CHENG SHIN RUBBER IND. CO., LTD .

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 15004060

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

We have audited the accompanying parent company only balance sheets of Cheng Shin Rubber Ind. Co., Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. As described in Note 6(7), we did not audit the financial statements of certain investments accounted for using equity method and related amounts disclosed in Note 13. The balances of investments accounted for using equity method were NT$2,539,156 thousand and NT$2,089,031 thousand, both representing 2% of the total assets as of December 31, 2015 and 2014, respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for using equity method were NT$795,889 thousand and NT$542,498 thousand, representing 7% and 3% of the total comprehensive income for the years then ended, respectively. These financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the ‘‘Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants’’ and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Cheng Shin Rubber Ind. Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers".

PricewaterhouseCoopers, Taiwan
March 24, 2016

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

	Assets	Notes	2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 8,933,048	7	$ 9,339,832	8
1125	Available-for-sale financial assets - current	6(3)	100,055	-	58,931	-
1150	Notes receivable, net	6(4) and 7	25,209	-	34,787	-
1170	Accounts receivable, net	6(5)	1,406,253	1	1,761,979	1
1180	Accounts receivable - related parties, net	7	934,590	1	1,332,936	1
130X	Inventories, net	6(6)	2,077,886	2	2,077,832	2
1410	Prepayments		198,894	-	227,382	-
1470	Other current assets	7	710,099	1	686,314	1
11XX	**Total current assets**		14,386,034	12	15,519,993	13
	Non-current assets					
1523	Available-for-sale financial assets－non-current	6(3)	58,187	-	58,187	-
1550	Investments accounted for using equity method	6(7)	90,614,333	74	87,672,464	72
1600	Property, plant and equipment, net	6(8)(26)	16,761,445	14	17,296,891	14
1760	Investment property, net	6(9)	328,252	-	329,221	1
1840	Deferred income tax assets	6(24)	286,970	-	297,147	-
1900	Other non-current assets	8	16,067	-	314,711	-
15XX	**Total non-current assets**		108,065,254	88	105,968,621	87
1XXX	**Total assets**		$ 122,451,288	100	$ 121,488,614	100

(Continued)

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

	Liabilities and Equity	Notes	2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
	Current liabilities					
2100	Short-term borrowings	6(10)	$ -	-	$ 54,394	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	7,415	-	-	-
2170	Accounts payable		964,368	1	1,200,823	1
2180	Accounts payable - related parties	7	14,945	-	18,344	-
2200	Other payables	6(11) and 7	2,501,181	2	2,816,252	2
2230	Current income tax liabilities	6(24)	1,412,819	1	1,652,298	2
2300	Other current liabilities	6(12)	589,945	-	2,089,200	2
21XX	**Total current liabilities**		5,490,673	4	7,831,311	7
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss－non-current	6(2)	-	-	22,407	-
2530	Bonds payable	6(13)	8,600,000	7	8,600,000	7
2540	Long-term borrowings	6(14)	15,867,000	13	13,603,667	11
2570	Deferred income tax liabilities	6(24)	2,415,551	2	2,778,204	2
2600	Other non-current liabilities	6(15)	916,927	1	889,631	1
25XX	**Total non-current liabilities**		27,799,478	23	25,893,909	21
2XXX	**Total liabilities**		33,290,151	27	33,725,220	28
	Equity					
	Share capital					
3110	Ordinary shares	6(16)	32,414,155	27	32,414,155	27
	Capital surplus	6(17)				
3200	Capital surplus		52,576	-	52,576	-
	Retained earnings	6(18)(25)				
3310	Legal reserve		11,678,012	10	10,076,452	8
3320	Special reserve		2,604,163	2	2,604,163	2
3350	Unappropriated retained earnings		40,593,212	33	39,169,276	32
	Other equity interest	6(19)				
3400	Other equity interest		1,819,019	1	3,446,772	3
3XXX	**Total equity**		89,161,137	73	87,763,394	72
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 122,451,288	100	$ 121,488,614	100

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

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

			2015		2014	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	7	$ 21,348,480	100	$ 23,639,942	100
5000	**Operating costs**	6(6)	(14,063,907)	(66)	(16,650,828)	(71)
5900	**Gross profit**		7,284,573	34	6,989,114	29
5910	Unrealized profit from sales		(70,193)	-	(75,124)	-
5950	**Gross profit from operations**		7,214,380	34	6,913,990	29
	Operating expenses					
6100	Selling expenses	7	(2,508,537)	(12)	(2,201,057)	(9)
6200	General and administrative expenses		(644,711)	(3)	(833,147)	(3)
6300	Research and development expenses		(874,677)	(4)	(842,210)	(4)
6000	**Total operating expenses**	6(23)	(4,027,925)	(19)	(3,876,414)	(16)
6900	**Operating profit**		3,186,455	15	3,037,576	13
	Non-operating income and expenses					
7010	Other income	6(20) and 7	1,396,912	6	1,549,914	7
7020	Other gains and losses	6(21)	622,982	3	552,312	2
7050	Finance costs	6(22)	(378,023)	(2)	(360,817)	(2)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	10,588,102	50	13,722,817	58
7000	**Total non-operating income and expenses**		12,229,973	57	15,464,226	65
7900	**Profit before income tax**		15,416,428	72	18,501,802	78
7950	Income tax expense	6(24)	(2,639,773)	(12)	(2,486,211)	(10)
8200	**Profit for the year**		$ 12,776,655	60	$ 16,015,591	68
	Other comprehensive income	6(19)(24)				
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial losses on defined benefit plans	6(15)	($ 32,031)	-	($ 25,859)	-
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(327)	-	(458)	-
8349	Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(24)	5,445	-	4,396	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(26,913)	-	(21,921)	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Other comprehensive (loss) income, before tax, exchange differences on translation		(1,997,691)	(9)	3,215,975	13
8362	Other comprehensive income, before tax, available-for-sale financial assets		41,124	-	13,723	-
8380	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(10,794)	-	(1,286)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		339,608	1	(548,547)	(2)
8360	**Components of other comprehensive (loss) income that will be reclassified to profit or loss**		(1,627,753)	(8)	2,679,865	11
8300	**Other comprehensive (loss) income for the year**		($ 1,654,666)	(8)	$ 2,657,944	11
8500	**Total comprehensive income for the year**		$ 11,121,989	52	$ 18,673,535	79
	Earnings per share (in dollars)	6(25)				
9750	**Basic earnings per share**		$ 3.94		$ 4.94	
9850	**Diluted earnings per share**		$ 3.93		$ 4.93	

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

CHENG SHIN RUBBER IND. CO., LTD .
PARENT COMPANY ONLYSTATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus		Retained Earnings			Other equity interest		
	Notes	Share capital - Ordinary shares	Treasury stock transactions	Gain on sale of assets	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
2014										
Balance at January 1, 2014		$ 32,414,155	$ 9,772	$ 42,804	$ 8,221,599	$ 2,604,163	$ 34,754,705	$ 734,974	$ 31,933	$ 78,814,105
Appropriations of 2013 earnings										
Legal reserve		-	-	-	1,854,853	-	(1,854,853)	-	-	-
Cash dividends	6(18)	-	-	-	-	-	(9,724,246)	-	-	(9,724,246)
Profit for the year		-	-	-	-	-	16,015,591	-	-	16,015,591
Other comprehensive (loss) income for the year	6(19)	-	-	-	-	-	(21,921)	2,667,428	12,437	2,657,944
Balance at December 31, 2014		$ 32,414,155	$ 9,772	$ 42,804	$ 10,076,452	$ 2,604,163	$ 39,169,276	$ 3,402,402	$ 44,370	$ 87,763,394
2015										
Balance at January 1, 2015		$ 32,414,155	$ 9,772	$ 42,804	$ 10,076,452	$ 2,604,163	$ 39,169,276	$ 3,402,402	$ 44,370	$ 87,763,394
Appropriations of 2014 earnings										
Legal reserve		-	-	-	1,601,560	-	(1,601,560)	-	-	-
Cash dividends	6(18)	-	-	-	-	-	(9,724,246)	-	-	(9,724,246)
Profit for the year		-	-	-	-	-	12,776,655	-	-	12,776,655
Other comprehensive (loss) income for the year	6(19)	-	-	-	-	-	(26,913)	(1,658,083)	30,330	(1,654,666)
Balance at December 31, 2015		$ 32,414,155	$ 9,772	$ 42,804	$ 11,678,012	$ 2,604,163	$ 40,593,212	$ 1,744,319	$ 74,700	$ 89,161,137

The directors' and supervisors' remuneration of $500,810 and employees' bonus of $333,874 for 2013 have been deducted from the parent company only statement of comprehensive income.
The directors' and supervisors' remuneration of $319,992 and employees' bonus of $288,281 for 2014 have been deducted from the parent company only statement of comprehensive income.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

