



Stock Code: 2105

# CHENG SHIN RUBBER IND. CO., LTD.

## 2024 Annual General Meeting Handbook

**Time and Date:** 9:00 a.m., May 30 (Thursday), 2024

**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. Procedure of 2024 Annual General Meeting

- I. Call Meeting to Order
- II. Chairperson's Remarks
- III. Report Items
- IV. Ratification Items
- V. Extempore Motions
- VI. Adjournment of the meeting

# Cheng Shin Rubber Industry Co., Ltd.

## 2024 Annual General Meeting Agenda

Meeting Method: Onsite meeting

Time: 9:00 a.m., May 30 (Thursday), 2024

Venue: B2 Conference Room of the Company's New Office Building

(No. 215 Meigang Rd., Huangcuo Village, Dacun Township, Changhua County)

I. Call Meeting to Order

II. Chairperson's Remarks

III. Report Items

(I) The Company's 2023 Business Report

(II) The Company's 2023 Audit Committee's Review Report

(III) Report on the 2023 distribution of remuneration to directors and employees

(IV) Report on 2023 Distribution of Earnings in Cash Dividends of the Company.

(V) Endorsement and Guarantee Report.

IV. Ratification Items

(I) Acknowledgment of 2023 business report and financial reports

(II) Acknowledgment of 2023 earnings distribution proposal

V. Extempore Motions

VI. Adjournment of the meeting

# Report Items

## Report Items

Report No. 1

Summary: The 2023 business report is presented for review.

Description: The Company's 2023 Business Report (see Pages 4~6 of the Handbook for details).

# Cheng Shin Rubber Industry Co., Ltd.

## 2023 Business Report



In 2023, we ushered in the post-pandemic era. Due to the impact posed by lift rate and inflation, the Company's annual operating revenue performance was slightly lower than that in the same period last year. However, under the management and leadership of the Company's management team, we improved our product portfolio, reduced costs and increased profits. The current net profit for 2023 was NT\$7,197,962 thousand, a YoY increase by 44.18% from the same period last year.

Driven by continuing demand, the global auto market has gradually regained its growth momentum while the supply problem was mitigated at the same time. Among other things, the sales of electric vehicles demonstrated the most significant sales volume. The Company also would not miss the opportunity, as it was the tire supplier of multiple OE automakers and continued to launch electric vehicles in the RE aftermarket. The outstanding performance of its tires has been well-recognized by all sectors and won multiple internationally renowned awards. The Company focuses on the R&D and manufacturing of tires, continues to provide innovative technology and high-quality tires to meet customers' needs, and successfully builds Taiwan's international brand "MAXXIS" to promote and sale products in more than 180 countries around the world.

We appreciate all shareholders, customers and employees for their support and trust in the Company. By upholding "Integrity and Innovation" as the Company's core value and "100% quality, 100% service, 100% trust" as its corporate culture, we fulfill the ESG commitment and work with all partners to grow together and create a better future and value.

The Company's 2023 consolidated and parent company only business overview is reported as following:

(I) Results of Operations based on our Business Plan

1. Production and sales:

Unit: 1000 pieces; %

Core Products \ Years	2023 production	2023 sales	2022 sales	Percentage of increase/decrease
Radial cover - car	30,036	30,560	29,091	5.05%
Radial cover - truck	3,202	3,203	2,845	12.60%
Motorcycle cover	43,610	44,220	44,587	-0.82%
Bicycle cover	71,651	73,681	82,957	-11.18%
Inner tube	76,367	79,246	121,274	-34.66%
Other tires	15,052	14,239	16,823	-15.36%

2. Operation:

Consolidated:

Unit: NT\$ thousand; %

Item \ Years	2023	2022	Percentage of increase (decrease)
Net Operation Income	96,201,313	98,622,877	-2.46%
Operating costs	72,812,628	77,639,710	-6.22%
Operating Expenses	13,030,879	13,608,989	-4.25%
Operating Profit	10,357,806	7,374,178	40.46%
Net Profit	7,197,962	4,992,260	44.18%

Parent-company-only:

Unit: NT\$ thousand; %

Item \ Years	2023	2022	Percentage of increase (decrease)
Net Operation Income	17,446,799	20,409,294	-14.52%
Operating costs	12,259,953	14,436,516	-15.08%
Operating Expenses	3,117,712	3,139,024	-0.68%
Operating (loss) profit	2,020,789	2,861,112	-29.37%
Net Profit	7,182,382	4,961,369	44.77%

(II) Budget Execution Status

The Company's actual turnover in 2023 was NT\$96.2 billion, with the target achievement rate 87%.



## (III) Analysis of Financial Income and Expenditure and Profitability

Consolidated:

Unit: NT\$ thousand; %

Years			2023	2022	Percentage of increase (decrease)
Item					
Financial Income and Expenditure	Operating Income		96,201,313	98,622,877	-2.46%
	Gross Operating Profit		23,388,685	20,983,167	11.46%
	Net Profit		7,197,962	4,992,260	44.18%
Analysis of Profitability	Return on Assets (ROA) (%)		5.67	3.80	49.21%
	Return on Equity (ROE) (%)		8.45	6.02	40.37%
	Ratio of paid-in capital (%)	Operating Profit	31.95	22.75	40.44%
		Pre-tax Profit	32.41	21.51	50.67%
	Net Profit Margin (%)		7.48	5.06	47.83%
	Earnings per share (NT\$)		2.22	1.53	45.10%

Parent-company-only:

Unit: NT\$ thousand; %

Years		2023	2022	Percentage of increase (decrease)	
Item					
Financial Income and Expenditure	Operating Income	17,446,799	20,409,294	-14.52%	
	Gross Operating Profit	5,186,846	5,972,778	-13.16%	
	Net Profit	7,182,382	4,961,369	44.77%	
Analysis of Profitability	Return on Assets (ROA) (%)		6.36	4.43	43.57%
	Return on Equity (ROE) (%)		8.49	6.02	41.03%
	Ratio of paid-in capital (%)	Operating Profit	6.23	8.83	-29.45%
		Pre-tax Profit	28.28	19.58	44.43%
	Net Profit Margin (%)		41.17	24.31	69.35%
	Earnings per share (NT\$)		2.22	1.53	45.10%

## (IV) Research and Development

- ◎Development of Grand Touring A/S Product for Passenger Cars
- ◎Development of ultra-high-performance passenger car tires - summer & four-season tires
- ◎Development of ultra-high-performance summer for EV SUV
- ◎Development of All-Season Product of OE for MPV Vehicle
- ◎Development of electric bus products
- ◎Development of new-generation 19" all-steel wire tires for trucks and buses
- ◎Development of MC 50/50ADV multi-purpose tires
- ◎Development of MA-SP(L) light-duty vehicle

- ◎Development for 4x4 Vehicles - All-Terrain & Rugged Terrain
- ◎Development of racing car tire products for passenger cars
- ◎Development of light truck tires for Japanese OE commercial vehicle
- ◎Development of MCR 50/50 multi-purpose tires
- ◎Development of SYM ADV model
- ◎Development of ATV Non-steel belt products
- ◎Development of the second generation gravel tires
- ◎Development of MA-MBA Big Scooter

Responsible Person:  
Chen, Yun-HwaGeneral Manager:  
Li Chin-ChangAccounting Manager:  
Yu, Ching-Tang

## Report Items

Report No. 2

Summary: The 2023 Audit Committee's Review Report is presented for review.

Description: The Company's 2023 financial statements have been approved by the Board of Directors, and audited and certified by Wu Yu-Lung, CPA and Chou Chien-Hung, CPA of PwC Taiwan. The same, together with the business report and earnings distribution proposal, have been sent to the Audit Committee for review, and The Audit Committee presented its review report accordingly. (Please refer to Page 8 of the Handbook for details.)

## Audit Committee's Review Report

Approved

The Board of Directors has prepared the Company's 2023 business report, financial statements (including parent company only and consolidated financial statements), and earnings distribution proposal. Among them, the financial statements have been audited by CPA Wu Yu-Lung and CPA Chien-Hung, CPA of PwC Taiwan, and an audit report was issued accordingly. 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.

To:

2024 Annual General Meeting of Cheng Shin Rubber Industry Co., Ltd.

Convener of Audit Committee: Chu Po-Yung



March 13, 2024

## Report Items

### Report No. 3

Summary: The Report on the 2023 distribution of remuneration to directors and employees is presented for review.

