

Hwa Fong Rubber Ind. Co., Ltd.

2026 Annual Shareholders' Meeting Minutes

Time : May 27, 2026, (Wednesday), at 10:00 a.m.

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

Method : Physical shareholders' meeting.

Number of shares present: Total shares represented by shareholders and proxy present 180,462,528 shares (Including those attending by proxy and those exercising voting rights electronically, the number of shares voted electronically was 25,711,957 shares.), which is 64.60% 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,
Yan Ruei-Sian, Huang Chu-Chia, Liao Shu-Chung

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. 2025 Business Report of the Company.

(Please refer to Attachment 1)

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

According to the Company's corporate governance evaluation results over the past five years, the Company has consistently ranked in the lowest tier (81%–100%). Considering that corporate governance is the cornerstone of sustainable corporate development, a sound governance structure not only enhances investor confidence but also strengthens corporate competitiveness and operational resilience, we therefore recommend that the Company evaluate the allocation of relevant resources to improve the quality of its corporate

governance.

In addition, with reference to relevant regulations, we suggest enhancing the decision-making level for the Sustainability Report by submitting the prepared Sustainability Report to the Board of Directors for thorough discussion and approval, thereby fulfilling the directors' supervisory responsibilities and ensuring the quality of decision-making related to the Sustainability Report, with the aim of jointly creating shareholder value.

- Chairman's response:

Thank you for the question. At the shareholders' meeting when I first assumed the position of Chairman, you also attended and raised concerns regarding the Company's poor corporate governance and the lack of dividend distributions over the previous ten years, which had resulted in unsatisfactory performance. At that time, I expressed my apologies and stated that the Company would work diligently to improve.

Over the past eight years, the Company has resumed dividend distributions, with an average payout of approximately NT\$1.2 per share, while also dedicating efforts to strengthening corporate governance, expanding markets, and developing new products. Regarding the promotion of ESG policies, the Company has complied with the regulations established by the government. For example, in relation to the Sustainability Report, the Company established a sustainability task force and appointed responsible management personnel beginning in 2024, carried out carbon footprint audits in 2025, and has continued this year to implement measures in accordance with corporate governance and ESG-related regulations. Although certain items have not yet been fully achieved, the Company is making every effort to improve and fulfill the relevant objectives.

Recently, the Company received correspondence from the Securities and Futures Investors Protection Center requesting improvements in these areas. This year, the Company will progressively improve various indicators, including convening the annual shareholders' meeting earlier by the end of May, filing and uploading Chinese and English shareholders' meeting documents in advance, and updating the Company website by replacing and revising relevant public information. We hope that these efforts will result in substantial improvements this year and that, through the collective efforts of the entire Company, the established goals can be achieved.

2. 2025 Annual Final Accounting Books and Statements Audited by Audit Committee.
(Please refer to Attachment 2)
3. 2025 Directors' and Employees' Remuneration Distribution Report Proposal.
(Please refer to Agenda)
4. 2025 Cash Dividend Distribution Report Proposal.
(Please refer to Agenda)

IV. Acknowledged Matters

1

Proposed by board of directors

Proposal : 2025 Business Report and Financial Statements Proposal, for your approval

Explanation : 1.The 2025 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.6-8 (Attachment 1), P.10-33 (Attachment 3) and P.34 (Attachment 4) of the agenda.

3.For your approval.

Resolution : Shares represented at the time of voting : 176,022,898 shares
(excluding shares with no voting right : 4,439,630 shares)

Voting Results	% of the total represented share present
Votes in favor : 174,776,084 shares (Including electronic votes 24,490,930 shares)	99.29%
Votes against : 24,365 shares (Including electronic votes 24,365 shares)	0.01%
Votes invalid : 0 shares	0.00%
Votes abstained : 1,222,449 shares (Including electronic votes 1,196,662 shares)	0.69%

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

V. Extemporary Motions : None.

VI. Adjournment : Meeting ended at 10:30 am, May 27, 2026.

(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 2025, it was a year of profound restructuring for the global tire industry. First, the United States' implementation of a "reciprocal tariff" policy came along with the rise of trade protectionism worldwide. This subjected rubber products, as key components of basic industrial supply chains, to increasingly stringent tariff barriers, thereby affecting the stability of global supply chains. At the same time, the industry also faced the dual tax burden arising from the EU's Carbon Border Adjustment Mechanism (CBAM) and the introduction of Taiwan's carbon fee. Operating costs thus increased, which put pressure on profit margins. To overcome the challenges of global political and economic uncertainty and the growing substance of net-zero emission policies, maintaining sound operations through precise capacity allocation and technological upgrading became the key to preserving business resilience amid volatility.

2025 Operating Results

In 2025, the Company's consolidated net operating revenue amounted to NT\$4,455,631 thousand, which indicates a decrease of NT\$485,244 thousand from NT\$4,940,875 thousand in 2024. Consolidated net profit after tax was NT\$413,865 thousand, indicating an approximately 32.83% decrease from NT\$616,177 thousand in the previous year.

