



Stock Code: 2105

CHENG SHIN RUBBER IND. CO., LTD.

2022 Annual General Meeting Handbook

Time and Date: 9:00 a.m., May 31 (Tuesday), 2022

Place: Conference room of the new office building of Cheng Shin Rubber Ind. Co., LTD. located at B2, No. 215, Meigang Rd., Huangcuo Village, Dacun Township, Changhua County

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Cheng Shin Rubber Industry Co., Ltd.
Procedures of 2022 Annual General Meeting

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Report Items
- IV. Ratification Items
- V. Discussion Items
- VI. Extraordinary Motions
- VII. Adjournment

Cheng Shin Rubber Industry Co., Ltd.

Agenda for 2022 Annual Shareholders' Meeting

Shareholders' meeting will be held by means of physical shareholders meeting.

Time: May 31, 2022 (Tuesday) at 9 AM

Location: Conference Room B2 of the Company's New Office Building
(No. 215, Meigang Rd., Huangcuo Village, Dacun Township,
Changhua County)

I. Calling the Meeting to Order

II. Chairman's Remarks

III. Report Items

- i. 2021 Business Report of the Company.
- ii. 2021 Audit Committee's Review Report of the Company.
- iii. Report on Distribution of Employees' Compensations and Directors' Remunerations in 2021.
- iv. Report on External Endorsements and Guarantees of the Company.
- v. Report on the Company's issuance of unsecured corporate bonds in 2021.

IV. Ratification Items

- i. Adoption of the Company's 2021 Business Report and Financial Statements.
- ii. Adoption of the 2021 Earnings Distribution Plan.

V. Discussions Items

- i. Discussion of the proposed amendments to the Company's "Articles of Incorporation".
- ii. Discussion of the proposed amendments of "The Company's Operational Procedures for Making Endorsements/Guarantees and Loaning Funds to Others".
- iii. Discuss the Amendment to the "Procedures for the Acquisition and Disposal of Assets".
- iv. Discuss the Amendment to the "Rules and Procedures of the Shareholders' Meeting".

VI. Extraordinary Motions

VII. Adjournment

Report Items

Report Items

Item No. 1 -

Proposal: 2021 Business Report of the Company.

Explanatory Notes: The 2021 Business Report of the Company (Refer to
Pages 4-7 of this Handbook for details).

Cheng Shin Rubber Industry Co., Ltd.

2021 Business Report

Impacts from Covid-19 continued to be severe in 2021, and the Covid variants spread rapidly throughout the world, leading to a new wave of challenges worldwide. On top of labor shortages, supply chain disruptions, and inflations in raw materials and sea freight prices that resulted from the pandemic, the world economy was also continuously affected by rising inflation. The automotive industry was particularly affected; the shortage in integrated circuit (IC) chips led to the gradual downsizing from auto assembly plants, while new car sales plummeted. The production constraints had caused the overall industry to decline. In the midst of such a challenging environment, Cheng Shin continues to adopt a customer-oriented approach and to achieve adequate capacity to satisfy customer needs. In addition, we strive to develop new business opportunities and to increase the added-value of our products in order to maintain both revenue and profit growth.

Founded on our core value for “Integrity & Innovation”, Cheng Shin upholds the corporate culture of “100% Quality, 100% Service, and 100% Reliance” and places great emphasis on safety first. We continue to develop our core business and to continuously improve, and we currently market to over 180 countries around the world, where our product quality and functionalities have received numerous international accolades. Cheng Shin is not only a designated tire supplier to various auto assembly companies and various racing events, but also a champion from surveys and evaluations from authoritative magazines and a beloved brand to the consumers. Cheng Shin has been nominated as a constituent stock in the FTSE4Good TIP Taiwan ESG Index for four consecutive years, which is a positive recognition of our performances in implementing corporate governance, social, and environmental protection. We are well aware of the importance of sustainable development, and we will continue to move forward and to build an environment for sustainable development.

We appreciate all shareholders, customers, and colleagues for your support and trust, and we hope to maintain long-term, sustainable partnership with everyone. Together, we can create even better performance and value!

Below is a summary on the operational status of the consolidated and individual companies for 2021:

(1) Implementation and Results of the Business Plan

1. Production and sales:

Unit: 1,000 tires; %

Core Products \ Years	Production in 2021	Sales in 2021	Sales in 2020	Percentage of increase/decrease
Radial cover - car	33,753	33,165	35,594	-6.82%
Radial cover - truck	3,865	3,849	4,415	-12.82%
Motorcycle cover	45,651	44,432	40,035	10.98%
Bicycle cover	95,092	94,796	86,773	9.25%
Inner tube	147,117	145,281	132,381	9.74%
Other tyres	23,447	23,166	19,991	15.88%

2. Operation Summary:

IFRS Consolidated:

Unit: NT\$ Thousand; %

Items \ Years	2011	2020	Percentage of increase (decrease)
Net Operation Income	101,536,961	96,209,056	5.54%
Operating costs	79,149,642	72,220,406	9.59%
Operating Expenses	14,733,508	15,391,925	-4.28%
Operating Profit	7,653,811	8,596,725	-10.97%
Net Profit After Tax	5,294,850	6,001,203	-11.77%

IFRS Individual:

Unit: NT\$ Thousand; %

Items \ Years	2011	2020	Percentage of increase (decrease)
Net Operation Income	20,707,983	18,926,294	9.41%
Operating costs	15,190,338	14,228,603	6.76%
Operating Expenses	3,378,430	3,605,410	-6.30%
Operating (loss) profit	2,171,864	953,296	127.83%
Net Profit After Tax	5,270,007	5,988,702	-12.00%

(2) Budget Execution Status

In 2021, the Company realized an actual operating revenue of NT\$101.5 million, fulfilling 88% of the objectives.

(3) Analysis of Financial Income and Expenditure and Profitability

Consolidated:

Unit: NT\$ Thousand; %

Items \ Years		2011	2020	Percentage of increase (decrease)	
Financial Income and Expenditure	Revenue		101,536,961	96,209,056	5.54%
	Gross operating profit		22,387,319	23,988,650	-6.68%
	Net Profit After Tax		5,294,850	6,001,203	-11.77%
Profitability (%)	Return on Assets (ROA) (%)		3.80	4.33	-12.24%
	Return on Equity (ROE) (%)		6.52	7.55	-13.64%
	Ratio on the Paid-in Capital (%)	Operating Profit	23.61	26.52	-10.97%
		Pre-tax Profit	22.08	25.16	-12.24%
	Net Profit Margin (%)		5.21	6.24	-16.51%
	Earnings Per Share (NT\$)		1.63	1.85	-11.89%

Individual:

Unit: NT\$ Thousand; %

Years					
Items		2011	2020	Percentage of increase (decrease)	
Financial Income and Expenditure	Revenue		20,707,983	18,926,294	9.41%
	Gross operating profit		5,517,645	4,697,691	17.45%
	Net Profit After Tax		5,270,007	5,988,702	-12.00%
Profitability (%)	Return on Assets (ROA) (%)		4.71	5.44	-13.42%
	Return on Equity (ROE) (%)		6.53	7.59	-13.97%
	Paid-in Capital(%)	Operating Profit	6.70	2.94	127.89%
		Net profit before tax	19.46	20.81	-6.49%
	Net Profit Margin (%)		25.45	31.64	-19.56%
	Earnings Per Share (NT\$)		1.63	1.85	-11.89%

(4) Research and Development

- Thailand & North America Spare Tire New Product Development
- Development of motorcycle tires - high performance product series
- MCR Sport Touring Product Development

- MTB Down Country Tire
- BC Cargo Tire
- Development of new ATV RT Product
- 4X4 Highway Terrain Product Development
- Grand Touring A/S Product Development
- LTR S/M Product Development
- NA FORD Ground-spare Product Development
- Development of New Truck Driver Axle Tire
- Development of New Low Floor Truck Steer Axle Tire
- Development of New LTS All Position Tire

Person in Charge:
Chen, Yun-Hwa



Managerial Officer:
Chen, Yun-Hwa



Accounting Supervisor:
Yu, Ching-Tang



Report Items

Item No. 2 -

Proposal: 2021 Audit Committee's Review Report of the Company.

Explanatory Notes: The Company's 2021 Financial Statements were approved by the Board of Directors and were checked and certified by Wu, Yu-Long and Chou, Chien-Hung from Pricewaterhouse Coopers Taiwan, together with the Business Report and Earnings Distribution Table, which were sent to the Audit Committee for review and a Review Report was submitted. (Please refer to Page 9 of the Handbook for details.)

Audit Committee's Review Report

Hereby

The Board of Directors prepared the Company's 2021 Business Report, Financial Statements (including consolidated and individual), and Earnings Distribution Proposal. Among them, the Financial Statements has been reviewed and certified by the CPAs Wu, Yu-Long and Chou, Chien-Hung, and the review report has been issued by the CPAs. The Business Report, Financial Statements, and the proposed profit distribution have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

2022 Shareholders' Meeting for Cheng Shin Rubber Industry Co. Ltd.

Chairman of the Audit Committee: Hsu, En-De

A handwritten signature in black ink, consisting of three Chinese characters: 許恩得 (Hsu, En-De).

March 24, 2022

Report Items

Item No. 3 -

Proposal: Report on Distribution of Employees' Compensations and Directors' Remunerations in 2021.

Explanatory Notes:

1. In accordance with the provisions of Article 34-1 of the Articles of Association of the Company and based on the comparison of the revenue and profitability of the year 2021 with that of the year of 2020, and considering the level of payment in the year of 2020, a distribution of remuneration for Directors and employees was made in 2021.
2. The profit for the year 2021 was NT\$6,535,227,093, 1.5% was allocated for Directors' remuneration (excluding Independent Directors' remuneration), totaling NT\$98,028,406; 2% was allocated for employees' compensations, totaling NT\$130,704,542, as aforementioned the remuneration was paid in cash.
3. There was no discrepancy between the estimate and the expense recognition for Directors' remunerations and employees' compensations in 2021.

Report Items

Item No. 4 -

Proposal: Report on External Endorsements and Gurarantees of the Company.

Explanatory Notes: Report on the balance of the Company's external endorsement guarantee as of December 31, 2021, totaling US\$ 680,000 thousand, Thai baht 1,000,000 thousand and Indian rupee 3,200,000 thousand, equivalent to NT\$20,847,820 thousand, (refer to Pages 12-13 of this Handbook for details). The aforementioned amounts are reported in accordance with the Company's endorsement and guarantee rules for the reference of the Shareholders' Meeting.

CHENG SHIN RUBBER IND. CO., LTD. Endorsement and Guarantee of Obligations to Third Parties

December 31, 2021

Obligor	Guaranteed Obligation	Type of Guarantee	Balance on Guarantee	Bank Name	Start Date	Due Date	Note
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term Loans	THB 1,000,000,000	Sumitomo Mitsui Banking Corporation	2016.12.13	2022.03.17	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 100,000,000	First Commercial Bank	2016.07.26	2023.08.01	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 22,500,000	Chang Hwa Commercial Bank	2017.01.05	2024.01.18	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 17,000,000	The Export-Import Bank of ROC	2017.07.10	2022.09.06	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 40,000,000	Mega Bank	2018.01.03	2025.01.23	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 30,000,000	First Commercial Bank	2018.01.23	2025.02.27	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 20,000,000	Cooperative Bank	2018.07.10	2025.11.28	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 20,000,000	Chang Hwa Commercial Bank	2018.07.10	2025.12.27	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 9,000,000	Chang Hwa Commercial Bank	2018.07.10	2026.09.26	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 30,000,000	Mega Bank	2020.02.03	2027.02.12	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 20,000,000	Bank of America	2021.03.27	2022.03.27	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 15,000,000	Taichung Commercial Bank	2021.06.29	2026.07.22	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 30,000,000	CTBC Bank	2021.07.29	2022.07.31	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 15,000,000	United Overseas Bank	2021.09.27	2022.09.27	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 30,000,000	Yuanta Bank	2021.10.12	2028.12.28	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 30,700,000	Standard Chartered Bank	2021.12.28	2022.10.31	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 21,000,000	CTBC Bank	2021.12.30	2022.03.31	

CHENG SHIN RUBBER IND. CO., LTD. Endorsement and Guarantee of Obligations to Third Parties

December 31, 2021

Obligor	Guaranteed Obligation	Type of Guarantee	Balance on Guarantee	Bank Name	Start Date	Due Date	Note
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 20,000,000	Mega Bank	2019.07.29	2024.08.16	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 20,000,000	Yuanta Bank	2019.10.04	2024.10.28	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 20,000,000	Taichung Commercial Bank	2019.10.25	2024.11.18	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 30,000,000	The Export-Import Bank of ROC	2019.11.20	2024.12.16	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 40,000,000	Mega Bank	2020.04.30	2027.05.29	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 50,000,000	Cooperative Bank	2020.04.30	2027.05.25	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 9,800,000	Shanghai Commercial and Savings Bank	2020.12.18	2026.01.27	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 1,050,000,000	Standard Chartered Bank	2020.06.20	2021.06.19	During the exhibition
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 550,000,000	HDFC	2021.03.15	2022.03.14	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	USD 30,000,000	Bank of America	2021.06.30	2022.06.30	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	USD 10,000,000	CTBC Bank	2021.07.29	2022.07.31	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 750,000,000	HSBC Bank	2021.09.03	2022.09.03	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 550,000,000	CTBC Bank	2021.10.11	2022.07.31	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 300,000,000	ICICI			Not yet used

Report Items

Item No. 5 -

Proposal: Report on the Company's issuance of unsecured corporate bonds in 2021.

Explanation:

- I. In order to repay debts or to increase working capital, the Board of Directors resolved on November 12, 2020 to issue unsecured corporate bonds not exceeding NT\$10 billion in total.
- II. The issuance terms and conditions of the bonds have been announced on the Market Observation Post System.
- III. The issuance of the bonds was reported to Taipei Exchange and took effect for Zheng Gui Zhai Letter No.11000075911 on July 27, 2021, and the funding was completed on August 5, 2021 with a total amount of NT\$8 billion. The trading has been approved based on Zheng Gui Zhai Letter No.11000078822 on August 2, 2021 and begun on August 5, 2021.

Ratification Items

Ratification Items

Item No. 1 -

Proposed by the Board of Directors

Proposal: Adoption of the Company's 2021 Business Report and Financial Statements.

Explanatory Notes:

1. The Company's 2021 Business Report and Financial Statements have been prepared by the Board of Directors and the resolution has been approved. The Financial Statements have been completed with the certification of Wu, Yu-Long and Chou, Chien-Hung from PricewaterhouseCoopers Taiwan, together with the Business Report and Earnings Distribution Table, which were sent to the Audit Committee for review, and a Review Report has been submitted. (Please refer to Pages 4-7, 9 and 17-41 of this Handbook for details.)
2. Please ratify it.

Resolution:

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21005261

To the Board of Directors and Shareholders of Cheng Shin Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the "other matter" section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the report of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's financial statements of the current period are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of sales revenue recognition, please refer to Note 4(31). For the detail of sales revenue, please refer to Note 6(21). For the year ended December 31, 2021, the sales revenue amounted to NT\$101,536,961 thousand.

The Group's main business is the manufacturing and sales of various tires and rubber products. The main sources of sales revenue are from the assembly plants and dealers. In accordance with the contract terms with some assembly plants, as inspections are completed in the assembly plants, the transfer of control to the merchandise is completed and sales revenue is recognized. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate. Therefore, we included the appropriateness of cut-off on sales revenue as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Group's sales revenue cycle, reviewed internal control process and contracts of assembly plant sales in order to assess the effectiveness of managements' control of revenue recognition on assembly plant sales.
2. We tested the Group's sales transactions around the year-end date to check whether assembly plant sales are recorded in the proper period. We also tested whether changes in inventory and cost of goods sold were carried over and recorded in the proper period in order to assess the appropriateness of cut-off on sales revenue.

Timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.

Description

For the accounting policy on property, plant and equipment, please refer to Note 4(15). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2021, the unfinished construction and equipment under acceptance amounted to NT\$3,649,423 thousand.

To maintain market competitiveness, the Group continuously expands plants, replaces old production lines with new ones and incurs significant amounts of capital expenditures every year. The unfinished construction and uninspected equipment are measured at cost. When the finished construction's inspection report is issued and the uninspected equipment is ready for use, they are reclassified to property, plant and equipment and starts accrual of depreciation expense. The inspection process involves management's judgement, thus, the timing of reclassification and accrual of depreciation expense could be inappropriate. Therefore, we indicated that the audit of timing of depreciation recognition after reclassification of unfinished construction and uninspected equipment to property, plant and equipment as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Group's property, plant and equipment process cycle, reviewed the internal control process and purchase contracts of property, plant and equipment in order to assess the effectiveness of managements' control of timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.
2. We tailored our audit over fixed asset classification to check whether reclassification of assets are accurate and recorded in the proper period.
3. We verified the status of unfinished construction and uninspected equipment and assessed the reasonableness of the recognition of unfinished construction and uninspected equipment.

Other matter – Scope of the audit

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$15,603,772 thousand and NT\$5,525,613 thousand, constituting 10% and 4% of the consolidated total assets as of December 31, 2021 and 2020, respectively, and the total liabilities of NT\$6,262,422 thousand and NT\$1,874,180 thousand, constituting 9% and 3% of the consolidated total liabilities as of December 31, 2021 and 2020, respectively, and total operating revenues of NT\$14,190,179 thousand and NT\$5,323,093 thousand, constituting 14% and 6% of consolidated total net operating revenue for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Group as at and for the years ended December 31, 2021 and 2020.