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

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 15,416,428	$ 18,501,802
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Unrealised loss on inter-company transactions		37,230	114,736
Depreciation	6(8)	1,549,388	1,521,618
Provision for bad debts expense		-	7,461
Depreciation on investment property	6(9)	969	969
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(14,992)	(14,131)
Loss on disposal of investments	6(21)	-	7,485
Gain on disposal of property, plant and equipment	6(8)	(238,298)	(281,250)
Loss on unfinished construction and equipment under acceptance transferred to expenses	6(8)	14,540	4,410
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	(10,588,102)	(13,722,817)
Interest income	6(20)	(79,485)	(79,681)
Interest expense	6(22)	390,816	373,911
Unrealised foreign exchange (gain) loss		(1,360)	883
Effect of exchange rate		(78,381)	(108,946)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial instruments at fair value through profit or loss		-	1,250
Notes receivable		9,578	(10,100)
Accounts receivable		355,726	(46,825)
Accounts receivable - related parties		398,346	(203,654)
Inventories		(54)	172,761
Other current assets		78,426	1,186,310
Net changes in liabilities relating to operating activities			
Accounts payable		(236,455)	166,196
Accounts payable - related parties		(3,399)	331
Other payables		(236,458)	21,587
Accrued pension liabilities		(4,436)	(8,706)
Other current liabilities		(19,255)	11,962
Cash generated from operations		6,750,772	7,617,562
Interest received		82,858	95,017
Dividends received		8,330,064	8,677,715
Interest paid		(388,108)	(345,876)
Income tax paid		(2,978,536)	(2,467,777)
Net cash provided by operating activities		11,797,050	13,576,641

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

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets		$ -	($ 149)
Proceeds from disposal of available-for-sale financial assets		-	20,000
Proceeds from capital reduction of available-for-sale financial assets		-	150
Acquisition of investments accounted for using equity method		(2,613,800)	(1,673,650)
Proceeds from disposal of property, plant and equipment	6(8)	802,781	1,002,303
Acquisition of property, plant and equipment	6(8)(26)	(1,777,566)	(1,784,576)
Payment for capitalized interests	6(8)(26)	(12,793)	(13,094)
Decrease (increase) in refundable deposits		313,409	(311,418)
Net cash used in investing activities		(3,287,969)	(2,760,434)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(53,034)	4,819
Decrease in long-term loans	6(13)	(4,216,667)	(4,380,500)
Increase in long-term loans		7,000,000	5,500,000
(Decrease) increase in guarantee deposits received		(299)	6,134
Proceeds from issuing bonds	6(13)	-	4,800,000
Repayment of bonds		(2,000,000)	(3,500,000)
Cash dividends paid	6(18)	(9,724,246)	(9,724,246)
Net cash used in financing activities		(8,994,246)	(7,293,793)
Effect of exchange rate changes on cash and cash equivalents		78,381	108,946
(Decrease) increase in cash and cash equivalents		(406,784)	3,631,360
Cash and cash equivalents at beginning of year	6(1)	9,339,832	5,708,472
Cash and cash equivalents at end of year	6(1)	$ 8,933,048	$ 9,339,832

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

CHENG SHIN RUBBER IND. CO., LTD .

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) was incorporated on December 1969 and is primarily engaged in: (a) Processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products. (b) Manufacturing and trading of various rubber products and relevant rubber machinery.

The Company has been listed on the Taiwan Stock Exchange starting from December 1987.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements have been authorized for issuance by the Board of Directors on March 24, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as the “2013 version of IFRS”) in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

B. IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. And, the Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Company's assessment, the adoption of the standard has no significant impact on its unconsolidated financial statements, and the Company will disclose additional information about fair value measurements accordingly.

D. Article 10, Paragraph 3, Subparagraph 3 of Regulations Governing the Preparation of Financial Reports by Securities Issuers

The new regulation requires the amount of change in the fair value of a financial liability that is attributable to changes in the issuer's credit risk of that liability to be presented in other comprehensive income if an entity has designated the financial liability as at fair value through profit or loss.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying parent company only financial statements are prepared in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses.

B. Translation of foreign operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(7) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive.

(8) Receivables

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) <u>Derecognition of financial assets</u>

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) <u>Lease receivables/ leases (lessor)</u>

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of subsidiaries' post-acquisition profit or loss is recognized in the statement of comprehensive income, and its share of subsidiaries' post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals to or exceeds its interest in the subsidiary, the Company shall recognize the loss proportional to its shares.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. According to the Rules Governing the Preparation of Financial Reports by Securities Issuers, net income and other comprehensive income in the parent company only financial statements shall use the same allotments as the ones that are attributable to owners of the parent in the consolidated financial statements. Equity in parent company only financial statements should equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

(a) Buildings: 5 ~ 60 years

(b) Machinery and equipment: 15 years

(c) Test equipment: 5 years

(d) Transportation equipment: 6 years

(e) Office equipment: 5 years

(f) Other assets: 5 years

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 5 ~ 55 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

A.Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Financial liabilities and equity instruments

Ordinary corporate bonds issued by the Company are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(23) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(24) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

D. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the actual distributed amounts is accounted for as changes in estimates.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

A. The Company manufactures and sells "Tire" products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The Company offers customers volume discounts and right of return for defective products. The Company estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognized. The volume discounts are estimated based on the anticipated annual sales quantities.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Property, plant and equipment

The Company follows IAS 16 to determine when the depreciation of a fixed asset begins. This determination requires significant judgement by management. Before the Company has determined whether necessary status and location of the fixed asset for expected operations has been reached, costs are not recognised as the book value, and such assets are not depreciated until they are available for use. The decision whether the assets have reached the available for use condition or not depends on subjective judgement, how assets are utilised and industry characteristics.

As of December 31, 2015, the amount of unfinished construction and equipment under acceptance was $1,016,734 thousand.

(2) Critical accounting estimates and assumptions

Deferred tax liabilities

The Company accrued deferred tax liabilities, taking into account the operating results, degree of expansion and dividend policy of each overseas subsidiary. Assessment of the timing of reversal of temporary differences of deferred tax liabilities involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industry environment, and laws and regulations might cause material adjustments to deferred tax liabilities.

As at December 31, 2015, the Company recognized $2,415,551 thousand as deferred tax liabilities.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and petty cash	$ 550	$ 550
Checking accounts	3,488	2,625
Demand deposits	3,994,622	3,612,359
Foreign currency deposit	3,440,615	2,981,418
Time deposits	1,094,461	2,742,880
Commercial paper	399,312	-
Total	$ 8,933,048	$ 9,339,832
Interest rate range		
Time deposits	0.56%~6.48%	0.65%~4.4%
Commercial paper	0.42%	-

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

Items	December 31, 2015	December 31, 2014
Current items:		
Financial liabilities held for trading		
Forward foreign exchange contracts	$ 1	$ -
Interest rate swaps	7,414	-
Total	$ 7,415	$ -
Non-current items:		
Financial liabilities held for trading		
Interest rate swaps	$ -	$ 22,407

The Company recognized net loss of $6,433 thousand and $4,366 thousand on financial assets and liabilities held for trading for the years ended December 31, 2015 and 2014, respectively.

The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2015		December 31, 2014	
Type of goods	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
Current items:				
Forward foreign exchange contracts (USD exchange to NTD)	USD 831 thousand	2015.12.29 ~2016.02.04		
Interest rate swaps	USD 40,000 thousand	2011.06.03 ~2016.06.10		
Non-current items:				
Interest rate swaps			USD 40,000 thousand	2011.06.03 ~2016.06.10

(a) Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts to buy or sell USD to hedge exchange rate risk of import (or export) proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) Interest rate swaps

The Company entered into interest rate swap contracts with financial institutions to hedge cash flow risk liability positions. However, these interest rate swap contracts are not accounted for under hedge accounting.

(3) Available-for-sale financial assets

Items	December 31, 2015	December 31, 2014
Current items:		
Listed stocks	$ 10,598	$ 10,598
Funds	18,930	18,930
Subtotal	29,528	29,528
Available-for-sale financial assets Valuation adjustment	70,527	29,403
Total	$ 100,055	$ 58,931
Non-current items:		
Non-listed stocks	$ 58,187	$ 58,187

The Company recognized $41,124 thousand and $13,723 thousand in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively.

(4) Notes receivable, net

	December 31, 2015	December 31, 2014
Notes receivable	$ 34,486	$ 44,064
Less: allowance for bad debts	(9,277)	(9,277)
	$ 25,209	$ 34,787

A. The credit quality of notes receivable that were neither past due nor impaired was in the following categories based on the Company's Credit Quality Control Policy:

	December 31, 2015	December 31, 2014
Vehicle assembly factory	$ 20,043	$ 37,904
Others	14,443	6,160
	$ 34,486	$ 44,064

B. Movement analysis of financial assets that were impaired is as follows:

As of December 31, 2015 and 2014, the Company's notes receivable that were impaired both amounted to $9,277 thousand.

