		11,861	-
1220	Current tax assets			477	-		-	-
130X	Inventory	6(6)		1,066,832	13		1,011,959	13
1470	Other current assets			39,453	1		32,059	-
11XX	Total current assets			4,771,415	58		4,367,859	55
Non-current assets								
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(3)		124,695	2		267,793	3
1535	Financial assets measured at amortized cost - non-current	6(4) &8		12,124	-		68,320	1
1550	Investments accounted for using equity method	6(7)		289,543	3		277,479	4
1600	Property, plant and equipment	6(8) &8		2,827,352	34		2,708,959	34
1755	Right-of-use assets	6(9)		3,447	-		2,795	-
1760	Net investment property	6(10)		129,968	2		128,135	2
1780	Intangible assets			1,475	-		1,631	-
1840	Deferred income tax assets	6(26)		98,446	1		115,630	1
1900	Other non-current assets	7(2) &8		6,554	-		4,645	-
15XX	Total non-current assets			3,493,604	42		3,575,387	45
1XXX	Total assets		\$	8,265,019	100	\$	7,943,246	100

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

Unit: NT\$1,000

LIABILITIES AND EQUITY			December 31, 2024		December 31, 2023			
			Note	Amount	%	Amount	%	
CURRENT LIABILITIES								
2100	Short-term borrowings	6(11)	\$	590,412	7	\$	361,354	5
2130	Contract liabilities - current	6(20)		88,282	1		72,700	1
2170	Accounts Payable			414,967	5		345,088	4
2180	Accounts Payable – related parties	7(2)		5,633	-		-	-
2200	Other payables	6(12)		247,771	3		282,381	4
2220	Other payables - related parties	7(2)		978	-		2,406	-
2230	Current income tax liabilities			30,335	-		100,083	1
2250	Short-term borrowings	6(13)		92,332	1		94,623	1
2280	Lease liabilities - current	6(9)		1,566	-		350	-
2320	Long-term liabilities due within one year or one business cycle	6(14) &8						
				125,000	2		279,390	4
2399	Other current liabilities - other	6(20)		34,979	1		39,518	-
21XX	Total current liabilities			1,632,255	20		1,577,893	20
Non-current liabilities								
2540	Long-term borrowings	6(14) &8		1,021,606	12		1,000,000	13
2570	Deferred income tax liabilities	6(26)		292,658	3		269,330	3
2580	Lease liabilities - non-current	6(9)		2,076	-		884	-
2600	Other non-current liabilities	6(15)		64,594	1		64,200	1
25XX	Total non-current liabilities			1,380,934	16		1,334,414	17
2XXX	Total liabilities			3,013,189	36		2,912,307	37
Equity								
Equity attributable to owners of the parent company								
	Share capital	6(16)						
3110	Common share capital			2,793,492	34		2,793,492	35
	Capital Surplus	6(17)						
3200	Capital Surplus			37,174	-		37,174	-
	Retained earnings	6(18)						
3310	Legal surplus reserve			134,509	2		84,765	1
3320	Special surplus reserve			-	-		6,321	-
3350	Undistributed earnings			484,888	6		497,987	6
	Other equity	6(19)						
3400	Other equity			42,117	-		29,792	1
31XX	Total equity attributable to owners of the parent company			3,492,180	42		3,449,531	43
36XX	Non-controlling interests	4(3)		1,759,650	22		1,581,408	20
3XXX	Total equity			5,251,830	64		5,030,939	63
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9						
	Significant subsequent events	11						
3X2X	Total liabilities and equity		\$	8,265,019	100	\$	7,943,246	100

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

Chairman : SHEN,KUO-JUNG

Manager : WANG,CHIAO-CHI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 - December 31, 2024 and 2023

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

	Item	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating Income	6(20) &7(2)	\$ 4,940,875	100	\$ 4,674,300	100
5000	Operating Costs	6(6)(25) &7(2)	(3,779,064)	(76)	(3,648,483)	(78)
5900	Gross profit		<u>1,161,811</u>	<u>24</u>	<u>1,025,817</u>	<u>22</u>
	Operating expenses	6(25) &7(2)				
6100	Marketing expenses		(236,819)	(5)	(267,725)	(6)
6200	Management Fees		(218,740)	(4)	(265,839)	(6)
6300	Research and development expenses		(21,840)	(1)	(23,781)	-
6450	Expected credit impairment losses	12(2)	(2,453)	-	(13,351)	-
6000	Total operating expenses		<u>(479,852)</u>	<u>(10)</u>	<u>(570,696)</u>	<u>(12)</u>
6900	Operating profit		<u>681,959</u>	<u>14</u>	<u>455,121</u>	<u>10</u>
	Non-operating income and expenses					
7100	Interest income	6(21)	72,125	2	23,400	-
7010	Other income	6(22)	20,650	-	25,969	1
7020	Other gains and losses	6(23)	5,432	-	338,800	7
7050	Finance costs	6(24)	(36,093)	(1)	(52,118)	(1)
7060	Share of profits and losses of affiliated companies and joint ventures recognized using the equity method	6(7)	<u>2,478</u>	<u>-</u>	<u>(7,519)</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>64,592</u>	<u>1</u>	<u>328,532</u>	<u>7</u>
7900	Net profit before tax		<u>746,551</u>	<u>15</u>	<u>783,653</u>	<u>17</u>
7950	Income tax expense	6(26)	(130,374)	(3)	(252,400)	(6)
8200	Net profit for the period		<u>\$ 616,177</u>	<u>12</u>	<u>\$ 531,253</u>	<u>11</u>

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 - December 31, 2024 and 2023