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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 generally accepted auditing standards 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.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease

to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current assets					
1100	Cash and cash equivalents	\$ 25,927,827	17	\$ 19,112,521	13
1110	Financial assets at fair value through profit or loss - current	17,648	-	820	-
1120	Financial assets at fair value through other comprehensive income - current	23,083	-	29,817	-
1150	Notes receivable, net	2,879,178	2	4,544,057	3
1170	Accounts receivable, net	9,098,208	6	9,472,839	6
1180	Accounts receivable - related parties	39,826	-	43,474	-
130X	Inventories	20,356,688	14	18,287,216	12
1410	Prepayments	983,829	1	1,142,851	1
1470	Other current assets	489,599	-	269,297	-
11XX	Current Assets	<u>59,815,886</u>	<u>40</u>	<u>52,902,892</u>	<u>35</u>
Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non- current	58,187	-	58,187	-
1550	Investments accounted for under equity method	180,417	-	172,981	-
1600	Property, plant and equipment, net	81,500,318	55	89,547,273	59
1755	Right-of-use assets	4,968,286	3	5,278,546	4
1760	Investment property, net	506,016	-	531,097	-
1840	Deferred income tax assets	2,217,728	2	1,921,209	1
1900	Other non-current assets	475,159	-	912,968	1
15XX	Non-current assets	<u>89,906,111</u>	<u>60</u>	<u>98,422,261</u>	<u>65</u>
1XXX	Total assets	<u>\$ 149,721,997</u>	<u>100</u>	<u>\$ 151,325,153</u>	<u>100</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2100	Short-term borrowings	\$ 9,365,279	6	\$ 7,222,391	5
2130	Current contract liabilities	1,047,574	1	1,149,282	1
2150	Notes payable	320,028	-	157,811	-
2170	Accounts payable	7,536,483	5	8,442,030	5
2200	Other payables	5,406,529	4	5,557,536	4
2230	Current income tax liabilities	1,021,430	1	1,345,258	1
2280	Current lease liabilities	171,384	-	179,624	-
2320	Long-term liabilities, current portion	10,113,518	7	9,765,552	7
2399	Other current liabilities, others	359,170	-	575,525	-
21XX	Current Liabilities	<u>35,341,395</u>	<u>24</u>	<u>34,395,009</u>	<u>23</u>
Non-current liabilities					
2530	Corporate bonds payable	10,500,000	7	8,500,000	6
2540	Long-term borrowings	18,265,160	12	22,940,974	15
2550	Provisions for liabilities - non-current	167,859	-	144,918	-
2570	Deferred income tax liabilities	996,009	1	1,076,640	1
2580	Non-current lease liabilities	384,974	-	534,727	-
2600	Other non-current liabilities	2,589,232	2	2,757,604	2
25XX	Non-current liabilities	<u>32,903,234</u>	<u>22</u>	<u>35,954,863</u>	<u>24</u>
2XXX	Total Liabilities	<u>68,244,629</u>	<u>46</u>	<u>70,349,872</u>	<u>47</u>
Equity					
Equity attributable to owners of parent					
Share capital					
3110	Share capital - common stock	32,414,155	22	32,414,155	21
Capital surplus					
3200	Capital surplus	67,770	-	53,267	-
Retained earnings					
3310	Legal reserve	16,132,580	11	15,533,661	10
3320	Special reserve	6,611,296	4	6,904,245	5
3350	Unappropriated retained earnings	33,280,806	22	32,143,063	21
Other equity interest					
3400	Other equity interest	(7,588,138)	(5)	(6,611,296)	(4)
31XX	Equity attributable to owners of the parent	<u>80,918,469</u>	<u>54</u>	<u>80,437,095</u>	<u>53</u>
36XX	Non-controlling interest	558,899	-	538,186	-
3XXX	Total equity	<u>81,477,368</u>	<u>54</u>	<u>80,975,281</u>	<u>53</u>
Significant contingent liabilities and unrecognised contract commitments					
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 149,721,997</u>	<u>100</u>	<u>\$ 151,325,153</u>	<u>100</u>

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000	Sales revenue	\$ 101,536,961	100	\$ 96,209,056	100
5000	Operating costs	(79,149,642)	(78)	(72,220,406)	(75)
5900	Net operating margin	22,387,319	22	23,988,650	25
Operating expenses					
6100	Selling expenses	(6,774,700)	(7)	(7,272,906)	(7)
6200	General and administrative expenses	(3,602,158)	(3)	(3,540,352)	(4)
6300	Research and development expenses	(4,356,650)	(4)	(4,578,667)	(5)
6000	Total operating expenses	(14,733,508)	(14)	(15,391,925)	(16)
6900	Operating profit	7,653,811	8	8,596,725	9
Non-operating income and expenses					
7100	Interest income	162,307	-	259,135	-
7010	Other income	632,264	1	1,005,988	1
7020	Other gains and losses	(781,185)	(1)	(697,239)	(1)
7050	Finance costs	(530,597)	(1)	(1,026,423)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	19,401	-	18,520	-
7000	Total non-operating income and expenses	(497,810)	(1)	(440,019)	(1)
7900	Profit before income tax	7,156,001	7	8,156,706	8
7950	Income tax expense	(1,861,151)	(2)	(2,155,503)	(2)
8200	Profit for the year	\$ 5,294,850	5	\$ 6,001,203	6

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Year ended December 31			
	2021		2020	
	AMOUNT	%	AMOUNT	%
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Other comprehensive income, before tax, actuarial gains on defined benefit plans	\$ 81,712	-	\$ 1,267	-
8316 Unrealized gain on valuation of equity instruments at fair value through profit or loss	(6,734)	-	3,882	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,965)	-	(528)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(16,342)	-	(253)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss	56,671	-	4,368	-
Components of other comprehensive income that will be reclassified to profit or loss				
8361 Financial statements translation differences of foreign operations	(1,216,765)	(1)	347,703	1
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	242,527	-	(72,267)	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss	(974,238)	(1)	275,436	1
8300 Other comprehensive (loss) income for the year	<u>(\$ 917,567)</u>	<u>(1)</u>	<u>\$ 279,804</u>	<u>1</u>
8500 Total comprehensive income for the year	<u>\$ 4,377,283</u>	<u>4</u>	<u>\$ 6,281,007</u>	<u>7</u>
Profit, attributable to:				
8610 Owners of the parent	\$ 5,270,007	5	\$ 5,988,702	6
8620 Non-controlling interest	24,843	-	12,501	-
	<u>\$ 5,294,850</u>	<u>5</u>	<u>\$ 6,001,203</u>	<u>6</u>
Comprehensive income (loss) attributable to:				
8710 Owners of the parent	\$ 4,356,570	4	\$ 6,282,137	7
8720 Non-controlling interest	20,713	-	(1,130)	-
	<u>\$ 4,377,283</u>	<u>4</u>	<u>\$ 6,281,007</u>	<u>7</u>
Earnings per share (in dollars)				
9750 Basic earnings per share	<u>\$ 1.63</u>		<u>\$ 1.85</u>	
9850 Diluted earnings per share	<u>\$ 1.62</u>		<u>\$ 1.85</u>	

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent											Non-controlling interest	Total equity
	Capital Surplus				Retained Earnings			Other equity interest					
	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total			
<u>Year ended December 31, 2020</u>													
Balance at January 1, 2020	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ -	\$15,186,978	\$5,200,298	\$ 31,445,921	(\$ 6,921,515)	\$ 17,270	\$ 77,395,683	\$ 575,004	\$ 77,970,687	
Profit for the year	-	-	-	-	-	-	5,988,702	-	-	5,988,702	12,501	6,001,203	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	486	289,067	3,882	293,435	(13,631)	279,804	
Total comprehensive income (loss)	-	-	-	-	-	-	5,989,188	289,067	3,882	6,282,137	(1,130)	6,281,007	
Appropriation and distribution of 2019 earnings:													
Legal reserve	-	-	-	-	346,683	-	(346,683)	-	-	-	-	-	
Special reserve	-	-	-	-	-	1,703,947	(1,703,947)	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	(3,241,416)	-	-	(3,241,416)	-	(3,241,416)	
Cash dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(35,688)	(35,688)	
Capital surplus arising from donated assets	-	-	-	691	-	-	-	-	-	691	-	691	
Balance at December 31, 2020	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$6,904,245	\$ 32,143,063	(\$ 6,632,448)	\$ 21,152	\$ 80,437,095	\$ 538,186	\$ 80,975,281	
<u>Year ended December 31, 2021</u>													
Balance at January 1, 2021	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$15,533,661	\$6,904,245	\$ 32,143,063	(\$ 6,632,448)	\$ 21,152	\$ 80,437,095	\$ 538,186	\$ 80,975,281	
Profit for the year	-	-	-	-	-	-	5,270,007	-	-	5,270,007	24,843	5,294,850	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	63,405	(970,108)	(6,734)	(913,437)	(4,130)	(917,567)	
Total comprehensive income (loss)	-	-	-	-	-	-	5,333,412	(970,108)	(6,734)	4,356,570	20,713	4,377,283	
Appropriation and distribution of 2020 earnings:													
Legal reserve	-	-	-	-	598,919	-	(598,919)	-	-	-	-	-	
Special reserve	-	-	-	-	-	(292,949)	292,949	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)	-	(3,889,699)	
Capital surplus arising from donated assets	-	-	-	14,503	-	-	-	-	-	14,503	-	14,503	
Balance at December 31, 2021	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$16,132,580	\$6,611,296	\$ 33,280,806	(\$ 7,602,556)	\$ 14,418	\$ 80,918,469	\$ 558,899	\$ 81,477,368	

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 7,156,001	\$ 8,156,706
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	10,851,680	11,634,602
Depreciation on right-of-use assets	280,706	290,531
Depreciation on investment property	23,245	22,994
Amortization expense	86,228	98,712
Expected credit loss	580	46,173
Share of profit of associates and joint ventures accounted for using equity method	(19,401)	(18,520)
Net gain on financial assets or liabilities at fair value through profit or loss	2,687	756
Loss on disposal of property, plant and equipment	74,456	35,960
Reversal of impairment loss on non-financial assets	-	(956)
Interest expense	530,597	1,026,423
Interest income	(162,307)	(259,135)
Deferred government grants revenue	(161,007)	(147,309)
Unrealized foreign exchange loss on long-term foreign currency loans	384,207	2,671
Disaster loss	-	279
Compensation revenue from levy of right-of-use	-	(13,982)
Changes in operating assets and liabilities		
Changes in operating assets		
Net changes in financial assets at fair value through profit or loss	(19,515)	(1,576)
Notes receivable, net	1,664,879	782,604
Accounts receivable	374,745	(580,917)
Accounts receivable - related parties	3,648	10,579
Inventories	(2,069,472)	375,519
Prepayments	155,417	65,684
Other current assets	(115,640)	556,348
Other non-current assets	485,385	(18,601)
Changes in operating liabilities		
Contract liabilities - current	(101,708)	213,663
Notes payable	162,217	(964,465)
Accounts payable	(905,547)	648,700
Other payables	(93,892)	588,523
Other current liabilities	(216,354)	249,526
Accrued pension liabilities	(4,662)	(135,633)
Other non-current assets	(2,161)	2,114
Cash inflow generated from operations	18,365,012	21,102,765
Interest received	169,966	255,502
Dividends received	10,000	2,500
Interest paid	(543,269)	(1,117,009)
Income tax paid	(2,565,097)	(1,904,517)
Income tax refund received	58,892	60,861
Net cash flows from operating activities	15,495,504	18,400,102

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property, plant and equipment	(\$ 4,376,579)	(\$ 6,595,878)
Payment for capitalized interests	(18,673)	(24,489)
Proceeds from disposal of property, plant and equipment	117,137	98,557
Acquisition of investment properties	-	(82)
Acquisition of intangible assets	(96,021)	(32,680)
Increase in refundable deposits	(6,676)	(9,225)
Proceeds from disposal of right-of-use assets	-	32,515
Increase in other non-current liabilities	101,717	159,878
Net cash flows used in investing activities	(4,279,095)	(6,371,404)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term borrowings	10,559,153	14,371,207
Decrease in short-term borrowings	(8,053,588)	(23,540,010)
Proceeds from issuance of corporate bonds	8,000,000	-
Repayments of corporate bonds	(6,000,000)	(2,500,000)
Proceeds from long-term borrowings	4,456,021	7,927,028
Repayments of long-term borrowings	(8,554,075)	(10,896,382)
(Decrease) increase in guarantee deposits received	(7,277)	9,392
Decrease in payables to related parties	(43,413)	-
Repayments of principal portion of lease liabilities	(184,827)	(176,196)
Cash dividends paid	(3,889,699)	(3,241,416)
Cash dividends paid to non-controlling interests	-	(35,688)
Capital surplus arising from donated assets	14,503	691
Net cash flows used in financing activities	(3,703,202)	(18,081,374)
Effect of exchange rate changes on cash and cash equivalents	(697,901)	(336,025)
Net increase (decrease) in cash and cash equivalents	6,815,306	(6,388,701)
Cash and cash equivalents at beginning of year	19,112,521	25,501,222
Cash and cash equivalents at end of year	<u>\$ 25,927,827</u>	<u>\$ 19,112,521</u>

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21004219

To the Board of Directors and Shareholders of Cheng Shin Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying balance sheets of Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) as at December 31, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the “other matter” section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the report of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements of the current period are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of revenue recognition, please refer to Note 4(31). For the detail of sales revenue, please refer to Note 6(21). For the year ended December 31, 2021, the sales revenue amounted to NT\$20,707,983 thousand.

The Company's main business is the manufacturing and sales of various tires and rubber products. The main sources of sales revenue are from the assembly plants and dealers. In accordance with the contract terms with some assembly plants, as inspections are completed in the assembly plants, the transfer of control to the merchandise is completed and sales revenue is recognized. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate. The aforementioned issue arises from the Company's subsidiaries, recognized under investments accounted for using equity method. Therefore, we included the appropriateness of cut-off on sales revenue as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Company's sales revenue cycle, reviewed internal control process and contracts of assembly plant sales in order to assess the effectiveness of managements' control of revenue recognition on assembly plant sales.
2. We tested the Company's sales transactions around the year-end date to check whether assembly plant sales are recorded in the proper period. We also tested whether changes in inventory and cost of goods sold were carried over and recorded in the proper period in order to assess the appropriateness of cut-off on sales revenue.

Timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.

Description

For the accounting policy of property, plant and equipment, please refer to Note 4(15). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2021, the unfinished construction and equipment under acceptance amounted to NT\$770,410 thousand.

To maintain market competitiveness, the Company continuously expands plants, replaces old production lines with new ones and incurs significant amounts of capital expenditures every year. The unfinished construction and uninspected equipment are measured at cost. When the finished construction's inspection report is issued and the uninspected equipment is ready for use, they are reclassified to property, plant and equipment and starts accrual of depreciation expense. The inspection process involves human judgement, thus, the timing of reclassification and accrual of depreciation expense could be inappropriate. Therefore, we indicated that the audit of timing of depreciation recognition after reclassification of unfinished construction and uninspected equipment to property, plant and equipment as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Company's property, plant and equipment process cycle, reviewed internal control process and purchase contracts of property, plant and equipment in order to assess the effectiveness of managements' control of timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.
2. We tailored our audit over fixed asset classification to check whether reclassification of assets are correct and recorded in the proper period.
3. We verified the status of unfinished construction and uninspected equipment and assessed the reasonableness of the recognition of unfinished construction and uninspected equipment.

Other matter – Scope of the audit

We did not audit the financial statements of certain investments recognised under the equity method that are included in the financial statements. The balances of investments accounted for under equity method were NT\$9,594,273 thousand and NT\$3,651,433 thousand, representing 8% and 3% of total assets as at December 31, 2021 and 2020, respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for using equity method were NT\$1,416,841 thousand and NT\$881,676 thousand, representing 33% and 14% of the total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current assets					
1100	Cash and cash equivalents	\$ 9,222,074	8	\$ 6,119,194	5
1110	Financial assets at fair value through profit or loss - current	17,648	-	820	-
1120	Financial assets at fair value through other comprehensive income - current	23,083	-	29,817	-
1150	Notes receivable, net	55,293	-	33,790	-
1170	Accounts receivable, net	955,676	1	1,307,148	1
1180	Accounts receivable - related parties	1,882,288	2	1,825,562	2
130X	Inventories	2,783,085	2	2,314,673	2
1410	Prepayments	91,981	-	92,383	-
1470	Other current assets	359,956	-	619,867	1
11XX	Current Assets	<u>15,391,084</u>	<u>13</u>	<u>12,343,254</u>	<u>11</u>
Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non- current	58,187	-	58,187	-
1550	Investments accounted for using the equity method	83,420,591	72	84,402,691	74
1600	Property, plant and equipment, net	15,540,737	13	16,234,596	14
1755	Right-of-use assets	73,639	-	102,073	-
1760	Investment property, net	288,881	-	289,427	-
1780	Intangible assets	23,483	-	8,740	-
1840	Deferred income tax assets	1,744,851	2	1,543,156	1
1900	Other non-current assets	1,934	-	1,726	-
15XX	Non-current assets	<u>101,152,303</u>	<u>87</u>	<u>102,640,596</u>	<u>89</u>
1XXX	Total assets	<u>\$ 116,543,387</u>	<u>100</u>	<u>\$ 114,983,850</u>	<u>100</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2100	Short-term borrowings	\$ 2,800,000	2	\$ 1,400,000	1
2130	Current contract liabilities	257,430	-	116,293	-
2170	Accounts payable	1,204,144	1	1,286,500	1
2180	Accounts payable - related parties	44,103	-	380,533	-
2200	Other payables	1,714,016	2	1,629,607	2
2230	Current income tax liabilities	828,168	1	800,063	1
2280	Current lease liabilities	40,111	-	41,976	-
2320	Long-term liabilities, current portion	7,700,000	7	7,658,333	7
2399	Other current liabilities, others	86,970	-	72,639	-
21XX	Current Liabilities	<u>14,674,942</u>	<u>13</u>	<u>13,385,944</u>	<u>12</u>
Non-current liabilities					
2530	Corporate bonds payable	10,500,000	9	8,500,000	7
2540	Long-term borrowings	7,700,000	7	10,541,667	9
2570	Deferred income tax liabilities	855,071	1	982,529	1
2580	Non-current lease liabilities	34,178	-	60,213	-
2600	Other non-current liabilities	1,860,727	1	1,076,402	1
25XX	Non-current liabilities	<u>20,949,976</u>	<u>18</u>	<u>21,160,811</u>	<u>18</u>
2XXX	Total liabilities	<u>35,624,918</u>	<u>31</u>	<u>34,546,755</u>	<u>30</u>
Equity					
Share capital					
3110	Shares capital - common stock	32,414,155	28	32,414,155	28
Capital surplus					
3200	Capital surplus	67,770	-	53,267	-
Retained earnings					
3310	Legal reserve	16,132,580	14	15,533,661	14
3320	Special reserve	6,611,296	6	6,904,245	6
3350	Unappropriated retained earnings	33,280,806	28	32,143,063	28
Other equity interest					
3400	Other equity interest	(7,588,138)	(7)	(6,611,296)	(6)
3XXX	Total equity	<u>80,918,469</u>	<u>69</u>	<u>80,437,095</u>	<u>70</u>
Significant contingent liabilities and unrecognised contract commitments					
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 116,543,387</u>	<u>100</u>	<u>\$ 114,983,850</u>	<u>100</u>