Description: 1. In accordance with Article 34-1 of the Company's Articles of Incorporation, and in response to a comparison of 2023 operating revenue and profit with 2022, and taking into account the distribution level in 2022, the 2023 remuneration was distributed to directors and employees.

2. The profit for 2013 is NT\$9,490,173,489, of which 1.425% was allocated as the remuneration to directors (excluding the remuneration to independent directors), NT\$135,234,972, and of which 2% was allocated as the remuneration to employees, NT\$189,803,470, all paid in cash.

3. No difference in expenses recognized for 2023 directors' and employees' remuneration.

## Report Items

### Report No. 4

Summary: The Report on 2023 Distribution of Earnings in Cash Dividends of the Company is presented for review.

Description: 1. In accordance with Article 34 of the Company's Articles of Incorporation, if the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital surplus in cash, the proposal shall be adopted by a board of directors meeting attended by over two-thirds of the entire board members attending upon approval of over half of those present at the meeting, and then reported to the shareholders' meeting.

2. Cash dividend distributed to shareholders was NT\$6,482,831,072, at NT\$2.0 per share, rounded up to the nearest NTD. Fractions less than a full NT\$1 shall be recognized as other income.

3. This case has been approved by a resolution of the board of directors and the board of directors determined ex-dividend reference date and related matters for distribution.

## Report Items

Report No. 5

Summary: The Report on Endorsements/Guarantees for others is presented for review.

Description: The balance of endorsements/guarantees reported by the Company as of December 31, 2023 totaled US\$413,500 thousand and INR2,600,000 thousand, equivalent to NT\$13,656,958 thousand (please refer to Pages 12~13 of the Handbook for details). In accordance with the Company's Regulations Governing Endorsement and Guarantee, it is submitted for future reference.

CHENG SHIN RUBBER INDUSTRY CO., LTD. Endorsement and Guarantee of Obligations to Third Parties  
December 31, 2023

Obligor	Guaranteed Obligation	Type of Guarantee	Balance on Guarantee	Bank Name	Start Date	Due Date	Note
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 15,000,000	Taichung Commercial Bank	110.06.29	115.07.22	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 30,000,000	Chang Hwa Commercial Bank	2022.06.10	2027.06.24	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 30,000,000	First Commercial Bank	2022.10.03	2029.12.13	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 30,000,000	E-Sun	2023.06.05	2028.06.14	
PT. Maxxis International Indonesia	Loan Guarantee	Long-term Loans	USD 30,000,000	Chang Hwa Commercial Bank	2023.07.04	2028.07.28	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 20,000,000	Bank of America	2023.03.27	2024.03.27	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 15,000,000	United Overseas Bank	2023.09.27	2024.09.27	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 30,700,000	Standard Chartered Bank	2023.10.31	2024.10.31	
PT. Maxxis International Indonesia	Loan Guarantee	Short-term Loans	USD 31,000,000	CTBC Bank	2023.12.31	2024.12.31	

CHENG SHIN RUBBER INDUSTRY CO., LTD. Endorsement and Guarantee of Obligations to Third Parties  
December 31, 2023

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 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	The Shanghai Commercial & Savings Bank, Ltd.	2020.12.18	2026.01.27	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 20,000,000	Chang Hwa Commercial Bank	2022.06.24	2027.08.16	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 30,000,000	Mega Bank	2022.10.14	2027.12.16	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 20,000,000	Hua Nan Bank	2022.09.12	2027.10.28	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Long-term Loans	USD 20,000,000	The Shanghai Commercial & Savings Bank, Ltd.	2023.04.20	2028.05.18	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 1,050,000,000	Standard Chartered Bank	2023.01.31	2024.01.31	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	USD 22,000,000	Bank of America	2023.06.30	2024.06.30	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	USD 10,000,000	CTBC Bank	2023.08.01	2024.07.31	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 800,000,000	CTBC Bank	2023.09.15	2024.09.15	
Maxxis Rubber India Pvt. Ltd.	Loan Guarantee	Short-term Loans	INR 750,000,000	HSBC Bank	2023.09.30	2024.09.30	



# **Ratification Items**

## Ratification Items

Report No. 1      Proposed by the Board of Directors

Summary: The 2023 business report and financial statements are submitted for ratification.

Description: 1. The Board of Directors has prepared the Company's 2023 business report and financial statements, which were already approved per resolution. Among them, the financial statements have been audited and certified by Wu Yu-Lung, CPA and Chou Chien-Hung, CPA of PwC Taiwan and an external auditor's report was issued. The financial statements, together with said business report, have been reviewed by the Audit Committee and found no nonconformity. Therefore, the review report is issued for your perusal (please refer to Pages 4~6, 8 and 16~42 of the Handbook for details).

2. Please ratify it.

Resolution:

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23005194

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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(32). For the detail of sales revenue, please refer to Note 6(22). For the year ended December 31, 2023, the sales revenue amounted to NT\$96,201,313 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(16). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2023, the unfinished construction and equipment under acceptance amounted to NT\$2,696,828 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\$13,151,533 thousand and NT\$16,164,617 thousand, constituting 9% and 11% of the consolidated total assets as of December 31, 2023 and 2022, respectively, and the total liabilities of NT\$2,183,742 thousand and NT\$4,885,923 thousand, constituting 4% and 8% of the consolidated total liabilities as of December 31, 2023 and 2022, respectively, and total operating revenues of NT\$14,340,257 thousand and NT\$16,263,588 thousand, constituting 15% and 16% 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, 2023 and 2022.

### ***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.

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Wu, Yu-Lung

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Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	23,575,591	16	\$	23,341,241	16
1120	Financial assets at fair value through other comprehensive income - current	6(2)		22,895	-		17,838	-
1136	Financial assets at amortised cost - current	6(3)		2,073,637	2		891,470	1
1150	Notes receivable, net	6(4)		4,147,117	3		3,436,147	2
1170	Accounts receivable, net	6(4)		9,275,745	7		9,539,894	7
1180	Accounts receivable - related parties	7		66,401	-		72,535	-
130X	Inventories	6(5)		17,042,864	12		20,983,551	14
1410	Prepayments			732,017	-		920,364	1
1470	Other current assets			372,342	-		270,462	-
11XX	Current Assets			57,308,609	40		59,473,502	41
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)		58,187	-		58,187	-
1535	Financial assets at amortised cost - non-current	6(3) and 8		9,160,974	7		2,944,228	2
1550	Investments accounted for under equity method	6(6)		179,373	-		199,626	-
1600	Property, plant and equipment, net	6(7)		66,977,367	48		75,517,186	52
1755	Right-of-use assets	6(8)		4,625,540	3		4,804,923	3
1760	Investment property, net	6(9)		673,845	-		485,621	-
1840	Deferred income tax assets	6(28)		2,303,446	2		1,943,206	2
1900	Other non-current assets	6(10)		298,577	-		457,140	-
15XX	Non-current assets			84,277,309	60		86,410,117	59
1XXX	Total assets		\$	141,585,918	100	\$	145,883,619	100

(Continued)

**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 3,011,371	2	\$ 6,194,746	5
2110	Short-term notes and bills payable	6(12)	300,000	-	-	-
2130	Current contract liabilities	6(22)	541,845	-	554,322	-
2150	Notes payable		150,408	-	169,724	-
2170	Accounts payable		7,182,403	5	7,163,658	5
2200	Other payables	6(13)	4,262,273	3	4,973,035	4
2230	Current income tax liabilities	6(28)	1,819,876	2	1,492,843	1
2280	Current lease liabilities	7	143,772	-	154,715	-
2320	Long-term liabilities, current portion	6(15)(16) and 7	1,822,121	2	7,950,172	5
2399	Other current liabilities, others	6(14)	545,873	-	317,738	-
21XX	Current Liabilities		19,779,942	14	28,970,953	20
Non-current liabilities						
2530	Corporate bonds payable	6(15)	8,000,000	5	8,000,000	5
2540	Long-term borrowings	6(16) and 7	23,750,894	17	20,768,740	14
2550	Provisions for liabilities - non-current		198,167	-	192,478	-
2570	Deferred income tax liabilities	6(28)	1,408,891	1	868,236	1
2580	Non-current lease liabilities	7	245,944	-	279,190	-
2600	Other non-current liabilities	6(17)	2,207,015	2	2,417,207	2
25XX	Non-current liabilities		35,810,911	25	32,525,851	22
2XXX	Total Liabilities		55,590,853	39	61,496,804	42
Equity						
Equity attributable to owners of parent						
	Share capital	6(18)				
3110	Share capital - common stock		32,414,155	23	32,414,155	22
	Capital surplus	6(19)				
3200	Capital surplus		70,044	-	67,757	-
	Retained earnings	6(20)				
3310	Legal reserve		17,172,449	12	16,665,921	12
3320	Special reserve		5,870,977	5	7,588,138	5
3350	Unappropriated retained earnings		36,826,502	26	32,946,205	23
	Other equity interest	6(21)				
3400	Other equity interest		( 6,921,572 )	( 5 )	( 5,870,977 )	( 4 )
31XX	Equity attributable to owners of the parent		85,432,555	61	83,811,199	58
36XX	Non-controlling interest		562,510	-	575,616	-
3XXX	Total equity		85,995,065	61	84,386,815	58
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date					
3X2X	Total liabilities and equity		\$ 141,585,918	100	\$ 145,883,619	100