For 2025, the Company's net operating revenue was NT\$1,755,018 thousand, a decrease of approximately 11.30% from the revenue of NT\$1,978,535 thousand in 2024. Operating costs declined by approximately 10.26% compared with the previous year, while net operating gross profit decreased by NT\$80,968 thousand, representing a decline of approximately 14.30%. Under stringent cost control measures, operating expenses for 2025 decreased by 1% year on year. Operating profit amounted to NT\$219,906 thousand, a decrease of NT\$77,409 thousand from the previous year, representing a decline of approximately 26.04%. As for non-operating income and expenses, the decrease was mainly attributable to a reduction of NT\$40,770 thousand in other gains and a reduction of NT\$38,244 thousand in investment income recognized under the equity method, resulting in an approximately 29.74% year-on-year decline in non-operating income. For the full year, net profit after tax was NT\$324,877 thousand.

2025 Production and Sales Situation & Operation Statement of the Company are as follows:

(1) Production and Sales Situation:

Unit: thousand

Item \ Year	2025 Production volume	2025 Sales volume	2024 Sales volume	Sales volume Increase (decrease)	%
Bicycle tire	449	513	640	-127	-19.84%
Agricultural/industrial tire	1,061	1,079	1,160	-81	-6.98%
Motorcycle tire	2,226	2,197	2,387	-190	-7.96%
Truck/auto tire	22	21	8	13	162.50%
Radial tire	4	7	21	-14	-66.67%
Other rubber products	0	130	163	-33	-20.25%

(2) Operation Statement:

Unit: NT\$ 1,000

Item \ Year	2025 Amount	2024 Amount	Increased (decreased) amount	%
Operating revenue	1,755,018	1,978,535	(223,517)	-11.30%
Operating costs	1,269,725	1,414,836	(145,111)	-10.26%
Operating margin - net income	485,092	566,060	(80,968)	-14.30%
Operating expenses	265,186	268,745	(3,559)	-1.32%
Operating net profit	219,906	297,315	(77,409)	-26.04%
Non-operating income and expenses	187,782	267,260	(79,478)	-29.74%
Net income (loss) before tax	407,688	564,575	(156,887)	-27.79%
Net income (loss)	324,877	449,980	(125,103)	-27.80%

Looking ahead of 2026, the tire industry is confronting an increasingly complex circumstance shaped by the interplay of “regulation-driven growth” and “geopolitical fragmentation.” Industrial transformation is not longer merely a matter of technological competition; it has become a question of survival, closely connected to the political and economic agendas of individual countries. Following the United States’ implementation of reciprocal tariffs on trading partners worldwide, tire manufacturers have been compelled rather to rely less on production capacity in Southeast Asia or to accelerate localized manufacturing in North America in order to mitigate the impact of elevated tariffs. At the same time, governments around the world are incorporating net-zero emissions targets into trade rules and market entry requirements, making environmental technologies a non-negotiable threshold. In the face of uneven economic conditions and imbalances in material supply, profitability has come under severe pressure. Meanwhile, persistent geopolitical flashpoints have heightened global economic and political uncertainty and instability. Rising costs, elevated debt levels, and intensifying protectionism have further tested companies’ ability to manage geopolitical risk and

maintain stable supply chains.

In the Middle East and European markets, the global tire market in 2025 showed a polarized trend characterized by “steady expansion in the Middle East” and “structural transformation in Europe.” The Middle East benefited from infrastructure development and replacement demand driven by high-temperature climates, while in Europe growth was supported by all-season tires and tires designed specifically for electric vehicles (EVs) amid continuing economic uncertainty. In addition, demand for Go Kart tires in the Middle East and Europe, was expected to grow steadily in 2025. This was mainly driven by the growing popularity of karting events, the expansion of recreational karting venues, and the wider adoption of electric karts. In response to these market trends, greater flexibility is required in order to enhance the overall price-performance value of products and services, strengthen channel development and sales of high-margin products, and advance the development and promotion of products related to electric vehicles.

In the United States market, revisions to the reciprocal tariff regime created considerable disruption across countries in 2025. In an effort to reduce the risk of products being subject to higher tariffs, substantial shipments were made to the United States at the beginning of the year. However, the policy also dampened market sentiment, and tire manufacturers redirected products to other countries, which in turn affected the global economic climate and weakened purchasing appetite. Market reactions directly affected demand from assemblers, and demand for ATV/UTV products remained sluggish through the third quarter. Nevertheless, the Company has actively pursued new customers in order to strengthen its overall competitiveness.

Despite continued international volatility and persistently rising costs, the Company remains committed to deepening cooperation with leading global customers and continuing to invest actively in equipment and talent. By accelerating the regional deployment of production capacity and advancing low-carbon transformation, the Company will continue to develop high value-added tire and invest in the research and development of low-carbon and sustainable materials, with a view to maintaining its international competitiveness. The Company will strive to further entrench its brand value amid a rapidly changing political and economic environment and remain dedicated to delivering stable and outstanding operating performance for the benefit of all shareholders.