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Year ended December 31			
		2021		2020	
Items		AMOUNT	%	AMOUNT	%
4000	Sales revenue	\$ 20,707,983	100	\$ 18,926,294	100
5000	Operating costs	(15,190,338)	(73)	(14,228,603)	(75)
5900	Net operating margin	5,517,645	27	4,697,691	25
5910	Unrealized loss (profit) from sales	32,649	-	138,985	(1)
5950	Gross profit from operation	5,550,294	27	4,558,706	24
	Operating expenses				
6100	Selling expenses	(1,527,034)	(8)	(1,689,243)	(9)
6200	General and administrative expenses	(1,056,241)	(5)	(812,274)	(4)
6300	Research and development expenses	(795,155)	(4)	(1,103,893)	(6)
6000	Total operating expenses	(3,378,430)	(17)	(3,605,410)	(19)
6900	Operating profit	2,171,864	10	953,296	5
	Non-operating income and losses				
7100	Interest income	30,382	-	82,028	-
7010	Other income	1,084,370	5	1,231,200	7
7020	Other gains and losses	(215,385)	(1)	(176,563)	(1)
7050	Finance costs	(222,166)	(1)	(267,079)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method	3,457,430	17	4,923,152	26
7000	Total non-operating income and losses	4,134,631	20	5,792,738	31
7900	Profit before income tax	6,306,495	30	6,746,034	36
7950	Income tax expense	(1,036,488)	(5)	(757,332)	(4)
8200	Profit for the year	<u>\$ 5,270,007</u>	<u>25</u>	<u>\$ 5,988,702</u>	<u>32</u>
	Other comprehensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	\$ 81,712	-	\$ 1,267	-
8316	Unrealized gain on valuation of equity instruments at fair value through profit or loss	(6,734)	-	3,882	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,965)	-	(528)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(16,342)	-	(253)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	56,671	-	4,368	-
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Financial statements translation differences of foreign operations	(1,212,635)	(6)	361,334	2
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	242,527	2	(72,267)	(1)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss	(970,108)	(4)	289,067	1
8300	Other comprehensive (loss) income for the year	<u>(\$ 913,437)</u>	<u>(4)</u>	<u>\$ 293,435</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 4,356,570</u>	<u>21</u>	<u>\$ 6,282,137</u>	<u>33</u>
9750	Basic earnings per share	\$ 1.63		\$ 1.85	
9850	Diluted earnings per share	\$ 1.62		\$ 1.85	

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Capital Surplus				Retained Earnings			Other equity interest		
	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
<u>Year ended December 31, 2020</u>										
Balance at January 1, 2020	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ -	\$ 15,186,978	\$ 5,200,298	\$ 31,445,921	(\$ 6,921,515)	\$ 17,270	\$ 77,395,683
Profit for the year	-	-	-	-	-	-	5,988,702	-	-	5,988,702
Other comprehensive income for the year	-	-	-	-	-	-	486	289,067	3,882	293,435
Total comprehensive income	-	-	-	-	-	-	5,989,188	289,067	3,882	6,282,137
Appropriation and distribution of 2019 earnings:										
Legal reserve	-	-	-	-	346,683	-	(346,683)	-	-	-
Special reserve	-	-	-	-	-	1,703,947	(1,703,947)	-	-	-
Cash dividends	-	-	-	-	-	-	(3,241,416)	-	-	(3,241,416)
Capital surplus arising from donated assets	-	-	-	691	-	-	-	-	-	691
Balance at December 31, 2020	<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 691</u>	<u>\$ 15,533,661</u>	<u>\$ 6,904,245</u>	<u>\$ 32,143,063</u>	<u>(\$ 6,632,448)</u>	<u>\$ 21,152</u>	<u>\$ 80,437,095</u>
<u>Year ended December 31, 2021</u>										
Balance at January 1, 2021	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$ 6,904,245	\$ 32,143,063	(\$ 6,632,448)	\$ 21,152	\$ 80,437,095
Profit for the year	-	-	-	-	-	-	5,270,007	-	-	5,270,007
Other comprehensive income (loss) for the year	-	-	-	-	-	-	63,405	(970,108)	(6,734)	(913,437)
Total comprehensive income (loss)	-	-	-	-	-	-	5,333,412	(970,108)	(6,734)	4,356,570
Appropriation and distribution of 2020 earnings:										
Legal reserve	-	-	-	-	598,919	-	(598,919)	-	-	-
Special reserve	-	-	-	-	-	(292,949)	292,949	-	-	-
Cash dividends	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)
Capital surplus arising from donated assets	-	-	-	14,503	-	-	-	-	-	14,503
Balance at December 31, 2021	<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 15,194</u>	<u>\$ 16,132,580</u>	<u>\$ 6,611,296</u>	<u>\$ 33,280,806</u>	<u>(\$ 7,602,556)</u>	<u>\$ 14,418</u>	<u>\$ 80,918,469</u>

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 6,306,495	\$ 6,746,034
Adjustments		
Adjustments to reconcile profit (loss)		
Unrealised gain (loss) on inter-company transaction	(43,800)	133,967
Depreciation	1,547,795	1,586,627
Depreciation expense on right-of-use assets	45,408	49,640
Depreciation on investment property	546	606
Amortisation expense	24,450	42,088
Net gain on financial assets or liabilities at fair value through profit or loss	2,687	755
Gain on disposal of property, plant and equipment	(100,957)	(139,775)
Share of profit of associates and joint ventures accounted for using equity method	(3,457,430)	(4,923,152)
Interest income	(30,382)	(82,028)
Dividends received	(7,265)	-
Interest expense	222,166	267,079
Disaster loss	-	279
Effect of exchange rate changes on cash and cash equivalents	(216,162)	(188,697)
Changes in operating assets and liabilities		
Changes in operating assets		
Net changes in financial assets at fair value through profit or loss	(19,515)	(1,575)
Notes receivable, net	(21,503)	(10,871)
Accounts receivable	351,471	145,760
Accounts receivable - related parties	(56,725)	(446,354)
Inventories	(466,259)	215,410
Other current assets	240,063	57,137
Changes in operating liabilities		
Contract liabilities - current	141,137	16,415
Accounts payable	(82,356)	238,639
Accounts payable - related parties	(336,430)	335,368
Other payables	86,808	85,602
Accrued pension liabilities	(10,469)	(156,356)
Other current liabilities	14,331	6,776
Cash inflow generated from operations	4,134,104	3,687,854
Interest received	53,837	83,030
Dividends received	4,249,370	3,141,139
Interest paid	(223,110)	(272,345)
Income tax paid	(1,111,352)	(670,034)
Net cash flows from operating activities	7,102,849	5,969,644

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using equity method	\$ -	(\$ 2,689,340)
Acquisition of property, plant and equipment	(861,701)	(1,392,925)
Proceeds from disposal of property, plant and equipment	4,769	61,719
Acquisition of investment properties	-	(82)
Acquisition of intangible assets	(39,193)	(10,195)
Increase in refundable deposits	(210)	(391)
Net cash flows used in investing activities	(896,335)	(4,031,214)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term borrowings	4,800,000	2,800,000
Decrease in short-term borrowings	(3,400,000)	(3,850,000)
Proceeds from issuance of corporate bonds	8,000,000	-
Repayments of corporate bonds	(6,000,000)	(2,500,000)
Proceeds from long-term borrowings	3,600,000	6,800,000
Repayments of long-term borrowings	(6,400,000)	(4,500,000)
Increase in guarantee deposits received	971	1,746
Repayments of principal portion of lease liabilities	(45,571)	(44,526)
Cash dividends paid	(3,889,699)	(3,241,416)
Capital surplus arising from donated assets	14,503	691
Net cash flows used in financing activities	(3,319,796)	(4,533,505)
Effect of exchange rate changes on cash and cash equivalents	216,162	188,697
Net increase (decrease) in cash and cash equivalents	3,102,880	(2,406,378)
Cash and cash equivalents at beginning of year	6,119,194	8,525,572
Cash and cash equivalents at end of year	\$ 9,222,074	\$ 6,119,194

Ratification Items

Item No. 2 -

Proposed by the Board of Directors

Proposal: Adoption of the 2021 Earnings Distribution Plan.

Explanatory Notes:

1. The Company's proposal for the earnings distribution for 2021 has been approved by the Board of Directors and has been reviewed by the Audit Committee and submitted to the Shareholders' Meeting for approval.
2. The after-tax surplus of the company for the year 2021 is legally allocated to the statutory reserve, and the undistributed surplus of the previous year is accumulated into a distributable surplus of NT\$31,770,623,925. According to the company's articles of association, the proposed distribution of shareholder dividends will be NT\$ 3,889,698,643, which is a cash dividend of 1.2 dollars per share. The earnings in the preceding paragraph shall be allocated in priority to the earnings of the current (2021) year. If there is any deficiency, the undistributed earnings of 2020 shall be fully allocated. The accumulated undistributed earnings after distribution were NT\$27,880,925,282. (For details, refer to the Earnings Distribution Table on Page 43 of this Handbook)
3. It is proposed that after the profit distribution has been approved at the shareholders' meeting, the Board of Directors will be authorized to set the ex-dividend date. Dividends will be distributed pro rata according to the shareholder register as of the record date and rounded down to the nearest dollar after discounting any cents. The remaining amount shall be treated as "other income" of the Company.
4. Please ratify it.

Resolution:

Cheng Shin Rubber Industry Co., Ltd.

Earnings Distribution Statement

2021

(Unit: NT\$)

Beginning Balance of Retained Earnings	\$27,947,396,671
Determine the benefit plan and then measure the number recognized in Retained earnings	<u>63,404,913</u>
Undistributed Earnings at the End of the Period	28,010,801,584
2021 Net Profit after Tax	5,270,005,608
Less 10% legal reserve appropriated	(533,341,052)
Appropriated to special earnings reserve in accordance with the law	<u>(976,842,215)</u>
Earnings available for distribution	<u><u>31,770,623,925</u></u>
Distribution items:	
Shareholders' Dividends (Cash) NT\$1.2 per share	<u>(3,889,698,643)</u>
End of Period Appropriation	<u><u>\$27,880,925,282</u></u>

Person in Charge:

Chen, Yun-Hwa



Managerial Officer:

Chen, Yun-Hwa



Accounting Supervisor:

Yu, Ching-Tang



Discussion Items

Discussion Items

Item No. 1 -

Proposed by the Board of Directors

Proposal: Discussion of the Proposed amendments to the Company's "Articles of Incorporation". Please resolve.

Explanatory Notes:

1. In order to meet the Company's business needs, it is proposed to amend the relevant provisions of the company's articles of association, as detailed in the revised provisions comparison table on page 46-47.
2. This Articles of Incorporation has been reviewed and approved by the Audit Committee and submitted to the Board of Directors for approval. It will be implemented after being submitted to the Shareholders' Meeting in accordance with the law. Please resolve.

Resolution:

Cheng Shin Rubber Industry Co., Ltd.
Comparison of Current and Amended Provisions of the Company's
Articles of Incorporation

Provisions	Amended Provisions	Current Provisions	Commentary
Article 10:	<p>There are two types of shareholders' meeting, regular meetings and extraordinary meetings:</p> <p>I. Annual meetings shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year.</p> <p>II. Extraordinary meetings shall be convened as required in accordance with applicable laws and regulations.</p> <p><u>The company may convene shareholders' meeting via video conference or other methods approved by the central competent authority.</u></p>	<p>There are two types of regular meetings and extraordinary meetings of the shareholders' meeting:</p> <p>I. Annual meetings shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year.</p> <p>II. Extraordinary meetings shall be convened as required in accordance with applicable laws and regulations.</p>	<p>Added the method of convening shareholders' meeting through video conference in line with Paragraph 1, Article 172-2 of the Company Act.</p>
Article 34:	<p>In addition to withholding income tax in accordance with the law, the Company's annual net profit shall first make up for previous years' losses, and then deposit 10% of its balance as a statutory earnings reserve. After accumulation, if there is a balance, the undistributed earnings of the previous year will be <u>combined with cumulative distributable surplus</u>, and the Board of Directors shall draft an <u>earnings distribution proposal, submit it to the shareholders' meeting for resolution on shareholders' dividends.</u></p> <p><u>The Board of Directors shall reach a resolution whether all or a part of the share dividends and dividends, legal reserve, or capital reserve, and when the distribution is in cash, the Board of Directors will be authorized to handle the distributions in a meeting attended by more than one-third of all Directors and a</u></p>	<p>In addition to withholding income tax in accordance with the law, the Company's annual net profit shall first make up for previous years' losses, and then deposit 10% of its balance as a statutory earnings reserve. After accumulation, if there is a balance, <u>the undistributed earnings of the previous year will be added to the cumulative distributable surplus.</u></p> <p>The Board of Directors shall draft a distribution proposal and submit it to the Shareholders' Meeting for resolution.</p> <p>The dividends to the shareholders under such a plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.</p>	<p>Earnings distribution operating procedures were amended in line with the regulations from Paragraph 5, Article 240 and Article 241 of the Company Act.</p>

	<p><u>vote by the majority of the shareholders, and reported to the shareholders' meeting. When the distribution is handled through issuance of new shares, the proposal shall be</u> submitted to the shareholders' meeting for resolution on the <u>distribution</u>.</p> <p>The dividends to the shareholders under such a plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.</p>		
Article 37:	<p>This Articles of Incorporation was established on December 15, 1969. The 1st amendment was made on June 25, 1971....(Omitted). The 51st amendment was made on July 29, 2021. <u>The 52st amendment will be made on May 31, 2022.</u></p>	<p>This Articles of Incorporation was established on December 15, 1969. The 1st amendment was made on June 25, 1971....(Omitted). The 51st amendment was made on July 29, 2021.</p>	<p>Amended to include the last amendment date of the Articles of Incorporation</p>

Discussion Items

Item No. 2 -

Proposed by the Board of Directors

Proposal: Discuss of the proposed amendments of “the Company’s Operational Procedures for Making Endorsements/Guarantees and Loaning Funds to Others”. Please resolve.

Explanatory Notes:

1. In line with Article 17 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and to meet the Company's business needs, it is proposed to revise some of the provisions of the Company's "Operating Procedures for Endorsement and Guarantee and Funds Loaned to Others", as detailed in the revised provisions comparison table on pages 49-51.
2. The Measures have been reviewed and approved by the Audit Committee and submitted to the Board of Directors for approval. They will be implemented after being submitted to the Shareholders’ Meeting in accordance with the law. Please resolve.

Resolution:

Cheng Shin Rubber Industry Co., Ltd.
Comparison Table before and after Revision of The Company's
Operational Procedures for Making
Endorsements/Guarantees and Loaning Funds to Others".

Amended Provisions	Current Provisions	Commentary
<p>Article 6: Procedures for Making Endorsements and Guarantees</p> <p>I. <u>Prior to proposing the making of an endorsement or guarantee to others, the Finance Department shall file an application in the form of a written report, which</u> evaluates the necessity of and reasonableness of endorsements/guarantees; credit status and risk assessment of the entity for which the endorsement/guarantee is made; the impact on the company's business operations, financial condition, and shareholders' equity; whether or not collateral must be obtained and appraisal of the value thereof, and <u>the endorsement or guarantee may only be made after approval from the Chairman and a resolution from the Board of Directors have been obtained.</u></p> <p>II. The endorsements/guarantees logbook established by the Finance Department shall specify the endorsements/guarantees subject, amount, the date of approval by the Board of Directors or the Chairman's decision, the endorsements/guarantees date, matters that should be carefully evaluated in accordance with these</p>	<p>Article 6: Procedures for Making Endorsements and Guarantees</p> <p>I. <u>Where a company intends to use an endorsement or guarantee within its amount, this company shall provide its basic information and financial information and fill out the application form to file and application with the Company's financial department. The Company's financial department shall carefully conduct a risk assessment.</u> Detailed <u>review procedures, including:</u> the necessity of and reasonableness of endorsements/guarantees; credit status and risk assessment of the entity for which the endorsement/guarantee is made; the impact on the company's business operations, financial condition, and shareholders' equity; and whether or not collateral must be obtained and appraisal of the value thereof.</p> <p>II. <u>The manager of the Financial Department of the Company consolidates the relevant information and evaluation results of the preceding paragraph. If the accumulative balance at the time of the endorsement guarantee has not exceeded 50% of the net value of the current period, it shall be</u></p>	<p>Amended according to applicable laws and regulations and the Company's business needs.</p>

<p>regulations, the content of the collateral and its estimated value, etc. The details will be posted for future reference.</p> <p>III. Where the endorsed and guaranteed company repay the money, it shall inform the Company of its repayment to release the Company's from endorsement and guarantee liability and shall publish the repayment on the endorsement and guarantee records.</p> <p>IV. The Finance Department shall, in accordance with the provisions of International Accounting Standards No. 37, periodically assess and recognize the contingent losses of the endorsements/guarantees, and appropriately disclose the endorsements/guarantees information in the Financial Statements and provide relevant information to the certifying CPAs for them to perform the necessary review procedures and issue a proper review report.</p>	<p><u>submitted to the Chairman of the Board for ruling, and then submitted to the Board of Directors for ratification; if the accumulated balance of endorsements/guarantees has exceeded 50% of the net value of the current period, then it shall be sent to the Board of Directors for approval and shall be handled in accordance with the resolution of the Board of Directors.</u></p> <p>III. The endorsements/guarantees logbook established by the Finance Department shall specify the endorsements/guarantees subject, amount, the date of approval by the Board of Directors or the Chairman's decision, the endorsements/guarantees date, matters that should be carefully evaluated in accordance with these regulations, the content of the collateral and its estimated value, etc. The details will be posted for future reference.</p> <p>IV. Where the endorsed and guaranteed company repay the money, it shall inform the Company of its repayment to release the Company's from endorsement and guarantee liability and shall publish the repayment on the endorsement and guarantee records.</p> <p>V. The Finance Department shall, in accordance with the provisions of International Accounting Standards No. 37, periodically assess and</p>	
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	<p>recognize the contingent losses of the endorsements/guarantees, and appropriately disclose the endorsements/guarantees information in the Financial Statements and provide relevant information to the certifying CPAs for them to perform the necessary review procedures and issue a proper review report.</p>	
<p>Article 16: These Procedures have been approved by the shareholder's meeting on May 27, 2003.... (Omitted)... ° This method was approved at the Shareholders' Meeting on July 29, 2021. <u>This method was approved at the Shareholders' Meeting on May 31, 2022.</u></p>	<p>Article 16: These Procedures have been approved by the shareholder's meeting on May 27, 2003. (Omitted)... ° This method was approved at the Shareholders' Meeting on July 29, 2021.</p>	<p>Amended to include the last amendment date of the Articles of Incorporation</p>

Discussion Items

Item No. 3 -

Proposed by the Board of Directors

Proposal: Discuss the Amendment to the "Procedures for the Acquisition and Disposal of Assets". Please resolve.