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 96,201,313	100	\$ 98,622,877	100
5000	Operating costs	6(5)	( 72,812,628)	( 76)	( 77,639,710)	( 79)
5900	Net operating margin		23,388,685	24	20,983,167	21
	Operating expenses	7				
6100	Selling expenses		( 5,735,566)	( 6)	( 6,193,821)	( 6)
6200	General and administrative expenses		( 3,478,091)	( 4)	( 3,474,481)	( 4)
6300	Research and development expenses		( 3,783,394)	( 4)	( 3,940,687)	( 4)
6450	Expected credit loss	12(2)	( 33,828)	-	-	-
6000	Total operating expenses		( 13,030,879)	( 14)	( 13,608,989)	( 14)
6900	Operating profit		10,357,806	10	7,374,178	7
	Non-operating income and expenses					
7100	Interest income	6(23)	791,273	1	375,404	-
7010	Other income	6(24)	700,248	-	684,607	-
7020	Other gains and losses	6(25)	( 145,533)	-	( 709,887)	-
7050	Finance costs	6(26) and 7	( 1,186,931)	( 1)	( 779,988)	-
7060	Share of (loss) profit of associates and joint ventures accounted for under equity method	6(6)	( 10,253)	-	26,362	-
7000	Total non-operating income and expenses		148,804	-	( 403,502)	-
7900	<b>Profit before income tax</b>		10,506,610	10	6,970,676	7
7950	Income tax expense	6(28)	( 3,308,648)	( 3)	( 1,978,416)	( 2)
8200	<b>Profit for the year</b>		\$ 7,197,962	7	\$ 4,992,260	5

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Year ended December 31			
		2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(17)			
		\$	31,580	-	\$ 126,331
8316	Unrealized gain (loss) on valuation of entity instruments at fair value through profit or loss	6(2)(21)			
			5,057	-	( 5,245)
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	6(6)			
			-	-	2,847
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)			
		( 6,316)	-	( 25,266)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
			30,321	-	98,667
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(21)			
		( 1,330,318)	( 1)	2,161,386	2
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)			
		263,913	-	( 430,601)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
		( 1,066,405)	( 1)	1,730,785	2
8300	<b>Other comprehensive (loss) income for the period</b>		( \$ 1,036,084)	( 1)	\$ 1,829,452
8500	<b>Total comprehensive income for the period</b>		\$ 6,161,878	6	\$ 6,821,712
Profit attributable to:					
8610	Owners of the parent		\$ 7,182,382	7	\$ 4,961,369
8620	Non-controlling interest		15,580	-	30,891
			\$ 7,197,962	7	\$ 4,992,260
Comprehensive income attributable to:					
8710	Owners of the parent		\$ 6,157,051	6	\$ 6,782,442
8720	Non-controlling interest		4,827	-	39,270
			\$ 6,161,878	6	\$ 6,821,712
Earnings per share (in dollars)					
9750	Basic earnings per share	6(29)			
			\$ 2.22	\$ 1.53	
9850	Diluted earnings per share	6(29)			
			\$ 2.21	\$ 1.53	

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
Capital surplus					Retained earnings			Other equity interest				
								Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Notes	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			Total	Non-controlling interest	Total equity
	\$ 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
6(21)	-	-	-	-	-	-	4,961,369	-	-	4,961,369	30,891	4,992,260
	-	-	-	-	-	-	103,912	1,722,406	( 5,245)	1,821,073	8,379	1,829,452
	-	-	-	-	-	-	5,065,281	1,722,406	( 5,245)	6,782,442	39,270	6,821,712
6(20)	-	-	-	-	533,341	-	( 533,341)	-	-	-	-	-
	-	-	-	-	-	976,842	( 976,842)	-	-	-	-	-
	-	-	-	-	-	-	( 3,889,699)	-	-	( 3,889,699)	-	( 3,889,699)
	-	-	-	-	-	-	-	-	-	-	( 22,553)	( 22,553)
	-	-	-	( 13)	-	-	-	-	-	( 13)	-	( 13)
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,181	\$ 16,665,921	\$ 7,588,138	\$ 32,946,205	(\$ 5,880,150)	\$ 9,173	\$ 83,811,199	\$ 575,616	\$ 84,386,815
6(21)	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,181	\$ 16,665,921	\$ 7,588,138	\$ 32,946,205	(\$ 5,880,150)	\$ 9,173	\$ 83,811,199	\$ 575,616	\$ 84,386,815
	-	-	-	-	-	-	7,182,382	-	-	7,182,382	15,580	7,197,962
	-	-	-	-	-	-	25,264	( 1,055,652)	5,057	( 1,025,331)	( 10,753)	( 1,036,084)
	-	-	-	-	-	-	7,207,646	( 1,055,652)	5,057	6,157,051	4,827	6,161,878
6(20)	-	-	-	-	506,528	-	( 506,528)	-	-	-	-	-
	-	-	-	-	-	( 1,717,161)	1,717,161	-	-	-	-	-
	-	-	-	-	-	-	( 4,537,982)	-	-	( 4,537,982)	-	( 4,537,982)
	-	-	-	-	-	-	-	-	-	-	( 17,933)	( 17,933)
	-	-	-	2,306	-	-	-	-	-	2,306	-	2,306
	-	-	-	( 19)	-	-	-	-	-	( 19)	-	( 19)
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 17,468	\$ 17,172,449	\$ 5,870,977	\$ 36,826,502	(\$ 6,935,802)	\$ 14,230	\$ 85,432,555	\$ 562,510	\$ 85,995,065

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 10,506,610	\$ 6,970,676
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(27)	10,310,056	10,322,422
Depreciation on right-of-use assets	6(8)(27)	261,942	279,557
Depreciation on investment property	6(9)(27)	38,956	23,667
Amortization expense	6(10)(27)	88,920	96,268
Expected credit loss	12(2)	33,828	18,961
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(6)	10,253	( 26,362 )
Net gain on financial assets or liabilities at fair value through profit or loss	6(25)	-	( 244,478 )
Loss on disposal of property, plant and equipment	6(7)(25)	183,152	96,069
Interest expense	6(7)(26)	1,186,931	779,988
Interest income	6(23)	( 791,273 )	( 375,404 )
Deferred government grants revenue		( 190,120 )	( 176,709 )
Unrealized foreign exchange (gain) loss on foreign currency loans		( 602,116 )	933,355
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		-	262,126
Notes receivable, net		( 710,970 )	( 556,969 )
Accounts receivable		231,180	( 462,120 )
Accounts receivable - related parties		6,134	( 32,709 )
Inventories		3,726,574	46,012
Prepayments		184,781	36,678
Other current assets		4,509	150,164
Other non-current assets		125,088	38,566
Changes in operating liabilities			
Contract liabilities - current		( 12,477 )	( 493,252 )
Notes payable		( 19,316 )	( 150,304 )
Accounts payable		18,745	( 372,825 )
Other payables		( 536,492 )	( 339,419 )
Other current liabilities		228,135	( 41,432 )
Accrued pension liabilities		( 7,097 )	( 21,987 )
Other non-current liabilities		16,353	( 4,076 )
Cash inflow generated from operations		24,292,286	16,756,463
Interest received		672,000	303,033
Dividends received		10,000	10,000
Interest paid		( 1,209,832 )	( 737,825 )
Income tax paid		( 2,678,154 )	( 1,913,440 )
Income tax refund received		123,998	106,422
Net cash flows from operating activities		21,210,298	14,524,653

(Continued)