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

	Item	Note	2024		2023	
			Amount	%	Amount	%
	Other comprehensive income (net)					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(15)	(\$ 3,638)	-	(\$ 469)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)	(143,098)	(3)	34,007	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)	7,477	-	(739)	-
8349	Income tax relating to items that are not reclassified	6(26)	727	-	94	-
8310	Total items not reclassified to profit or loss		(138,532)	(3)	32,893	1
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operating entities		309,343	7	20,570	-
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)	319	-	(1)	-
8399	Income tax relating to items that may be reclassified	6(26)	(37,083)	(1)	(1,443)	-
8360	Total amount of items that may be reclassified subsequently to profit or loss		272,579	6	19,126	-
8300	Other comprehensive income (net)		<u>\$ 134,047</u>	<u>3</u>	<u>\$ 52,019</u>	<u>1</u>
8500	Total comprehensive profit or loss for the current period		<u>\$ 750,224</u>	<u>15</u>	<u>\$ 583,272</u>	<u>12</u>
	Net profit attributable to :					
8610	Owners of the parent company		\$ 449,980	9	\$ 422,342	9
8620	Non-controlling equity		166,197	3	108,911	2
			<u>\$ 616,177</u>	<u>12</u>	<u>\$ 531,253</u>	<u>11</u>
	Total consolidated profit or loss attributable to :					
8710	Owners of the parent company		\$ 461,672	9	\$ 461,048	9
8720	Non-controlling equity		288,552	6	122,224	3
			<u>\$ 750,224</u>	<u>15</u>	<u>\$ 583,272</u>	<u>12</u>
	Basic EPS	6(27)				
9750	Basic EPS		<u>\$ 1.61</u>		<u>\$ 1.51</u>	
	Diluted EPS	6(27)				
9850	Diluted EPS		\$ 1.61		\$ 1.51	

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 : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 - December 31, 2024 and 2023

Unit: NT\$1,000

		Equity attributable to owners of the parent company									
		Retained earnings					Other Equity				
								Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Non-controlling interests	Total equity
	Note	Share capital - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations		Total		
<u>2023</u>											
		\$ 2,793,492	\$ 37,290	\$ 50,031	\$ 112,404	\$ 228,151	\$ 45,452	(\$ 54,741)	\$ 3,212,079	\$ 1,567,307	\$ 4,779,386
		-	-	-	-	422,342	-	-	422,342	108,911	531,253
		-	-	-	-	(375)	5,774	33,307	38,706	13,313	52,019
		-	-	-	-	421,967	5,774	33,307	461,048	122,224	583,272
Changes in associates accounted for using equity method	6(17)	-	(116)	-	-	-	-	-	(116)	(7)	(123)
Dividends paid by subsidiaries	4(3)	-	-	-	-	-	-	-	-	(108,116)	(108,116)
Appropriation and distribution of earnings for the six months ended December 31, 2022											
		-	-	16,737	-	(16,737)	-	-	-	-	-
Legal surplus reserve		-	-	-	(103,115)	103,115	-	-	-	-	-
Special surplus reserve		-	-	-	-	(111,740)	-	-	(111,740)	-	(111,740)
Cash dividends		-	-	-	-	-	-	-	-	-	-
Appropriation and distribution of earnings for the six months ended June 30, 2023											
		-	-	17,997	-	(17,997)	-	-	-	-	-
Legal surplus reserve		-	-	-	(2,968)	2,968	-	-	-	-	-
Special surplus reserve		-	-	-	-	(111,740)	-	-	(111,740)	-	(111,740)
Cash dividends		-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2023											
		\$ 2,793,492	\$ 37,174	\$ 84,765	\$ 6,321	\$ 497,987	\$ 51,226	(\$ 21,434)	\$ 3,449,531	\$ 1,581,408	\$ 5,030,939
<u>2024</u>											
		\$ 2,793,492	\$ 37,174	\$ 84,765	\$ 6,321	\$ 497,987	\$ 51,226	(\$ 21,434)	\$ 3,449,531	\$ 1,581,408	\$ 5,030,939
		-	-	-	-	449,980	-	449,980	166,197	616,177	
Net income for fiscal 2024		-	-	-	-	(633)	148,331	(136,006)	11,692	122,355	134,047
Other comprehensive income for the period		-	-	-	-	-	148,331	(136,006)	461,672	288,552	750,224
Total comprehensive income for the period		-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests		-	-	-	-	-	-	-	-	66,104	66,104
Dividends paid by subsidiaries	4(3)	-	-	-	-	-	-	-	-	(176,414)	(176,414)
Appropriation and distribution of earnings for the six months ended December 31, 2023											
		-	-	24,200	-	(24,200)	-	-	-	-	-
Legal surplus reserve		-	-	-	(6,321)	6,321	-	-	-	-	-
Special surplus reserve		-	-	-	-	(223,479)	-	-	(223,479)	-	(223,479)
Cash dividends		-	-	-	-	-	-	-	-	-	-
Appropriation and distribution of earnings for the six months ended June 30, 2024											
		-	-	25,544	-	(25,544)	-	-	-	-	-
Legal surplus reserve		-	-	-	-	(195,544)	-	-	(195,544)	-	(195,544)
Cash dividends		-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2024											
		\$ 2,793,492	\$ 37,174	\$ 134,509	\$ -	\$ 484,888	\$ 199,557	(\$ 157,440)	\$ 3,492,180	\$ 1,759,650	\$ 5,251,830

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 : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Cash Flow Statement
January 1 - December 31, 2024 and 2023