Explanatory Notes:

Article 2-1: In line with Directive Letter No. 1110380465 dated January 28, 2022 from the Financial Supervisory Commission (FSC) and to meet the business needs of the Company, it is proposed to revise some of the provisions of the Company's "Procedures for Acquiring or Disposing of Assets", as detailed in the revised provisions comparison table on pages 53-60.

Article 3-1: The Measures have been reviewed and approved by the Audit Committee and submitted to the Board of Directors for approval. They will be implemented after being submitted to the Shareholders' Meeting in accordance with the law. Please resolve.

Resolution:

Cheng Shin Rubber Industry Co., Ltd.

Comparison Table before and after the Amendment to the Procedures for the Acquisition and Disposal of Assets

Amended Provisions	Current Provisions	Commentary
<p>Article 3: Evaluation Procedures:</p> <p>I</p> <p>II . In the event of the Company's acquisition or disposal of securities, the Company shall obtain the most recent financial statements of the target company, which has been audited or reviewed by a certified public accountant, or other relevant information prior to the Date of Occurrence as a reference to the evaluation of the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, the Company shall engage a certified public accountant prior to the Date of Occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations announced by the Financial Supervisory Commission.</p> <p>III. ...</p> <p>IV. For the acquisition or disposal of intangible assets or right-of-use assets thereof or memberships where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic government agencies, the Company shall engage a certified public accountant prior to the Date of</p>	<p>Article 3: Evaluation Procedures:</p> <p>I</p> <p>II . In the event of the Company's acquisition or disposal of securities, the Company shall obtain the most recent financial statements of the target company, which has been audited or reviewed by a certified public accountant, or other relevant information prior to the Date of Occurrence as a reference to the evaluation of the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, the Company shall engage a certified public accountant prior to the Date of Occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the accountant needs to use an expert report, it should be handled in compliance with the provisions of the Statements of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.</u> However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations announced by the Financial Supervisory Commission.</p> <p>III. ...</p> <p>IV. For the acquisition or disposal of intangible assets or right-of-use assets thereof or memberships where the</p>	<p>Amended according to applicable laws and regulations.</p>

<p>Occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. (Remaining text omitted)</p>	<p>transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic government agencies, the Company shall engage a certified public accountant prior to the Date of Occurrence of the event to provide an opinion regarding the reasonableness of the transaction price <u>in compliance with the provisions of the Statements of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.</u> (Remaining text omitted)</p>	
<p>Article 4: Operating Procedures I . Authorized Amount and Authorization Level i. ... ii. Transaction of Derivatives A. ... B. Non-hedging Transactions: In order to reduce risks, the transaction with the single or cumulative transaction amount to be US\$<u>250</u> million (including equivalent currencies) or less shall be approved by the Chairman of the Board before relevant transactions can be carried out. C. ... D. ... (Remaining text omitted)</p>	<p>Article 4: Operating Procedures I . Authorized Amount and Authorization Level i. ... ii. Transaction of Derivatives A. ... B. Non-hedging Transactions: In order to reduce risks, the transaction with the single or cumulative transaction amount to be US\$<u>150</u> million (including equivalent currencies) or less shall be approved by the Chairman of the Board before relevant transactions can be carried out. C. ... D. ... (Remaining text omitted)</p>	<p>Modify the text to meet the company's business needs.</p>
<p>Article 5: Filing Procedures: I i.... ii.ii. .. iii.... iv.... v....</p>	<p>Article 5: Filing Procedures: I i.... ii.... iii.... iv.... v....</p>	<p>Amended according to applicable laws and regulations.</p>

<p>vi. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, disposal of creditor's rights by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds <u>or foreign bonds with credit ratings that are no lower than sovereign ratings in Taiwan.</u></p> <p>B. Trading of securities at the stock exchange or over the counter, or purchase of the ordinary corporate bonds or <u>foreign bonds or</u> the general bank debentures without equity characteristics that are offered and issued in the domestic primary market as investment professionals (excluding subordinated debt and the subscription or redemption of securities investment trust funds and futures trust funds), <u>or purchase requisition or sell-back of exchange traded notes (ETN).</u></p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Remaining text omitted)</p>	<p>vi. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, disposal of creditor's rights by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Trading of securities at the stock exchange or over the counter, or purchase of the ordinary corporate bonds or the general bank debentures without equity characteristics that are offered and issued in the domestic primary market as investment professionals (excluding subordinated debt and the subscription or redemption of securities investment trust funds and futures trust funds).</p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Remaining text omitted)</p>	
<p>Article 6: Asset Valuation Procedures In the event of the Company's acquisition</p>	<p>Article 6: Asset Valuation Procedures In the event of the Company's acquisition</p>	<p>Amended according to applicable laws</p>

<p>or disposal of real property, equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic government agencies, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the Date of Occurrence and shall comply with the following provisions. In the event that the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may serve as a substitute for the appraisal report or the certified public accountant's opinion.</p> <p>I</p> <p>II</p> <p>III. In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>i. ...</p> <p>ii. ...</p> <p>IV. ...</p>	<p>or disposal of real property, equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic government agencies, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the Date of Occurrence and shall comply with the following provisions. In the event that the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may serve as a substitute for the appraisal report or the certified public accountant's opinion.</p> <p>I</p> <p>II</p> <p>III. In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of the Statements of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation</u> and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction</p>	<p>and regulations.</p>
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	price: i. ... ii. ... IV. ...	
<p>Article 11: Resolution Procedures:</p> <p>In the event that the Company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party or engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, except for the trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until the implementation unit has submitted the following matters to the Audit Committee and the Board of Directors and the matters has been approved by the Audit Committee and the Board of Directors:</p> <p>I II III IV V VI VII. The restrictive terms of this transaction and other important agreements in connection with the transaction.</p> <p>i. Calculation for the transaction amount in Paragraph 1 shall be implemented in line with</p>	<p>Article 11: Resolution Procedures:</p> <p>In the event that the Company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party or engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, except for the trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until the implementation unit has submitted the following matters to the Audit Committee and the Board of Directors and the matters has been approved by the Audit Committee and the Board of Directors:</p> <p>I II III IV V VI VII. The restrictive terms of this transaction and other important agreements in connection with the transaction.</p> <p>i. The transaction <u>amount in the preceding paragraph shall mean the transaction amount</u></p>	<p>Amended according to applicable laws and regulations.</p>

<p>Paragraph 1, Article 5.</p> <p>ii. <u>When the Company or a subsidiary that is not a domestically listed company engages in a transaction described in Paragraph 1 and the transaction amount reaches 10% or more of the Company's total assets, the Company may only sign the transaction agreement and pay for the transaction after submitting all information specified in Paragraph 1 to the shareholders' meeting and a resolution has been reached. Nevertheless, transactions between the Company and its subsidiaries, or between its subsidiaries, are exempted from this rule.</u></p> <p>iii. <u>The transaction amount in Paragraph 1 and (2) shall be handled in line with Paragraph 2, Article 31, and within one year refers to the year preceding the Date of Occurrence of this transaction. Items that have been approved by the Shareholders' Meeting and Board of Directors according to these Procedures shall not be counted in when calculating the transaction amount.</u></p> <p>iv. With respect to the following transactions between the Company and its subsidiary, or between companies in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Board of</p>	<p><u>of the year preceding the Date of Occurrence of this transaction, which shall be calculated according to Article 5, paragraph 1 herein.</u> Items that have been approved by the Audit Committee and Board of Directors according to these Procedures shall not be counted in when calculating the transaction amount.</p> <p>ii. With respect to the following transactions between the Company and its subsidiary, or between companies in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may proceed with the transaction according to the provisions in Article 4, paragraph 1, subparagraph V of these Procedures, which shall subsequently be submitted to and ratified at the next Board of Directors' meeting.</p> <p>(Remaining text omitted)</p>	
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<p>Directors may proceed with the transaction according to the provisions in Article 4, paragraph 1, subparagraph V of these Procedures, which shall subsequently be submitted to and ratified at the next Board of Directors' meeting.</p> <p>(Remaining text omitted)</p>																						
<p>Article 14: Principles and Guidelines for the Transaction:</p> <p>I</p> <p>II</p> <p>III . Transaction Amount:</p> <p>i. ...</p> <p>ii. Non-hedging Transactions: No more than US\$ 250 million. <u>It shall be determined based on the status of the foreign exchange market at the time of the transaction, and a weekly evaluation report on profit and loss shall be submitted.</u></p> <p>Level of authority for approving the operating’s of risk-avoidance and non-avoidance.</p> <table><tr><td>Authorized persons</td><td>Transaction amount per day</td></tr><tr><td>Foreign currency trading personnel</td><td>US\$5M or less</td></tr><tr><td>Head of financial department</td><td>US\$20M or less</td></tr><tr><td>General Manager (Taiwan)</td><td>US\$20M or more</td></tr></table> <p>(Remaining text omitted)</p>	Authorized persons	Transaction amount per day	Foreign currency trading personnel	US\$5M or less	Head of financial department	US\$20M or less	General Manager (Taiwan)	US\$20M or more	<p>Article 14: Principles and Guidelines for the Transaction:</p> <p>I</p> <p>II</p> <p>III . Transaction Amount:</p> <p>i. ...</p> <p>ii. Non-hedging Transactions: No more than US\$ 150 million. <u>Before the transaction, the person responsible for conducting the transaction shall prepare a Foreign Currency Trend Analytical Report, providing the analysis of trends in foreign currency market and the suggested trading options, and shall obtain the relevant approval.</u></p> <p>Level of authority for approving the operating’s of risk-avoidance and non-avoidance <u>derivative commodity</u></p> <table><tr><td>Authorized persons</td><td>Transaction amount per day</td><td>Net cumulative position Transaction authority</td></tr><tr><td>Foreign currency trading personnel</td><td>US\$5M or less</td><td>US\$10M or less</td></tr><tr><td>Head of financial department</td><td>US\$20M or less</td><td>US\$30M or less</td></tr><tr><td>General Manager (Taiwan)</td><td>US\$20M or more</td><td>US\$50M or less</td></tr></table>	Authorized persons	Transaction amount per day	Net cumulative position Transaction authority	Foreign currency trading personnel	US\$5M or less	US\$10M or less	Head of financial department	US\$20M or less	US\$30M or less	General Manager (Taiwan)	US\$20M or more	US\$50M or less	<p>Modify the text to meet the company's business needs.</p>
Authorized persons	Transaction amount per day																					
Foreign currency trading personnel	US\$5M or less																					
Head of financial department	US\$20M or less																					
General Manager (Taiwan)	US\$20M or more																					
Authorized persons	Transaction amount per day	Net cumulative position Transaction authority																				
Foreign currency trading personnel	US\$5M or less	US\$10M or less																				
Head of financial department	US\$20M or less	US\$30M or less																				
General Manager (Taiwan)	US\$20M or more	US\$50M or less																				

	<p>iii. <u>For the transaction amount exceeding the above authorized amount, the transaction shall be submitted to the Board of Directors.</u></p> <p>(Remaining text omitted)</p>	
<p>Article 29: These Procedures have been approved by the shareholder's meeting on May 27, 2003.... (Omitted)... These Procedures were approved by the Shareholder's Meeting on June 14, 2019. These Procedures were approved by the Shareholder's Meeting on July 29, 2021. <u>These Procedures will be approved at the Shareholders' Meeting on May 31, 2022.</u></p>	<p>Article 29: These Procedures have been approved by the shareholder's meeting on May 27, 2003.... (Omitted)... These Procedures were approved by the Shareholder's Meeting on June 14, 2019. These Procedures were approved by the Shareholder's Meeting on July 29, 2021.</p>	<p>Amended to include the last amendment date of the Articles of Incorporation</p>

Discussion Items

Item No. 4 -

Proposed by the Board of Directors:

Proposal: Discuss the Amendment to the " Rules and Procedures of the Shareholders' Meeting ". Please resolve.

Explanatory Notes:

1. In line with the announcement for the amended "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders' Meetings" on Directive Letter No. 1110004250 from the TWSE dated March 8, 2022, the contents of the Company's "Rules of Procedure for Shareholders' Meetings" shows great variance from the contents of the aforesaid sample template from the competent authority. The Company proposes to abolish the existing Rules and to draft the Rules of Procedure for Shareholders' Meetings anew. Please refer to Pages 62 to 77 in this Handbook for details.
2. The Measures have been reviewed and approved by the Audit Committee and submitted to the Board of Directors for approval. They will be implemented after being submitted to the Shareholders' Meeting in accordance with the law. Please resolve.

Resolution:

Cheng Shin Rubber Ind. Co., LTD.

Rules and Procedures of the Shareholders' Meeting

Article 1:

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2:

The Rules of Procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in the Rules.

Article 3:

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of Directors or Supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual shareholders' meeting or before 15 days before the date of an extraordinary shareholders' meeting.

If, however, the Company has the paid-in capital of NT\$10 billion or more, transmission of these electronic files shall be made by 30 days before the annual shareholders' meeting. By 15 days before the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials

shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

- I. For physical shareholders' meetings, to be distributed on-site at the meeting.
- II. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- III. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election/dismissal of Directors, changes in the Articles of Incorporation, capital reduction, application of halting public offering, permission for the Directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the Company, or all items pertaining to Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or items pertaining to Articles 56-1 and 50-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.

Where the reasons for convening the shareholders' meeting already specifies the election of all Directors and the date elected Directors take office, once the election is completed in the shareholders' meeting, the date the elected Directors take office may not be changed by extempore motions or other methods in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit a written proposal for discussion to the Company at an annual shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders' meeting, the board of directors shall specify the reasons for excluding any shareholders' proposals from the meeting agenda.

Article 4:

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, a declaration made to cancel the previous proxy appointment is not subject to the aforementioned rule.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date.

If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the Independent Directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 6: (Preparation of documents such as the attendance book)

The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences.

The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders.

Solicitors soliciting proxy forms shall also bring identification documents for verification.

Attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, Annual Report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors or Supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, Annual Report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1: (Convening virtual shareholders' meetings and particulars to be included in shareholders' meeting notice)

To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:

- I. How shareholders attend the virtual meeting and exercise their rights.
- II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - i. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - ii. Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - iii. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders

attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

- iv. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

III. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

Article 7: (The chair and non-voting participants of a shareholders' meeting)

If a shareholders' meeting is convened by the board of directors of the Company, the Chairman of the Board shall preside at such meeting. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the Vice Chairman of the Board shall preside at such meeting. The Chairman of the Board shall designate a managing director to preside as the chairman if a Vice Chairman is not appointed, or if the Vice Chairman of the Board is on leave or unable to exercise his powers and duties for any reason. If no managing director of the Company is appointed, the Chairman of the Board shall designate a director to preside as the chairperson. If the Chairman of the Board fails to designate a chairperson for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the Directors, at least one Supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8: (Documentation of a shareholders meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 9:

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10:

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs, except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11: (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12: (Calculation of voting shares and recusal system)

Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13:

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

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, the shareholder will be deemed as having waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to Aurora at least two days before the date of the shareholders' meeting. When duplicate declarations of intent

are delivered, the one received earliest shall prevail. However, when a declaration is made to cancel an earlier declaration of intent is not subject to the limits.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and

elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14:

The election of Directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on site immediately, including the names of those elected as Directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. In the event of a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.

Article 15:

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of Directors or Supervisors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online.

Article 16: (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual

meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

Article 17: (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "Proctor."

At the venue of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the venue.

Article 18: (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations.

If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19: (Disclosure of information at virtual meetings)

In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20: (Location of the chair and secretary of virtual-only shareholders meeting)

When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21: (Handling of disconnection)

In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session. During a postponed or resumed session of a shareholders' meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected Directors and Supervisors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual

shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the first paragraph.

Article 22: (Handling of digital divide)

When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

Article 23:

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 24:

The existing Rules have been abolished and the Company's "Rules of Procedure for Shareholders' Meetings" have been re-enacted on May 31, 2022.

Extraordinary Motions

Adjournment

Appendix I

Cheng Shin Rubber Ind. Co., LTD. Articles of Incorporation

(before amendments)

Chapter 1 General Provisions

- Article 1: The Company is named "Cheng Shin Rubber Industry Co., Ltd." in accordance with the organizational regulations of the Company Act Concerning Co., Ltd. English Name is CHENG SHIN RUBBER IND. CO., LTD.
- Article 2: The business operated by the Company is shown on the left:
- I. C801990 Other Chemical Material Manufacturing
 - II. C802160 Adhesive Tape Manufacturing
 - III. C804010 Tire Manufacturing
 - IV. C804020 Industrial Rubber Products Manufacturing
 - V. C804990 Other Rubber Products Manufacturing
 - VI. CB01010 Machinery and Equipment Manufacturing
 - VII. F112040 Petroleum Products Wholesale Industry
 - VIII. F212050 Petroleum Products Retail Industry
 - IX. F401010 International Trade
 - X. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The total reinvestment of the Company may exceed 40% of the paid-in share capital.
- Article 4: The Company establishes its head office in Taichung City, and may establish branches in other places after the resolution of the Board of Directors if necessary.
- Article 5: The Company may guarantee external business for the same industry.

Chapter 2 Shares

- Article 6: The total capital of the Company is set at NT\$ thirty-two billion four hundred and fourteen million one hundred and fifty-five thousand three hundred and sixty dollars, divided into three billion two hundred and forty-one million four hundred and fifteen thousand five hundred and thirty-six shares, ten New Taiwan dollars per share, issued in full.
- Article 7: The shares issued by the Company may be exempted from printing stocks, and the securities centralized custody institution shall be contacted to

register the shares issued by it, and shall be handled in accordance with the regulations of the institution.

Article 8: The Company's share issues are handled in accordance with the "Guidelines for the Handling of Publicly Listed Companies' Share Issues" promulgated by the competent authority.

Article 9: The name change and transfer of the Company's shares shall not be carried out within 60 days before the regular Shareholders' Meeting, 30 days before the extraordinary Shareholders' Meeting, or within 5 days before the base date when the Company decides to distribute dividends, bonuses or other benefits.

Chapter 3 Shareholders' Meeting

Article 10: There are two types of regular meetings and extraordinary meetings of the shareholders' meeting:

- I. Annual meetings shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year.
- II. Extraordinary meetings shall be convened as required in accordance with applicable laws and regulations.

Article 11: The Regular Shareholders' Meeting shall be convened 30 days before the meeting. The convening of the Extraordinary Shareholders' Meeting shall be 15 days before the meeting. The date, place, and reason for the meeting shall be notified to all shareholders in writing or electronically according to laws and regulations. Notice to shareholders holding less than a thousand (1,000) shares may be given by public announcement.