**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		( \$ 8,386,789 )	( \$ 3,826,974 )
Proceeds from repayments of financial assets at amortised cost		907,422	141,927
Acquisition of property, plant and equipment	6(7)(30)	( 3,164,535 )	( 3,260,840 )
Payment for capitalized interests	6(7)(26)(30)	( 2,714 )	( 7,782 )
Proceeds from disposal of property, plant and equipment		137,327	135,896
Acquisition of intangible assets	6(10)	( 50,891 )	( 61,696 )
Decrease (increase) in refundable deposits		2,731	( 10,202 )
Decrease in other non-current liabilities		38,152	106,151
Net cash flows used in investing activities		( 10,519,297 )	( 6,783,520 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(11)(31)	5,163,051	9,097,829
Decrease in short-term borrowings	6(11)(31)	( 6,869,044 )	( 10,929,537 )
Increase in short-term notes and bills payable		3,850,000	3,500,000
Decrease in short-term notes and bills payable		( 5,050,000 )	( 4,800,000 )
Repayments of corporate bonds	6(15)	( 2,500,000 )	( 6,000,000 )
Proceeds in long-term borrowings	6(16)(31)	13,365,349	14,094,890
Repayments in long-term borrowings	6(16)(31)	( 13,553,024 )	( 11,251,607 )
(Decrease) increase in guarantee deposits received	6(31)	( 7,570 )	20,094
Decrease in other payables to related parties	6(16)(31) and 7	-	( 176,877 )
Repayments of principal portion of lease liabilities	6(8)(31)	( 175,808 )	( 188,920 )
Cash dividends paid	6(20)	( 4,537,982 )	( 3,889,699 )
Cash dividends paid to non-controlling interests		( 17,933 )	( 22,553 )
Capital surplus arising from donated assets		2,306	-
Dividends extinguished by prescription claimed by shareholders		( 19 )	( 13 )
Net cash flows used in financing activities		( 10,330,674 )	( 10,546,393 )
Effect of exchange rate changes on cash and cash equivalents		( 125,977 )	218,674
Net increase (decrease) in cash and cash equivalents		234,350	( 2,586,586 )
Cash and cash equivalents at beginning of year	6(1)	23,341,241	25,927,827
Cash and cash equivalents at end of year	6(1)	\$ 23,575,591	\$ 23,341,241

The accompanying notes are an integral part of these consolidated financial statements.



## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23005200

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagement of Certified Public Accountants and Standards on Auditing of 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(32). For the detail of sales revenue, please refer to Note 6(22). For the year ended December 31, 2023, the sales revenue amounted to NT\$ 17,446,799 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(16). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2023, the unfinished construction and equipment under acceptance amounted to NT\$ 1,181,106 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\$ 12,045,114 thousand and NT\$ 11,803,597 thousand, representing 10% and 10% of total assets as at December 31, 2023 and 2022, respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for using equity method were NT\$ 1,365,944 thousand and NT\$ 1,736,332 thousand, representing 22% and 26% 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 the 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgement and 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.

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Wu, Yu-Lung

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Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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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.

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.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	5,399,125	5	\$	6,351,778	6
1120	Financial assets at fair value through other comprehensive income - current	6(2)		22,895	-		17,838	-
1136	Financial assets at amortised cost - current	6(3)		922,433	1		-	-
1150	Notes receivable, net	6(4)		12,960	-		29,331	-
1170	Accounts receivable, net	6(4)		843,980	1		1,003,822	1
1180	Accounts receivable - related parties	7		1,931,208	2		2,005,383	2
1210	Other receivables - related parties	7		1,727,356	1		299,885	-
130X	Inventories	6(5)		1,674,375	1		2,336,736	2
1410	Prepayments			115,623	-		203,287	-
1470	Other current assets			55,996	-		53,468	-
11XX	Current Assets			12,705,951	11		12,301,528	11
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non- current	6(2)		58,187	-		58,187	-
1550	Investments accounted for using the equity method	6(6)		89,549,421	76		87,023,254	75
1600	Property, plant and equipment, net	6(7)		14,473,837	12		15,010,653	13
1755	Right-of-use assets	6(8)		37,332	-		46,639	-
1760	Investment property, net	6(9)		287,791	-		288,336	-
1780	Intangible assets	6(10)		29,706	-		29,509	-
1840	Deferred income tax assets	6(28)		1,540,568	1		1,243,179	1
1900	Other non-current assets			24,902	-		23,545	-
15XX	Non-current assets			106,001,744	89		103,723,302	89
1XXX	Total assets		\$	118,707,695	100	\$	116,024,830	100

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes	December 31, 2023		December 31, 2022				
				AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(11)	\$	600,000	1	\$	400,000	-		
2110	Short-term notes and bills payable	6(12)		300,000	-		1,500,000	1		
2130	Current contract liabilities	6(22)		90,757	-		108,190	-		
2150	Notes payable			20,000	-		20,000	-		
2170	Accounts payable			1,059,299	1		1,095,678	1		
2180	Accounts payable - related parties	7		36,868	-		25,500	-		
2200	Other payables	6(13) and 7		1,685,600	2		1,590,912	2		
2230	Current income tax liabilities	6(28)		1,367,939	1		1,189,781	1		
2280	Current lease liabilities	7		19,308	-		32,289	-		
2320	Long-term liabilities, current portion	6(15)(16)		1,500,000	1		5,500,000	5		
2399	Other current liabilities, others	6(14)		62,173	-		57,154	-		
21XX	Current Liabilities			6,741,944	6		11,519,504	10		
Non-current liabilities										
2530	Corporate bonds payable	6(15)		8,000,000	7		8,000,000	7		
2540	Long-term borrowings	6(16)		16,550,000	14		9,700,000	8		
2570	Deferred income tax liabilities	6(28)		1,305,100	1		781,171	1		
2580	Non-current lease liabilities	7		18,296	-		14,845	-		
2600	Other non-current liabilities	6(6)(17)		659,800	-		2,198,111	2		
25XX	Non-current liabilities			26,533,196	22		20,694,127	18		
2XXX	Total liabilities			33,275,140	28		32,213,631	28		
Equity										
Share capital										
3110	Shares capital - common stock	6(18)		32,414,155	27		32,414,155	28		
Capital surplus										
3200	Capital surplus	6(19)		70,044	-		67,757	-		
Retained earnings										
		6(20)								
3310	Legal reserve			17,172,449	15		16,665,921	14		
3320	Special reserve			5,870,977	5		7,588,138	7		
3350	Unappropriated retained earnings			36,826,502	31		32,946,205	28		
Other equity interest										
		6(21)								
3400	Other equity interest		(	6,921,572)	(	6)	(	5,870,977)	(	5)
3XXX	Total equity			85,432,555	72		83,811,199	72		
Significant contingent liabilities and unrecognised contract commitments										
		9								
3X2X	Total liabilities and equity		\$	118,707,695	100	\$	116,024,830	100		

The accompanying notes are an integral part of these parent company only financial statements.



CHENG SHIN RUBBER IND. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items		Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 17,446,799	100	\$ 20,409,294	100
5000	Operating costs	6(5)	( 12,259,953)	( 70)	( 14,436,516)	( 71)
5900	Net operating margin		5,186,846	30	5,972,778	29
5910	Unrealized (profit) loss from sales		( 48,345)	( 1)	27,358	-
5950	Gross profit from operation		5,138,501	29	6,000,136	29
Operating expenses						
6100	Selling expenses		( 1,428,992)	( 8)	( 1,505,553)	( 7)
6200	General and administrative expenses		( 975,723)	( 6)	( 940,729)	( 5)
6300	Research and development expenses		( 722,274)	( 4)	( 692,742)	( 3)
6450	Expected credit gain	12(2)	9,277	-	-	-
6000	Total operating expenses		( 3,117,712)	( 18)	( 3,139,024)	( 15)
6900	Operating profit		2,020,789	11	2,861,112	14
Non-operating income and losses						
7100	Interest income	6(23) and 7	249,648	2	62,147	-
7010	Other income	6(24) and 7	1,096,190	6	1,161,081	6
7020	Other gains and losses	6(25)	( 4,114)	-	813,522	4
7050	Finance costs	6(26)	( 349,967)	( 2)	( 237,666)	( 1)
7070	Share of profit of associates and joint ventures accounted for using equity method		6,152,589	35	1,687,046	8
7000	Total non-operating income and losses		7,144,346	41	3,486,130	17
7900	<b>Profit before income tax</b>		9,165,135	52	6,347,242	31
7950	Income tax expense	6(28)	( 1,982,753)	( 11)	( 1,385,873)	( 7)
8200	<b>Profit for the year</b>		\$ 7,182,382	41	\$ 4,961,369	24