Unit: NT\$1,000

	Note	January 1 - December 31, 2024	January 1 - December 31, 2023
<u>Cash flows from operating activities</u>			
Net income before tax for the period		\$ 746,551	\$ 783,653
Adjusted items			
Income and expense items			
Depreciation expense	6(8)(9)(25)	168,255	197,809
Amortization expense	6(25)	381	419
Expected credit impairment loss	12(2)	2,453	13,351
Share of interests in affiliated companies and joint ventures recognized using the equity method	6(7)	(2,478)	7,519
Net gain or loss on financial assets and liabilities measured at fair value through profit or loss	6(2)(23)	(3,956)	6,884
Gain on disposal of property, plant and equipment, and right-of-use assets	6(23)	(127)	(466,138)
Gain on disposal of investment properties	6(23)	-	8,342)
Interest income	6(21)	(72,125)	(23,400)
Dividend income	6(22)	(1,640)	(2,553)
Interest expense	6(24)	36,093	52,118
Loss on impairment of non-financial assets	6(23_	-	103,682
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes Receivable		(199)	(4,132)
Accounts receivable (including related parties)		(141,793)	122,542
Other receivables		(15,858)	22,075
Inventory		(4,984)	61,960
Other current assets		(7,065)	(8,531)
Other non-current assets		(2,620)	(688)
Net change in liabilities related to operating activities			
Contract liabilities		12,102	(2,178)
Notes Payable (including related parties)		52,046	11,633
Other payables (including related parties)		(86,999)	(160,939)
Provision for liabilities		(5,582)	92,346
Other current liabilities		(5,670)	5,424
Net defined benefit liabilities		(6,447)	-
Other non-current liabilities		(1,884)	(7,990)
Cash inflows from operations		658,454	796,524
Interest received		72,472	22,603
Dividends received		1,640	2,553
Interest paid		(35,517)	(52,004)
Income tax paid		(194,797)	(238,794)
Net cash inflow from operating activities		502,252	530,882

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Cash Flow Statement
January 1 - December 31, 2024 and 2023

Unit: NT\$1,000

	Note	January 1 - December 31, 2024	January 1 - December 31, 2023
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 28,154)	\$ -
Disposal of financial assets at fair value through profit or loss		22,816	-
Decrease in financial assets at fair value through profit or loss		-	1,888
Acquisition of financial assets at amortized cost - current		(30,645)	(60,126)
Disposal of financial assets carried at amortized cost - current		91,165	-
Disposal of financial assets carried at amortized cost - non-current		56,544	34,281
Acquisition of property, plant and equipment	6(28)	(184,522)	(109,507)
Proceeds from disposal of property, plant and equipment	6(8)(9)	5,517	1,172,697
Proceeds from disposal of investment properties	6(10)	-	75,074
Decrease (increase) in refundable deposits		(2,560)	158
Acquisition of intangible assets		(188)	(1,240)
Net cash inflow (outflow) from investing activities		(70,027)	1,113,225
<u>Cash flows from financing activities</u>			
Change in short-term borrowings	6(29)	217,834	(264,721)
Increase in long-term borrowings	6(29)	500,000	1,050,000
Repayment of long-term borrowings	6(29)	(629,390)	(1,329,979)
Repayment of lease principal	6(29)	(1,110)	(1,768)
Increase in guaranteed deposits received	6(29)	(30)	-
Cash dividends paid by subsidiaries to non-controlling interests	4(3)	(176,414)	(108,116)
Changes in non-controlling interests	4(3)	66,104	-
Cash dividends paid	6(28)(29)	(419,023)	(223,480)
Net cash inflow (outflow) from financing activities		(442,029)	(878,064)
Effect of exchange rate changes		178,871	27,834
Increase in cash and cash equivalents for the period		169,067	793,877
Balance of cash and cash equivalents at the beginning of the period		2,496,578	1,702,701
Balance of cash and cash equivalents at the end of the period		\$ 2,665,645	\$ 2,496,578

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 : CHEN, CHANG-YUAN

Attachment 4

Hwa Fong Rubber Ind. Co., Ltd.

2024 Earnings Distribution Statement

Unit: NTD

	Amount	Remark
Beginning of period undistributed earnings	\$256,629,310	
Net profit after tax	449,980,153	
Changes in ownership interests in subsidiaries of the year 2024	0	
Actuarial interests of defined benefit plan of the year 2024	(632,523)	
Amount of unappropriated earnings	705,976,940	
Legal reserve 10%	(44,934,763)	
Special reserve reversal	0	
Capital reserve - common stock premium	0	
Distributable net profit	661,042,177	
Distributable items		
Distributed cash dividend (NT\$ 0.7 per share)	(195,544,394)	
Distributed cash dividend (NT\$ 0.8 per share)	(223,479,307)	
Shareholder dividend - stock	0	
Unappropriated retained earnings	\$242,018,476	

Chairman: Shen, Kuo-Jung **Managerial officer:** Wang, Jiaw-Chyi **Accounting supervisor:** Chen, Chang-Yuan

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

Amended articles	Current articles	Explanation
Article 21 As the profitability of the current year <u>(This refers to the profit before tax for the year, prior to the deduction of employee and director compensation allocations)</u>, 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. <u>At least 35% of the employee compensation amount under Item I shall be allocated to grassroots employees.</u> 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 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. <u>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.</u> 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.	In compliance with the Financial Supervisory Commission's Order No. 1130385442, a certain percentage of earnings shall be allocated as compensation to grassroots employees.

Amended articles	Current articles	Explanation
Article 26 The Articles of Incorporation was drawn up on March 8, 1959. The 1st amendment was made on April 8, 1962. The following words omitted... The 42nd amendment was made on July 22, 2021. The 43rd amendment was made on June 14, 2022. <u>The 44th amendment was made on June 13, 2025.</u>	Article 26 The Articles of Incorporation was drawn up on March 8, 1959. The 1st amendment was made on April 8, 1962. The following words omitted... The 42nd amendment was made on July 22, 2021. The 43rd amendment was made on June 14, 2022.	Added amendment date.

Hwa Fong Rubber Ind. Co., Ltd.

Rules of Procedure for Shareholders Meetings

Article 1: To establish a sound shareholder meeting governance system, enhance supervisory functions, and strengthen management capabilities within our company, these rules are formulated in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance. Unless otherwise specified by laws or the company's articles of association, the proceedings of the company's shareholder meetings shall be governed by these rules.

Article 2: The company's shareholder meetings shall be convened by the board of directors unless otherwise specified by law.