Article 11-1: When the Company convenes a Regular Shareholders' Meeting, shareholders with more than one percent of the shares may submit a written proposal to the Company for the Regular Shareholders' Meeting. However, the proposal is limited to one item. Any proposal with more than one item shall not be included, and its related operations are handled in accordance with the Company Act and related regulations.

Article 12: When a shareholder is unable to attend the Shareholders' Meeting for some reason, a letter of attorney issued by the Company shall be issued, specifying the scope of authorization and an agent shall be entrusted to attend. The proxy process is governed by Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" prescribed by the competent authority.

Article 13: The Chairman of the Board of Directors shall be the Chairman of the Board of Directors at the Shareholders' Meeting. If the Chairman of the Board is on leave or unable to exercise his powers and duties for

any reason, the chairperson of the meetings shall be appointed pursuant to Article 208 of the Company Act. If the meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson at that meeting; if there are more than one person with the authority to convene, the chairperson for the meeting shall be appointed from among them.

Article 14: Unless otherwise stipulated by the Company Act, the resolutions of the Shareholders' Meeting shall be attended by shareholders representing more than half of the total number of shares issued, and shall be executed with the approval of more than half of the voting rights of the shareholders present.

The shareholders may exercise their voting rights by mail or electronic transmission in accordance with the applicable laws and regulations. The notice of the shareholders' meeting shall specify the instructions for voting by mail or electronic transmission.

Article 15: Shareholders have one voting right per share, but those who are restricted or have no voting rights listed in Article 179 of the Company Act shall not be subject to this limit.

A shareholder who exercises his voting rights by mail or electronic transmission will be deemed to have waived his rights to vote on any extraordinary motions and amendments to the original proposals at such meeting.

Article 16: The minutes of the resolutions of the Shareholders' Meeting shall be prepared and signed or stamped by the chairman, and the minutes shall be distributed to all the shareholders within 20 days after the meeting.

Minutes of the meeting shall include the date and place of the meeting, the name of the chairperson at the meeting, the method for adopting the resolutions, and the summary and results of the proceedings. Minutes of the meetings shall be kept for as long as the Company is in existence.

The attendance register and proxy forms shall be kept for at least one year; provided, however, records concerning an action initiated by a shareholder pursuant to Article 189 of the Company Act shall be kept until the conclusion of the lawsuit.

Chapter 4 Board of Directors

Article 17: The Board of Directors of the Company shall have 9 to 11 Directors. The candidate nomination system shall be adopted by the Shareholders' Meeting to elect from the list of Director candidates for a term of three years, and they may be re-elected. However, the provisions of Article 26-3 of the Securities and Exchange Act shall not be violated.

There shall be at least three Independent Directors among the number of Directors to be elected referred to in the preceding paragraph, and the Independent Directors shall represent at least one-fifth of the Board. The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the Independent Directors, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority.

The election of Independent Directors and non-Independent Directors shall be held concurrently, provided that the number of Independent Directors and non-Independent Directors elected are calculated separately.

The Directors shall comply with the rules of the securities regulatory authorities concerning minimum share ownership.

Article 18: The Directors shall elect one person as the Chairman of the Board, and may elect one person as the Vice Chairman of the Board in the same way. The Chairman shall represent the Company externally and internally serve as the Chairman of the Shareholders' Meeting and the Board of Directors.

Article 19: The functions and powers of the Board of Directors are as follows:

- I. Review and adopt material rules of the Company;
- II. Decide on the business directions of the Company;
- III. Approve budgets and financial statements;
- IV. Submit proposals regarding distribution of profits;
- V. Submit proposals regarding capital increase or reduction;
- VI. Sale and purchase and investment of real property;
- VII. Appoint and remove key management of the Company;
- VIII. Guarantee for companies in the same industry;
- IX. Decide on adjustment of the organizational structure and other important matters of the Company;
- X. Prepare and review annual and quarterly financial statements; and
- XI. Other powers and duties conferred by the Company Act or by the shareholders at the shareholders' meeting.
- XII. According to the Company Act, actions taken under the aforementioned powers and duties of the Board shall be reported to or approved by the shareholders at shareholders' meeting whenever necessary.

Article 20: In the event of a vacancy of one-third of the total number of Directors or all Independent Directors are dismissed, the Board of Directors shall convene a by-election at an Extraordinary Shareholders' Meeting within 60 days. The term of office of the by-election Director shall be the term of the original Director.

Article 21: The Board of Directors meets at least once every quarter and may convene at any time in case of emergency or request of more than

half of the Directors. The meeting of the Board of Directors shall be convened by delivering a notice to each director via mail, email, or fax.

Article 22: When the Chairman of the Board asks for leave or is unable to exercise his powers for some reason, his agency shall be handled in accordance with Article 208 of the Company Act.

Article 23: When the Board of Directors meets, it is the principle that the Directors shall be present in person. If a Director is unable to attend the meeting due to special circumstances, such director may appoint another director as his proxy. If participation by means of video conferencing is made available at a meeting, directors who participate in the meeting by such means shall be deemed to have attended such meeting in person. A director who appoints another director as his proxy to attend the meeting shall fill out a proxy form setting forth the scope of authorization with respect to the matters to be discussed at such a meeting. A director may only be appointed as a proxy by one other director. A director who resides overseas may, in writing, appoint a shareholder residing in Taiwan as his proxy to regularly attend the meetings of the Board of Directors.

Article 24: Unless otherwise stipulated by the Company Act, the resolution of the Board of Directors shall be attended by more than half of the Directors and shall be carried out with the consent of more than half of the Directors present.

Minutes of Board meetings must be signed or stamped by the Chairman and notes takers and distributed to all the Directors within 20 days after the meeting. The minutes shall be properly kept indefinitely as important records by the Company.

The preparation and distribution of the meeting minutes specified in paragraph 1 may be done through electronic means.

Article 24-1: The Board of Directors is authorized to determine the remuneration of the directors by referencing the standards within the industry; provided, however, independent directors shall not participate in the distribution of earnings as set forth in Article 34-1 herein.

Article 25: During the term of office of the Directors, the Company may purchase liability insurance for the liability for compensation in accordance with the law for the scope of the execution of the affairs.

Chapter 5 Audit Committee

Article 26: The Company shall set up an Audit Committee in accordance with laws and regulations. It shall be composed of all Independent Directors, and the number shall not be less than three. One of them shall be the convener and at least one shall have accounting or financial expertise.

The number of Audit Committee members, their term, duties, meeting rules and the resources to be provided when exercising their duties shall be regulated by the organizational rules of the Audit Committee.

Article 27: The Company establishes an Audit Committee in accordance with Article 14-4 of the Securities Exchange Act. The original Company Act, Securities Exchange Act, and other relevant laws stipulated that the supervisory authority shall be executed by the Audit Committee.

Article 28: The Board of Directors of the Company may set up various functional committees. The functional committee of each type shall, in accordance with the regulations provided by the competent authority, enact the rules governing the exercise of its duties. These rules shall be effective upon the resolution adopted by the Board of Directors' meeting.

Chapter 6 Managers and Staff

Article 29: The Company may have several managers, and the managers shall manage all the Company affairs in accordance with the decisions made by the Board of Directors.

The engagement, discharge, and remuneration of the managers shall be adopted by at least a majority of the Directors present at a meeting attended by at least a majority of the Directors holding office.

Article 30: The General Manager shall be ordered by the Board of Directors to supervise the business of the Company, and the General Manager shall be represented by the Deputy General Manager if he is unable to perform his duties due to circumstances.

Article 31: The Company's organizational system and the number of posts and appointment methods for employees at all levels shall be determined by the Board of Directors.

Chapter 7 Accounting

Article 32: The fiscal year of the Company shall begin on January 1 and end on December 31 of each year. At the end of the fiscal year, the accounts of the Company shall be closed.

Article 33: At the end of each fiscal year of the Company, the Board of Directors shall compile various forms stipulated in Article 228 of the Company Act and submit them to the Regular Shareholders' Meeting for recognition.

Article 34: In addition to withholding income tax in accordance with the law, the Company's annual net profit shall first make up for previous years' losses, and then deposit 10% of its balance as a statutory

earnings reserve. After accumulation, if there is a balance, the undistributed earnings of the previous year will be added to the cumulative distributable surplus. The Board of Directors shall draft a distribution proposal and submit it to the Shareholders' Meeting for resolution.

The dividends to the shareholders under such a plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.

Article 34-1: To the extent that the Company has profit in the year, the Company shall set aside at least 2% of such profit as employees' remuneration and no more than 3% of such profit as directors' remuneration, provided that the Company shall first offset the cumulative losses, if any.

Employee dividends shall be distributed in the form of shares or cash, and director dividends shall be distributed in the form of cash. The distribution of dividends shall be approved by more than one half of the Directors present at the Board of Directors' meeting attended by at least two-thirds of all Directors, and shall be reported at the shareholders' meeting.

The recipients of employee dividends in the form of shares or cash in accordance with the preceding subparagraph may include the employees of the Company's subsidiaries who meet certain conditions; the terms of the distribution shall be decided by the Board of Directors.

Chapter 8 Supplementary Provisions

Article 35: The Company's Articles of Incorporation and detailed rules shall be stipulated separately.

Article 36: Undecided matters in this Articles of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 37: The 1st amendment was made on June 25, 1971. The 2nd amendment was made on April 25, 1972. The 3rd amendment was made on October 25, 1972. The 4th amendment was made on November 25, 1973. The 5th amendment was made on May 1, 1974. The 6th amendment was made on May 30, 1975. The 7th amendment was made on September 16, 1976. The 8th amendment was made on May 16, 1977. The 9th amendment was made on June 30, 1977. The 10th amendment was made on March 16, 1978. The 11th amendment was made on August 16, 1978. The 12th amendment was made on February 20, 1979. The 13th amendment was made on August 20, 1990. The 14th amendment was made on May 24, 1981. The 15th amendment was made on June 13, 1982.

The 16th amendment was made on May 15, 1983. The 17th amendment was made on April 8, 1984. The 18th amendment was made on April 21, 1985. The 19th amendment was made on April 27, 1986. The 20th amendment was made on April 25, 1987. The 21st amendment was made on May 9, 1988. The 22nd amendment was made on April 20, 1989. The 23rd amendment was made on April 20, 1990. The 24th amendment was made on April 23, 1991. The 25th amendment was made on April 23, 1992. The 26th amendment was made on April 17, 1993. The 27th amendment was made on April 21, 1994. The 28th amendment was made on April 21, 1995. The 29th amendment was made on April 24, 1996. The 30th amendment was made on April 24, 1997. The 31st amendment was made on April 24, 1998. The 32nd amendment was made on April 23, 1999. The 33rd amendment was made on April 25, 2000. The 34th amendment was made on April 25, 2001. The 35th amendment was made on May 29, 2002. The 36th amendment was made on May 27, 2003. The 37th amendment was made on May 25, 2004. The 38th amendment was made on June 14, 2005. The 39th amendment was made on June 13, 2006. The 40th amendment was made on June 15, 2007. The 41st amendment was made on June 13, 2008. The 42nd amendment was made on June 4, 2009. The 43rd amendment was made on June 15, 2010. The 44th amendment was made on June 15, 2011. The 45th amendment was made on June 15, 2012. The 46th amendment was made on June 18, 2013. The 47th amendment was made on June 17, 2014. The 48th amendment was made on June 15, 2016. The 49th amendment was made on June 15, 2017. The 50th amendment was made on June 16, 2020. The 51st amendment was made on July 29, 2021.

Cheng Shin Rubber Industry Co., Ltd.

Chairman: Chen, Yun-Hwa

Appendix II

Cheng Shin Rubber Industry Co., Ltd.

The Company's Operational Procedures for Making

Endorsements/Guarantees and Loaning Funds to Others (before amendment)

Article 1: Purpose

The Procedures for Making Endorsements or Guarantees and Loaning of Funds (the "Procedures") are hereby enacted for the Cheng Shin Rubber Ind. Co., LTD. (the "Company") to abide by when making endorsements or guarantees. The procedures are based on the text number issued by the Securities and Futures Commission of the Ministry of Finance on December 18, 2002, "Taiwan Caizheng Liuzi No. 09101619 "Public Offering Company Fund Loans and Endorsement Guarantee Processing Guidelines" " It is stipulated that if there are any uncovered matters in the procedures, it will be handled in accordance with the relevant laws and regulations.

Article 2: Scope of the Procedures

The endorsements or guarantees referred in the Procedures include:

- I. Financing endorsements or guarantees, which shall mean the discounted bill financing, endorsements or guarantees made for the purposes of another company's financing needs, and issuance of another negotiable instrument to a non-financial enterprise as security for the purposes of the Company's financing needs.
- II. Customs duty endorsements or guarantees, which shall mean the endorsements or guarantees made for the Company itself or other companies in connection with customs duty matters.
- III. Other endorsements or guarantees, which shall mean the endorsements or guarantees made in connection with matters beyond the scope of the preceding two paragraphs.
- IV. The Company's creation of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.

Article 3: Endorsements or Guarantees Parties

The Company may make endorsements or guarantees for the following parties:

- I. The company that the Company is doing business with.
- II. The company in which the Company holds, directly or indirectly, more

than fifty percent (50%) of the voting shares.

III. The company that holds, directly or indirectly, more than fifty percent (50%) of the Company's voting shares.

Companies whose voting shares are at least 90% owned, directly or indirectly by the Company may provide endorsements/guarantees for each other; and the amount of endorsements/guarantees shall not exceed 10% of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies where the Company holds, directly or indirectly, 100% of the voting shares.

Where all shareholders making Capital Contribution to a jointly invested company make endorsements or guarantees for such company in proportion to their shareholding ratio, such endorsements or guarantees may be made free of the restrictions under the preceding two paragraphs.

The "Capital Contribution" under the preceding paragraph refers to direct capital contribution by the Company or the capital contribution by the company in which the Company holds one hundred percent (100%) of the voting shares.

Article 4: Maximum Amount of Endorsements or Guarantees

The aggregate amount of endorsements and guarantees the Company makes for other companies shall not exceed seventy percent (70%) of the Company's net worth. The aggregate amount of endorsements and guarantees the Company and its subsidiaries make for a single enterprise shall not exceed 20% of the Company's net worth; while the aggregate amount of endorsements and guarantees the Company and its subsidiaries make for a single foreign affiliated company shall not exceed 50% of the Company's net worth.

The aggregate amount of endorsements and guarantees the Company and its subsidiaries make for other companies shall not exceed 70% of the Company's net worth. The aggregate amount of endorsements and guarantees the Company and its subsidiaries make for a single enterprise shall not exceed 20% of the Company's net worth; while the aggregate amount of endorsements and guarantees the Company and its subsidiaries make for a single foreign affiliated company shall not exceed 50% of the Company's net worth.

If the aggregate amount of endorsements or guarantees the Company and its subsidiaries as a whole reach 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.

The net worth shall be decided in accordance with the latest financial statement audited or reviewed by a certified public accountant.

Article 5: Decision Making and Authorization Level

Endorsement/guarantee activities conducted by the Company shall first be approved by the Board of Directors by resolution before implementation. However, in order to meet the requirements of the time limit, the Board of Directors may authorize the Chairman of the Board to first deliberate on such activities within 50% of the net value of the company for the current period, report to the Board of Directors for ratification afterwards, and report the implementation of such activities to the Shareholders Meeting for future reference.

Where the Company has established the position of independent directors, the endorsements and guarantees made for others shall take each independent director's opinions into full account, and the independent directors' opinions expressly stating assent or dissent and the reasons for dissent shall be recorded in the minutes of the Board of Directors' meeting.

Article 6: Procedures for Making Endorsements and Guarantees

- I. Where a company intends to use an endorsement or guarantee within its amount, this company shall provide its basic information and financial information and fill out the application form to file and application with the Company's financial department. The Company's financial department shall carefully conduct a risk assessment. Detailed review procedures, including: the necessity of and reasonableness of endorsements/guarantees; credit status and risk assessment of the entity for which the endorsement/guarantee is made; the impact on the company's business operations, financial condition, and shareholders' equity; and whether or not collateral must be obtained and appraisal of the value thereof.
- II. The manager of the Financial Department of the Company consolidates the relevant information and evaluation results of the preceding paragraph. If the accumulative balance at the time of the endorsement guarantee has not exceeded 50% of the net value of the current period, it shall be submitted to the Chairman of the Board for ruling, and then submitted to the Board of Directors for ratification; if the accumulated balance of endorsements/guarantees has exceeded 50% of the net value of the current period, then it shall be sent to the Board of Directors for approval and shall be handled in accordance with the resolution of the Board of Directors.
- III. The endorsements/guarantees log book established by the Finance Department shall specify the endorsements/guarantees subject, amount, the date of approval by the Board of Directors or the Chairman's decision,

the endorsements/guarantees date, matters that should be carefully evaluated in accordance with these regulations, the content of the collateral and its estimated value, etc. The details will be posted for future reference.

- IV. Where the endorsed and guaranteed company repay the money, it shall inform the Company of its repayment to release the Company's from endorsement and guarantee liability, and shall publish the repayment on the endorsement and guarantee records.
- V. The Finance Department shall, in accordance with the provisions of International Accounting Standards No. 37, periodically assess and recognize the contingent losses of the endorsements/guarantees, and appropriately disclose the endorsements/guarantees information in the Financial Statements, and provide relevant information to the certifying CPAs for them to perform the necessary review procedures and issue a proper review report.

Article 7: Safekeeping of and procedures for the Company's chop
The seal for endorsement/guarantee is the company seal applied to and registered under the Ministry of Economic Affairs. The seal shall be kept by the dedicated personnel approved by the Board of Directors. The same applies to the change of seal. When providing an endorsement/guarantee, the relevant bill shall be stamped or issued in accordance with the company's operating procedures. When the company provides an endorsement/guarantee for a foreign company, the letter of guarantee provided by the company shall be signed by a person authorized by the Board of Directors.

Article 8: Guidelines for Conducting Endorsements and Guarantees

- I. The Company's internal auditors shall audit, at least quarterly, the Procedures and the implementation thereof, and prepare written records accordingly. In the event of any material violations discovered therefrom, the internal auditors shall promptly notify the Audit Committee in writing.
- II. In the event of any change of condition resulting in violation of Article 3 of the Procedures, which was in compliance with the Procedures at the time of endorsement or guarantee, or violation of exceeding the amount under Article 4 of the Procedures due to change of calculation basis based on which the maximum amount of endorsement or guarantee is calculated, the auditing unit shall urge the financial department to eliminate the entire endorsement or guarantee amount or the amount exceeding the maximum amount for such party when the contract expires or within a specified period of time. The auditing unit shall also submit

relevant rectification plans to the Audit Committee, implement the rectification plans in accordance with the planned timeline, and report to the Board of Directors.