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 2025, 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
2026 Annual Shareholders' Meeting of Hwa Fong Rubber Ind. Co., Ltd.

Convener of Audit Committee: Huang, Chu-Chia

March 11, 2026

INDEPENDENT AUDITORS' REPORT

(2026) No. Financial Auditing-25004325

The Board of Directors and Shareholders :

Hwa Fong Rubber Industrial Co., Ltd.

We have audited the accompanying individual balance sheets of Hwa Fong Rubber Industrial Co., Ltd. as of December 31, 2025 and 2024, and the related parent company only statements of income, changes in equity, and cash flows for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025 and 2024, in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

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 2025.

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, 2025 are as follows :

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 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, 2025, the inventory and allowance for impairment loss were NT\$250,379 thousand and NT\$9,081 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.

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\$1,075,163 thousand and NT\$1,087,829 thousand as of December 31, 2025 and 2024, respectively, accounting for 14.59% and 16.23% of total parent company only assets. The comprehensive income of the aforementioned companies for the years ended December 31, 2025 and 2024 were NT\$(12,665) thousand and NT\$82,467 thousand, respectively, accounting for (3.89)% and 17.86% 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 2025 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 13, 2026

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Balance Sheets
January 1 - December 31, 2025 and 2024

Unit: NT\$1,000

ASSETS			December 31, 2025		December 31, 2024			
			Note	Amount	%	Amount	%	
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	1,206,164	17	\$	690,556	10
1150	Notes receivable, net	6(4)		13,997	-		19,021	-
1170	Accounts receivable, net	6(4)		112,796	2		175,601	3
1180	Accounts receivable - related parties, net	7(2)		80,713	1		67,614	1
1200	Other receivables			3,072	-		8,704	-
1210	Other receivables - related parties	7(2)		52,727	1		54,327	1
1220	Current tax assets			7,855	-		-	-
130X	Inventory	6(5)		241,298	3		319,411	5
1470	Other current assets	7(2)		22,452	-		24,007	-
11XX	Total current assets			1,741,074	24		1,359,241	20
Non-current assets								
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(2)		103,569	1		124,695	2
1535	Financial assets measured at amortized cost - non-current	6(3) & 8		8,850	-		8,850	-
1550	Investments accounted for using equity method	6(6)		4,221,457	57		3,860,772	58
1600	Property, plant and equipment	6(7) & 8		1,229,544	17		1,285,057	19
1755	Right-of-use assets	6(8)		2,614	-		3,447	-
1780	Intangible assets			689	-		895	-
1840	Deferred income tax assets	6(23)		56,695	1		58,660	1
1900	Other non-current assets	8		3,580	-		2,087	-
15XX	Total non-current assets			5,626,998	76		5,344,463	80
1XXX	Total assets		\$	7,368,072	100	\$	6,703,704	100

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Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Balance Sheets
January 1 - December 31, 2025 and 2024

Unit: NT\$1,000

LIABILITIES AND EQUITY			December 31, 2025		December 31, 2024			
			Note	Amount	%	Amount	%	
CURRENT LIABILITIES								
2100	Short-term borrowings	6(9) &9	\$	1,300,000	18	\$	360,000	5
2130	Contract liabilities - current	6(17)		19,791	-		28,744	-
2170	Accounts Payable			57,592	1		135,192	2
2180	Accounts payable - related parties	7(2)		1,260	-		1,389	-
2200	Other payables	6(10)		96,557	1		110,333	2
2220	Other payables - related parties	7(2)		-	-		146	-
2230	Current income tax liabilities			4,002	-		45,587	1
2280	Lease liabilities - current	6(8)		1,458	-		1,405	-
2320	Long-term liabilities due within one year or one business cycle	6(11), 8 &9		50,000	1		125,000	2
2399	Other current liabilities - other	6(17), 7(2) &8		24,001	-		25,666	-
21XX	Total current liabilities			1,554,661	21		833,462	12
NON-CURRENT LIABILITIES								
2540	Long-term borrowings	6(11), 8 &9		923,339	13		1,021,606	15
2570	Deferred income tax liabilities	6(23)		318,577	4		289,223	4
2580	Lease liabilities - non-current	6(8)		1,201	-		2,076	-
2640	Net defined benefit liabilities - non-current	6(12)		370	-		8,032	-
2650	Loans from investments accounted for using equity method	6(6)		1,046,737	14		1,034,612	16
2670	Other non-current liabilities - other			21,959	-		22,513	1
25XX	Total non-current liabilities			2,312,183	31		2,378,062	36
2XXX	Total liabilities			3,866,844	52		3,211,524	48
Equity								
Share Capital								
3110	Common stock capital	6(13)		2,793,492	38		2,793,492	42
Capital Surplus								
3200	Capital Surplus	6(14)		83,501	1		37,174	-
Retained earnings								
3310	Legal surplus reserve	6(15)		168,183	2		134,509	2
3320	Special surplus reserve			95,780	1		-	-
3350	Undistributed earnings (deficit to be covered)			318,245	5		484,888	7
Other equity								
3400	Other equity	6(16)		42,027	1		42,117	1
3XXX	Total equity			3,501,228	48		3,492,180	52
Significant Contingent Liabilities and Unrecognized Contractual Commitments								
Significant subsequent events								
3X2X	Total liabilities and equity	11	\$	7,368,072	100	\$	6,703,704	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, JIAW-CHYI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Statements of Comprehensive Income
January 1 - December 31, 2025 and 2024