When the company convenes a shareholder meeting via video conference, except where otherwise stipulated by the Guidelines for Handling Corporate Stock Affairs of Publicly Issued Companies, it shall be clearly stated in the articles of association, resolved by the board of directors, and the decision to hold a video conference shall be implemented upon the attendance of two-thirds or more of the directors and the consent of more than half of the attending directors. Any change in the method of convening the company's shareholder meetings shall be resolved by the board of directors and shall be made no later than the dispatch of the meeting notice.

The company shall transmit electronically the meeting notice, appointment forms, relevant recognition cases, discussion items, election or removal of directors and supervisors, and other agenda items and explanatory materials to the Public Information Observation System thirty days prior to the regular shareholder meeting or fifteen days prior to the special shareholder meeting. The company shall also transmit electronically the meeting manual and supplementary meeting materials to the MOPS twenty-one days prior to the regular shareholder meeting or fifteen days prior to the special shareholder meeting. However, if the company's paid-in capital reached or exceeded NT\$2 billion at the end of the most recent fiscal year, or if at the end of the most recent fiscal year, the total foreign and mainland Chinese shareholding ratio listed in the shareholder registry exceeded thirty percent, the company shall complete the transmission of the aforementioned electronic files thirty days prior to the regular shareholder meeting. Fifteen days before the shareholder meeting, the company shall have the meeting manual and supplementary meeting materials available for shareholders' perusal, and these materials shall be made available for inspection at the company's premises and at any professional shareholder service agency appointed by the company. The aforementioned meeting manual and supplementary meeting materials shall be made available to shareholders for inspection in the following ways on the day of the shareholder meeting: (1) If a physical shareholder meeting is convened, the materials shall be distributed at the meeting venue. (2) If a video-assisted shareholder meeting is convened, the materials shall be distributed at the meeting venue and transmitted electronically to the video conferencing platform. (3) If a video shareholder meeting is convened, the materials shall be transmitted electronically to the video conferencing platform. Notices and announcements shall specify the purpose of the meeting; electronic notices may be issued with the consent of the recipients. Election or removal of directors, supervisors, amendment of the articles of association, reduction of capital, application for cessation of public offering, director non-compete permits, surplus capital increase, capital reserve increase, company dissolution, merger, division, or

matters specified in Article 185, Paragraph 1, Subparagraphs 1 to 4 of the Company Act, Article 26-1 and Article 43-6 of the Securities Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be listed and the main content shall be explained in the meeting notice. These matters shall not be raised as ad hoc motions. The purposes of the shareholder meeting have been clearly stated as a comprehensive re-election of directors and supervisors, including the date of assumption of office. After the re-election is completed at the shareholder meeting, the date of assumption of office shall not be changed at the same meeting through ad hoc motions or other means. Shareholders holding more than one percent of the total issued shares may propose items for discussion at each shareholder meeting, with a limit of one proposal per shareholder. If multiple proposals are submitted, none shall be included in the agenda. In addition, if any of the proposals made by the shareholders fall under any of the circumstances specified in Article 172-1, Paragraph 4 of the Company Act, the board of directors may exclude them from the agenda. Shareholders may also propose advisory proposals to urge the company to enhance public interest or fulfill social responsibilities, with a limit of one proposal per shareholder. The procedural requirements for such proposals shall be in accordance with the relevant provisions of Article 172-1 of the Company Act, with a limit of one proposal per shareholder. If multiple proposals are submitted, none shall be included in the agenda.

The company shall announce the acceptance of shareholder proposals, the methods of written or electronic submission, the locations and periods of acceptance, no later than the record date prior to the shareholder meeting. The acceptance period shall not be less than ten days. Shareholder proposals shall be limited to three hundred words. Proposals exceeding three hundred words shall not be included in the agenda. Shareholders proposing items shall attend the shareholder meeting in person or authorize others to attend on their behalf and participate in the discussion of the item.

The company shall notify the proposing shareholders of the handling results before the date of the shareholder meeting and include the proposals that comply with the provisions of this article in the meeting notice. The board of directors shall explain the reasons for not including the proposals not listed in the agenda at the shareholder meeting.

Article 3: Shareholders may issue a proxy issued by the company at each shareholder meeting, specifying the scope of authorization and the authorized representative, to attend the shareholder meeting. Each shareholder may issue only one proxy and appoint only one person as the proxy, and the proxy shall be delivered to the company five days before the shareholder meeting. In case of duplicate proxies, the one delivered first shall prevail. However, this limit does not apply to the revocation of proxies previously declared. After the proxy is delivered to the company, if the shareholder wishes to attend the shareholder meeting in person or exercise voting rights in writing or electronically, a written notice to revoke the proxy shall be sent to the company two days before the shareholder meeting. The vote exercised by the proxy shall prevail if the revocation is overdue.

After the proxy is delivered to the company, if the shareholder wishes to attend the shareholder meeting via video conference, a written notice to revoke the proxy shall be sent to the company two days before the shareholder meeting. The vote exercised by the proxy shall prevail if the revocation is overdue.

Article 4: The location of the company's shareholder meetings shall be determined based on the convenience of shareholders' attendance and suitability for holding the meeting and shall be located at the company's premises or other convenient locations. The meeting start time shall not be earlier than 9:00 a.m. or later than 3:00 p.m., and the meeting location and time shall take into full consideration the opinions of independent directors.

When the company convenes a video shareholder meeting, it shall not be subject to the restrictions on the location specified in the preceding paragraph.

Article 5: The company shall specify in the meeting notice the reporting time, reporting location for attending shareholders, nominees, and appointed proxies (hereinafter referred to as "shareholders"), and other matters to be noted.