- III. When making endorsement or guarantee that exceeds the maximum amount specified in the Procedures to satisfy business demands, and such endorsement or guarantee is in compliance with the conditions set out in the Procedures, the Company shall obtain approval from the Board of Directors. At least half of the directors shall act as joint guarantors in the event that the Company suffers any loss from exceeding the maximum amount of endorsement or guarantee allowed. The Company shall also amend the Procedures accordingly and submit the same to the shareholders' meeting for ratification. If such proposal is not adopted at the shareholders' meeting, the Company shall enact a plan to eliminate the amount in excess within a specified period of time. Where the Company has independent directors on the Board, it shall take into full consideration the opinions of each independent director when making the aforementioned endorsements or guarantees. If the independent directors express any dissent or reservation, such opinions shall be noted in the minutes of the Board of Directors' meeting.

Article 9: Announcement and reporting procedures

- I. The Company shall announce on the Market Observation Post System by the tenth (10th) day of each month the previous month's balance of endorsements and guarantees made by the Company and its subsidiaries.
- II. In the event that the endorsement and guarantee amount reaches any of the following standards, the Company shall make the announcement and report within two (2) days from the Date of Occurrence on the Market Observation Post System:
 1. The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches fifty percent (50%) or more of the Company's net worth as stated in its latest financial statement.
 2. The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches twenty percent (20%) or more of the Company's net worth as stated in its latest financial statement.
 3. The balance of endorsements and guarantees made by the Company and its subsidiaries for a single enterprise reaches NT\$ 10 million or more, and the aggregate amount of all endorsements and guarantees for, book value of equity method investment in, and balance of loans to such enterprise reaches thirty percent (30%) or more of the Company's net worth as stated in its latest financial statements.

4. The amount of new endorsements and guarantees by the Company or its subsidiaries reaches NT\$ 30 million or more and five percent (5%) or more of the Company's net worth as stated in its latest financial statement.
- III. If a subsidiary of the Company is not a domestic publicly listed company, the subsidiary shall enter the Public Information Observatory for the items in the preceding paragraph, which shall be done by the Company. The ratio of the balance of endorsements and guarantees over a company's net worth for a subsidiary to the net value under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements and guarantees to the Company's net worth.
- IV. The Company shall evaluate or record the contingent loss arising from the endorsement or guarantee, and properly disclose the information in relation to such endorsement or guarantee in the financial report. The Company shall also provide relevant information for the certified public accountant to conduct necessary auditing procedures.
- V. The "Date of Occurrence" in the Procedures refers to the execution date of the transaction, date of payment, date of the Board of Directors' resolution, or other date when the party receiving such endorsement or guarantee and the amount of the transaction can be confirmed.

Article 10: Procedures for controlling and managing endorsements and guarantees by the subsidiaries

- I. Where the subsidiaries intend to make endorsement or guarantee for others, such company shall also enact the procedures for making endorsements and guarantees and comply with these procedures.
- II. The subsidiaries shall prepare by the fifth (5th) day (non-inclusive) of every month a detailed list of endorsements and guarantees made for others in the prior month, and deliver such list to the Company.
- III. The subsidiaries shall audit, at least quarterly, its procedures for making endorsements and guarantees and the implementation thereof, and prepare written records accordingly. In the event of any material violations discovered therefrom, the internal auditors shall promptly notify the Company's auditing unit in writing, and the Company's auditing unit shall deliver the written information to the Audit Committee.
- IV. When the Company's auditors conduct auditing in accordance with the annual auditing plan in the subsidiaries, the auditors shall also look into the implementation status of such company's procedures for making endorsements and guarantees for others. In the event of any violations discovered therefrom, the auditors shall keep track of the rectification

process, and prepare a tracking report to submit to the General Manager.

- V. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring, and control measures shall be expressly prescribed.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph V of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 11: The capital of a company shall not be lent to any other person.

Article 12: Procedures for the Control of Subsidiary Fund Loans to Others

- I. In the event of the loaning of funds between the subsidiaries of the Company, the Chairman may be authorized by the Board of Directors, for a specific borrowing counterparty, within a certain credit line resolved by the subsidiary's Board of Directors, and within a period not exceeding one year, to grant loans in installments or to make a revolving credit line available for the counterparty to draw down. For the purpose of the aforementioned "certain credit line", the funds loaned by any of the subsidiaries to any single entity shall not exceed 10% of the net worth on the most recent financial statements of the Company.
- II. When a subsidiary of the Company intends to lend funds to others, the Company shall require the subsidiary to set procedures for lending funds to others in accordance with regulations, and shall handle the procedures in accordance with the established procedures.
- III. The subsidiaries shall prepare by the fifth (5th) day (non-inclusive) of every month a detailed list of endorsements and guarantees made for others in the prior month, and deliver such list to the Company.
- IV. The subsidiaries shall audit, at least quarterly, its procedures for making endorsements and guarantees and the implementation thereof, and prepare written records accordingly. In the event of any material violations discovered therefrom, the internal auditors shall promptly notify the Company's auditing unit in writing, and the Company's auditing unit shall deliver the written information to the Audit Committee.
- V. When the Company's auditors conduct inspections of the subsidiaries in accordance with the annual audit plan, they should also understand the implementation of the subsidiary's capital loan and others' operating procedures, and if any missing items are found, they should continue to track their improvement.

Article 13: Enactment and amendment

The Procedures shall be adopted with the approval of a majority of all members of the Audit Committee and shall be submitted to the Board of Directors' meeting. In the event that the Company fails to obtain the approval of a majority of all members of the Audit Committee, the Procedures may be adopted with the approval of two-thirds of all the directors. After being adopted at the Board of Directors' meeting, the Procedures shall be submitted to the shareholders' meeting for its approval. The decision of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting. After being adopted at the Board of Directors' meeting, the Procedures shall be submitted to the shareholders' meeting for its approval. The same procedures shall apply to the amendments of the Procedures. In the event of any dissent or reservation expressed by the Independent Directors, such opinions shall be noted in the minutes of the Board of Directors' meeting.

Article 14: "Subsidiary" and "parent company" as referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The Company's financial reports are prepared in accordance with the International Financial Reporting Standards, where "net worth" mentioned in these procedures refers to the equity attributable to the owners of the parent company in the Balance Sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 15: Penalty

Where the Company's managers or personnel in charge violate the Procedures, the Company may assess such manager or personnel's performance in accordance with the Company's human resource regulations and the employees' handbook, and give proper penalties according to the seriousness of the violation.

Article 16: These Procedures have been approved by the shareholder's meeting on May 27, 2003.

These Procedures have been approved by the shareholder's meeting on June 13, 2006.

These Procedures have been approved by the shareholder's meeting on June 13, 2008.

These Procedures have been approved by the shareholder's meeting on June 4, 2009.

These Procedures have been approved by the General Shareholders' Meeting on June 15, 2010.

These Procedures have been approved by the Shareholder's Meeting on June 18, 2013.

These Procedures have been approved by the Shareholders' Meeting on June 15, 2017.

This method was approved at the Shareholders' Meeting on June 14, 2019.

This method will be approved at the Shareholders' Meeting on July 29, 2021.

Appendix III

Cheng Shin Rubber Industry Co., Ltd.

Procedures for the Acquisition and Disposal of Assets (before amendment)

Chapter 1 General Provisions

Article 1: Purpose and Legal Basis:

To enhance asset management and implement information disclosure, Cheng Shin Rubber Ind. Co., LTD. (the "Company") hereby enacts and amends the Procedures for Acquisition or Disposal of Assets (the "Procedures") in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the Securities and Futures Bureau, Financial Supervisory Commission.

Article 2: Scope of Assets:

- i. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interests in a fund, domestic beneficial interest certificates, domestic and foreign funds, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- ii. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
- iii. Memberships.
- iv. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- v. Right-of-use assets.
- vi. Derivatives: forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- vii. Assets acquired or disposed of through mergers, spin-offs, acquisitions, or transfers of shares in accordance with the law: refers to assets acquired or disposed of through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding

Company Act, Financial Institutions Merger Act and other acts, or transfer of shares from another company through the issuance of new shares of its own as the consideration ("Share Transfer") under Article 156-3 of the Company Act.

viii. Other major assets.

Article 3: Evaluation Procedures:

- i. When the Company obtains or disposes of securities investment or engages in derivative commodity transactions, the Financial and Accounting Department shall analyze the relevant benefits and evaluate the possible risks. Capital expenditure related to the acquisition or disposal of real property and other assets shall be pre-planned by each unit. The feasibility of purpose and expected benefits shall be evaluated. If the related party obtains or disposes of the assets, the rationality of the trading conditions shall be assessed in accordance with the provisions of Chapter 2 of these Procedures. If the transaction shall exceed 10% of the Company's total assets, a valuation report from a professional appraiser or accountant's opinion shall also be obtained.
- ii. The Company shall obtain or dispose of marketable securities before the fact that the latest financial statements or other relevant materials of the target company have been certified or reviewed by an accountant, as a reference for evaluating the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the Date of Occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the accountant needs to use an expert report, it should be handled in compliance with the provisions of the Statements of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations announced by the Financial Supervisory Commission.
- iii. In the event of the Company's acquisition or disposal of real property or other fixed assets where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with governments, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment for business use, the Company shall, prior to the Date of Occurrence, obtain an appraisal report from a professional appraiser who is objective and unbiased, and shall comply with the asset appraisal procedures specified in these Procedures.
- iv. For the acquisition or disposal of intangible assets or right-of-use assets

thereof or memberships where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic government agencies, the Company shall engage a certified public accountant prior to the Date of Occurrence of the event to provide an opinion regarding the reasonableness of the transaction price in compliance with the provisions of the Statements of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.

- v. When the Company participates in merger, spin-off, acquisition, or Share Transfer, the Company shall, prior to convening the Board of Directors to resolve the relevant matters, engage a certified public accountant, an attorney, or an underwriter to provide an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders, and shall submit it to the Board of Directors for deliberation and resolution. However, the Company is not required to obtain the aforesaid professional's opinion on the reasonableness of the transaction in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, or in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.
- vi. The price determination methods and reference for the Company's acquisition or disposal of assets shall, in addition to referring to the professional appraisals and the certified public accountant's and other professional's opinions under the preceding paragraphs, be in accordance with the following provisions:
 - 1. In the event of the Company's acquisition or disposal of securities listed on the Taiwan Stock Exchange or Taipei Exchange, the price shall be determined by the price of the shares or the bonds during the transaction.
 - 2. In the event of the Company's acquisition or disposal of securities not listed on the Taiwan Stock Exchange or Taipei Exchange, the price shall be determined by taking into account the earnings per share, techniques, and profitability, future development potential, market interest, coupon rate of the bonds and credibility of the debtor, as well as the most recent transaction prices.
 - 3. To obtain or dispose of a membership card, consider the benefits that it can produce, and consult the latest transaction price at that time. To obtain or dispose of intangible assets such as patents, copyrights, trademarks, and franchise rights, reference should be made to international or market practice, the number of years, and the impact

- on the Company's technology and business for negotiation.
4. In the event of the Company's acquisition or disposal of real property and other fixed assets, the price shall be determined by taking into account the announced current value, appraised value, actual transaction price, or book value of neighboring real property and supplier's quotation. In the event of the Company's acquisition of real property from a related party, the Company shall calculate the price in accordance with the provisions in Chapter 2 of the Procedures to evaluate the reasonableness of the transaction price.
 5. In the event of the Company's transaction of derivatives, the price shall be determined by taking into account the futures market conditions and the trend of the exchange rate and interest rate.
 6. In the event of the Company's participation in a merger, spin-off, acquisition, or Share Transfer, the price shall be determined by taking into account the nature of business, earnings per share, asset value, techniques and profitability, capacity, and future growth potential.
- vii. Date of Occurrence: means the date of contract signing, date of payment, date of entrusted transaction, date of transfer, dates of boards of directors' resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. However, with investments that require the approval of the competent authority, the earliest of the above dates or the date of receipt of approval by the competent authority shall apply.
- viii. The transaction amount in the preceding seven paragraphs shall be calculated pursuant to Article 5, paragraph 1 herein. The term "within the preceding year" refers to the year preceding the Date of Occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or the certified public accountant's opinion have been obtained shall not be counted towards the transaction amount.

Article 4: Operating Procedures

- i. Authorized Amount and Authorization Level
 1. Securities: the Company's general manager is authorized to decide the transaction price within the amount specified under Article 7 of the Procedures. If the transaction price meets the announcement and filing standard under Article 5, such a transaction shall be submitted to the Chairman or the general manager for record on the next day, and shall also be submitted to the most recent Board of Directors' meeting for recognition. In the event of the Company's acquisition or disposal of shares, corporate bonds that are not listed on the Taiwan Stock Exchange or Taipei Exchange or the securities from the private

placement, and the transaction price meets the announcement and filing standard, such a transaction may only be conducted after the resolution is adopted at the Board of Directors' meeting. In addition, the Company's investment in China may only be conducted after the resolution is adopted at the shareholders' meeting, or after the Shareholders' Meeting authorizes the Board of Directors to conduct such an investment, and with the approval of the Investment Commission, the Ministry of Economic Affairs.

2. Transaction of Derivatives
 - (1) Hedge Transactions: the Chairman or the person designated by the general manager is authorized to, taking into account the Company's revenue and the changes of risk exposure, conduct the transaction with the single or cumulative transaction amount to be USD 200 million (including equivalent currency) or less. If the transaction amount exceeds USD 200 million, such a transaction may only be conducted with the Chairman's or the general manager's approval.
 - (2) Non-hedging Transactions: In order to reduce risks, the transaction with the single or cumulative transaction amount to be US\$150 million (including equivalent currencies) or less shall be approved by the Chairman of the Board before relevant transactions can be carried out.
 - (3) In order for the Company's authorization to be under the supervision of the bank, the authorized persons shall notify the bank of the authorization.
 - (4) The derivative transactions conducted in accordance with the preceding provisions shall be submitted to the Board of Directors' meeting after the transaction.
3. Transaction with the related parties or the Company's subsidiary (as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers): the Company may only execute the transaction agreement and pay the transaction price after it prepares relevant documents in accordance with the provisions in Chapter 2 of these Procedures, which shall be adopted at the Audit Committee and the Board of Directors' meeting.
4. Mergers, divisions, acquisitions, or share transfers: relevant procedures and relevant materials shall be prepared in accordance with the provisions of Chapter 4 of this procedure. Mergers, divisions, and acquisitions must be carried out after the resolution of the shareholders' meeting. However, this provision does not apply in the case of exemption from the resolution of the shareholders'

meeting in accordance with other laws. In addition, share transfer shall be approved by the Board of Directors before being conducted.

5. Others: It should be handled in accordance with the operating procedures stipulated by the internal control system and the approval authority. If the transaction amount does not meet the announcement standard, it should be submitted to the Chairman of the Board for approval; if the transaction amount reaches the standard for a public announcement in Article 5, it should be first submitted to the Chairman for approval, and prior approval by a resolution of the Board of Directors shall be obtained except for acquisition or disposal of machinery and equipment for business use, which may be reported to the Board of Directors for ratification afterwards. In the event of any transaction that falls into the scope of the transaction under Article 185 of the Company Act, such a transaction shall be adopted at the shareholders' meeting before the transaction is made.

ii. Implementation unit and transaction procedures

The executive unit of the Company's securities investment and derivative commodity transactions is the Accounting Department and the personnel designated by the Chairman or General Manager; the executive unit of real estate and other assets is the user department and related authority and responsibility units; the implementation unit of the merger, demerger, acquisition or for the transfer of shares, shall be designated by the Chairman or General Manager. After the acquisition or disposal of assets is evaluated and approved in accordance with relevant regulations, the implementation unit may proceed with the contract execution, transaction price payment or receipt, delivery, and examination and shall comply with the relevant internal control procedures based on the nature of the assets. For the Company's acquisition of real property from related parties, derivative transactions, and participation in a merger, spin-off, acquisition or Share Transfer, the Company shall comply with the relevant provisions in Chapter 2 to Chapter 4 of these Procedures.

Article 5: Filing Procedures:

- i. In the event of any of the following occurs when the Company acquires or disposes of its assets, the Company shall, based on the nature of the transaction, announce and file relevant documents on the website designated by the competent authority within two days from the Date of Occurrence according to the format and content provided by the appendix (as Appendix 2 to Appendix 8)
 1. Acquire or dispose of real estate or its right of use assets from or to a related party, or acquire and dispose of assets other than real estate or its right of use assets from or to a related party where the transaction

amount reaches 20% or more of the Company's paid-in capital and 10% or more of the Company's total assets, or NT\$300 million or more. 1. Provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.

2. Merger, spin-off, acquisition, or Share Transfer.
3. Losses from derivative transactions reaching the upper limits on aggregate losses of all transactions or the loss of individual transactions set forth in Chapter 3 Article 14 paragraph 4 of the Procedures.
4. Where the type of asset acquired or disposed of is equipment or right-of-use assets for business use, the counterparty is not a related party, and the transaction amount is NTD 1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own lands, engaging others to build on rented lands, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction, and separate sale, the counterparty is not a related party, and the amount the Company expects to invest in the transaction is NTD 500 million or more.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, disposal of creditor's rights by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Trading of securities at the stock exchange or over the counter, or purchase of the ordinary corporate bonds or the general bank debentures without equity characteristics that are offered and issued in the domestic primary market as investment professionals (excluding subordinated debt and the subscription or redemption of securities investment trust funds and futures trust funds).
 - (3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

The above transaction amount shall be calculated as follows:

- A. The amount of any individual transaction.
- B. The cumulative transaction amount of the acquisitions or

disposals of the same type of assets with the same counterparty within the preceding year.

- C. The cumulative transaction amount of real property or right-of-use asset acquisitions and disposals (cumulative acquisitions and disposals respectively) under the same development project within the preceding year.
- D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals respectively) of the same security within the preceding year.
- E. The 10% threshold under these Procedures shall be calculated according to the value of total assets specified in the most recent individual financial report of the Company prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In the event that the Company's share has no par value or has a par value other than NTD 10, the transaction amount as 20% of the Company's paid-in capital shall be calculated as 10% of the equity owned by the Company's parent company; NTD 20 billion of the equity owned by the Company's parent company shall be the threshold instead of NTD 10 billion of the paid-in capital of the Company.

The term "within the preceding year" as used in the preceding subparagraph refers to the year preceding the Date of Occurrence of the current transaction. Items duly announced in accordance with the regulations under the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall not be counted into the transaction amount.

