

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



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.

Number of shares present: Total shares represented by shareholders and proxy present 182,979,542 shares, which is 65.50% of the company's total outstanding shares 279,349,134 shares.

Directors present : Sheng Kuo-Jung, Chiu Shih-Chien, Wu Pin-Yi, Yan Ming-Shan, Liao Chen Hsuan-Yu, Yan Ruei-Sian, Yang Wen-Goang, Huang Chu-Chia

Chairman : Sheng Kuo-Jung



Minutes Taker : Lee Yu-Hsiu



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

II. Chairman's Address : (Omitted)

III. Reported Matters

1. 2024 Business Report of the Company.

(Please refer to Attachment 1)

- First statement by shareholder account No. 11244 – Securities and Futures Investors Protection Center:

The Company has outlined its business plan for 2025 in the business report. We would like to remind that the Company's sustainable operations are closely tied to a sound corporate governance environment. According to the corporate governance evaluation results published by the competent authority, the Company has ranked in the lowest tier for the past five years, which adversely affects its public image and healthy development. To implement effective corporate governance and ensure sustainable management, we sincerely urge

the Company to formulate an improvement plan and enhance its corporate governance practices, regularly report progress to the Board of Directors, and establish a sound governance framework.

- Chairman's response:

Regarding the Company's efforts in ESG, sustainable operations, customer relations, and sound business practices, we are steadily progressing according to our internal plans. In light of the nature of our industry, we also hope that the government or relevant institutions can provide guidance and support. The Company is considering the establishment of a dedicated corporate governance unit or appointing responsible personnel to drive improvements. We deeply value and appreciate the shareholder's remarks, and the Company will continue to make diligent efforts in this regard.

2. 2024 Annual Final Accounting Books and Statements Audited by Audit Committee.
(Please refer to Attachment 2)
3. 2024 Directors' and Employees' Remuneration Distribution Report Proposal.
(Please refer to Agenda)
4. 2024 Cash Dividend Distribution Report Proposal.
(Please refer to Agenda)

IV. Acknowledged Matters

1

Proposed by board of directors

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 : Shares represented at the time of voting : 178,539,912 shares
(excluding shares with no voting right : 4,439,630 shares)

Voting Results	% of the total represented share present
Votes in favor : 176,189,465 shares (including electronic votes 20,031,684 shares)	98.68%
Votes against : 16,256 shares (including electronic votes 16,256 shares)	0.00%
Votes invalid : 0 shares	0.00%
Votes abstained : 2,334,191 shares (including electronic votes 2,322,404 shares)	1.30%

RESOLVED, that the above proposal was hereby approved as proposed.

V. Matters for Discussion

1

Proposed by board of directors

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: Shares represented at the time of voting : 178,539,912 shares

(excluding shares with no voting right : 4,439,630 shares)

Voting Results	% of the total represented share present
Votes in favor : 176,252,002 shares (including electronic votes 20,094,221 shares)	98.71%
Votes against : 18,375 shares (including electronic votes 18,375 shares)	0.01%
Votes invalid : 0 shares	0.00%
Votes abstained : 2,269,535 shares (including electronic votes 2,257,748 shares)	1.27%

RESOLVED, that the above proposal was hereby approved as proposed.

VI. 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

List of director candidates	Education	Major experience	Current position	Number of shares currently held
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
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
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: Directors Elected List :

No.	Director/ Independent Director	Shareholder Account No./ ID No.	Name	Number of votes
1	Director	33375	Representative of Feng Tsuan Co., Ltd.: Shen Kuo-Jung	220,422,401
2	Director	33375	Representative of Feng Tsuan Co., Ltd.: Chiu Shih-Chien	188,770,898
3	Director	6317	Sumitomo Rubber Industries, Ltd.	178,917,398
4	Director	33375	Representative of Feng Tsuan Co., Ltd.: Shen Chien-Chih	178,620,343
5	Director	33375	Representative of Feng Tsuan Co., Ltd.: Liao Chen Hsuan-Yu	176,467,459

No.	Director/ Independent Director	Shareholder Account No./ ID No.	Name	Number of votes
6	Director	27517	Representative of Sheng Ta Investment Co., Ltd.: Yan Ming-Shan	175,086,634
7	Director	7730	Representative of Teng Feng Investment Development Co., Ltd.: Yan Ruei-Sian	169,155,600
8	Director	33375	Representative of Feng Tsuan Co., Ltd.: Wu Pin-Yi	158,970,305
9	Independent Director	56479	Huang Chu-Chia	162,990,792
10	Independent Director	B12064****	Liao Shu-Chung	162,985,902
11	Independent Director	B12037****	Yang Wen-Kuang	162,950,965

VII. 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.

Position	Name/Company names	Concurrent company/position
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: Shares represented at the time of voting : 178,539,912 shares

(excluding shares with no voting right : 4,439,630 shares)

Voting Results	% of the total represented share present
Votes in favor : 176,178,370 shares (including electronic votes 20,020,589 shares)	98.67%
Votes against : 41,790 shares (including electronic votes 41,790 shares)	0.02%
Votes invalid : 0 shares	0.00%
Votes abstained : 2,319,752 shares (including electronic votes 2,307,965 shares)	1.29%

RESOLVED, that the above proposal was hereby approved as proposed.

VIII. Extemporaneous Motions : None.

IX. Adjournment : Meeting ended at 10:57 am, June 13, 2025.

(The minutes will only document the main points of the meeting, with detailed content available through the on-site audio and video recordings.)

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			Note	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

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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		Note	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			<u>1,632,255</u>	<u>20</u>		<u>1,577,893</u>	<u>20</u>
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			<u>1,380,934</u>	<u>16</u>		<u>1,334,414</u>	<u>17</u>
2XXX	Total liabilities			<u>3,013,189</u>	<u>36</u>		<u>2,912,307</u>	<u>37</u>
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			<u>3,492,180</u>	<u>42</u>		<u>3,449,531</u>	<u>43</u>
36XX	Non-controlling interests	4(3)		<u>1,759,650</u>	<u>22</u>		<u>1,581,408</u>	<u>20</u>
3XXX	Total equity			<u>5,251,830</u>	<u>64</u>		<u>5,030,939</u>	<u>63</u>
	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	6(18)										
Legal surplus reserve		-	-	16,737	-	(16,737)	-	-	-	-	-
Special surplus reserve		-	-	-	(103,115)	103,115	-	-	-	-	-
Cash dividends		-	-	-	-	(111,740)	-	-	(111,740)	-	(111,740)
Appropriation and distribution of earnings for the six months ended June 30, 2023	6(18)										
Legal surplus reserve		-	-	17,997	-	(17,997)	-	-	-	-	-
Special surplus reserve		-	-	-	(2,968)	2,968	-	-	-	-	-
Cash dividends		-	-	-	-	(111,740)	-	-	(111,740)	-	(111,740)
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
		-	-	-	-	(633)	148,331	(136,006)	11,692	122,355	134,047
		-	-	-	-	449,347	148,331	(136,006)	461,672	288,552	750,224
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	6(18)										
Legal surplus reserve		-	-	24,200	-	(24,200)	-	-	-	-	-
Special surplus reserve		-	-	-	(6,321)	6,321	-	-	-	-	-
Cash dividends		-	-	-	-	(223,479)	-	-	(223,479)	-	(223,479)
Appropriation and distribution of earnings for the six months ended June 30, 2024	6(18)										
Legal surplus reserve		-	-	25,544	-	(25,544)	-	-	-	-	-
Cash dividends		-	-	-	-	(195,544)	-	-	(195,544)	-	(195,544)
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

Attachment 5

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.