The reporting time for shareholders in the preceding paragraph shall be at least thirty minutes before the meeting begins, and the reporting location shall be clearly marked with designated personnel to handle it. For video conference shareholder meetings, shareholders who wish to attend via video conference shall report to the video conference platform at least thirty minutes before the meeting begins. Shareholders who have reported on time shall be considered as personally attending the shareholder meeting. Shareholders shall attend the shareholder meeting with an attendance certificate, attendance sign-in card, or other attendance documents. The company shall not arbitrarily increase the requirements for other proof documents based on the documents relied upon by shareholders for attendance. Nominees for proxies shall also carry identification documents for verification.

The company shall provide a sign-in book for shareholders to sign in or accept sign-in cards from attending shareholders for proxy signing. The company shall provide the meeting manual, annual report, attendance certificate, speech slips, voting cards, and other meeting materials to attending shareholders. If there is an election of directors or supervisors, separate voting slips shall be provided.

When the government or a legal entity is a shareholder, the representative attending the shareholder meeting is not limited to one person.

When a legal entity is entrusted to attend the shareholder meeting, only one person shall be designated to represent it.

When a shareholder meeting is convened via video conference, shareholders who wish to attend via video conference shall register with the company at least two days before the shareholder meeting.

Article 5-1: When the company convenes a video conference shareholder meeting, the following matters shall be specified in the meeting notice:

- I. Methods for shareholders to participate in the video conference and exercise their rights.
- II. Measures to be taken in case of obstacles to participating in or participating in the video conference due to natural disasters, emergencies, or other force majeure circumstances. These measures shall include at least the following:
 - (1) If the aforementioned obstacles persist and cannot be resolved, resulting in the need to postpone or continue the meeting, the date for postponement or continuation of the meeting shall be stated, as well as the date for resuming the meeting if postponed or continued.
 - (2) Shareholders who did not register to participate in the original video conference may not participate in the postponed or continued meeting.
 - (3) If a video-assisted shareholder meeting cannot continue as a video conference, and after deducting the attendance of shareholders participating via video conference, the total shares represented at the meeting still reach the statutory quorum for convening the meeting, the meeting shall proceed, and the shareholders participating via video conference shall be counted towards the total shares represented at the meeting, and they shall be deemed to have abstained from voting on all agenda items at the meeting.
 - (4) Procedures for cases where all agenda items have been announced and no ad hoc motions have been made.
- III. When convening a video conference shareholder meeting, appropriate alternative measures provided to shareholders who have difficulties participating via video

conference shall be specified. Except for the circumstances specified in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least communication equipment and necessary assistance shall be provided, and shareholders shall be informed of the application period and other relevant matters that need attention.

Article 6: If the shareholder meeting is convened by the board of directors, the chairman shall be the chairman of the board. In the absence or inability to perform duties of the chairman, the vice chairman shall act as the chairman. If there is no vice chairman or the vice chairman is absent or unable to perform duties, the chairman shall appoint one executive director to act as the chairman. If there are no executive directors, one director shall be appointed, and if the chairman does not designate a proxy, one executive director or director shall be designated by mutual recommendation.

The chairman appointed as mentioned above should be an executive director or director who has served for more than six months and understands the financial and business conditions of the company. The same applies if the chairman is the representative of a corporate director. If the shareholder meeting is convened by the board of directors, it should be presided over by the chairman, and at least more than half of the directors of the board and at least one representative from each functional committee should attend, and the attendance should be recorded in the minutes of the shareholder meeting.

If the shareholder meeting is convened by a person other than the board of directors with the right to convene, the chairman shall be appointed by that person. If there are more than two persons with the right to convene, they shall appoint one chairman by mutual recommendation.

The company may appoint the appointed lawyer, accountant, or relevant personnel to attend the shareholder meeting.

Article 7: The company shall continuously record and videotape the entire process of shareholder registration, meeting proceedings, and vote counting from the time of shareholder registration acceptance.

The audiovisual materials mentioned above shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, they shall be kept until the end of the lawsuit.

If the shareholder meeting is held via video conference, the company shall record and save the registration, registration, check-in, questioning, voting, and company voting results of the shareholders, and record and videotape the entire process of the video conference.

The company shall properly keep the above-mentioned data and audiovisual recordings during the retention period and provide the audiovisual recordings to the entrusted personnel responsible for handling video conference affairs.

If the shareholder meeting is held via video conference, the company should record and videotape the operation interface of the video conference platform.

Article 8: The attendance of the shareholder meeting shall be based on the number of shares. The number of attending shares shall be calculated based on the signature book or the attendance card submitted, and the number of shares exercised by written or electronic voting shall be counted.

Once the meeting time has arrived, the chairman shall announce the commencement of the meeting and simultaneously announce relevant information such as the number of votes without voting rights and the total shares attended.

However, if less than half of the total issued shares are represented by attending shareholders, the chairman may announce a postponement of the meeting. The meeting may be postponed up to two times, with a total postponement time not exceeding one hour. If even after two postponements, there are still not enough attending shareholders representing one-third of the total issued shares, the chairman may announce the

adjournment of the meeting. If the shareholder meeting is held via video conference, the company shall also announce the adjournment of the meeting on the shareholder meeting video conference platform.

If even after two postponements, there are still not enough attending shareholders representing one-third of the total issued shares, a false resolution may be made in accordance with Article 175, Paragraph 1 of the Company Act, and the false resolution shall be notified to the shareholders for another shareholder meeting within one month. If the shareholder meeting is held via video conference and shareholders wish to attend via video, they shall re-register with the company in accordance with Article 6.

Before the end of the meeting, if the attending shareholders represent more than half of the total issued shares, the chairman may resubmit the false resolution made according to Article 174 of the Company Act for voting.

Article 9: If the shareholder meeting is convened by the board of directors, the agenda shall be determined by the board of directors, and all related proposals (including ad hoc motions and amendments to original proposals) shall be voted on individually. The meeting shall proceed according to the scheduled agenda, and changes shall not be made without the resolution of the shareholder meeting.

If the shareholder meeting is convened by a person other than the board of directors with the right to convene, the provisions of the preceding paragraph shall apply.