(5) Accounts receivable

	December 31, 2015	December 31, 2014
Accounts receivable	$ 1,417,971	$ 1,773,697
Less: allowance for bad debts	(11,718)	(11,718)
	$ 1,406,253	$ 1,761,979

A. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Company's Credit Quality Control Policy:

	December 31, 2015		December 31, 2014	
Dealer	$	528,655	$	732,683
Vehicle assembly factory		592,564		675,352
Others		100,221		180,049
	$	1,221,440	$	1,588,084

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2015		December 31, 2014	
Up to 30 days	$	142,439	$	159,502
31 to 90 days		52,336		23,631
91 to 180 days		1,756		2,777
	$	196,531	$	185,613

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

(a) As of December 31, 2015 and 2014, the Company had no accounts receivable that were impaired.

(b) Movements on the Company's provision for impairment of accounts receivable are as follows:

	2015					
	Individual provision		Group provision		Total	
At January 1 and December 31	$	-	$	11,718	$	11,718

D. The Company holds real estate and certificate of deposit collateral as security for accounts receivable.

(6) Inventories

	December 31, 2015					
	Cost		Allowance for valuation loss		Book value	
Raw materials	$	1,193,571	$	-	$	1,193,571
Work in process		116,765		-		116,765
Finished goods		781,454	(	13,904)		767,550
Total	$	2,091,790	($	13,904)	$	2,077,886

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,656,521	$ -	$ 1,656,521
Work in process	115,079	-	115,079
Finished goods	320,136	(13,904)	306,232
Total	$ 2,091,736	($ 13,904)	$ 2,077,832

The cost of inventories recognized as expense for the period:

	2015	2014
Cost of goods sold	$ 14,063,907	$ 16,650,828
Loss on inventory retirement	1,526	1,688
Loss on physical inventory	225	(4,706)
Revenue from sale of scraps	(27,316)	(42,618)
	$ 14,038,342	$ 16,605,192

(7) Investments accounted for using equity method

	December 31, 2015	December 31, 2014
Subsidiaries:		
MAXXIS International Co., Ltd.	$ 46,379,098	$ 47,489,139
CST Trading Ltd.	26,467,271	24,913,627
MAXXIS Trading Ltd.	10,219,988	10,452,143
PT MAXXIS International Indonesia	2,454,163	1,774,744
CHENG SHIN RUBBER USA, INC.	2,415,339	2,248,057
MAXXIS Rubber India Private Limited	1,840,061	-
CHENG SHIN RUBBER CANADA, INC.	436,385	389,403
CIAO SHIN CO., LTD.	166,398	176,666
MAXXIS Tech Center Europe B.V.	53,961	53,360
Associates:		
NEW PACIFIC INDUSTRY COMPANY	168,508	161,043
Cheng Shin Holland B.V.	13,161	14,282
	$ 90,614,333	$ 87,672,464

A. Subsidiary

(a) Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s consolidated financial statements as of and for the year ended December 31, 2015.

B. Associates

(a) The basic information of the associates that are material to the Company is as follows:

	Assets	Liabilities	Revenue	Profit or loss
2015/12/31	$ 751,192	$ 350,702	$ 1,230,842	$ 77,937
2014/12/31	$ 692,510	$ 320,469	$ 1,259,619	$ 86,653

(8) Property, plant and equipment

	Year ended December 31, 2015				
	Beginning of period	Additions	Disposals	Transfers	End of period
Cost					
Land	$ 3,925,073	$ -	$ -	$ -	$ 3,925,073
Buildings	5,854,280	46,675	($ 8,664)	7,422	5,899,713
Machinery	11,382,134	97,027	(776,368)	566,197	11,268,990
Testing equipment	688,607	11,059	(22,485)	26,899	704,080
Transportation	125,127	33,724	(12,494)	-	146,357
Office equipment	65,972	3,815	(3,117)	-	66,670
Other facilities	2,319,347	382,790	(210,719)	95,574	2,586,992
Unfinished construction and equipment under acceptance	1,260,201	1,134,429	(667,264)	(710,632)	1,016,734
	$ 25,620,741	$ 1,709,519	($ 1,701,111)	($ 14,540)	$ 25,614,609
Accumulated depreciation					
Buildings	($ 1,501,116)	($ 173,462)	$ 8,663	$ -	($ 1,665,915)
Machinery	(5,030,341)	(800,346)	773,020	-	(5,057,667)
Testing equipment	(425,125)	(91,558)	22,464	-	(494,219)
Transportation	(75,268)	(18,954)	12,395	-	(81,827)
Office equipment	(33,050)	(13,150)	3,117	-	(43,083)
Other facilities	(1,258,950)	(451,918)	200,415	-	(1,510,453)
	($ 8,323,850)	($ 1,549,388)	$ 1,020,074	$ -	($ 8,853,164)
	$ 17,296,891				$ 16,761,445

	Year ended December 31, 2014				
	Beginning of period	Additions	Disposals	Transfers	End of period
Cost					
Land	$ 3,916,328	$ 8,745	$ -	$ -	$ 3,925,073
Buildings	5,831,354	34,112	($ 14,507)	3,321	5,854,280
Machinery	11,091,708	161,912	(670,553)	799,067	11,382,134
Testing equipment	643,212	10,689	(12,288)	46,994	688,607
Transportation	125,950	8,649	(9,472)	-	125,127
Office equipment	54,538	12,154	(720)	-	65,972
Other facilities	2,057,336	415,838	(194,925)	41,098	2,319,347
Unfinished construction and equipment under acceptance	1,690,347	1,286,930	(822,186)	(894,890)	1,260,201
	$ 25,410,773	$ 1,939,029	($ 1,724,651)	($ 4,410)	$ 25,620,741
Accumulated depreciation					
Buildings	($ 1,345,360)	($ 170,263)	$ 14,507	$ -	($ 1,501,116)
Machinery	(4,851,288)	(849,223)	670,170	-	(5,030,341)
Testing equipment	(346,754)	(90,659)	12,288	-	(425,125)
Transportation	(67,240)	(17,485)	9,457	-	(75,268)
Office equipment	(22,338)	(11,431)	719	-	(33,050)
Other facilities	(1,044,581)	(382,557)	168,188	-	(1,258,950)
	($ 7,677,561)	($ 1,521,618)	$ 875,329	$ -	($ 8,323,850)
	$ 17,733,212				$ 17,296,891

Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	2015	2014
Amount capitalized	$ 12,793	$ 13,094
Range of the interest rates for capitalization	1.43%~1.50%	1.50%~1.54%%

(9) Investment property, net

	2015		
	At January 1	Additions	At December 31
Cost			
Land	$ 359,315	$ -	$ 359,315
Buildings	50,825	-	50,825
	$ 410,140	$ -	$ 410,140
Accumulated depreciation			$ -
Buildings	($ 29,881)	($ 969)	($ 30,850)
Accumulated impairment			
Land	($ 51,038)	$ -	($ 51,038)
	$ 329,221		$ 328,252

	2014		
	At January 1	Additions	At December 31
Cost			
Land	$ 359,315	$ -	$ 359,315
Buildings	50,825	-	50,825
	$ 410,140	$ -	$ 410,140
Accumulated depreciation			$ -
Buildings	($ 28,912)	($ 969)	($ 29,881)
Accumulated impairment			
Land	($ 51,038)	$ -	($ 51,038)
	$ 330,190		$ 329,221

A. Rental income from investment property is shown below:

	2015	2014
Rental income from investment property	$ 8,725	$ 8,725

B. The fair value of the investment property held by the Company as at December 31, 2015 and 2014 were both $624,514 thousand, respectively, which was valued by independent valuers. Valuations were made using the item by item approach which is categorised within Level 3 in the fair value hierarchy.

C. The Company acquired the land in Shangmei Section, Dacun Township, Changhua County which is farming and pasturable land. The land will be registered under the Company after the category of the land is changed. Currently, the land is under the name of related party, Mr./Ms. Chiu. The land is planned to be used for operational expansion. The Company holds the original ownership certificate of such land and signed a land trust agreement, which requires the nominal holder not to transfer the ownership of the land to others.

(10) Short-term borrowings

As of December 31, 2015, the Company did not hold any short-term borrowings.