- ii. The Company shall compile monthly reports on the status of derivative transactions engaged in up to the end of the preceding month by itself and the subsidiary which are not domestic public companies and upload the information in the format prescribed in the appendix hereto, by the 10th day of each month, onto the information filing website designated by the competent authority.
- iii. When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and so is required to correct it, all the items shall be publicly announced again in their entirety within two days from the day the Company knows of such error or omission.
- iv. Where any of the following circumstances occurs with respect to a transaction that the Company has already announced and filed in accordance with paragraph I of this Article, a public report of relevant information shall be made on the website designated by the competent

authority within two days from the Date of Occurrence:

1. Changes, termination, or rescission of an executed contract relating to the original transaction.
2. The merger, spin-off, acquisition, or Share Transfer is not completed by the scheduled date set forth in the contract.
3. Changes to the information originally publicly announced and filed.

Article 6: Asset Valuation Procedures:

In the event of the Company's acquisition or disposal of real property, equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic government agencies, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the Date of Occurrence and shall comply with the following provisions. In the event that the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may serve as a substitute for the appraisal report or the certified public accountant's opinion.

- i. When a limited price, a specified price or a special price must be used as the reference basis for the transaction price due to special reasons, the transaction shall first be submitted for approval by the Board of Directors; the same shall apply if there are subsequent changes to the terms and conditions of the transaction.
- ii. In the event that the transaction amount is NTD 1 billion or more, the Company shall obtain appraisals from two or more professional appraisers.
- iii. In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the Statements of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 2. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

- iv. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 7: Scope and Amount of Investment:

In addition to the acquisition of assets for business use, the Company and its subsidiary may also invest in real property for non-business use and in securities within the following amount. In calculating the amount under paragraph IV and V, the investment made to set up a company or to be the director or supervisor as a long-term investment may be excluded.

- i. For the Company's investment in the real property for non-business use, the total investment amount shall not exceed 50% of the Company's net value in the most recent financial statements. If the investment is made by the Company's subsidiary, the total investment amount shall not exceed 30% of its net value in the most recent financial statements.
- ii. For the Company's investment in securities, the total investment amount shall not exceed 30% of the Company's net value in the most recent financial statements. If the investment is made by the Company's subsidiary, the total investment amount shall not exceed 20% of its net value in the most recent financial statements.
- iii. For the Company's investment in a specific security, the investment amount shall not exceed 20% of the Company's net value in the most recent financial statements. If the investment is made by the Company's subsidiary, the investment amount shall not exceed 10% of its net value in the most recent financial statements.
- iv. For the investment in the company listed on the Taiwan Stock Exchange or Taipei Exchange by the Company or the Company's subsidiary, the net investment amount shall not exceed 10% of the net value of the Company or the Company's subsidiary respectively in the most recent financial statements of the entity making such investment.
- v. The shares of individual company listed on the Taiwan Stock Exchange or Taipei Exchange held by the Company and the Company's subsidiaries collectively shall not exceed 10% of the invested company's issued and outstanding shares.

Article 8: Control of the Company's Subsidiary's Acquisition or Disposal of Assets:

- i. The Company's subsidiary shall also enact its "Procedures for the Acquisition or Disposal of Assets" according to Tai-Tsai-Cheng-Yi No. 0910006105 announced by Securities and Futures Bureau, Financial Supervisory Commission. Such procedures shall be adopted at the subsidiary's Board of Directors' meeting and shareholders' meeting, and

the same procedure shall apply to the future amendments to the procedures.

- ii. The definition of a subsidiary shall refer to the provisions under Article 8 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers (IFRS) and No. 27 and No. 28 of the International Accounting Standards.
- iii. In the event of the Company's subsidiary's acquisition or disposal of assets, the subsidiary shall comply with its own "internal control system" and "Procedures for the Acquisition or Disposal of Assets." The Company's subsidiary shall submit in writing a list and the details of the assets it acquired or disposed of in the previous month to the Company in writing by the 10th day of each month. The subsidiary's acquisition or disposal of assets shall be one of the auditing items of the Company's auditing unit each month, and the auditing results of this item shall be a required item in the auditing report to the Audit Committee and the Board of Directors.
- iv. In the event that the Company's subsidiary is not a public company and that the acquisition or disposal of assets by the subsidiary reaches the announcement and filing standard, the subsidiary shall notify the Company on the Date of Occurrence, and the Company shall make the announcement and filing on the designated website in accordance with relevant regulations.

The filing standard regarding paid-in capital and total assets for the subsidiary subject to Article 5 paragraph 1 of the Procedures in the preceding paragraph shall be the same standard applicable to the Company.

Article 9: Article 9 Punishment:

In the event that any of the Company's employees dealing with acquisition and disposal of assets violates these Procedures, the employee shall be periodically evaluated in accordance with the Company's rules and shall be punished based on the seriousness of the violation.

Chapter 2 Related Party Transactions

Article 10: Basis of Definition and Determination:

The Company's acquisition of assets from its related party includes the Company's acquisition of assets by purchasing or exchanging. The definition of a related party shall refer to the regulations under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. When determining whether a trading counterparty is a related party, both the legal formalities and the substance of the relationship shall be considered. In the event that the Company engages in any acquisition or disposal of assets from

or to a related party, in addition to following the resolution procedures and evaluating the reasonableness of the terms of the transaction in accordance with Chapter 2 of these Procedures, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or the opinion of a certified public accountant in accordance with the preceding provisions.

Article 11: Resolution Procedures:

In the event that the Company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party or engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, except for the trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until the implementation unit has submitted the following matters to the Audit Committee and the Board of Directors and the matters has been approved by the Audit Committee and the Board of Directors:

- i. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.
 - ii. The reasons for choosing the related party as a trading counterparty.
 - iii. In the event that the Company acquires real property or right-of-use assets thereof from a related party, information regarding the evaluation of the reasonableness of the anticipated terms of the transaction in accordance with Article 12 or the proviso of Article 13.
 - iv. The date and price at which the related party originally acquired the real property, its original trading counterparty, and the counterparty's relationship with the Company and the related party.
 - v. Monthly cash flow forecasts for the coming year commencing from the anticipated month of executing the agreement, and the evaluation of the necessity of the transaction and the reasonableness of the funds' utilization.
 - vi. The appraisal report provided by a professional appraiser and the opinion of a certified public accountant obtained in accordance with the preceding Article.
 - vii. The restrictive terms of this transaction and other important agreements in connection with the transaction.
- (1) The transaction amount in the preceding paragraph shall mean the transaction amount of the year preceding the Date of Occurrence of

this transaction, which shall be calculated according to Article 5, paragraph 1 herein. Items that have been approved by the Audit Committee and Board of Directors according to these Procedures shall not be counted in when calculating the transaction amount.

- (2) With respect to the following transactions between the Company and its subsidiary, or between companies in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may proceed with the transaction according to the provisions in Article 4, paragraph 1, subparagraph V of these Procedures, which shall subsequently be submitted to and ratified at the next Board of Directors' meeting.

A. acquisition or disposal of equipment or right-of-use assets for business use.

B. acquisition or disposal of real property for business use.

In the event that matters are submitted to the Board of Directors for discussion according to the preceding paragraph, the Board of Directors shall take each Independent Director's opinion into full consideration. If an Independent Director objects to or expresses reservation about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

If the Company has established an Audit Committee, matters which require the ratification of the Audit Committee pursuant to the preceding paragraph shall be approved by a majority of all members of the Audit Committee and submitted to the Board for resolution. If the Company fails to obtain the approval of a majority of all members of the Audit Committee, such matters may be adopted by the approval of at least two-thirds of all members of the Board. The resolution of the Audit Committee shall be recorded in the meeting minutes of the Board.

Article 12: Evaluation of the Reasonableness of Transaction:

In the event that the Company acquires real property or right-of-use assets thereof from a related party, except for the situation where the related party acquired the real property or right-of-use assets thereof through inheritance or as a gift, where more than five years has lapsed between the time the related party executed the agreement to acquire the real property or right-of-use assets thereof and the execution date of the current transaction, where the real property or right-of-use assets thereof is acquired by the related party through executing a joint development agreement, or through the agreement engaging the related party to build on the real property or right-of-use assets thereof, either on its own land or on a rented land, or where the real property or right-of-use assets thereof are acquired for business use from a subsidiary of the Company or a company in which it directly or indirectly holds 100% of the issued shares or authorized capital, the reasonableness of the transaction costs

shall be evaluated by the following means. The Company shall also engage a certified public accountant to review the appraisal and render an opinion.

- i. Based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, however, that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- ii. In the event that the related party previously created a mortgage on the real property as security for a loan from a financial institution, the total loan value evaluated by the financial institution towards the real property; provided, however, that the actual cumulative amount loaned by the financial institution shall have reached 70% or more of the financial institution's evaluated loan value of the real property, and the period of the loan shall have been one year or more. This shall not apply if the financial institution is a related party of one of the trading counterparties.
- iii. In the event that the land and the building thereupon are combined as a single property purchased or leased in one transaction, the transaction costs of the land and the building may be evaluated separately in accordance with either of the methods listed in the preceding subparagraph I or II.

Article 13: Procedures to be complied with when the Estimated Transaction Costs are Lower than the Transaction Price:

In the event that the transaction costs estimated in accordance with the preceding Article are lower than the transaction price, except for any of the following circumstances and there are objective evidence and opinions on reasonableness have been obtained from a real property professional appraiser and a certified public account, the Company shall comply with paragraph 3 of this Article.

- i. Where the related party acquires undeveloped land or leases land for development, it may provide evidence of compliance with any of the following conditions:
 1. Where undeveloped lands are evaluated in accordance with the preceding Article and where buildings are evaluated according to the related party's construction costs plus reasonable construction profit, the cumulative value exceeds the actual transaction price. The term "reasonable construction profit" shall be the average gross operating profit margin of the related party's construction division over the most recent three years, or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

2. Transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring lands, where the land area and the transaction terms are similar after the calculation of reasonable price discrepancies in floor or area in accordance with standard property sales or leasing market practices.
- ii. Where the Company acquiring real property, or obtaining right-of-use assets under a real property lease, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions for the acquisition of neighboring land of similar size by unrelated parties within the preceding year.

If there is any other evidence indicating that the acquisition of real property by the Company from a related party involves transaction irregularities, the procedures provided in the preceding two paragraphs shall apply.

The aforementioned item "completed transactions for adjacent area" in principle refers to parcels on the same or an adjacent block and within a distance or parcels close to the latest official land price promulgated by the government. The term "the area of the property thereof are similar" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. The term "within the preceding year" refers to the year retrospectively preceding the date of occurrence of the acquisition of the real property or its right of use assets.

In the event that the Company acquires real property or right-of-use assets thereof from a related party, and the evaluation of the transaction costs conducted in accordance with the preceding Article are all lower than the transaction price, and none of the circumstances in paragraph 1 of this Article applies, the following actions shall be taken:

1. A special reserve shall be set aside in accordance with Article 41 paragraph 1 of the Securities and Exchange Act against the difference between the transaction price of real property or right-of-use assets thereof and the evaluated costs, and may not be distributed or used for capital increase or issuance of bonus shares. The Company may not utilize such special reserve until it has recognized a loss or decline in market value of the assets it purchased at a premium, or the assets have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that the transaction is not unreasonable, and the competent authority has granted its approval.
2. The Independent Director members of the Audit Committee shall deal with the matter in accordance with Article 218 of the Company

Act.

3. Actions that have been taken in accordance with the preceding two subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report as well as the prospectus.

Chapter 3 Control of Derivative Commodity Trading

Article 14: Principles and Guidelines for the Transaction:

- i. Types of derivatives: the types of derivatives the Company may transact include forward contracts, options, interest or foreign exchange rates swaps, futures and compound contracts combining the products mentioned above. If the Company intends to transact other types of derivatives, the transaction shall comply with the authorized amount and authorization level provided in Article 4, paragraph 1 herein.
- ii. Operation or hedge strategies: the derivative transactions made by the Company can be categorized into hedge oriented and non-hedge oriented (transaction oriented) transactions. The Company's derivative transaction strategies shall be mainly focusing on avoiding the risks derived from its business operations, and thus the Company shall mainly choose the derivatives that can avoid the Company's risks derived from the foreign currency income, expenses, assets, or liabilities produced during the Company's business operations. In the event of any change to the objective circumstances, the Company may also invest in non-hedge oriented derivatives when proper, so as to increase the Company's non-operating income or decrease the Company's non-operating loss. In addition, the Company shall mainly choose the financial institutions that are the Company's business counterparties as the trading counterparties, so as to avoid the credit risks. The Company shall clearly define the type of such transaction as a hedge oriented transaction or the financial operations for investment profit before the transaction is conducted, so as to serve as the basis for accounting record.
- iii. Transaction Amount:
 1. Hedge transactions: the upper limit for hedge transactions shall be the net position of foreign currencies after the assets and liabilities are both considered (including the net position that is anticipated to occur in the future).
 2. Non-hedging Transactions: No more than US\$ 150 million. Before the transaction, the person responsible for conducting the transaction shall prepare a Foreign Currency Trend Analytical Report, providing the analysis of trends in foreign currency market and the suggested trading options, and shall obtain the relevant approval.

Risk-avoidance and non-avoidance derivative commodity operation
quota verification authority

Authorized persons	Transaction amount per day	Net cumulative position
Foreign currency trading personnel	US\$5M or less	US\$10M or less (inclusive)
Head of financial department	US\$20M or less	US\$30M or less (inclusive)
General Manager (Taiwan)	US\$20M or more	US\$50M or less

3. For the transaction amount exceeding the above authorized amount, the transaction shall be submitted to the Board of Directors.
- iv. Upper limit of loss for all and individual contract
 1. Upper limit of loss for an individual contract and all contracts shall be 20% of the transaction amount.
 2. If the transaction is entered for a specific purpose, a stop-loss point shall be established to avoid losses exceeding the above limit after the position is created. The stop-loss point shall be 20% of the transaction amount for all contracts or an individual contract. Once the amount of losses exceeds the stop-loss point, the situation shall be promptly reported to the general manager and the Board of Directors, who shall then devise an action plan.
- v. Duties and responsibilities
 1. Trading personnel: the Company's derivative trading personnel shall be designated by the Chairman or the general manager. Such trading personnel shall be responsible for, within the scope of authorization, enacting the trading strategies, implementing trading instructions, disclosing future transaction risks and providing up-to-date information to relevant departments for their reference.
 2. Confirmation personnel: the financial department shall be responsible for confirming the transactions, keeping the transactions on the books in accordance with relevant regulations, maintaining transaction records, conducting periodic fair market price evaluation towards the position held, providing the evaluation results to the trading personnel and disclosing the matters related to the derivatives in the financial report.
 3. Closing personnel: responsible for derivative transaction closings
- vi. Performance evaluation guidelines
 1. Hedge transaction: performance shall be evaluated based on the profits and losses incurred from the costs of the foreign exchange rate and the interest rate on the Company's books and the derivative

transactions in which the Company is engaged in. The evaluation shall be conducted at least twice a month, and the results of the evaluation shall be submitted to the management for their reference.

2. Non-hedge transaction:

Performance shall be evaluated based on the profits and losses actually incurred. The evaluation shall be conducted at least once a week, and the results of the evaluation shall be submitted to the management for their reference.

Article 15: Risk Management Measures:

The scope and measures of risk management for the Company's derivative transactions are as follows:

- i. Consideration of credit risks: the trading counterparty shall mainly be the financial institutions or the futures brokers that have business relationships with the Company, have good reputation, and are able to provide professional information.
- ii. Consideration of market risks: future price fluctuation in the derivative market may result in uncertain losses, and thus, after the position is created, the stop-loss point shall be strictly followed.
- iii. Consideration of liquidation risks: in order to ensure the liquidity of the derivative products, the trading institution shall have sufficient equipment, information, and ability to trade in any market.
- iv. Consideration of operational risks: in order to avoid operational risks, the Company shall strictly abide by the rules regarding authorized transaction amount and operating procedures.
- v. Cash Flow Risk Management: In order to ensure the stability of the company's working capital turnover, the company's source of funds for derivative commodity transactions is limited to its own funds, and its operating amount shall take into consideration the demand for funds based on the cash income and expenditure forecasts for the next three months.
- vi. Consideration of legal risks: in order to avoid legal risks, any contract the Company executes with financial institutions shall mainly be internationally standardized documents.
- vii. Consideration of product risks: in order to avoid the losses derived from misusing derivative products, the internal trading personnel shall have complete and accurate professional knowledge toward the derivative products to be traded.
- viii. Consideration of risks in closing with cash: in order to ensure sufficient cash for payment upon closing, the authorized trading personnel shall not only strictly follow the rules regarding the authorization amount but also pay attention to the Company's cash flow at all times.

- ix. The trading personnel, confirmation personnel, and closing personnel shall not hold concurrent positions.
- x. The confirmation personnel shall periodically confirm with the banks about the Company's account statements or request the banks to issue a letter of confirmation, and check whether the total transaction amount exceeds the upper limit provided by the Procedures at all times.
- xi. The personnel responsible for risk assessment, supervision, and control shall be in the different departments and shall report to the Board of Directors or the senior management not responsible for transaction or position decision making.
- xii. The Company shall evaluate the held position at least once a week; provided that the hedge transactions entered into for business needs shall be evaluated at least twice a month. The evaluation reports shall be submitted to the senior management (general manager or head of auditing department) authorized by the Board of Directors.

Article 16: Internal Audit System:

- i. The internal audit personnel of the Company shall be responsible for understanding periodically the appropriateness of internal controls concerning the derivative transactions, conducting monthly audit towards the trading department's compliance status of the operating procedures regarding the derivative transactions, and preparing audit reports accordingly. In the event of any material breach, the internal audit personnel shall immediately report to the Chairman or the general manager and the senior management designated by the Board of Directors and shall notify the Audit Committee of the breach in writing.
- ii. The audit personnel of the Company shall incorporate the audit towards the derivative transactions into the audit plan, file to the competent authority the implementation status of annual audit plan of the previous year by the end of February each year, and file to the competent authority the improvements on any irregular situations by the end of May, at the latest, of that year.

Article 17: Methods of Periodic Evaluation and Irregular Situation Treatment:

- i. The Company shall conduct periodic evaluation of derivative transactions every week, prepare a report setting forth the weekly loss and profit and uncovered position of non-hedge transactions, and submit the report to the senior management authorized by the Board of Directors and the Chairman or the general manager, so as to serve as their reference for management performance evaluation and risk assessment.
- ii. The senior management designated by the Company's Board of Directors shall pay attention to the supervision and control of derivative transaction risks at all times. The Board of Directors shall evaluate whether the

performance of the derivative transactions is consistent with the Company's current operational strategies and whether the risks the Company bears are under the tolerable level by the Company.