Before the conclusion of the agenda items (including ad hoc motions), the chairman shall not adjourn the meeting without a resolution. If the chairman violates the rules of procedure and adjourns the meeting, with the consent of more than half of the voting rights of the attending shareholders, a new chairman may be elected to continue the meeting.

The chairman should provide ample explanation and discussion opportunities for proposals or amendments made by shareholders or ad hoc motions. When it is deemed that a sufficient level of discussion has been reached, the chairman may announce the cessation of discussion and proceed to the vote, arranging adequate voting time.

Article 10: Before speaking at the shareholder meeting, attendees must fill out a speaking slip indicating the purpose of the speech, shareholder account number (or attendance certificate number), and account name, and the chairman shall determine the order of speaking.

Attendees who only submit speaking slips without speaking shall be considered as not having spoken. If the content of the speech does not match For the same agenda item, each shareholder may speak no more than twice with the consent of the chairman, and each time may not exceed five minutes. However, the chairman may prohibit a shareholder from speaking if the speech violates the regulations or exceeds the scope of the agenda.

While a shareholder is speaking, other shareholders shall not speak or disrupt without the consent of the chairman and the speaking shareholder, and the chairman shall intervene if there is a violation.

When a corporate shareholder appoints more than two representatives to attend the shareholder meeting, only one person may speak on the same agenda item. After the shareholder has spoken, the chairman or designated personnel may respond.

For shareholders participating via video conference, they may submit questions in writing on the video conference platform from the commencement of the meeting by the chairman until the adjournment of the meeting, with each agenda item limited to two questions, each limited to two hundred words, and not subject to the provisions of paragraphs one to five.

Questions that do not violate the regulations or exceed the scope of the agenda shall be disclosed on the video conference platform for the shareholders' knowledge.

Article 11: Voting at the shareholder meeting shall be based on the number of shares.

The resolution of the shareholder meeting shall not include the number of shares of shareholders without voting rights.

When shareholders have a conflict of interest with respect to matters at the meeting that may harm the interests of the company, they may not participate in the vote, nor may they act as proxies for other shareholders to exercise their voting rights.

The shares for which voting rights cannot be exercised shall not be counted in the voting rights of the attending shareholders.

Except for trust enterprises or securities agencies approved by the competent authority, when one person simultaneously represents two or more shareholders, the voting rights of the proxy shall not exceed three percent of the voting rights of the total issued shares, and if exceeded, the excess voting rights shall not be counted.

Article 12: Each shareholder shall have one voting right per share; provided, however, that those subject to restrictions or without voting rights as listed in Article 179, Paragraph 2 of the Company Act shall not be subject to this restriction.

When the Company convenes a shareholder meeting, electronic means may be used and written means may be adopted to exercise voting rights; when exercising voting rights in writing or electronically, the method of exercise shall be specified in the notice of the shareholder meeting. Shareholders exercising voting rights in writing or electronically shall be deemed to have attended the shareholder meeting in person. However, with regard to temporary motions and amendments to original proposals at the shareholder meeting, they shall be deemed to have abstained, so the Company should avoid proposing temporary motions and amendments to original proposals.

Shareholders exercising voting rights in writing or electronically shall deliver their expressions of intent to the Company two days before the shareholder meeting. In the event of duplicate expressions of intent, the one received first shall prevail. However, this limit shall not apply to declarations revoking prior expressions of intent.

After exercising voting rights in writing or electronically, if a shareholder wishes to attend the shareholder meeting in person or via video conference, the shareholder shall revoke the expression of intent to exercise voting rights in the same manner as exercised before the shareholder meeting two days before the meeting. If revoked after the deadline, the voting rights exercised in writing or electronically shall prevail. If a shareholder exercise voting rights in writing or electronically and appoints a proxy to attend the shareholder meeting, the voting rights exercised by the proxy attending the meeting shall prevail.

Unless otherwise provided by the Company Law and the Articles of Incorporation, resolutions of the shareholder meeting shall be passed with the consent of more than half of the voting rights of the shareholders present. At the time of voting, the total voting rights of the attending shareholders shall be announced by the chairperson or the person designated by the chairperson, and the shareholders shall vote on each item in turn. The results of shareholders' agreement, objection, and abstention shall be entered into the Public Information Observation Platform on the day of the shareholder meeting.

When there are amendments or alternative proposals to a motion, the chairperson shall determine the order of voting together with the original motion. If one of the proposals has already been passed, the other proposals shall be deemed rejected and shall not be voted on again.

The supervisors and vote counters for voting on resolutions shall be designated by the chairperson, but the supervisors shall have shareholder status. The vote counting for resolutions or election proposals of the shareholder meeting shall be conducted openly within the shareholder meeting venue, and the results of the vote shall be announced on the spot after the counting is completed, including the statistical number of votes, and a record shall be made.

When the Company convenes a virtual shareholder meeting, shareholders participating via video conference shall conduct voting on various agenda items and election proposals through the video conference platform, and the voting shall be completed before the chairperson announces the end of the voting. Failure to vote on time shall be considered abstention.

When a virtual shareholder meeting is convened, the voting shall be conducted once the chairperson announces the end of the voting, and the voting and election results shall be announced.

When the Company convenes a virtual shareholder meeting, shareholders who have registered to attend the shareholder meeting via video conference in accordance with Article 6 and wish to attend the physical shareholder meeting in person shall revoke their registration in the same manner as the registration two days before the shareholder meeting; if the revocation is made after the deadline, they may only attend the shareholder meeting via video conference.

Shareholders who have exercised voting rights in writing or electronically and participate in the shareholder meeting via video conference shall not exercise voting rights on the original proposals or amendments to the original proposals or exercise voting rights on the original proposals or amendments to the original proposals unless they violate the rules of procedure.

Article 13: When electing directors at a shareholder meeting, the relevant selection rules established by the Company shall be followed, and the election results shall be announced on the spot, including the list of elected directors, their voting rights, the list of unsuccessful candidates, and their voting rights.