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	$ 54,394	-	None

(11) Other payables

Items	December 31, 2015	December 31, 2014
Employee benefits payable (bonus)	$ 610,194	$ 622,154
Wages and salaries payable	386,222	403,067
Compensation due to directors and supervisors	357,324	432,421
Payable on machinery and equipment	327,348	408,189
Other accrued expenses	617,030	677,318
Others	203,063	273,103
	$ 2,501,181	$ 2,816,252

(12) Other current liabilities

	December 31, 2015	December 31, 2014
Long-term liabilities due within one year	$ 520,000	$ 2,000,000
Advance receipts	69,945	89,200
	$ 589,945	$ 2,089,200

(13) Bonds payable

	December 31, 2015	December 31, 2014
Bond payable-issued on 2010(Note)	$ -	$ 2,000,000
Bond payable-issued on 2013	3,800,000	3,800,000
Bond payable-issued on 2014	4,800,000	4,800,000
Subtotal	8,600,000	10,600,000
Less: current portion	-	(2,000,000)
Totla	$ 8,600,000	$ 8,600,000

Note: The domestic secured ordinary corporate bond was guaranteed by banks based on the guaranteed obligations agreement of performing corporate bonds.

A. In order to meet operational needs, repay debts and improve the financial structure, the Board of Directors has resolved the Company to raise domestic unsecured bonds (the “bonds”). The capital raising has been approved by FSC on June 6, 2014 and completed on July 18, 2014. The bonds were fully issued and total issuance amount was $4,800,000 thousand with a coupon rate of 1.40%. The issuance period of the bonds is 5 years, which is from July 18, 2014 to July 18, 2019. The terms are as follows:

(a) Interest accrued/ paid:

The interest is accrued/ paid at a single rate annually from the issue date.

(b) Redemption:

The corporate bond will be redeemed in full amount at the maturity date.

B. In order to fulfill its capital and repay long-term and short-term loans, the Board of Directors has resolved the Company to raise domestic unsecured bonds (the “bonds”). The capital raising has been approved by FSC on May 20, 2013 and completed on August 19, 2013. The bonds were fully issued and total issuance amount was $3,800,000 thousand with a coupon rate of 1.55%. The issuance period of the bonds is 5 years, which is from August 19, 2013 to August 19, 2018. The terms are as follows:

(a) Interest accrued/ paid:

The interest is accrued/ paid at a single rate annually from the issue date.

(b) Redemption:

The principal of the corporate bond will be repaid at 50% of the total amount after four and five years from the issue date.

C. In order to fulfill its capital and repay long-term and short-term loans, the Board of Directors has resolved the Company to raise domestic secured bonds (the "bonds"). The capital raising has been approved by FSC on August 24, 2010 and completed on September 3, 2010. The bonds were fully issued and total issuance amount was $4,000,000 thousand with a coupon rate of 1.38%. The issuance period of the bonds was 5 years, which is from September 3, 2010 to September 3, 2015. The terms are as follows:

(a) Interest accrued/ paid:

The interest is accrued/ paid at a single rate annually from the issue date.

(b) Redemption:

The principal of the corporate bond will be repaid at 50% of the total amount after four and five years from the issue date.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2015
Installment-repayment borrowings				
Unsecured borrowings	Principal is repayable in installments until November, 2021	0.97%～1.55%	None	$ 16,387,000
Less: Current portion				(520,000)
				$ 15,867,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2014
Installment-repayment borrowings				
Unsecured borrowings	Principal is repayable in installments until November, 2021	1.30%～1.62%	None	$ 13,603,667
Less: Current portion				-
				$ 13,603,667

According to the borrowing contract, the Company shall calculate the financial ratios based on the audited annual financial statements (non-consolidated and consolidated) and the reviewed semi-annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements for the years ended December 31, 2015 and 2014.

(15) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ 1,551,557	$ 1,553,019
Fair value of plan assets	(684,402)	(713,459)
Net defined benefit liability	$ 867,155	$ 839,560

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	$ 1,553,019	($ 713,459)	$ 839,560
Current service cost	30,533	-	30,533
Interest (expense) income	31,060	(14,269)	16,791
	1,614,612	(727,728)	886,884
Remeasurements:			
Change in financial assumptions	51,251	-	51,251
Experience adjustments	(13,637)	-	(13,637)
Return on plan assets	-	(5,583)	(5,583)
	37,614	(5,583)	32,031
Pension fund contribution	(94,477)	48,909	(45,568)
Paid pension	(6,192)	-	(6,192)
Balance at December 31	$ 1,551,557	($ 684,402)	$ 867,155

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	$ 1,562,273	($ 739,867)	$ 822,406
Current service cost	32,896	-	32,896
Interest (expense) income	31,246	(14,798)	16,448
	1,626,415	(754,665)	871,750
Remeasurements:			
Experience adjustments	28,609	-	28,609
Return on plan assets	-	(2,750)	(2,750)
	28,609	(2,750)	25,859
Pension fund contribution	(95,057)	43,956	(51,101)
Paid pension	(6,948)	-	(6,948)
Balance at December 31	$ 1,553,019	($ 713,459)	$ 839,560

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

For the years ended December 31, 2015 and 2014, the actual return on plan assets was $19,852 thousand and $17,548 thousand, respectively.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Discount rate	1.70%	2.00%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 161,578)	$ 190,433	$ 170,004	($ 148,367)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2016 amounts to $153,213 thousand.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 13 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 141,689
1-5 year(s)	234,939
Over 5 years	1,763,204
	$ 2,139,832

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2015 and 2014, were $106,882 thousand and $100,058 thousand, respectively.

(16) Share capital

As of December 31, 2015, the Company's authorized capital was $32,414,155 thousand, and all proceeds from shares issued have been collected.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, shall be distributed as employees' bonus and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' bonus and shall not be higher than 3% for directors' and supervisors' remuneration. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and be resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognized dividends distributed to owners amounting to $9,724,246 thousand (cash dividend of $3 per share).

E. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(23).

(19) Other equity items

	2015		
	Currency translation	Available-for-sale investments	Total
At January 1	$ 3,402,402	$ 44,370	$ 3,446,772
Valuation adjustment – The Company	-	41,124	41,124
Valuation adjustment – Associates	-	(10,794)	(10,794)
Currency translation differences :			
Subsidiaries and associates – Before income tax	(1,997,691)	-	(1,997,691)
Subsidiaries and associates – Tax	339,608	-	339,608
At December 31	$ 1,744,319	$ 74,700	$ 1,819,019

	2014		
	Currency translation	Available-for-sale investments	Total
At January 1	$ 734,974	$ 31,933	$ 766,907
Valuation adjustment – The Company	-	13,723	13,723
Valuation adjustment – Associates	-	(1,286)	(1,286)
Currency translation differences:			
Subsidiaries and associates – Before income tax	3,215,975	-	3,215,975
Subsidiaries and associates –Tax	(548,547)	-	(548,547)
At December 31	$ 3,402,402	$ 44,370	$ 3,446,772

(20) Other income

	2015	2014
Revenue from patent royalties	$ 547,736	$ 592,079
Revenue from trademark royalties	390,565	422,611
Revenue from commission	283,663	340,925
Interest income – Endorsements/guarantees	12,720	16,403
Interest income	66,765	63,278
Income from investment	15,769	13,418
Others	79,694	101,200
Total	$ 1,396,912	$ 1,549,914

(21) Other gains and losses

	2015	2014
Net currency exchange gains	$ 369,615	$ 347,955
Gains on disposal of property, plant and equipment	238,298	281,250
Net gains on financial assets and liabilities at fair value through profit or loss	14,992	12,881
Losses on investments	-	(7,485)
Other income (expenses)	77	(82,289)
Total	$ 622,982	$ 552,312

(22) Finance costs

	2015	2014
Interest expense:		
Bank borrowings	$ 224,891	$ 204,216
Corporate bonds	144,500	150,275
Losses on fair value change of financial instruments:		
Interest rate swaps	21,425	19,420
	390,816	373,911
Less: capitalisation of qualifying assets	(12,793)	(13,094)
Finance costs	$ 378,023	$ 360,817

(23) Expenses by nature

	Year ended December 31, 2015		
	Operating costs	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 2,227,274	$ 1,017,108	$ 3,244,382
Labour and health insurance fees	199,497	85,549	285,046
Pension costs	107,053	47,154	154,207
Other personnel expenses	84,566	33,345	117,911
	2,618,390	1,183,156	3,801,546
Raw materials and supplies used	8,639,553	-	8,639,553
Depreciation charges on property, plant and equipment	1,384,000	165,388	1,549,388
Total	$ 12,641,943	$ 1,348,544	$ 13,990,487

	Year ended December 31, 2014		
	Operating costs	Operating expense	Total
Employee benefits costs			
Wages and salaries	$ 2,171,445	$ 975,120	$ 3,146,565
Labour and health insurance fees	192,616	79,668	272,284
Pension costs	104,988	44,414	149,402
Other personnel expenses	91,588	35,651	127,239
	2,560,637	1,134,853	3,695,490
Raw materials and supplies used	10,459,504	-	10,459,504
Depreciation charges on property, plant and equipment	1,359,437	162,181	1,521,618
Total	$ 14,379,578	$ 1,297,034	$ 15,676,612

As of December 31, 2015 and 2014, the Company had 5,359 and 5,076 employees, respectively.