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

				Year ended December 31			
				2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%		
<b>Other comprehensive income</b>							
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(17)					
			\$	31,580	-	\$	126,331
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(2)					
				5,057	-	(	5,245)
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	6(6)					
				-	-		2,847
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)					
			(	6,316)	-	(	25,266)
8310	Components of other comprehensive income that will not be reclassified to profit or loss						
				30,321	-		98,667
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>							
8361	Financial statements translation differences of foreign operations	6(21)					
			(	1,319,565)	(	8)	2,153,007
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)					
				263,913	2	(	430,601)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss						
			(	1,055,652)	(	6)	1,722,406
8300	<b>Other comprehensive (loss) income for the year</b>						
			(	\$ 1,025,331)	(	6)	\$ 1,821,073
8500	<b>Total comprehensive income for the year</b>						
			\$	6,157,051	35	\$	6,782,442
9750	Basic earnings per share	6(29)					
			\$		2.22	\$	1.53
9850	Diluted earnings per share	6(29)					
			\$		2.21	\$	1.53

The accompanying notes are an integral part of these parent company only financial statements.

CHENG SHIN RUBBER IND. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Capital surplus				Retained earnings			Other equity interest		
	Notes	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, 2022</u>											
Balance at January 1, 2022		\$ 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
Profit for the year		-	-	-	-	-	-	4,961,369	-	-	4,961,369
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	-	103,912	1,722,406	( 5,245)	1,821,073
Total comprehensive income (loss)		-	-	-	-	-	-	5,065,281	1,722,406	( 5,245)	6,782,442
Appropriation and distribution of 2021 earnings:											
Legal reserve		-	-	-	-	533,341	-	( 533,341)	-	-	-
Special reserve		-	-	-	-	-	976,842	( 976,842)	-	-	-
Cash dividends	6(20)	-	-	-	-	-	-	( 3,889,699)	-	-	( 3,889,699)
Dividends extinguished by prescription claimed by shareholders		-	-	-	( 13)	-	-	-	-	-	( 13)
Balance at December 31, 2022		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 15,181</u>	<u>\$ 16,665,921</u>	<u>\$ 7,588,138</u>	<u>\$ 32,946,205</u>	<u>(\$ 5,880,150)</u>	<u>\$ 9,173</u>	<u>\$ 83,811,199</u>
<u>Year ended December 31, 2023</u>											
Balance at January 1, 2023		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,181	\$ 16,665,921	\$ 7,588,138	\$ 32,946,205	(\$ 5,880,150)	\$ 9,173	\$ 83,811,199
Profit for the year		-	-	-	-	-	-	7,182,382	-	-	7,182,382
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	-	25,264	( 1,055,652)	5,057	( 1,025,331)
Total comprehensive income (loss)		-	-	-	-	-	-	7,207,646	( 1,055,652)	5,057	6,157,051
Appropriation and distribution of 2022 earnings:											
Legal reserve		-	-	-	-	506,528	-	( 506,528)	-	-	-
Reversal of special reserve		-	-	-	-	-	( 1,717,161)	1,717,161	-	-	-
Cash dividends	6(20)	-	-	-	-	-	-	( 4,537,982)	-	-	( 4,537,982)
Capital surplus arising from donated assets		-	-	-	2,306	-	-	-	-	-	2,306
Dividends extinguished by prescription claimed by shareholders		-	-	-	( 19)	-	-	-	-	-	( 19)
Balance at December 31, 2023		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 17,468</u>	<u>\$ 17,172,449</u>	<u>\$ 5,870,977</u>	<u>\$ 36,826,502</u>	<u>(\$ 6,935,802)</u>	<u>\$ 14,230</u>	<u>\$ 85,432,555</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHENG SHIN RUBBER IND. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 9,165,135	\$ 6,347,242
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealised loss (gain) on inter-company transaction		45,916 (	10,126 )
Depreciation	6(7)(27)	1,364,668	1,454,779
Depreciation expense on right-of-use assets	6(8)(27)	38,180	42,743
Depreciation on investment property	6(9)(27)	545	545
Amortisation expense	6(10)(27)	37,114	29,647
Expected credit gain	(	9,277 )	-
Net gain on financial assets or liabilities at fair value through profit or loss	6(25)	- (	244,478 )
Gain on disposal of property, plant and equipment	6(7)(25)	( 39,324 ) (	68,362 )
Share of profit of associates and joint ventures accounted for using equity method	(	6,152,589 ) (	1,687,046 )
Interest income	6(23)	( 249,648 ) (	62,147 )
Dividends received	(	310 ) (	31,273 )
Interest expense	6(7)(26)	349,967	237,666
Effect of exchange rate changes on cash and cash equivalents		4,224 (	573,479 )
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		-	262,126
Notes receivable, net		25,648	25,962
Accounts receivable		159,842 (	48,146 )
Accounts receivable - related parties		74,175 (	123,095 )
Inventories		664,328	444,495
Other current assets		100,900 (	63,220 )
Other non-current assets		-	1
Changes in operating liabilities			
Contract liabilities - current	(	17,433 ) (	149,240 )
Notes payable		-	20,000
Accounts payable	(	36,379 ) (	108,466 )
Accounts payable - related parties		11,368 (	18,603 )
Other payables		166,914 (	119,191 )
Accrued pension liabilities	(	230 ) (	18,686 )
Other current liabilities		5,019 (	29,816 )
Cash inflow generated from operations		5,708,753	5,509,832
Interest received		232,234	57,060
Dividends received		3,856,711	2,627,821
Interest paid	(	354,408 ) (	258,884 )
Income tax paid	(	1,320,458 ) (	1,052,355 )
Net cash flows from operating activities		8,122,832	6,883,474

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		( \$ 922,433 )	\$ -
Increase in other receivables - related parties		( 1,427,471 )	( 34,540 )
Acquisition of investments accounted for using equity method		( 3,142,831 )	( 1,803,311 )
Acquisition of property, plant and equipment	6(7)	( 916,452 )	( 942,384 )
Proceeds from disposal of property, plant and equipment		90,083	37,048
Acquisition of intangible assets	6(10)	( 29,583 )	( 31,537 )
Increase in refundable deposits		( 1,357 )	( 21,612 )
Net cash flows used in investing activities		( 6,350,044 )	( 2,796,336 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(11)(31)	1,300,000	700,000
Decrease in short-term borrowings	6(11)(31)	( 1,100,000 )	( 300,000 )
Increase in short-term notes and bills payable	6(12)(31)	3,850,000	3,500,000
Decrease in short-term notes and bills payable	6(12)(31)	( 5,050,000 )	( 4,800,000 )
Repayments of corporate bonds	6(15)(31)	( 2,500,000 )	( 6,000,000 )
Proceeds from long-term borrowings	6(16)(31)	9,850,000	11,200,000
Repayments of long-term borrowings	6(16)(31)	( 4,500,000 )	( 7,900,000 )
Increase in guarantee deposits received	6(31)	( 1,252 )	( 2,906 )
Repayments of principal portion of lease liabilities	6(8)(31)	( 34,270 )	( 38,295 )
Cash dividends paid	6(20)(31)	( 4,537,982 )	( 3,889,699 )
Capital surplus arising from donated assets		2,306	-
Dividends extinguished by prescription claimed by shareholders		( 19 )	( 13 )
Net cash flows used in financing activities		( 2,721,217 )	( 7,530,913 )
Effect of exchange rate changes on cash and cash equivalents		( 4,224 )	573,479
Net decrease in cash and cash equivalents		( 952,653 )	( 2,870,296 )
Cash and cash equivalents at beginning of year	6(1)	6,351,778	9,222,074
Cash and cash equivalents at end of year	6(1)	<u>\$ 5,399,125</u>	<u>\$ 6,351,778</u>

The accompanying notes are an integral part of these parent company only financial statements.

## Ratification Items

Report No. 2 Proposed by the Board of Directors

Summary: The 2023 earnings distribution proposal is submitted for ratification.