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

				2025		2024	
Item		Item		Amount	%	Amount	%
4000	Operating Income	6(17) &7(2)		\$ 1,755,018	100	\$ 1,978,535	100
5000	Operating Costs	6(5) (22) &7(2)		(1,269,725)	(73)	(1,414,836)	(71)
5900	Gross profit			485,293	27	563,699	29
5920	Realized gain (loss) on sales			(201)	-	2,361	-
5950	Operating profit			485,092	27	566,060	29
	Operating expenses	6(22) &7(2)					
6100	Marketing expenses			(122,838)	(7)	(132,969)	(7)
6200	Management Fees			(122,464)	(7)	(114,364)	(6)
6300	Research and development expenses			(19,871)	(1)	(21,264)	(1)
6450	Expected credit impairment loss	12(2)		(13)	-	(148)	-
6000	Total operating expenses			(265,186)	(15)	(268,745)	(14)
6900	Operating profit			219,906	12	297,315	15
	Non-operating income and expenses						
7100	Interest income	6(18)		17,948	1	20,078	1
7010	Other income	6(19) &7(2)		61,110	4	58,995	3
7020	Other gains and losses	6(20)		1,888	-	42,658	2
7050	Finance costs	6(21)		(33,527)	(2)	(33,078)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)					
				140,363	8	178,607	9
7000	Total non-operating income and expenses			187,782	11	267,260	14
7900	Net profit before tax			407,688	23	564,575	29
7950	Income tax expense	6(23)		(82,811)	(4)	(114,595)	(6)
8200	Net profit for the period			\$ 324,877	19	\$ 449,980	23

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Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Statements of Comprehensive Income
January 1 - December 31, 2025 and 2024

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

Item		Note	2025		2024					
			Amount	%	Amount	%				
Other comprehensive income (net)										
Items not reclassified to profit or loss										
8311	Remeasurement of defined benefit obligation	6(12)	\$	1,359	-	\$	2,104	-		
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(2)	(	21,126)	(	1)	(	143,098)	(	7)
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		(	7,240)	(	1)		4,776		-
8349	Income tax relating to items that are not reclassified	6(23)	(	272)		-	(	421)		-
8310	Total amount of items not reclassified to profit or loss		(	27,279)	(	2)	(	136,639)	(	7)
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			35,345		2		185,414		9
8399	Income tax relating to items that may be reclassified	6(23)	(	7,069)		-	(	37,083)	(	2)
8360	Total amount of items that may be reclassified subsequently to profit or loss			28,276		2		148,331		7
8300	Other comprehensive income (net)		\$	997		-	\$	11,692		-
8500	Total comprehensive profit or loss for the current period		\$	325,874		19	\$	461,672		23
	Basic EPS	6(24)								
9750	Basic EPS		\$			1.16	\$			1.61
	Diluted EPS	6(24)								
9850	Diluted EPS		\$			1.16	\$			1.61

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, JIAW-CHYI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd
Parent Company Only Statements of Changes in Equity
January 1 - December 31, 2025 and 2024

Unit: NT\$1,000

	Note	Share capital - Common Stock	Retained			earnings		equities	
			Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total
							Exchange differences arising on translation of foreign operations		Equity
2024									
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 period		-	-	-	-	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	6(15)	-	-	-	-	(223,479)	-	-	(223,479)
Appropriation and distribution of earnings for the six months ended June 30, 2024		-	-	-	-	-	-	-	-
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
2025									
Balance on 1 January 2025		\$ 2,793,492	\$ 37,174	\$ 134,509	\$ -	\$ 484,888	\$ 199,557	\$ 157,440	\$ 3,492,180
Net profit for the period		-	-	-	-	324,877	-	-	324,877
Other comprehensive income for the period	6(16)	-	-	-	-	1,087	28,276	(28,366)	997
Total comprehensive income for the period		-	-	-	-	325,964	28,276	(28,366)	325,874
Differences between the price of subsidiary's equity and carrying amount	6(14)	-	-	-	-	-	-	-	-
Appropriation and distribution of earnings for the six months ended December 31, 2024	6(15)	-	46,327	-	-	-	-	-	46,327
Legal reserve		-	-	19,391	-	(19,391)	-	-	-
Cash dividends		-	-	-	-	(223,479)	-	-	(223,479)
Appropriation and distribution of earnings for the six months ended June 30, 2025	6(15)	-	-	-	-	-	-	-	-
Legal reserve		-	-	14,283	-	(14,283)	-	-	-
Special reserve		-	-	-	95,780	(95,780)	-	-	-
Cash dividends		-	-	-	-	(139,674)	-	-	(139,674)
Balance on December 31, 2025		\$ 2,793,492	\$ 83,501	\$ 168,183	\$ 95,780	\$ 318,245	\$ 227,833	\$ 185,806	\$ 3,501,228