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, shall be distributed as employees' bonus and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' bonus and shall not be higher than 3% for directors' and supervisors' remuneration.

The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and be resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the distributable profit of the current year, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on November 10, 2015. According to the amended articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $321,913 thousand and $288,281 thousand, respectively; directors' and supervisors' remuneration was accrued at $357,324 thousand respectively and $432,421 thousand, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on at least 2% and at most 3% of distributable profit of current year for the year ended December 31, 2015. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors was $321,913 thousand and $357,324 thousand, respectively, and the employees' compensation will be distributed in the form of cash.

The expenses recognised for the year of 2014 were accrued based on the net income of 2014 and the percentage shall be at least 2% and at most 3% for employees' and directors' and supervisors', respectively, taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. The difference between employees' bonus and directors' and supervisors' remuneration (resolved at 2.22%) as resolved by the shareholders at the shareholders' meeting and the amount of $288,281 thousand for employees' bonus and the amount of $432,421 thousand for directors' and supervisors' remuneration (accrued at 3%) recognised in the 2014 financial statements by $112,429 thousand, mainly caused by adjustment of accrued percentage for directors' and supervisors' remuneration, had been adjusted in the profit or loss of 2015.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2015	Year ended December 31, 2014
Current tax:		
Current tax on profits for the period	$ 1,774,883	$ 1,878,627
Prior year income tax understimation	405,527	78,502
10% tax on undistributed surplus earnings	466,786	704,756
Total current tax	2,647,196	2,661,885
Deferred tax:		
Origination and reversal of temporary differences	(7,423)	(175,674)
Income tax expense	$ 2,639,773	$ 2,486,211

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Currency translation differences	$ 339,608	($ 548,547)
Remeasurement of defined benefit obligations	5,445	4,396
Income tax from other comprehensive income	$ 345,053	($ 544,151)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2015	Year ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	$ 2,620,793	$ 3,145,306
Effects from items disallowed by tax regulation	65,277	68,188
Temporary difference not recognized as deferred tax liabilities	(804,947)	(1,406,910)
Effect from five-year tax exemption	(113,663)	(103,631)
Prior year income tax (over) underestimation	405,527	78,502
10% tax on undistributed surplus earnings	466,786	704,756
Income tax expense	$ 2,639,773	$ 2,486,211

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealized gain on inter-affiliated accounts	$ 149,851	($ 13,403)	$ -	$ 136,448
Remeasurement of defined benefit obligations	130,997	-	5,445	136,442
Unrealized evaluation losses on financial assets and liabilities	3,810	(2,549)	-	1,261
Others	12,489	330	-	12,819
Subtotal	$ 297,147	($ 15,622)	$ 5,445	$ 286,970
—Deferred tax liabilities:				
Gain on foreign long-term investments	($ 986,433)	($ 8,081)	$ -	($ 994,514)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Exchange differences on translation of foreign financial statements	(1,218,237)	-	339,608	(878,629)
Unrealised exchange gain	(19,969)	9,285	-	(10,684)
Others	(38,832)	21,841	-	(16,991)
Subtotal	($ 2,778,204)	$ 23,045	$ 339,608	($ 2,415,551)
Total	($ 2,481,057)	$ 7,423	$ 345,053	($ 2,128,581)

	2014			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealized gain on inter-affiliated accounts	$ 152,152	($ 2,301)	$ -	$ 149,851
Remeasurement of defined benefit obligations	126,601	-	4,396	130,997
Unrealized evaluation losses on financial assets and liabilities	5,999	(2,189)	-	3,810
Others	12,126	363	-	12,489
Subtotal	$ 296,878	($ 4,127)	$ 4,396	$ 297,147
－Deferred tax liabilities:				
Gain on foreign long-term investments	($ 1,172,859)	$ 186,426	$ -	($ 986,433)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Exchange differences on translation of foreign financial statements	(669,690)	-	(548,547)	(1,218,237)
Unrealised exchange gain	(4,795)	(15,174)	-	(19,969)
Others	(47,381)	8,549	-	(38,832)
Subtotal	($ 2,409,458)	$ 179,801	($ 548,547)	($ 2,778,204)
Total	($ 2,112,580)	$ 175,674	($ 544,151)	($ 2,481,057)

D. In 2009, the investment plan of the Company to increase capital for expanding its production of rubber products is qualified for “Five-year tax exemption incentive for investment in the establishment or expansion of manufacturing enterprises or related technical services from July 1, 2008 to December 31, 2009”. The Company is entitled to income tax exemption for 5 consecutive years starting from 2014 to 2018.

E. The Company accrued deferred tax liabilities, taking into account operating result, degree of expansion and dividend policy of each overseas subsidiary. Based on the assessment, the amounts of temporary difference unrecognised as deferred tax liabilities as of December 31, 2015 and 2014 were $36,249,586 thousand and $34,825,770 thousand, respectively.

F. The Company’s income tax returns through 2013 have been assessed and approved by the Tax Authority.

G. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and before 1997	$ 26,215	$ 26,215
Earnings generated in and after 1998	40,566,997	39,143,061
Total	$ 40,593,212	$ 39,169,276

H. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $3,759,530 thousand and $1,757,426 thousand, respectively. The creditable tax rate was 8.77% for the year ended December 31, 2014 and is estimated to be 9.36% for the year ended December 31, 2015.

(25) Earnings per share

	2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 12,776,655	3,241,416	$ 3.94
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	12,776,655	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	8,323	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 12,776,655	3,249,739	$ 3.93

	2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 16,015,591	3,241,416	$ 4.94
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	16,015,591	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	6,014	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 16,015,591	3,247,430	$ 4.93

(26) Supplemental cash flow information

Investing activities with partial cash payments

	2015	2014
Purchase of property, plant and equipment	$ 1,709,518	$ 1,939,029
Add: opening balance of payable on equipment	408,189	266,830
Less: ending balance of payable on equipment	(327,348)	(408,189)
Cash paid during the period	$ 1,790,359	$ 1,797,670

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and their relationship with the Company

Names of related parties	Relationship with the Company
MAXXIS International Co., Ltd.	The Company's subsidiary
MAXXIS International (HK) Ltd.	The Company's second-tier subsidiary
TIANJIN TAFENG Rubber Ind Co., Ltd.	The Company's second-tier subsidiary
CHENG SHIN Petrel Tire (XIAMEN) Co., Ltd.	The Company's second-tier subsidiary
CHENG SHIN Rubber (XIAMEN) Ind., Ltd.	Investees of the Company's second-tier subsidiary
XIAMEN CHENG SHIN Enterprise Co., Ltd.	Investees of the Company's second-tier subsidiary
CHENG SHIN (XIAMEN) Intl Automobile Culture Center Co., Ltd.	Investees of the Company's second-tier subsidiary
CHENG SHIN Rubber (ZHANGZHOU) Ind Co., Ltd.	Investees of the Company's second-tier subsidiary
YIXIN (ZHANGZHOU) LABOR DISPATCHING CO., LTD.	Investees of the Company's second-tier subsidiary
CHENG SHIN Logistic (XIAMEN) Co., Ltd.	Investees of the Company's second-tier subsidiary
CHIN CHOU CHENG SHIN Enterprise Co., Ltd.	Investees of the Company's second-tier subsidiary
CHENG SHIN (ZHANGZHOU) Mechanical & Electrical Engineering Co., Ltd.	Investees of the Company's second-tier subsidiary
XIAMEN Estate Co., Ltd.	Investees of the Company's second-tier subsidiary
CST Trading Ltd.	The Company's subsidiary
CHENG SHIN International (HK) Ltd.	The Company's second-tier subsidiary
CHENG SHIN Tire & Rubber (CHINA) Co., Ltd.	Investees of the Company's second-tier subsidiary
CHENG SHIN Toyo (KUNSHAN) Machinery Co., Ltd.	Investees of the Company's second-tier subsidiary
CHENG SHIN Tire & Rubber (CHONGQING) Co., Ltd.	Investees of the Company's second-tier subsidiary
KUNSHAN MAXXIS Tire Co., Ltd.	Investees of the Company's second-tier subsidiary
MAXXIS Trading Ltd.	The Company's subsidiary
MAXXIS Holding (BVI) Co., Ltd.	The Company's second-tier subsidiary
MAXXIS International (Thailand) Co., Ltd.	The Company's second-tier subsidiary
CHENG SHIN Rubber (Vietnam) Ind Co., Ltd.	The Company's second-tier subsidiary
PT MAXXIS International Indonesia	The Company's subsidiary
MAXXIS Rubber India Private Limitted	The Company's subsidiary
CIAO SHIN Co., Ltd.	The Company's subsidiary
CHENG SHIN Rubber CANADA, Inc.	The Company's subsidiary
CHENG SHIN Rubber USA, Inc.	The Company's subsidiary
MAXXIS Tech Center Europe B.V.	The Company's subsidiary

(2) Significant related party transactions and balances

A. Operating revenue:

	2015	2014
Sales of goods:		
-Subsidiaries	$ 4,734,685	$ 4,610,409
-Associates	251,600	342,230
Total	$ 4,986,285	$ 4,952,639

The Company's sales price to related parties is approximately the same as third parties. Credit term for export sales is the same as third parties, which is collected after 60 days ~ 90 days.