- Description:
1. The Company's 2023 earnings distribution proposal has been approved by the Board of Directors, and the Audit Committee has submitted its review report and submitted it to the Shareholders' Meeting for approval.
  2. After the 2023 after-tax earnings of the Company is recognized as legal reserve according to laws, plus the accumulated undistributed earnings of the previous year, the distributable earnings were NT\$35,055,143,493. In accordance with the Company's Articles of Incorporation, it is proposed to distribute shareholder dividends totaling NT\$6,482,831,072, i.e. the cash dividend distributed at NT\$2.0 per share. For the earnings distribution proposed in the preceding paragraph, the 2023 earnings shall be distributed as the first priority. If there is any deficiency, it will be made up from the undistributed earnings of the previous year. The accumulated undistributed earnings after the distribution will amount to NT\$28,572,312,421. (Please refer to the Earnings Distribution Table on Page 44 of this Handbook for details.)
  3. It is calculated proportionally based on the record in the shareholder register on the base date rounded up to NT\$ (rounded off to the nearest NT\$). The sum of fractional amount less than NT \$1 under the distribution shall be included in the Company's other income.
  4. Please ratify it.

Resolution:

# Cheng Shin Rubber Industry Co., Ltd.

## Earnings Distribution Statement

2023

Unit: NT\$

Beginning Balance of Retained Earnings	\$29,618,855,840
The remeasurement of the defined benefit plan is recognized	
Retained earnings	25,263,758
Undistributed Earnings at the End of the Period	29,644,119,598
Net profit after tax in 2023	7,182,382,515
Allocation of the legal reserve	(720,764,627)
Provision of special reserve in accordance with the law	(1,050,593,993)
Earnings available for distribution	35,055,143,493
Distribution items:	
Cash dividend at NT\$2.0 per share	(6,482,831,072)
End of Period Appropriation	\$28,572,312,421

Responsible Person: Chen, Yun-Hwa



Manager: Li Chin-Chang



Accounting Manager: Yu, Ching-Tang



**Extempore Motion**

**Adjourned**



## Appendix I

# Cheng Shin Rubber Industry Co., Ltd. Articles of Incorporation

## Chapter 1 General Provisions

- Article 1 The Company is named “正新橡膠工業股份有限公司” in accordance with the provisions of the Company Act. English Name is CHENG SHIN RUBBER INDUSTRY CO., LTD.
- Article 2 The Company's business activities are as follows:
1. C801990 Other Chemical Materials Manufacturing
  2. C802160 Adhesive Tapes Manufacturing
  3. C804010 Tyres Manufacturing
  4. C804020 Industrial Rubber Products Manufacturing
  5. C804990 Other Rubber Products Manufacturing
  6. CB01010 Mechanical Equipment Manufacturing
  7. F112040 Wholesale of Petroleum Products
  8. F212050 Retail Sale of Petroleum Products
  9. F401010 International Trade
  10. ZZ99999 All business activities 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 capital.
- Article 4 The Company shall have its head office in Changhua County, Taiwan and, when necessary, may establish branches domestically or overseas per the resolution of the Board of Directors.
- Article 5 The Company may provide guarantees to peers.

## Chapter 2 Shares

- Article 6 The total capital of the Company is authorized as NT\$32,414,155,360, divided into 3,241,415,536 common shares at NT\$10 per share, issued in full.
- Article 7 The Company may issue shares without printing physical stock certificates, but shall register these issued shares with a securities depository organization in accordance with the organization's requirements.
- Article 8 The Company's shareholder services are handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority.
- Article 9 The transfer of shares shall be suspended for 60 days prior to the convening date of an annual general meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the record date on which the Company decides to distribute dividends or other benefits.

### Chapter 3 Shareholders' Meeting

- Article 10 The shareholder meeting is classified into two types, the annual general meeting and extraordinary shareholders' meeting:
- I. The general meeting shall be convened at least once a year. It shall be convened by the Board of Directors within six months after the close of each fiscal year.
  - II. The extraordinary meeting shall be held in accordance with the relevant statutory requirements whenever deemed necessary.  
The Company's shareholders' meetings can be held by means of video conferencing network or other methods as promulgated by the central competent authority.
- Article 11 A notice specifying the date, time, venue and reasons of a shareholders' meeting shall be given to each shareholder before 30 days in the case of an annual general meeting, and before 15 days in the case of a special shareholders' meeting. Notice to shareholders holding less than a thousand (1,000) shares may be given by public announcement.
- Article 11-1 Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may submit to the Company a proposal for discussion at an annual general meeting, provided that the shareholder is allowed to submit no more than one proposal to the annual general meeting. Any additional proposal will not be included into the motions. The relevant procedures will be as follows The Company Act and related regulations.
- Article 12 If a shareholder is unable to attend the shareholders' meeting for some reason, he or she may issue a proxy form printed by the Company to specify the scope of authorization, and enter his/her seal/signature thereto to appoint a proxy to attend the meeting on behalf of him/her. 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 Shareholders' meetings shall be chaired by the Chairman. 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 Resolutions at a shareholders' meeting shall, unless otherwise provided by other applicable laws, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares, at the meeting. 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 Each shareholder of the Company shall have one voting right per share, except for shares subject to restrictions or with no voting rights under the Company Act. A shareholder who exercises his voting rights by mail or electronic transmission will be deemed to have waived his rights to vote on any ad hoc motions and amendments to the original proposals at such meeting.
- Article 16 The resolutions of the shareholders' meeting shall be recorded in the minutes, signed or sealed by the chair, and distributed to each shareholder within 20 days after the meeting. The meeting minutes shall be distributed in the manner referred to in Article 183 of the Company Act.
- The minutes of the meeting shall record the year, month, day, venue, name of the chairman, method of resolution, major resolution process and resolution results, and shall be permanently preserved during the existence of the Company. 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 Company has 9 to 13 directors for the board of directors elected in accordance with the candidate nomination system. The shareholders' meeting shall elect the directors from the list of candidates, who shall hold the term of office for three years, and may be eligible for re-election. 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 total shareholding ratio of all directors shall be in accordance with the regulations of the securities regulatory authority.

Article 18 One Chairman of Board shall be elected from among the directors to act on behalf of the Company externally and as the chair of the Board of Directors' meeting internally. A Vice Chairman shall be elected in the same manner.

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

1. Review and approval of important rules and regulations.
2. Determining business policies.
3. Budget and final accounting decisions.
4. Proposal of earnings distribution.
5. Planning of capital increase or decrease.
6. Trading and investment of real estate.
7. Determination of key personnel of the Company.
8. Guarantee for external peers.
9. Decision on the Company's restructuring and other important matters.
10. Annual report preparation and review.
11. To perform other duties in accordance with the Company Act and the Shareholders' Meeting.
12. The functions and powers referred to in the preceding paragraph shall be reported to the Shareholders' Meeting or ratified in accordance with the Company Act.

Article 20 If the number of vacancies in the Directors reaches one-third of the total number or if all the Independent Directors are dismissed, the Board of Directors shall convene a special shareholders' meeting within 60 days to hold a by-election. The term of office of directors elected through the by-election shall be based on the term of office to be held by the original directors.

Article 21 The Board of Directors shall meet at least once per quarter, and may be convened at any time in case of emergency or at the request of more than half of the directors. The convening of the board of directors of the Company may be in writing, via email or fax.

Article 22 The Chairman of the Board of Directors shall chair the Board of Directors meeting. When the Chairman of the Board of Directors is on leave or for any reason unable to exercise his powers, Article 208 of the Company Act shall apply.

Article 23 Directors shall attend the Board of Directors meeting 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 Resolutions by the Board of Directors shall, unless otherwise provided in the Company Act, be adopted by a majority vote of the directors present at the meeting attended by a majority of the whole directors.

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 Company's directors based on the industry standard. However, independent directors may not participate in the distribution of remuneration as stated in Article 34-1.

Article 25 The Company may purchase liability insurance for directors during their term of office to cover their responsibilities for compensation under the law.

## Chapter 5 Audit Committee

Article 26 The Company has established an audit committee in accordance with the laws and regulations, which is composed of all independent directors, and its number shall not be less than three, one of whom shall be the convener, and at least one of whom 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 has established the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The supervisor's functions under the Company Act, the Securities and Exchange Act and other relevant laws and regulations shall be performed by the Audit Committee instead.

Article 28 The Company's Board of Directors may establish 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 Officers

Article 29 The Company may have several managerial officers, who shall manage all the affairs of the Company in accordance with the decisions resolved 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 President is in charge of the Company's business as ordered by the Board of Directors. If the President is unable to perform his duties, the Vice President acts as the deputy.

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

#### Chapter 7 Accounting

Article 32 The Company's fiscal year starts from January 1 to December 31, and the final accounts shall be conducted at the end of each fiscal year.