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, JIAW-CHYI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 - December 31, 2025 and 2024

Unit: NT\$1,000

	Note	January 1 - December 31, 2025	January 1 - December 31, 2024
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 407,688	\$ 564,575
Adjusted Items			
Profit and loss items			
Depreciation expense	6(7)(8)(22)	69,242	79,086
Amortization expense		206	207
Expected credit impairment loss	12(2)	13	148
Gain on disposal of property, plant and equipment	6(20)	(878)	(870)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(140,363)	(178,607)
Interest expense	6(21)	33,527	33,078
Interest income	6(18)	(17,948)	(20,078)
Realized loss (gain) on sales		201	(2,361)
Changes in assets/liabilities related to operating activities			
Changes in assets/liabilities related to operating activities			
Notes receivable, net		5,024	4,937
Accounts receivable (including related parties)		49,693	56,574
Inventories		78,113	(4,768)
Other receivables (including related parties)		7,381	(14,892)
Other current assets		3,287	11,428
Net change in liabilities related to operating activities			
Contract liabilities - current		(8,953)	526
Accounts payable (including related parties)		(77,729)	12,378
Other payables		(15,068)	2,046
Net defined benefit liabilities		(6,304)	(6,448)
Other current liabilities		(1,665)	(5,957)
Cash inflows from operations		385,467	531,002
Dividends received		-	179,422
Interest received		17,799	20,134
Interest paid		(33,309)	(33,190)
Income tax paid		(108,271)	(112,918)
Net cash inflow from operating activities		261,686	584,450
<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
Disposal of financial assets measured at amortized cost - non-current		-	53,339
Acquisition of investments accounted for using equity method	6(6)	(133,764)	-
Consideration of acquisition of property, plant and equipment	6(25)	(13,149)	(15,859)
Proceeds from disposal of property, plant and equipment		347	5,280
Decrease (increase) in refundable deposits		61	(1,137)
Net cash inflow (outflow) from investing activities		(146,505)	41,623
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(26)	1,900,000	850,000
Repayment of short-term borrowings	6(26)	(960,000)	(851,354)
Increase in long-term borrowings	6(26)	-	500,000
Repayment of long-term borrowings	6(26)	(175,000)	(629,390)
Repayment of lease principal	6(26)	(1,420)	(931)
Decrease in guaranteed deposits received	6(26)	-	(30)
Cash dividends paid	6(15)(26)	(363,153)	(419,023)
Net cash inflow (outflow) from financing activities		400,427	(550,728)
Increase in cash and cash equivalents for the period		515,608	75,345
Balance of cash and cash equivalents at the beginning of the period		690,556	615,211
Balance of cash at the end of the period		\$ 1,206,164	\$ 690,556

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, JIAW-CHYI

Accounting Manager : CHEN, CHANG-YUAN

INDEPENDENT AUDITORS' REPORT

(2026) No. Financial Auditing-25004324

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

We have audited the accompanying consolidated balance sheets of Hwa Fong Rubber Industrial Co., Ltd. and subsidiaries (the "Hwa Fong Group") as of December 31, 2025 and 2024, and the related consolidated statements of income, changes in equity, and cash flows for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, and the consolidated financial performance and consolidated cash flows for the years from January 1 to December 31, 2025 and 2024.

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 2025. 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 2025 are as follows:

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. As of December 31, 2025, the total inventories and allowances for inventory valuation losses amounted to NT\$ 959,580 thousand and NT\$71,089 thousand, respectively.

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.

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, 2025 and 2024, the companies' total assets (including investments accounted for using equity method) amounted to NT\$898,938 thousand and NT\$906,590 thousand, respectively, accounting for 10.51% and 10.97% of the consolidated total assets, and operating revenues from January 1 to December 31, 2025 and 2024 amounted to NT\$499,976 thousand and NT\$634,266 thousand, respectively, accounting for 11.22% and 12.84% of the consolidated net operating revenues.