B. Purchases:

	2015	2014
Sales of goods:		
-Subsidiaries	$ 165,564	$ 265,683
-Associates	281	681
Total	$ 165,845	$ 266,364

The credit term for purchases from related parties is the same with third parties. Except for Maxxis (Thailand) which are payable 30 days after the purchase, other payments are the same with third parties, which are 90 days after the purchase.

C. Property transactions:

(a) Proceeds from sales of fixed assets and gain (loss) on disposal:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Sales amount	Gain (loss) on disposal	Sales amount	Gain (loss) on disposal
Subsidiaries	$ 800,797	$ 122,711	$ 1,002,303	$ 153,389

(b) Ending balance of receivables from sales of property:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 3,360	$ 238,333

Abovementioned payments from sale of fixed assets to related parties are collected 60~90 days after the sale.

D. Revenue from patent royalties (listed as other income) and other receivables:

(a) Revenue from patent royalties:

	2015	2014
Subsidiaries	$ 547,736	$ 592,079

(b) Ending balance of royalty receivables from technology:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 154,099	$ 167,795

Abovementioned royalty revenue for technology was calculated by applying the agreed upon ratio to net sales amounts, and payment was originally collected yearly and was changed to quarterly since 2014.

E. Interest income – endorsements/guarantees (listed as other income) and other receivables:

(a) Interest income – endorsements/guarantees:

	2015	2014
Subsidiaries	$ 12,720	$ 16,403

(b) Ending balance of interest receivables from endorsements and guarantees:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 2,884	$ 3,657

Abovementioned interest income from endorsements and guarantees was calculated by applying the agreed ratio to the amount guaranteed and payment was originally collected yearly but was changed to quarterly since 2014.

F. Revenue from commission (listed as other income) and other receivables:

(a) Revenue from commission:

	2015	2014
Subsidiaries	$ 283,663	$ 340,925

(b) Ending balance of receivables from commission:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 62,377	$ 71,550

Abovementioned commission revenue was determined at certain rate of sales amounts and payment was originally collected yearly but was changed to quarterly since 2014.

G. Revenue from trademark royalties (listed as other income) and other receivables:

(a) Revenue from trademark royalties:

	2015
Subsidiaries	$ 390,222

(b) Ending balance of receivables from trademark royalties:

	December 31, 2015	December 31, 2014
Associates	$ 90,573	$ 96,378

Abovementioned revenue from trademark royalties was determined at certain rate of sales and was originally collected yearly but was changed to quarterly since 2014.

H. Accounts receivable:

	December 31, 2015	December 31, 2014
Accounts receivable		
-Subsidiaries	$ 886,492	$ 1,279,798
-Associates	48,098	53,138
	$ 934,590	$ 1,332,936

I. Notes receivable:

	December 31, 2015	December 31, 2014
Associates	$ 433	$ 5,698

J. Accounts payable:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 14,945	$ 18,344

K. Other payables:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 38,606	$ 37,236

Abovementioned payments are advertisement expense and sponsorship to racing drivers paid by related parties on behalf of the Company.

L. Information about guarantees

As of December 31, 2015 and 2014, the Company and the financial institutions agreed that the Company's subsidiary may apply for loans within the following credit lines as stated in the letter of credit with a local branch of the aforementioned financial institutions. The Company will be responsible for the guarantee. Details are as follows:

Warrantee	Guaranteed line of credit		Used amounts as of December 31, 2015	
Subsidiaries	USD	545,000 thousand	USD	338,373 thousand

Warrantee	Guaranteed line of credit		Used amounts as of December 31, 2015	
Subsidiaries	USD	722,216 thousand	USD	438,600 thousand
	THB	600,000 thousand	THB	300,500 thousand
			JPY	394,475 thousand

As of December 31, 2015 and 2014, the Company's endorsements/guarantees have not exceeded the limit.

(3) Key management compensation

	2015	2014
Salaries and other short-term employee benefits	$ 503,055	$ 589,762
Post-employment benefits	4,864	5,582
Total	$ 507,919	$ 595,344

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2015	December 31, 2014	Purpose
Time deposits (shown as Other non-current assets)	$ 14,766	$ 15,239	Maintenance bond and product liability insurance

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1)Contingencies

Information about related parties' guarantees is provided in Note 7.

(2)Commitments

A.Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2015	December 31, 2014
Property, plant and equipment	$ 122,790	$ 121,823

B.Amount of letter of credit that has been issued but not yet used:

	December 31, 2015	December 31, 2014
Amount of letter of credit that has been issued but not yet used	$ 22,877	$ 25,270

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1.) The Company's subsidiary, Cheng Shin Tire & Rubber (China) Co., Ltd., has been resolved by the Board of Directors to engage others to build the intelligent logistic warehouse on its own land, in order to improve the self-produced tires in the warehouse. Based on the contract, the estimated investment amount was RMB$200,000 thousand which was approximately

NT$1,012,500 thousand. As of March 24, 2016, abovementioned payment has not been paid.

(2.) The Company's subsidiary, Cheng Shin Tire & Rubber (China) Co., Ltd., has been resolved by the Board of Directors to engage others to build the research and development center phase II on its own land, in order to improve the ability to research, develop and test tires. Based on the contract, the estimated investment amount was RMB$300,000 thousand which was approximately NT$1,485,870 thousand. As of March 24, 2016, abovementioned payment has not been paid.

(3.) In order to concentrate on developing, researching and manufacturing products and building international brand as well as expanding overseas market, the Company separated related business in domestic sales (operating) department to the wholly-owned subsidiary, MAXXIS (Taiwan) Trading Co., Ltd. The separation has been resolved by the Board of Directors but not yet applied to the Competent Authority for approval as of the reporting date.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company monitors capital structure by using debt-equity ratio. The ratio is calculated as total liability divided by tangible equity. Total liability is calculated as 'total liability' as shown in the balance sheet. Tangible equity is calculated as 'total shareholders' equity' less 'intangible assets'.

During year ended December 31, 2015, the Company's strategy, which was unchanged from 2014, was to maintain the debt-equity ratio under 2 times. As of December 31, 2015 and 2014, the Company's debt-equity ratios were as follows:

	December 31, 2015	December 31, 2014
Total liabilities	$ 33,290,151	$ 33,725,220
Total equity	$ 89,161,137	$ 87,763,394
Less : Intangible assets	-	-
Tangible equity	$ 89,161,137	$ 87,763,394
Debt-equity ratio	37.34%	38.43%

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable and related parties, other receivables (Other current assets), short-term loans, accounts payable and related parties and other payables) approximate their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of financing plans, the Board of Directors is assisted in its oversight role by the internal audit department. Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: TWD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (TWD in thousand)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	2015			Sensitivity Analysis		
Financial assets						
Monetary items						
USD:TWD	$ 166,302	33.058	$ 5,497,612	1%	$ 54,976	$ -
EUR:TWD	13,564	35.680	483,964	1%	4,840	-
THB:TWD	156,431	0.911	142,509	1%	1,425	-
JPY:TWD	327,667	0.273	89,453	1%	895	-
RMB:TWD	207,177	5.074	1,051,216	1%	10,512	-
GBP:TWD	1,902	48.413	92,082	1%	921	-
VND:TWD	30,256,402	0.00150	45,385	1%	454	-
Non-monetary items						
JPY:TWD	$ 24,597	0.273	$ 6,715	1%	$ -	$ 67
GBP:TWD	508	48.413	24,594	1%	-	$ 246
EUR:TWD	132	35.680	4,710	1%	-	$ 47
Investment using the equity method						
USD:TWD	$ 73,064	33.058	$ 2,415,350	1%	$ -	$ 24,154
CAD:TWD	18,302	23.844	436,393	1%	-	$ 4,364
IDR:TWD	1,012,026,181	0.00243	2,459,224	1%	-	$ 24,592
EUR:TWD	1,881	35.680	67,114	1%	-	$ 671
Financial liabilities	3,682,332	0.49970	1,840,061	1%	-	$ 18,401
Monetary items						
USD:TWD						
JPY:TWD	$ 15,500	33.058	$ 512,399	1%	$ 5,124	$ -
	30,567	0.273	8,345	1%	83	-