Article 33 At the end of each fiscal year of the Company, the Board of Directors shall prepare various reports as required by Article 228 of the Company Act and submit them to the Shareholders' Meeting for recognition.

Article 34 If there is a profit in the Company's annual final accounts, it shall first pay tax and make up for the accumulated losses of the past years, and then appropriate 10% as the legal reserve. Meanwhile, the special reserve shall be appropriated or reversed in accordance with laws. If there is any surplus, the remaining balance, plus the accumulated undistributed earnings in previous years, shall be distributed based on the distribution proposal drafted by the Board of Directors and resolved by a shareholders' meeting.

When the board of directors decides to distribute all or part of the dividends and bonuses, legal reserves, and capital reserves in cash, the meeting of board of directors is attended by two-thirds or more of the authorized directors, the proposal is resolved by a majority of directors in attendance, and the resolution is reported to the shareholders' meeting. The issue of new shares of a company shall be determined by the board of directors by a 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 employee dividends and no more than 3% of such profit as director dividends, 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 organizational charter and by-laws shall be separately established by the Board of Directors.

Article 36 Any matters not covered herein shall be governed by the Company Act.

Article 37 The Articles of Incorporation were established on December 15, 1969, 1st amendment was made on June 25, 1971. 2nd amendment was made on April 25, 1972. 3rd amendment was made on October 25, 1972. 4th amendment was made on November 25, 1973. 5th amendment was made on May 1, 1974. 6th amendment was made on May 30, 1975. 7th amendment was made on September 16, 1976. 8th amendment was made on May 16, 1977. 9th amendment was made on June 30, 1977. 10th amendment was made on March 16, 1978. 11th amendment was made on August 16, 1978. 12th amendment was made on February 20, 1979. 13th amendment was made on August 20, 1980. 14th amendment was made on May 24, 1981. 15th amendment was made on June 13, 1982. 16th amendment was made on May 15, 1983. 17th amendment was made on April 8, 1984. 18th amendment was made on April 21, 1985. 19th amendment was made on April 27, 1986. 20th amendment was made on April 25, 1987. 21st amendment was made on May 9, 1988. 22nd amendment was made on April 20, 1989. 23rd amendment was made on April 20, 1990. 24th amendment was made on April 23, 1991. 25th amendment was made on April

23, 1992. 26th amendment was made on April 17, 1993. 27th amendment was made on April 21, 1994. 28th amendment was made April 21, 1995. 29th amendment was made on April 23, 1996. 30th amendment was made on April 24, 1997. 31st amendment was made on April 24, 1998. 32nd amendment was made on April 23, 1999. 33rd amendment was made on April 25, 2000. 34th amendment was made on April 25, 2001. 35th amendment was made on May 29, 2002. 36th amendment was made on May 27, 2003. 37th amendment was made on May 25, 2004. 38th amendment was made on June 14, 2005. 39th amendment was made on June 13, 2006. 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. The 52nd amendment was made on May 31, 2022. The 53rd amendment was made on May 31, 2023.

Cheng Shin Rubber Industry Co., Ltd.

Chairman: Chen, Yun-Hwa





## Appendix II

# Rules of Procedure for Shareholders' Meetings of Cheng Shin Rubber Industry Co., Ltd.

### Article 1

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meeting, 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 procedure for the Company's shareholders' meeting, except as otherwise provided by laws, regulations or Articles of Incorporation, shall be as provided in these Rules.

### Article 3

Unless otherwise provided by laws, 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 electric versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System before 30 days before the date of a general shareholders' meeting or before 15 days before the date of the an extraordinary shareholders' meeting.

If the Company has the paid-in capital of NT\$10 billion or more, the transmission of these electronic files shall be made by 30 days before the general shareholders' meeting. Before 15 days before the date of the shareholders' meeting, this Corporation 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 this Corporation and the professional shareholder services agent designated place.

The Handbook and Supplementary Information for the Meeting referred to in the preceding paragraph shall be provided to shareholders for reference on the day of the shareholders' meeting in following ways:

- I. When the entity shareholders' meeting is convened, it shall be issued at the shareholders' meeting.
- II. When a video-assisted shareholders' meeting is held, it shall be distributed on the place of the shareholders' meeting and transmitted to the video conference platform by electronic files.

III. When a video shareholders' meeting is held, the electronic file shall be transmitted to the video conference 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 60-2 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 1 percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, 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.

Shareholders may submit proposed proposals to urge the Company to promote the public interest or fulfill its social responsibilities. The Procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Act. Any proposal with more than one item may be excluded in the proposal.

Prior to the book closure date before a regular shareholders meeting is held, this Company shall publicly announce that it will receive shareholder proposals by written or electronic, 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, this 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 explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### **Article 4**

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this 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 before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment, unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this 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 this Company before 2 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.

After the power of attorney is delivered to the Company, if the shareholder wishes to attend the shareholders' meeting by video conference, he shall notify the Company in writing to revoke the proxy two days before the meeting of the shareholders' meeting. In the event of revocation within the deadline, the voting rights of the proxy representative shall be present and exercised.

#### **Article 5 (Principles for the venue and time of a shareholders' meeting))**

The venue for a shareholders meeting shall be the premises of this Corporation, 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.

When the Company convenes a video shareholders' meeting, it shall not be restricted by the place of the meeting mentioned in the preceding paragraph.

#### **Article 6 (Preparation of a sign-in book and other documents)**

The Company shall specify in its shareholders, solicitors, trustees (hereinafter referred to as Shareholders) meeting notices the time during which shareholder attendance registrations 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. The shareholders shall be

accepted and registered on the video platform of the shareholders' meeting 30 minutes before the meeting, and the shareholders who complete the registration shall be deemed to have attended the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation 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.

The Company shall furnish the attending shareholders with an attendance book to sign, or 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, 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.

If the shareholders' meeting is convened by video, and the shareholders wish to attend by video, they shall register with the Company two days before the meeting.

To convene the video shareholders' meeting, the Company shall upload the handbook of meeting, annual report and other relevant information to the video platform of the shareholders' meeting at least 30 minutes before the meeting, and continue to disclose it until the end of the meeting.

**Article 6-1** (Matters to be noted in the notice of a shareholders' meeting by means of visual communication network)

The Company shall convene a video Shareholders' Meeting and shall specify the following matters in the Notice of the Shareholders' Meeting:

- I. Methods for shareholders to participate in video meetings and exercise their rights.
- II. The handling of blockages arising from the video conference platform or the participation of video parties due to natural disasters, incidents or other force majeure circumstances includes at least the following matters:
  - (I) The continuous preceding blockage has not been solved so as to postpone or to continue the meeting, and the date to postpone or to continue the meeting if necessary.
  - (II) Shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the postponing or continuing of the meeting.
  - (III) If the video-assisted shareholders' meeting cannot be continued, after deducting the number of shares participating in the shareholders' meeting by video, and the total number of shares present at the shareholders' meeting reaches the statutory quota of the shareholders' meeting, the shareholders' meeting shall continue, and the shareholders participating in the shareholders by video shall be included in the total number of

shareholders' shares present, and all the proposals of the shareholders' meeting shall be regarded as abstention.

(IV) In the event that the results of all motions have been announced, but no provisional motions have been made, the manner of handling them shall be handled.

III. A video shareholders' meeting shall be convened and shall specify the appropriate alternative measures provided to shareholders who may have difficulties participating in the shareholders by video.

#### **Article 7 (Chair of Shareholders' Meeting and Attendees)**

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 chairperson of the board in person and attended by a majority of the directors, at least one independent director 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 (Audio or video recordings of shareholders' meetings as evidence)**

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 1 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.

If the shareholders' meeting is convened by video meeting, the company shall keep records of the shareholders' registration, check in, ask question, voting and vote counting, and record the whole process of the video conference continuously and uninterruptedly.

The Company shall properly keep the materials and audio and video recordings mentioned in the preceding paragraph during the period of existence, and provide the audio and video recordings to the person entrusted with the video conference service for preservation.

## **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 number of shares registered on the video conferencing 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 1 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.

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 1 month. If the shareholders' meeting is convened by video meeting, and the shareholders wish to participate in the meeting by video, they shall re-register with 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. Relevant matters (including extempore motions and amendments to the original motions) shall be decided on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may 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.

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 extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote and an adequate voting time.

#### **Article 11 (Speech by Shareholders)**

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.