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, 2025 and 2024 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 2025. 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 13, 2026

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: NT\$1,000

ASSETS		Note	December 31, 2025		December 31, 2024			
			Amount	%	Amount	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	3,260,343	38	\$	2,665,645	32
1110	Financial assets at fair value through profit or loss - current	6(2)		99,367	1		123,360	2
1136	Financial assets at fair value through P/L - current amortized cost	6(4)		29,457	-		29,268	-
1150	Notes receivable, net	6(5)		25,405	-		34,141	-
1170	Accounts receivable, net	6(5)		615,470	7		760,298	9
1180	Accounts receivable - related parties, net	7(2)		5,568	-		5,933	-
1200	Other receivables			12,159	-		46,008	1
1220	Current tax assets			13,883	-		477	-
130X	Inventory	6(6)		888,491	11		1,066,832	13
1470	Other current assets			38,743	1		39,453	1
11XX	Total current assets			4,988,886	58		4,771,415	58
Non-current assets								
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(3)		103,569	1		124,695	2
1535	Financial assets measured at amortized cost - non-current	6(4) & 8		11,988	-		12,124	-
1550	Investments accounted for using equity method	6(7)		286,616	3		289,543	3
1600	Property, plant and equipment	6(8), 8 & 9		2,784,318	33		2,827,352	34
1755	Right-of-use assets	6(9)		2,614	-		3,447	-
1760	Net investment property	6(10)		123,302	2		129,968	2
1780	Intangible assets			1,164	-		1,475	-
1840	Deferred income tax assets	6(26)		120,465	1		98,446	1
1900	Other non-current assets	7(2) & 8		131,598	2		6,554	-
15XX	Total non-current assets			3,565,634	42		3,493,604	42
1XXX	Total assets		\$	8,554,520	100	\$	8,265,019	100

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: NT\$1,000

LIABILITIES AND EQUITY			December 31, 2025		December 31, 2024	
			Note	Amount	%	Amount
CURRENT LIABILITIES						
2100	Short-term borrowings	6(11) &9	\$ 1,301,000	15	\$ 590,412	7
2130	Contract liabilities - current	6(20)	63,856	1	88,282	1
2170	Accounts Payable		260,669	3	414,967	5
2180	Accounts Payable – related parties	7(2)	17,786	-	5,633	-
2200	Other payables	6(12)	190,372	2	247,771	3
2220	Other payables - related parties	7(2)	307	-	978	-
2230	Current income tax liabilities		13,858	-	30,335	-
2250	Short-term borrowings	6(13)	82,492	1	92,332	1
2280	Lease liabilities - current	6(9)	1,458	-	1,566	-
2320	Long-term liabilities due within one year or one business cycle	6(14), 8 &9	50,000	1	125,000	2
2399	Other current liabilities - other	6(20)	36,586	1	34,979	1
21XX	Total current liabilities		2,018,384	24	1,632,255	20
Non-current liabilities						
2540	Long-term borrowings	6(14), 8 &9	923,339	11	1,021,606	12
2570	Deferred income tax liabilities	6(26)	323,582	4	292,658	3
2580	Lease liabilities - non-current	6(9)	1,201	-	2,076	-
2600	Other non-current liabilities	6(15)	59,967	-	64,594	1
25XX	Total non-current liabilities		1,308,089	15	1,380,934	16
2XXX	Total liabilities		3,326,473	39	3,013,189	36
Equity						
Equity attributable to owners of the parent company						
	Share capital	6(16)				
3110	Common share capital		2,793,492	32	2,793,492	34
	Capital Surplus	6(17)				
3200	Capital Surplus		83,501	1	37,174	-
	Retained earnings	6(18)				
3310	Legal surplus reserve		168,183	2	134,509	2
3320	Special surplus reserve		95,780	1	-	-
3350	Undistributed earnings		318,245	4	484,888	6
	Other equity	6(19)				
3400	Other equity		42,027	1	42,117	-
31XX	Total equity attributable to owners of the parent company		3,501,228	41	3,492,180	42
36XX	Non-controlling interests	4(3) & 6(28)	1,726,819	20	1,759,650	22
3XXX	Total equity		5,228,047	61	5,251,830	64
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		\$ 8,554,520	100	\$ 8,265,019	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, JIAW-CHYI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 - December 31, 2025 and 2024

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

	Item	Note	2025		2024	
			Amount	%	Amount	%
4000	Operating Income	6(20) &7(2)	\$ 4,455,631	100	\$ 4,940,875	100
5000	Operating Costs	6(6)(25) &7(2)	(3,480,779)	(78)	(3,779,064)	(76)
5900	Gross profit		<u>974,852</u>	<u>22</u>	<u>1,161,811</u>	<u>24</u>
	Operating expenses	6(25) &7(2)				
6100	Marketing expenses		(224,391)	(5)	(236,819)	(5)
6200	Management Fees		(246,589)	(6)	(218,740)	(4)
6300	Research and development expenses		(19,871)	-	(21,840)	(1)
6450	Expected credit impairment gains (losses)	12(2)	<u>1,772</u>	<u>-</u>	<u>(2,453)</u>	<u>-</u>
6000	Total operating expenses		<u>(489,079)</u>	<u>(11)</u>	<u>(479,852)</u>	<u>(10)</u>
6900	Operating profit		<u>485,773</u>	<u>11</u>	<u>681,959</u>	<u>14</u>
	Non-operating income and expenses					
7100	Interest income	6(21)	55,286	1	72,125	2
7010	Other income	6(22)	38,899	1	20,650	-
7020	Other gains and losses	6(23)	(47,833)	(1)	5,432	-
7050	Finance costs	6(24)	(36,984)	(1)	(36,093)	(1)
7060	Share of profits and losses of affiliated companies and joint ventures recognized using the equity method	6(7)	<u>3,722</u>	<u>-</u>	<u>2,478</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>13,090</u>	<u>-</u>	<u>64,592</u>	<u>1</u>
7900	Net profit before tax		<u>498,863</u>	<u>11</u>	<u>746,551</u>	<u>15</u>
7950	Income tax expense	6(26)	(84,998)	(2)	(130,374)	(3)
8200	Net profit for the period		<u>\$ 413,865</u>	<u>9</u>	<u>\$ 616,177</u>	<u>12</u>