(Foreign currency: functional currency)	2014 Foreign currency amount (In thousands)	Exchange rate	Book value (TWD in thousand)	Sensitivity Analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:TWD	$ 148,894	31.625	$ 4,708,773	1%	$ 47,088	$ -
EUR:TWD	15,685	38.207	599,277	1%	5,993	-
THB:TWD	167,608	0.960	160,904	1%	1,609	-
JPY:TWD	2,419,128	0.264	638,650	1%	6,386	-
RMB:TWD	361,191	5.118	1,848,576	1%	18,486	-
GBP:TWD	4,058	49.200	199,654	1%	1,997	-
VND:TWD	29,554,852	0.00150	44,332	1%	443	-
Non-monetary items						
JPY:TWD	$ 25,502	0.264	$ 6,733	1%	$ -	$ 67
GBP:TWD	500	49.200	24,600	1%	-	246
EUR:TWD	123	38.207	4,699	1%	-	47
Investment using the equity method						
USD:TWD	$ 71,029	31.650	$ 2,248,068	1%	$ -	$ 22,481
CAD:TWD	14,281	27.268	389,414	1%	-	3,894
IDR:TWD	687,885,281	0.00258	1,774,744	1%	-	17,747
EUR:TWD	1,770	38.207	67,626	1%	-	676
Financial liabilities						
Monetary items						
USD:TWD	$ 23,667	31.625	$ 748,469	1%	$ 7,485	$ -
JPY:TWD	38,451	0.264	10,151	1%	102	-

F. The exchange gain (loss) (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014, amounted to $369,615 thousand and $347,955 thousand, respectively.

Price risk

A. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by $74 thousand and $224 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,582 thousand and $1,171 thousand, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

A. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. In addition, long-term ordinary corporate bonds issued at fixed rates are not influenced by variations in interest rates. During the years ended December 31, 2015 and 2014, the Company's borrowings at variable rate were denominated in the TWD.

B. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Limit on hedge is basically one-third of the corresponding currency in borrowing positions. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

C. At December 31, 2015 and 2014, if interest rates on TWD-denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been $13,601 thousand and $11,291 thousand lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions.

ii. For the years ended December 31, 2015 and 2014, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The ageing analysis of financial assets that were past due but not impaired is shown in Notes 6(4) and 6(5).

iv. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Notes 6(4) and 6(5).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2015	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Accounts payable (including related parties)	$ 979,313	$ -	$ -	$ -	$ 979,313
Other payables	1,475,521	288,281	415,465	321,914	2,501,181
Guarantee deposits received	-	-	-	8,200	8,200
Long-term borrowings	-	-	635,807	16,217,078	16,852,885
Bonds payable	-	-	126,100	8,889,950	9,016,050

Non-derivative
financial liabilities:

December 31, 2014	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	$ 54,394	$ -	$ -	$ -	$ 54,394
Accounts payable (including related parties)	1,219,167	-	-	-	1,219,167
Other payables	2,460,629	-	67,342	288,281	2,816,252
Guarantee deposits received	-	-	-	8,499	8,499
Long-term borrowings	-	-	-	13,967,882	13,967,882
Bonds payable	-	-	2,153,700	9,016,050	11,169,750

Derivative financial liabilities:

December 31, 2015	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Interest rate swaps	$ -	$ 7,414	$ -	$ -	$ 7,414
Forward exchange contracts	1	-	-	-	$ 1

Derivative financial liabilities:

December 31, 2014	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Interest rate swaps	$ -	$ -	$ -	$ 22,407	$ 22,407

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(9).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks or beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

	December 31, 2015		
	Level 1	Level 2	Level 3
Assets			
Recurring fair value measurements			
Available-for-sale financial assets	$ 100,055	$ -	$ 58,187
Liabilities			
Recurring fair value measurements			
profit or loss			
-Interest rate swaps	$ -	$ 7,414	$ -
-Forward foreign exchange contracts	-	1	-
	$ -	$ 7,415	$ -

	December 31, 2014		
	Level 1	Level 2	Level 3
Assets			
Recurring fair value measurements			
Financial assets at fair value through profit or loss			
Available-for-sale financial assets	$ 58,931	$ -	$ 58,187
Liabilities			
Recurring fair value measurements			
Financial liabilities at fair value through profit or loss			
-Interest rate swaps	$ -	$ 22,407	$ -

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) Level 1： The Company used market quoted prices as their fair values, based on the characteristics of instruments, listed shares and balanced mutual fund used closing price as their fair values.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) Level 2: When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(4) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company' s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None..

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(21) and 12(2).

As of December 31, 2015, the relevant information of subsidiaries' derivative financial instruments that were not expired is as follows:

Investee	Derivative financial instruments	Contract amount (in thousands)	Expiry date	Book value	Fair value
CHENG SHIN RUBBER IND. CO., LTD.	Interest rate swaps	USD 40,000	2011.07.14~ 2016.07.29	($ 11,758)	($ 11,758)

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(5) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 9.

(6) Information on investments in Mainland China

A. Basic information: Please refer to table 10

B. Ceiling on investments in Mainland China: Please refer to table 10.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 12.

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the year ended December 31, 2015: Please refer to table 6, 7 and 8.

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Year ended December 31, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015	Balance at December 31, 2015 (Note 5)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral: Item	Collateral: Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	$ 3,564,680	$ 3,044,460	$ 2,740,014	4.75%	Note 4	$ -	Business operating	$ -	None	$ -	$ 5,089,508	$ 8,482,514	-
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	50,767	-	-	5.60%	Note 4	-	Business operating	-	None	-	5,089,508	8,482,514	-
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Other receivables	Yes	840,680	330,580	165,290	2.14%	Note 4	-	Business operating	-	None	-	5,089,508	8,482,514	-
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	TIANJIN TAFENG RUBBER IND CO., LTD.	Other receivables	Yes	254,620	-	-	5.00%	Note 4	-	Business operating	-	None	-	5,089,508	8,482,514	-
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2,512,443	2,512,443	1,994,274	2.39%~5.00%	Note 4	-	Business operating	-	None	-	5,089,508	8,482,514	-
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO.,LTD	Other receivables	Yes	155,496	152,223	121,778	4.75%~5.25%	Note 4	-	Business operating	-	None	-	5,089,508	8,482,514	-
2	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Other receivables	Yes	507,410	507,410	507,410	4.35%	Note 4	-	Business operating	-	None	-	946,915	1,893,829	-
3	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	507,410	507,410	507,410	4.35%	Note 4	-	Business operating	-	None	-	4,932,143	9,864,287	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Limit on loans granted by Xiamen Cheng Shin Enterprise Co., Ltd. to a single party is 60% of Xiamen Cheng Shin Enterprise Co., Ltd.'s net assets.

Limit on loans granted by Cheng Shin Tire & Rubber (Chongqing) Co., Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd. to a single party is 20% of the net assets of Cheng Shin Tire & Rubber (Chongqing) Co., Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd.

Note 3: Limit on loans granted by Xiamen Cheng Shin Enterprise Co., Ltd. to others is 100% of Xiamen Cheng Shin Enterprise Co., Ltd.'s net assets.

Limit on loans granted by Cheng Shin Tire & Rubber (Chongqing) Co., Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd. to a single party is 40% of the net assets of Cheng Shin Tire & Rubber (Chongqing) Co., Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd.

Note 4: Fill in purpose of loan when nature of loan is for short-term financing. The transaction was completed through the trust loans signed with financial institutions in Mainland China.

Note 5: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

CHENG SHIN RUBBER IND. CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary	$ 44,580,569	$ 10,176,913	$ 7,900,862	$ 5,016,353	$ -	8.86	$ 62,412,796	Y	N	N	Note 2 , Note 4
0	Cheng Shin Rubber Ind. Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Sub-subsidiary	44,580,569	4,984,766	4,000,018	1,830,734	-	4.49	62,412,796	Y	N	N	Note 2 , Note 4
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Sub-subsidiary	44,580,569	5,629,550	4,628,120	3,016,542	-	5.19	62,412,796	Y	N	Y	Note 2 , Note 4
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Sub-subsidiary	44,580,569	2,839,140	1,487,610	1,322,320	-	1.67	62,412,796	Y	N	Y	Note 2 , Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Ceiling on the Company's total endorsements/guarantees to others is 70% of the Company's current net assets. $ 62,412,796

Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets. $ 17,832,227

Limit on the Company's endorsements/guarantees to a foreign single affiliate company is 50% of the Company's net assets. $ 44,580,569

Note 3: Relationship between the endorser/guarantor and the Company is classified into the following two categories:

(1)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(2)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Note 4: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at December 31, 2015.