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.

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 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.

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

A video shareholders' meetings is convened and shareholders who participate by video may, after the chairman announces to call the meeting, until the announcement of the adjournment of the meeting, ask questions in words on the video platform of the shareholders' meeting, and not exceed two questions on each proposal are allowed, two hundred words per each and is not applicable for provisions of items 1 to 5.

If the questions asked in the preceding paragraph do not violate the provisions or do not exceed the scope of the proposal, it is advisable to disclose the questions on the video platform of the shareholders' meeting.

#### **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 this Corporation, 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 3 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, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the 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 the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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 by video conference, 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 2 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 this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, 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.

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.

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.

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.

The Company convenes a video Shareholders' Meeting, and the shareholders who participate by video shall vote on the proposals and the voting on the election proposals through the video platform after the Chairman announces to convene the meeting, and shall complete the voting before the Chairman announces the end of the voting, and shall be deemed to abstain when time out.

When the shareholders' meeting is convened by video conference, and the voting and election results shall be counted in one lump sum after the chairman announces the voting.

When the Company convenes a video-assisted shareholders' meeting, a shareholder who has registered to attend the shareholders' meeting by video in accordance with Article 6 shall, if he wishes to attend the entity shareholders' meeting in person, shall deregister the registration in the same manner two days before the shareholders' meeting.

A person who exercises the right to vote in writing or electronically, without revoking his expression of intent, and participates in the shareholders' meeting by video, shall not exercise the right to vote on the original proposal or propose amendments to the original proposal or to exercise the right to exercise the right to vote on the original proposal except for extraordinary motions.

## **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.

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 1 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 results (include summary of votes), once if the election for directors, the number of votes for each candidate should be disclosed and shall be retained for the duration of the existence of the Company. They shall be kept permanently during the existence of the Company.

Where a shareholders' meeting is convened by video, the minutes of the shareholders' meeting shall, in addition to the matters to be recorded in accordance with the preceding provisions, and shall record the time from the beginning of the shareholders' meeting, the method of convening the meeting, the name of the chairman and the minute taker, and the handling method and handling situation of the video conference platform or the participation of the video conference platform or by video in the event of an blockage due to natural disasters, incidents or other force majeure circumstances.

The Company shall convene a video shareholders' meeting, besides that in accordance with the provisions of the preceding paragraph, and shall indicate in the proceedings that there will be alternative measures provided by shareholders who have difficulties participating in the shareholders by video.

## **Article 16 (Public announcement)**

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares and the number of shares attended by shareholders in writing or electronically obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting. When the shareholders' meeting is convened by video conference, the

Company shall upload the above information to the video platform of the shareholders' meeting at least 30 minutes prior to the meeting and continue to disclose it until the end of the meeting.

When the Company convenes a video Shareholders' Meeting and announces to convene the meeting, the total number of shareholders' shares present shall be disclosed on the video platform. The same shall apply if the total number of shares and voting rights of the shareholders present at the meeting is also counted.

#### **Article 17 (Maintenance of order at the venue)**

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 place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place 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 meeting.

#### **Article 18 (Recession and resumption of the 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 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 5 days in accordance with Article 182 of the Company Act.

#### **Article 19 (Information Disclosure by Video Conferencing)**

If the shareholders' meeting is convened by video meeting, the Company shall immediately disclose the voting results of each proposal and the election results on the video platform of the shareholders' meeting in accordance with the regulations after the voting is completed, and shall continue to disclose them for at least 15 minutes after the chairman announces the adjournment of the meeting.

#### **Article 20 (Location of the chair of the shareholders' meeting by means of visual communication network and the minute taker)**

When the Company convenes a video shareholders' meeting, the Chairman and the minute taker shall be at the same place, and the Chairman shall announce the address of that place at the time of the meeting.

#### **Article 21 (Handling of Signal interruption)**

If the shareholders' meeting is convened by video meeting, the Chairman shall, at the time of announcing the meeting, separately announce that, besides the matter stipulated in Article 44-20(4) of the Regulations Governing the Administration of Shareholder Services of Public Companies, which does not require an extension or continuation of the meeting, the provisions of Article 182 of the Company Act shall not apply to the date of postponement or renewal of the meeting before the Chairman announces the adjournment of the meeting due to natural disasters, events or other force majeure circumstances that cause blockages to the participation of the video conference platform or by video participation for more than 30 minutes.

The meeting shall be postponed or renewed in the event of the preceding paragraph, and shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the postponement or renewal of the meeting.

The number of shares, exercised voting rights and voting rights of shareholders who have registered to participate in the original shareholders' meeting by video and completed their registration in accordance with Paragraph 1 shall be included in the total number of shares, voting rights and voting rights of the shareholders present at the original shareholders' meeting.

When postponing or renewing the shareholders' meeting in accordance with the provisions of Paragraph 1, there is no need to repeat the discussion and resolution of the proposal that has completed the voting and counting the votes, and announces the voting results or the list of directors and supervisors elected.

If the Company convenes a video-assisted shareholders' meeting and in case it cannot be running as Paragraph 1, once the total number of shares present deduct the shares in video still reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall continue and no need to postpone or renew the meeting in accordance with the provisions of Paragraph 1.

In the event of a meeting that should continue in the preceding paragraph, the number of shares present at a shareholders' meeting shall be included in the total number of shares of the shareholders present, but all the proposals of the shareholders' meeting shall be deemed to be abstained.

The Company shall postpone or renew the meeting in accordance with the provisions of paragraph 1, and shall handle the relevant pre-operations in accordance with the provisions of Item 7 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, in accordance with the date of the original shareholders' meeting and the provisions of each article.

For the period specified in the second paragraph of Article 12 and The third paragraph of Article 13 of the Rules for the Use of Power of Attorney by the Company attending the

Shareholders' Meeting, and Item 2 of Article 44-5, Article 44-15 and Article 44-17 of the Guidelines for the Handling of Shares of Publicly Issued Stock Companies, the Company shall postpone or renew the date of the shareholders' meeting in accordance with Paragraph 1 herein.

**Article 22** (Disposal of digital gap)

When the Company convenes a video shareholders' meeting, it shall provide appropriate alternative measures to shareholders who will have difficulties in attending the shareholders by video.

**Article 23**

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

**Article 24**

The original Procedures were repealed and the Company's "Rules of Procedure for Shareholders' Meetings of Cheng Shin Rubber Industry Co., Ltd." was re-promulgated: May 31, 2022.

## Appendix III

### Other Explanatory Matters

Instructions for handling shareholder proposals at this shareholders' meeting:

- Description: 1. According to Article 172-1 of the Company Act, a shareholder holding more than 1% of the total number of issued shares may submit a written proposal to the Company's annual general meeting, provided that the shareholder is allowed to submit no more than one proposal, and the proposal shall be limited to 300 words.
2. The Company's annual general meeting this year accepts shareholders' proposals: The period is from March 22, 2024 to April 1, 2024, already announced on the Market Observation Post System according to laws.
3. By April 1, the Company still has not received any application from any shareholder.

## Cheng Shin Rubber Industry Co., Ltd. Share Ownership of Directors Until March 31, 2024

Position	Name	Number of Shares Held	Held percentage (%)
Chairman	Representative of Jiu Shun Investment Co., Ltd.: Chen, Yun-Hwa	13,391,000	0.41%
Directors	Representative of Xie Shun Investment Co., Ltd.: Chen Hsiu-Hsiung	15,580,000	0.48%
Directors	Representative of Luo Jie Memorial Co., Ltd.: Lo Tsai-Jen	324,430,630	10.01%
Directors	Tseng, Shung-Chu	21,893,000	0.68%
Directors	Hong Jing Zi Investment Corporation, represented by Lee, Chin-Chang	33,331,000	1.03%
Directors	Representative of Luo Jie Memorial Co., Ltd.: Lo Yuan-Lung	324,430,630	10.01%
Directors	Min Hsing Investment Co., Ltd. (Representative: Cheng, Han-Chi)	6,425,000	0.20%
Directors	Representative of Jiu Shun Investment Corporation: Wu, Hsuan-Miao	13,391,000	0.41%
Independent Director	Wu Chung-Shu	0	0.00%
Independent Director	Chu, Po-Young	0	0.00%
Independent Director	Chen, Shuei-Jin	0	0.00%
Share Ownership of All Directors		415,050,630	23.23%

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

Number of shares required to be held by all directors pursuant to laws  
77,793,972 shares