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Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 - December 31, 2025 and 2024

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

Item	Note	2025		2024	
		Amount	%	Amount	%
Other comprehensive income (net)					
Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(15)	\$ 1,359	-	(\$ 3,638)
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)(19)	(21,126)	-	(143,098)
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)	(7,602)	-	7,477
8349	Income tax relating to items that are not reclassified	6(26)	(272)	-	727
8310	Total items not reclassified to profit or loss		(27,641)	-	(138,532)
Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operating entities		94,191	2	309,343
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)	(212)	-	319
8399	Income tax relating to items that may be reclassified	6(26)	(7,069)	-	(37,083)
8360	Total amount of items that may be reclassified subsequently to profit or loss		86,910	2	272,579
8300	Other comprehensive income (net)		<u>\$ 59,269</u>	<u>2</u>	<u>\$ 134,047</u>
8500	Total comprehensive profit or loss for the current period		<u>\$ 473,134</u>	<u>11</u>	<u>\$ 750,224</u>
Net profit attributable to :					
8610	Owners of the parent company		\$ 324,877	7	\$ 449,980
8620	Non-controlling equity		88,988	2	166,197
			<u>\$ 413,865</u>	<u>9</u>	<u>\$ 616,177</u>
Total consolidated profit or loss attributable to :					
8710	Owners of the parent company		\$ 325,874	8	\$ 461,672
8720	Non-controlling equity		147,260	3	288,552
			<u>\$ 473,134</u>	<u>11</u>	<u>\$ 750,224</u>
Basic EPS					
9750	Basic EPS	6(27)	\$ 1.16	\$	1.61
Diluted EPS					
9850	Diluted EPS	6(27)	\$ 1.16	\$	1.61

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, JIAW-CHYI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 - December 31, 2025 and 2024

Unit: NT\$1,000

Equity attributable to owners of the parent company											
	Note	Retained earnings			Other Equity						
		Share capital - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling interests	Total equity
2024											
Balance as of January 1, 2024		\$ 2,793,492	\$ 37,174	\$ 84,765	\$ 6,321	\$ 497,987	\$ 51,226	\$ 21,434	\$ 3,449,531	\$ 1,581,408	\$ 5,030,939
Net income for fiscal 2024		-	-	-	-	449,980	-	-	449,980	166,197	616,177
Other comprehensive income for the period		-	-	-	-	633	148,331	136,006	11,692	122,355	134,047
Total comprehensive income for the period		-	-	-	-	449,347	148,331	136,006	461,672	288,552	750,224
Increase in non-controlling interests	6(17)	-	-	-	-	-	-	-	-	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 reserve		-	-	24,200	-	(24,200)	-	-	-	-	-
Special 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 reserve		-	-	25,544	-	(25,544)	-	-	(195,544)	-	(195,544)
Cash dividends		-	-	-	-	(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
2025											
Balance as of January 1, 2025		\$ 2,793,492	\$ 37,174	\$ 134,509	\$ -	\$ 484,888	\$ 199,557	\$ 157,440	\$ 3,492,180	\$ 1,759,650	\$ 5,251,830
Net income for fiscal 2025		-	-	-	-	324,877	-	-	324,877	88,988	413,865
Other comprehensive income for the period		-	-	-	-	1,087	28,276	28,366	997	59,269	59,269
Total comprehensive income for the period		-	-	-	-	325,964	28,276	28,366	325,874	147,260	473,134
Differences between the price of subsidiary's equity and carrying amount	6(28)	-	46,327	-	-	-	-	-	46,327	(180,091)	(133,764)
Appropriation and distribution of earnings for the six months ended December 31, 2024	6(18)	-	-	19,391	-	(19,391)	-	-	-	-	-
Legal reserve		-	-	-	-	(223,479)	-	-	(223,479)	-	(223,479)
Cash dividends		-	-	-	-	-	-	-	-	-	-
Appropriation and distribution of earnings for the six months ended June 30, 2025	6(18)	-	-	14,283	-	(14,283)	-	-	-	-	-
Legal surplus reserve		-	-	-	95,780	(95,780)	-	-	-	-	-
Special reserve		-	-	-	-	(139,674)	-	-	(139,674)	-	(139,674)
Cash dividends		-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2025		\$ 2,793,492	\$ 83,501	\$ 168,183	\$ 95,780	\$ 318,245	\$ 227,833	\$ 185,806	\$ 3,501,228	\$ 1,726,819	\$ 5,228,047