The election ballots for the election items shall be sealed and signed by the vote counters and properly kept, and shall be kept for at least one year. However, if a lawsuit is filed by shareholders pursuant to Article 189 of the Company Law, they shall be kept until the conclusion of the lawsuit.

Article 14: Resolutions of the shareholder meeting shall be recorded in minutes, signed or sealed by the chairperson, and distributed to each shareholder within twenty days after the meeting. The preparation and distribution of the minutes may be done electronically.

The distribution of the minutes as mentioned in the preceding paragraph may be made by public announcement through the MOPS.

The minutes shall accurately record the year, month, day, venue, name of the chairperson, method of decision-making, main points of the proceedings, and the results of the vote (including the statistical number of votes). In the Company's duration, they shall be permanently preserved.

When a virtual shareholder meeting is convened, the minutes shall include the opening and closing time of the shareholder meeting, the method of convening the meeting, the name of the chairperson and recorder, and the handling method and situation in case of obstacles to the video conference platform or participation via video conference due to natural disasters, emergencies, or other force majeure circumstances.

When the Company convenes a virtual shareholder meeting, in addition to complying with the provisions of the preceding paragraph, alternative measures provided by shareholders who have difficulty participating in the shareholder meeting via video conference shall be specified in the minutes.

Article 15: On the day of the shareholder meeting, the Company shall compile a statistical table in the prescribed format showing the number of shares solicited by solicitors, represented by proxy agents, and attended by shareholders in writing or electronically, and shall clearly display it at the shareholder meeting venue; when a shareholder meeting is convened via video conference, the Company shall upload the above data to the video conference platform at least thirty minutes before the meeting begins and continue to disclose it until the meeting ends. When the chairman announces the opening of the

meeting, the total number of shares held by attending shareholders shall be disclosed on the video conference platform. If there are additional statistics on the total shares held by attending shareholders and the total voting rights during the meeting, the same shall apply.

For resolutions of the shareholder meeting that constitute material information as defined by laws and regulations or the Taiwan Stock Exchange Corporation, the Company shall transmit the content to the Public Information Observation Platform within the prescribed time.

Article 16: The personnel handling the affairs of the shareholder meeting shall wear identification cards or armbands.

The chairperson may instruct inspectors (or security personnel) to assist in maintaining order at the venue. When inspectors (or security personnel) are present to assist in maintaining order, they shall wear armbands or identification cards with the words "inspector."

If there is a public address system at the venue, the chairperson may prohibit shareholders from speaking using equipment not provided by the Company. Shareholders who violate the rules of procedure, do not comply with the chairperson's instructions, and obstruct the progress of the meeting may be asked to leave the venue by the chairperson instructing the inspectors (or security personnel).

Article 17: During the meeting, the chairperson may announce a break at their discretion, and in the event of force majeure, the chairperson may temporarily suspend the meeting and announce the resumption time as appropriate.

If the agenda scheduled for the shareholder meeting is not completed before the end of the proceedings (including temporary motions), and the venue cannot continue to be used, the shareholder meeting may resolve to find an alternative venue to continue the meeting.

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

Article 18: When a shareholder meeting is convened via video conference, the Company shall immediately disclose the voting results and election results of various agenda items on the video conference platform after the voting ends, and shall continue to disclose them for at least fifteen minutes after the chairman announces the adjournment.

Article 19: When the Company convenes a virtual shareholder meeting, the chairperson and recorders shall be at the same location in Taiwan, and the chairperson shall announce the address of the location at the opening of the meeting.

Article 20: When a shareholder meeting is convened via video conference, the Company may provide a simple connection test for shareholders before the meeting and provide relevant services in real-time before and during the meeting to assist in handling technical communication issues.

When a shareholder meeting is convened via video conference, the chairperson shall announce separately at the opening of the meeting, except for situations specified in Article 44-2, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies where there is no need to postpone or continue the meeting, that if the video conference platform or participation via video conference is obstructed due to natural disasters, emergencies, or other force majeure circumstances and persists for more than thirty minutes before the chairman announces the adjournment, the meeting date shall be postponed or continued within five days, and the provisions of Article 182 of the Company Act shall not apply.

Shareholders who were not registered to participate in the original shareholder meeting via video conference shall not participate in the postponed or continued meeting.

For shareholders who have completed registration to participate in the original shareholder meeting via video conference and have checked in but did not participate

in the postponed or continued meeting, their shares, voting rights, and election rights attended at the original shareholder meeting shall be included in the total shares, voting rights, and election rights of the shareholders attending the postponed or continued meeting.

When handling a postponed or continued meeting of the shareholder meeting in accordance with the provisions of the second paragraph, there is no need to reconsider and resolve the items for which voting has been completed, and the results of the vote or the list of elected directors and supervisors need not be discussed and resolved again. When the Company convenes a shareholder meeting with video assistance, if the video conference cannot continue in accordance with the second paragraph, and the total shares attended by shareholders still meet the statutory quorum for convening the shareholder meeting after deducting the shares attended via video conference, the shareholder meeting shall continue without postponing or continuing the meeting in accordance with the provisions of the second paragraph.

In the event of circumstances where the meeting should continue, shareholders who participate via video conference shall have their attendance counted in the total shares of attending shareholders, but they shall be deemed to have abstained from voting on all items of the shareholder meeting.

When the Company postpones or continues a meeting in accordance with the provisions of the second paragraph, it shall carry out the relevant preparatory work in accordance with the original shareholder meeting date and the provisions of Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

During the periods specified in the latter part of Paragraph 12 and Paragraph 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall postpone or continue the meeting date in accordance with the provisions of the second paragraph.

Article 21: When the Company convenes a virtual shareholder meeting, appropriate alternative measures shall be provided to shareholders who have difficulty participating via video conference. Except in cases specified in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period for shareholders to apply to the Company and other relevant matters to be noted shall be stated.