- iii. The senior management authorized by the Company's Board of Directors shall manage the derivative transactions according to the following principles:
 - 1. Evaluate periodically whether the existing risk management measures are appropriate and strictly comply with the "Regulations Governing the Acquisition and Disposal of Assets" enacted by the competent authority and relevant regulations under these Procedures.
 - 2. Supervise the transaction and loss/benefit status, take necessary measures in response to irregular situations, and report to the Board of Directors immediately.
(In the event that the Company has Independent Directors, the Independent Directors shall attend the aforementioned Board of Directors' meeting and give their opinions.)
- iv. When engaging in derivative transactions, the Company shall prepare a log book, in which the derivative transactions' types, amounts, the Board of Directors' approval dates, periodic evaluation reports, and the matters to be periodically evaluated by the Board of Directors and the senior management authorized by the Board of Directors shall be recorded in detail.

Chapter 4 Merger, Spin-off, Acquisition or Share Transfer

Article 18: When the Company participates in a merger, spin-off, acquisition, Share Transfer, share swap or other enterprise merger and acquisition matters, it shall, prior to convening the Audit Committee' meeting to resolve the relevant matters, engage a certified public accountant, an attorney or an underwriter to provide an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders, and the Audit Committee shall submit it to the Board of Directors for deliberation and resolution.

The requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

Article 19: When the Company participates in a merger, spin-off or acquisition shall prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders meeting and include it along

with the expert opinion referred to in the preceding Article when sending shareholders meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply. In the event that the Shareholders' Meeting of any of the Companies participating in the merger, spin-off, or acquisition fails to convene or resolve a resolution for any reason, or the proposal is not adopted at the Shareholders' Meeting, the Company shall immediately publicly explain the reason, the follow-up measures and the date of the next Shareholders' Meeting.

Article 20: Unless otherwise provided by law or approved by the competent authority in advance, when the Company participates in a merger, spin-off, or acquisition, its Board of Directors' meeting and shareholders' meeting shall be held on the same day as other participating company's Board of Directors' meeting and shareholders' meeting to resolve the matters relating to the merger, spin-off, or acquisition. When the Company participates in Share Transfer, its Board of Directors' meeting shall be held on the same day as other participating company's Board of Directors' meeting. When participating in a merger, spin-off, acquisition, or Share Transfer, the company listed on the Taiwan Stock Exchange or the Taipei Exchange shall prepare a complete written record including the following information and preserve the record for five years for reference:

- i. Relevant personnel's basic information: including the titles, names, and ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the plan or implementation of the plan of any merger, spin-off, acquisition or Share Transfer prior to the disclosure of the information.
- ii. Dates of material events: including the dates of executing the letter of intent or memorandum of understanding, engaging a financial or legal advisor, executing the contract, and convening the Board of Directors' meeting.
- iii. Important documents and meeting minutes: including the plans of a merger, spin-off, acquisition, or Share Transfer, any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors' meeting.

When participating in a merger, spin-off, acquisition, or Share Transfer, the company listed on the Taiwan Stock Exchange or the Taipei Exchange shall, within two days commencing from the date of the resolution adopted at the Board of Directors' meeting, report to the competent authority the documents prepared in accordance with subparagraph I and II of the preceding paragraph in the prescribed format and via the information system on the internet.

In the event that any of the companies participating in the merger, spin-off, acquisition, or Share Transfer is not a company listed on the Taiwan Stock Exchange or the Taipei Exchange, the company listed on the Taiwan Stock Exchange or the Taipei Exchange shall execute an agreement with such a company and comply with the regulations under paragraph 3 and 4.

Article 21: Share Exchange Ratio and Acquisition Price:

Except for any of the following circumstances, the share exchange ratio and acquisition price for the merger, spin-off, acquisition, or Share Transfer shall not change, clauses specifying conditions, where changes are permitted, shall be included in the merger, spin-off, acquisition, or Share Transfer agreements.

- i. Increase of cash capital, and issuance of convertible corporate bonds, bonus shares, corporate bonds with stock warrants, preferred stock with stock warrants, certificates of stock options, and other equity securities.
- ii. An action, such as disposal of major assets, that affects the Company's financial operations.
- iii. An event, such as major disasters or major evolution in technology, that affects shareholders' equity or the price of securities.
- iv. An adjustment where any of the companies participating in the merger, spin-off, acquisition, or Share Transfer buys back the treasury stocks in accordance with the laws.
- v. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or Share Transfer.
- vi. Other terms and conditions that the contract stipulates may be amended and that have been publicly disclosed.

Article 22: Matters Required to be Included in the Contract:

In the event that the Company participates in a merger, spin-off, acquisition, or Share Transfer, the contract shall set forth the Company's rights and obligations, the amendable Share Exchange ratio or purchase price conditions under the preceding Article, and the followings matters:

- i. Handling of breach of contract.
- ii. Principles for handling the previously issued equity securities or purchased treasury stocks of a company that is extinguished or spun-off.
- iii. The amount and principles of the purchase of treasury stocks in accordance with the laws after the date of the participating companies' calculation of the Share Exchange ratio.
- iv. Procedures for handling the increase or decrease in the number of participating entities or companies.
- v. The estimated progress of the plan and estimated completion date.
- vi. If the plan is not completed within the scheduled time frame, the scheduled date for convening the legally mandated shareholders' meeting and the relevant procedures.

- Article 23: Other Matters to be Attended to by the Company when the Company is Participating in Merger, Spin-off, Acquisition or Share Exchange:
- i. Require persons who participate in or are privy to the Company's merger, spin-off, acquisition or Share Transfer to provide undertakings of confidentiality in writing, in which the persons undertake not to disclose the contents of the relevant information and not to trade, in their own names or under the name of another person, in any stocks or other equity securities of any company related to the merger, spin-off, acquisition, or Share Transfer prior to the public disclosure of information.
 - ii. After public disclosure of the information regarding the merger, spin-off, acquisition, or Share Transfer, if the Company intends to further carry out a merger, spin-off, acquisition or Share Transfer with another company, the Company shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition or Share Transfer; except that where the number of participating companies decreases and the Company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the authority, the Company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
 - iii. Where any of the companies participating in the merger, spin-off, acquisitions or Share Transfer is not a public company, the Company shall enter into an agreement with such a non-public company and shall comply with the provisions under Article 21 and the preceding two paragraphs of the Procedures.

Chapter 5 Other Important Issues

- Article 24: The Company, when acquiring or disposing of assets, shall keep all relevant contracts, meeting minutes, log books, appraisal reports, and opinions issued by certified public accountants, attorneys, or underwriters at the Company's office. Except as otherwise provided by other laws or regulations, such documents shall be preserved for at least 5 years.
- Article 25: Professional appraisers and their appraisal officers, certified public accountants, attorneys, and securities underwriters, who provide the Company with appraisal reports or opinions shall meet the following requirements:
- i. They have not previously received a final and non-appealable sentence of imprisonment for one year or more for a violation of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or occupational crime. However, this provision does not apply if three years have passed since the completion

- of the sentence, expiration of the term of probation, or grant of a pardon.
- ii. They shall not be a related party or de facto related party of any party to the transaction.
- iii. If the Company is required to obtain appraisal reports from two or more professional appraisers, such professional appraisers or appraisal officers shall not be related parties or de facto related parties of each other.

The professionals referred to in the preceding paragraph shall comply with the following provisions when preparing and issuing an appraisal report or opinion letter:

- i. Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.
- ii. When working on an assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter. The procedures implemented, data collected, and conclusion reached shall be fully and accurately recorded in the working papers.
- iii. They shall conduct an item-by-item evaluation on the completeness, accuracy, and reasonableness of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.
- iv. They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 26: In the event that the acquisition or disposal of assets requires the approval from the Board of Directors in accordance with these Procedures or other laws, if a Director expressly objects to the transaction and such an objection is put in record or represented in writing. The Board of Directors shall take each Independent Director's opinion into full consideration; if an Independent Director raises objection or expresses his/her reservation, such an objection or reservation shall be recorded in the minutes of the Board of Directors' meeting.

Article 27: The Procedures shall be adopted with the approval by one-half or more of the Audit Committee members, and shall be submitted to the Board of Directors' meeting. In the event that the Procedures are not approved by one-half or more of the Audit Committee members, the Procedures may be adopted with the approval by two-thirds or more of all the Directors. After adopted at the Board of Directors' meeting, the Procedures shall be submitted to the shareholders' meeting for its approval. The same procedures shall apply to the amendments of the Procedures. If an Independent Director raises objection or expresses his/her reservation, such an objection or reservation shall be

recorded in the minutes of the Board of Directors' meeting.

Article 28: Relevant laws and regulations shall apply to matters not provided by these Procedures.

Article 29: These Procedures have been approved by the General Shareholder's Meeting on May 27, 2003. These Procedures have been approved by the General Shareholders' Meeting on June 13, 2007. These Procedures have been approved by the General Shareholder's Meeting on June 13, 2009. These Procedures have been approved by the General Shareholder's Meeting on June 15, 2012. These Procedures have been approved by the General Shareholder's Meeting on June 18, 2013. These Procedures have been approved by the General Shareholder's Meeting on June 17, 2014. These Procedures have been approved by the General Shareholder's Meeting on June 15, 2017. These Procedures have been approved by the General Shareholder's Meeting on June 14, 2018. These Procedures have been approved by the General Shareholder's Meeting on June 14, 2019. These Procedures were approved by the Shareholder's Meeting on June 16, 2021.

Appendix IV

Cheng Shin Rubber Industry Co., Ltd.

Rules and Procedures of the Shareholders' Meeting (before amendment)

- Article 1: Unless otherwise required by the law, the Shareholders' Meeting of Cheng Shin Rubber Ind. Co., LTD. (the "Company") shall be conducted in accordance with the Rules and Procedures of the Shareholders' Meeting (the "Rules").
- Article 2: The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder registration, and other important matters.
Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk.
The Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register.
The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet.
- Article 3: Each shareholder is entitled to one vote for every share held. Except for those shares without voting rights under Article 179 of the Company Act, the attendance and votes at a shareholders' meeting shall be determined based on the number of shares present.
A shareholder may exercise his voting rights by mail or electronically via the internet on those matters presented at the shareholders' meeting convened by the Company. Where the voting right may be exercised by mail or electronically via the internet, the Company shall set forth in the notice the instructions for voting by mail and electronically via the internet. Shareholders who exercise their voting rights in writing or electronically are deemed to have attended the Shareholders' Meeting in person. However, the extraordinary motions of the shareholders' meeting and the amendment to the original proposal are deemed to be a waiver.
Election/dismissal of Directors, changes in the Articles of Incorporation, capital reduction, application of halting public offering, permission for the Directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the Company, or all items pertaining to Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or items pertaining to Articles 56-1 and 50-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extraordinary motions.

Where the reasons for convening the shareholders' meeting already specifies the election of all Directors and the date elected Directors take office, once the election is completed in the shareholders' meeting, the date the elected Directors take office may not be changed by extraordinary motions or other methods in the same meeting.

Article 4: The Shareholders' Meeting shall be held in the city or county where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.

Article 5: If a shareholders' meeting is convened by the board of directors of the Company, the Chairman of the Board shall preside at such meeting. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the Vice Chairman of the Board shall preside at such meeting. The Chairman of the Board shall designate a managing director to preside as the chairman if a Vice Chairman is not appointed, or if the Vice Chairman of the Board is on leave or unable to exercise his powers and duties for any reason. If no managing director of the Company is appointed, the Chairman of the Board shall designate a director to preside as the chairperson. If the Chairman of the Board fails to designate a chairperson for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting.

The Vice Chairman of the Board, a managing director, or a director who is designated as the chairperson for the meeting pursuant to the preceding paragraph shall have held office for at least six months and be familiar with the financial and business condition of the Company. The same requirements shall apply if the chairperson for the meeting is a Director representative of a legal person.

If the Shareholders' Meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson at that meeting.

Article 6: The Company may designate legal counsels, certified public accountants, and other relevant personnel to attend and observe the shareholders' meeting. Staff at the shareholders' meetings shall wear ID badges or arm badges.

Article 7: The Company shall record or video record the entire meeting process of the Shareholders' Meeting and keep it for at least one year. In the event of a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.

Article 8: The Chairperson shall call the meeting to order at the time scheduled for the meeting when the number of shares present constitutes more than one-half of the total issued and outstanding shares, and announce information such as the number of shares with no voting right and shares present. When no shareholder representing more than half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one hour. If, after two postponements, the number of shares present does not constitute more than

one-third of the total issued and outstanding shares, the chairman shall declare the adjournment of such meeting due to lack of quorum. If, after two postponements, the number of shares present does not constitute more than one-half of the total issued and outstanding shares but represents more than one-third of the total issued and outstanding shares, tentative resolutions may be adopted in accordance with Paragraph 1, Article 175 of the Company Act.

If, after the tentative resolutions have been adopted, the number of shares represented by the shareholders present reaches more than one-half of the total issued and outstanding shares before the meeting is adjourned, the chairperson may re-submit the foregoing tentative resolutions for approval at the meeting in accordance with Article 174 of the Company Act.

Article 9: If the Shareholders' Meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors, and the meeting shall be conducted in accordance with the scheduled agenda, and it shall not be changed without a resolution of the Shareholders' Meeting.

The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting.

In respect of the scheduled agenda referred to in the preceding two paragraphs, the chairman may not, absent a resolution, unilaterally announce the adjournment of the meeting before all of the items on the scheduled agenda have been resolved (including extraordinary motions).

After the adjournment of the meeting, shareholders shall not elect another chairman to continue the meeting at the original location or in another place.

Article 10: Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its comments and/or questions and specifying his/her/its shareholder account number (or the attendance ID number) and the account name of the shareholder, in order for the chairman to determine the speaking order.

Shareholders present who only made a statement but did not speak shall be deemed to have not made a statement. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

When the shareholders attend the speech, other shareholders shall not interfere with the speech except with the consent of the chairman and the speaking shareholder and the chairman shall stop the offender.

Article 11: Unless otherwise permitted by the chairperson, a shareholder may only speak, up to two times, on a single proposal, each time no more than five minutes in length. The chairman may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

Article 12: If a juristic person is entrusted to attend the shareholders' meeting, such juristic person may only appoint one person to be its representative at the meeting.

If a shareholder who is a juristic person appoints two or more representatives to attend the meeting, only one representative may speak on any given proposal.

Article 13: After the speech is given by an attending shareholder, the chairman may personally respond or designate relevant personnel to respond.

Article 14: If the chairman believes that the discussion for a proposal has reached a level where a vote may be called, the chairman may make an announcement to end such discussion and call for a vote.

The counting of ballots shall be conducted in a public space at the meeting venue. Once all the ballots have been counted, the voting results, including the number of votes cast, shall be announced and recorded in writing.

When the Shareholders' Meeting elects Directors, it shall be carried out in accordance with the relevant election rules set by the Company and shall announce the results of the election on the spot, including the list of Elected Directors and the number of Elected Directors, and the list of Directors who are not elected and the number of election rights obtained.

Article 15: The person(s) supervising the casting of the ballots and the person(s) counting the ballots are designated by the chairperson, provided that the person(s) supervising the casting of the ballots shall be a shareholder. The voting results shall be announced at the meeting and recorded in writing.

The preparation and distribution of the minutes of the shareholders' meeting may be done by way of entering the information into the Market Observation Post System and posting it as a public announcement.

Article 16: The chairman may, at his or her discretion, set time for recess during the meeting. If the meeting venue becomes unavailable before all of the items on the agenda have been resolved (including extraordinary motions), the shareholders may, by resolution, seek an alternative venue and resume the meeting.

Article 17: Except as otherwise provided under the Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of more than one-half of the votes of the shareholders present.

If, in the course of the vote, no objections are made by the shareholders present after inquiry by the chairperson and no electronic votes are cast against a proposal, such proposal is deemed to be adopted with the same effect as if it had been adopted through a voting process.

Shareholders who exercise their voting rights by mail or electronically via the internet shall comply with Article 177-2 of the Company Act.

Article 18: In the event that an amendment or a substitute comes out of the same proposal, the chairperson shall fix the order of balloting in consolidation with the original proposal. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

Article 19: The chairman may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. Such scrutineers personnel (or security personnel) shall wear arm badges marked "Scrutineer Personnel" while assisting in maintaining the order of the meeting.

- Article 20: The Rules and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.
- Article 21: The Rules became effective as of April 24, 1998, upon resolution at the shareholders' meeting.
- The Rules were revised at the Shareholders' Meeting on June 4, 2009.
- The Rules were revised at the Shareholders' Meeting on June 15, 2012.
- The Rules were revised at the Shareholders' Meeting on June 18, 2013.
- The Rules were revised at the Shareholders' Meeting on July 29, 2021.

Appendix V

Other Explanatory Matters

Details of accepting shareholder proposals for the 2022 Annual General Meeting:

Explanatory Notes:

1. According to Article 172-1 of the Company Act, a shareholder who holds 1% or more of the total issued and outstanding shares may submit one proposal in writing to the Company to be discussed at the shareholders meeting; the proposal may only address one matter, and may not contain more than 300 Chinese characters.
2. Shareholder proposals must be submitted during the period from March 27, 2022 to April 7, 2022. In line with relevant laws and regulations, the Company has published the information regarding the shareholder proposals on the MOPS website.
3. As of April 7, the Company has not received any application from shareholders for the right to propose, so it is hereby explained.

Cheng Shin Rubber Industry Co., Ltd. Share Ownership of Directors As of April 1, 2022

Title	Name	Number of Shares Held	Ownership Percentage (%)
Chairman	Chen, Yun-Hwa	120,570,531	3.72%
Director	Chen, Shiu-Hsiung	67,819,456	2.09%
Director	Min Hsing Investment Co., Ltd.'s Representative: Cheng, Han-Chi	6,425,000	0.20%
Director	Jiu Shun Investment Corporation's Representative: Wu, Hsuan-Miao	13,391,000	0.41%
Director	Hsieh Shuen Investment Co., Ltd.'s Representative: Huang, Chung-Jen	15,580,000	0.48%
Director	Hong Jing Investment Corporation's Representative: Lo, Tsai-Jen	33,331,000	1.03%
Director	Hong Jing Investment Corporation's Representative: Lee, Chin-Chang		
Director	Tseng, Sung-Ling	5,453,458	0.17%
Independent Director	Chen, Tzu-Chen	2,155	0.00%
Independent Director	Hsu, En-De	0	0.00%
Independent Director	Chen, Shuei-Jin	0	0.00%
Share Ownership of All Directors		262,572,600	8.10%

* The Company has an Audit Committee established, so there is no shareholding of supervisors.

The statutory number of shares held by all the Directors is 77,793,972 shares.