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, JIAW-CHYI

Accounting Manager : CHEN, CHANG-YUAN

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Cash Flow Statement
January 1 - December 31, 2025 and 2024

Unit: NT\$1,000

	Note	January 1 - December 31, 2025	January 1 - December 31, 2024
<u>Cash flows from operating activities</u>			
Net income before tax for the period		\$ 498,863	\$ 746,551
Adjusted items			
Income and expense items			
Depreciation expense	6(8)(9)(25)	171,128	168,255
Amortization expense	6(25)	330	381
Expected credit impairment loss (reversal gain)	12(2)	(1,772)	2,453
Share of interests in affiliated companies and joint ventures recognized using the equity method	6(7)	(3,722)	(2,478)
Net gain or loss on financial assets and liabilities measured at fair value through profit or loss	6(2)(23)	15,773	(3,956)
Gain on disposal of property, plant and equipment, and right-of-use assets	6(23)	(924)	(127)
Interest income	6(21)	(55,286)	(72,125)
Dividend income	6(22)	(1,302)	(1,640)
Interest expense	6(24)	36,984	36,093
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes Receivable		8,664	(199)
Accounts receivable (including related parties)		161,999	(141,793)
Other receivables		12,580	(15,858)
Inventory		195,794	(4,984)
Other current assets		11,821	(7,065)
Other non-current assets		37	(2,620)
Net change in liabilities related to operating activities			
Contract liabilities		(25,557)	12,102
Notes Payable (including related parties)		(146,919)	52,046
Other payables (including related parties)		(11,614)	(86,999)
Provision for liabilities		(9,844)	(5,582)
Other current liabilities		1,526	(5,670)
Net defined benefit liabilities		-	(6,447)
Other non-current liabilities		(3,771)	(1,884)
Cash inflows from operations		854,788	658,454
Interest received		55,701	72,472
Dividends received		1,302	1,640
Interest paid		(36,300)	(35,517)
Income tax paid		(119,970)	(194,797)
Net cash inflow from operating activities		755,521	502,252

(Continued Next Page)

Hwa Fong Rubber Industrial Co., Ltd and Subsidiaries
Consolidated Cash Flow Statement
January 1 - December 31, 2025 and 2024

Unit: NT\$1,000

	Note	January 1 - December 31, 2025	January 1 - December 31, 2024
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 8,247)	(\$ 28,154)
Disposal of financial assets at fair value through profit or loss		18,355	22,816
Acquisition of financial assets at amortized cost - current		-	(30,645)
Disposal of financial assets carried at amortized cost - current		989	91,165
Disposal of financial assets carried at amortized cost - non-current		-	56,544
Acquisition of property, plant and equipment	6(29)	(203,556)	(184,522)
Proceeds from disposal of property, plant and equipment	6(8)(9)	2,027	5,517
Decrease (increase) in refundable deposits		1,986	(2,560)
Acquisition of intangible assets		-	(188)
Net cash outflow from investing activities		(188,446)	(70,027)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(30)	2,050,761	1,182,432
Repayment of short-term borrowings	6(30)	(1,337,908)	(964,598)
Increase in long-term borrowings	6(30)	-	500,000
Repayment of long-term borrowings	6(30)	(175,000)	(629,390)
Repayment of lease principal	6(30)	(1,574)	(1,110)
Increase in guaranteed deposits received	6(30)	-	(30)
Cash dividends paid by subsidiaries to non-controlling interests	4(3) & 6(30)	(1,961)	(176,414)
Changes in non-controlling interests	4(3)&6(28)	(133,764)	66,104
Cash dividends paid	6(18)(30)	(363,153)	(419,023)
Net cash inflow (outflow) from financing activities		37,401	(442,029)
Effect of exchange rate changes		(9,778)	178,871
Increase in cash and cash equivalents for the period		594,698	169,067
Balance of cash and cash equivalents at the beginning of the period		2,665,645	2,496,578
Balance of cash and cash equivalents at the end of the period		<u>\$ 3,260,343</u>	<u>\$ 2,665,645</u>

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

Attachment 4

Hwa Fong Rubber Ind. Co., Ltd.

2025 Earnings Distribution Statement

Unit: NTD

	Amount	Remark
Beginning of period undistributed earnings	\$242,018,476	
Net profit after tax	324,876,688	
Changes in ownership interests in subsidiaries of the year 2025	0	
Actuarial interests of defined benefit plan of the year 2025	1,086,735	
Amount of unappropriated earnings	\$567,981,899	
Legal reserve 10%	(32,596,342)	
Special reserve reversal	0	
Capital reserve - common stock premium	0	
Distributable net profit	535,385,557	
Distributable items		
Distributed cash dividend (NT\$ 0.5 per share)	(139,674,567)	
Distributed cash dividend (NT\$ 0.5 per share)	(139,674,567)	
Shareholder dividend - stock	0	
Unappropriated retained earnings	\$256,036,423	

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