Article 22: Matters not covered in these Rules shall be handled in accordance with the Company Law, the Company's Articles of Incorporation, and other relevant laws and regulations.

Article 23: These Rules shall be implemented after being approved by the shareholder meeting and shall also apply to amendments.

I. Amended and approved by the shareholder meeting on June 14, 2002.

II. Amended and approved by the shareholder meeting on March 25, 2016.

III. Amended and approved by the shareholder meeting on June 12, 2020.

IV. Amended and approved by the shareholder meeting on July 22, 2021.

V. Amended and approved by the shareholder meeting on June 19, 2024.

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 unexposed term of office of the predecessor. After the Company issued stocks in public, the board of directors shall call a special shareholders' meeting for re-election within 60 days.

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

Unless the first meeting of each term of the board of directors shall be convened in accordance with the proviso in Article 203 of the Company Act, other meetings shall be convened and chaired by the chairman, unless otherwise regulations provided for the Company Act, a resolution of the meeting of board of directors shall be agreed by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company, and the meeting minutes shall be made.

When a director cannot attend the meeting of the board of directors in person, a director may be represented by another director. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a

visual communication meeting shall be deemed to have attended the meeting in person.

Article 17: Deleted

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

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

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

Chapter 5 Accounting

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

(1) Business Report

(2) Balance Sheet

(3) Comprehensive Income Statement

(4) Statements of Changes in Equity

(5) Statements of Cash Flows

(6) Earnings distribution or appropriation of loss proposal

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

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

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

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

A company which has the profit distributed to employees in the form of shares by a

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

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

Chapter 6 Supplemental Provisions

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

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

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

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

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

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

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

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

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

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

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

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

The 8th amendment was made on April 15, 1979.
The 9th amendment was made on June 21, 1981.
The 10th amendment was made on May 23, 1982.
The 11th amendment was made on June 12, 1983.
The 12th amendment was made on February 10, 1985.
The 13th amendment was made on February 5, 1986.
The 14th amendment was made on February 13, 1988.
The 15th amendment was made on May 22, 1991.
The 16th amendment was made on June 28, 1991.
The 17th amendment was made on May 15, 1992.
The 18th amendment was made on May 14, 1993.
The 19th amendment was made on July 8, 1994.
The 20th amendment was made on May 17, 1995.
The 21st amendment was made on May 24, 1996.
The 22nd amendment was made on December 2, 1996.
The 23rd amendment was made on May 23, 1997.
The 24th amendment was made on May 13, 1998.
The 25th amendment was made on June 15, 1999.
The 26th amendment was made on June 19, 2000.
The 27th amendment was made on June 12, 2001.
The 28th amendment was made on June 14, 2002.
The 29th amendment was made on March 20, 2003.
The 30th amendment was made on June 17, 2004.
The 31st amendment was made on June 16, 2005.
The 32nd amendment was made on June 19, 2008.
The 33rd amendment was made on June 25, 2010.
The 34th amendment was made on June 16, 2011.
The 35th amendment was made on September 14, 2011.
The 36th amendment was made on June 19, 2013.
The 37th amendment was made on May 14, 2014.
The 38th amendment was made on October 14, 2014.
The 39th amendment was made on March 25, 2016.
The 40th amendment was made on June 27, 2018.
The 41st amendment was made on June 21, 2019.
The 42nd amendment was made on July 22, 2021.
The 43rd amendment was made on June 14, 2022.

Hwa Fong Rubber Ind. Co., Ltd. Procedures for Election of Directors

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

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

Amendment approved by the shareholders' meeting on June 14, 2022

Amendment approved by the shareholders' meeting on June 16, 2023

Article 1: The Company's election of directors shall be conducted in accordance with these Procedures.

Article 2: The Company's election of directors shall be conducted at a shareholders' meeting.

Article 3: The Company's election of directors, attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 4: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. A 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.

Article 5: The number of the Company's directors prescribed by the Company's Articles of Incorporation, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Elections of independent directors and non-independent directors shall conduct at the same time, and separately calculated the number of elected, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.

Article 6: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 7: The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The elector shall fill in name or account name of the elected in 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.

A shareholder can use stamp to replace of entering name or account name of elected.

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 8: A ballot is invalid under any of the following circumstances:

- (1) The ballot was not prepared by a person with the right to convene.
- (2) Two or more elected were entered in the same ballot.

- (3) Other words or marks are entered in addition to name or account name of the elected, the number of voting rights allotted.
- (4) A blank ballot is placed in the ballot box.
- (5) The writing is unclear and indecipherable or has been altered.
- (6) The candidate whose name is entered in the ballot does not conform to the director candidate list.

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

Article 10: After the end of the poll, the voting rights shall be calculated on site immediately by vote monitoring and counting personnel, and the results of the calculation shall be announced by the chair on the site, including the list of persons elected as directors and the numbers of votes with which they were elected.

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

Article 11: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 4

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

1. Total number of the Company's issued shares: 279,349,134 (as of the book closure date: April 15, 2025).
2. The minimum legally held shares held by the Company's shareholders: 12,000,000.
3. As of the book closure date (April 15, 2025) at 2025 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: Liao Chen, Hsuan-Yu		
Director	Sumitomo Rubber Industries, Ltd.	28,428,574	10.18%
Director	Teng Feng Investment & Development Co., Ltd.	4,121,151	1.48%
	Director/representative: Yan, Ruei-Sian		
Director	Sheng Ta Investment Co., Ltd.	762,764	0.27%
	Director/representative: Yan, Ming-Shan		
Independent director	Tsai, Hung-Wen	-	-
Independent director	Yang, Wen-Kuang	-	-
Independent director	Huang, Chu-Chia	100,000	0.04%
Sum of all directors' shareholding numbers		42,296,699	15.14%

Appendix 5

Other Disclosure Matters

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

The Company has no public financial forecast information of the year 2025, so it's not applicable.