CHENG SHIN RUBBER IND. CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2015 Number of shares/ units	Book value	Ownership (%)	Fair value	Footnote
Cheng Shin Rubber Ind. Co., Ltd.	Other fund	-	Current available-for-sale financial assets	-	$ 26,202	-	$ 26,202	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current available-for-sale financial assets	-	73,853	-	73,853	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Non-current available-for-sale financial assets	-	58,187	-	58,187	Note 2
CIAO SHIN CO., LTD.	Other ordinary shares	-	Current available-for-sale financial assets	-	67,292	-	67,292	Note 2

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Other marketable securities do not exceed 5% of the account.

CHENG SHIN RUBBER IND. CO., LTD.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2015

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2015 Number of shares	Balance as at January 1, 2015 Amount	Addition (Note 1) Number of shares	Addition (Note 1) Amount	Disposal Number of shares	Disposal Selling price	Disposal Book value	Disposal Gain (loss) on disposal	Balance as at December 31, 2015 Number of shares	Balance as at December 31, 2015 Amount (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Investments accounted for using equity	Third parties	Subsidiary	55,000,000	$ 1,774,744	24,997,000	$ 787,705	-	-	-	-	79,997,000	$ 2,454,163
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Rubber India Private Limited	Investments accounted for using equity	Third parties	Subsidiary	-	-	369,997,000	1,826,095	-	-	-	-	369,997,000	1,840,061

Note 1: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.
Note 2: The amount at end of the year comprises the investment income (loss) recognised for the year.

CHENG SHIN RUBBER IND. CO., LTD.

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Construction engineering of plant phase Ⅱ	2014/7/5	807,025	701,011	Four companies including Zun Yi Jian Gong (Grouup) CO., LTD.	Third parties	-	-	-	-	Contracts	Operational needs	None
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Installation engineering of plant phase Ⅰ	2015/3/25	414,573	402,136	China Construction Fourth Engneering Division Installation Engneering CO., LTD.	Third parties	-	-	-	-	Contracts	Operational needs	None
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Installation engineering of plant phase Ⅱ	2015/5/18	492,420	49,242	China Construction Fourth Engneering Division Installation Engneering CO., LTD.	Third parties	-	-	-	-	Contracts	Operational needs	None

Note 1: The appraisal result should be presented in the ‘Basis or reference used in setting the price’ column if the real estate acquired should be appraised pursuant to the regulations.
Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.
Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	($ 2,832,951)	(13.3)	Collect within 90 days after shipment of goods	Same	Same	$ 461,571	19.3	-
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(1,501,934)	(7.0)	Collect within 90 days after shipment of goods	Same	Same	393,561	16.5	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary	(sales)	(213,646)	(1.0)	Collect within 90 days after shipment of goods	Same	Same	14,476	0.6	-
Cheng Shin Rubber Ind. Co., Ltd.	MERIDA INDUSTRY CO., LTD.	Associates	(sales)	(160,661)	(0.8)	Collect within 76 days after shipment of goods	Same	Same	42,734	1.8	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(280,215)	(1.2)	Collect within 60~90 days after shipment of goods	Same	Same	117,174	5.6	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Cheng Shin Holland B.V.	Associates	(sales)	(249,167)	(1.1)	Collect within 60~90 days after shipment of goods	Same	Same	74,538	3.6	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(2,093,814)	(43.8)	Collect within 60~90 days after shipment of goods	Same	Same	270,076	43.9	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(482,193)	(10.1)	Collect within 60~90 days after shipment of goods	Same	Same	70,956	11.5	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	TIANJIN TAFENG RUBBER IND CO., LTD.	Same ultimate parent	(sales)	(322,877)	(6.8)	Collect within 60~90 days after shipment of goods	Same	Same	39,067	6.3	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(247,209)	(5.2)	Collect within 60~90 days after shipment of goods	Same	Same	39,193	6.4	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(193,354)	(4.0)	Collect within 60~90 days after shipment of goods	Same	Same	26,946	4.4	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(551,619)	(8.5)	Collect within 60~90 days after shipment of goods	Same	Same	91,738	82.3	-
CHENG SHIN (ZHANGZHOU) MECHANICAL & ELECTRICAL ENGINEERING CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(601,677)	(76.9)	Collect within 60~90 days after shipment of goods	Same	Same	34,177	71.8	-
CHENG SHIN (ZHANGZHOU) MECHANICAL & ELECTRICAL ENGINEERING CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(146,064)	(18.7)	Collect within 60~90 days after shipment of goods	Same	Same	12,241	25.7	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Same ultimate parent	(sales)	(448,808)	(1.8)	Collect within 60~90 days after shipment of goods	Same	Same	125,035	2.8	-
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(214,209)	(47.8)	Collect within 60~90 days after shipment of goods	Same	Same	29,537	42.1	-
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	TOYO TIRE & RUBBER.CO.,LTD	Associates	(sales)	(166,007)	(37.1)	Collect within 60~90 days after shipment of goods	Same	Same	15,404	22.0	-

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(419,991)	(6.1)	Collect within 60~90 days after shipment of goods	Same	Same	194,921	22.5	-
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Same ultimate parent	(sales)	(286,556)	(5.7)	Collect within 60~90 days after shipment of goods	Same	Same	14,564	2.4	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(541,373)	(3.7)	Collect within 60~90 days after shipment of goods	Same	Same	87,034	4.3	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(255,559)	(1.7)	Collect within 60~90 days after shipment of goods	Same	Same	76,879	3.8	-
MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(sales)	(102,331)	(0.7)	Collect within 60~90 days after shipment of goods	Same	Same	19,856	1.0	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2015

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	$ 461,892	Note 4	-	-	$ 564,173	-
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA,	Subsidiary	393,821	Note 4	-	-	349,427	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary	316,907	Note 3	-	-	484,619	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	117,174	3.07	-	-	70,058	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	272,373	Note 4	-	-	272,373	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Same ultimate parent	125,035	7.01	-	-	87,203	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	195,585	Note 4	-	-	195,585	-

Note 1: Subsequent collection is the amount collected as of March 17, 2016.
Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.
Note 3: The amount comprises accounts receivable, commission receivable, endorsements/guarantees receivable, patent royalties receivable, royalties receivable for trademark and other receivables and thus, the turnover rate is not calculated.
Note 4: The amount comprises accounts receivable and other receivables and thus, the turnover rate is not calculated.

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount (Note 4)	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	$ 2,832,951	Collect within 90 days after shipment of goods	2.43%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	461,571	Collect within 90 days after shipment of goods	0.28%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	1,501,934	Collect within 90 days after shipment of goods	1.29%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Accounts receivable	393,561	Collect within 90 days after shipment of goods	0.24%
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	1	Royalties revenue from trademarks	209,452	Collect quarterly	0.18%
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	1	Sales	213,646	Collect within 90 days after shipment of goods	0.18%
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	1	Commissions revenue	221,599	Collect quarterly	0.19%
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	1	Sales of fixed assets and other assets	582,892	Collect within 60~90 days after sales of equipment	0.50%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	280,215	Collect within 60~90 days after shipment of goods	0.24%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	2,093,814	Collect within 60~90 days after shipment of goods	1.79%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	270,076	Collect within 60~90 days after shipment of goods	0.16%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	482,193	Collect within 60~90 days after shipment of goods	0.41%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	TIANJIN TAFENG RUBBER IND CO., LTD.	3	Sales	322,877	Collect within 60~90 days after shipment of goods	0.28%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	247,209	Collect within 60~90 days after shipment of goods	0.21%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	2,740,014	Pay interest quarterly	1.65%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	1,994,274	Pay interest quarterly	1.20%
3	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	551,619	Collect within 60~90 days after shipment of goods	0.47%
4	CHENG SHIN (ZHANGZHOU) MECHANICAL & ELECTRICAL ENGINEERING CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	601,677	Collect within 60~90 days after shipment of goods	0.52%
5	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	214,209	Collect within 60~90 days after shipment of goods	0.18%
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	3	Sales	448,808	Collect within 60~90 days after shipment of goods	0.38%

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	3	Other receivables	507,410	Pay interest quarterly	0.31%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	419,991	Collect within 60~90 days after shipment of goods	0.36%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Other receivables	507,410	Pay interest quarterly	0.31%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	541,373	Collect within 60~90 days after shipment of goods	0.46%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	255,559	Collect within 60~90 days after shipment of goods	0.22%
9	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	3	Sales	286,556	Collect within 60~90 days after shipment of goods	0.25%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to :
For transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction :
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts account for at least NT$200 million.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Year ended December 31, 2015

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2015	Initial investment amount: Balance as at December 31, 2014	Shares held as at December 31, 2015: Number of shares	Shares held as at December 31, 2015: Ownership (%)	Shares held as at December 31, 2015: Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015 (Note 1)	Footnote
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	$ 912,218	$ 912,218	35,050,000	100.00	$ 46,379,098	$ 4,225,507	$ 4,222,586	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	CST Trading Ltd.	British Virgin Islands	Holding company	2,103,073	2,103,073	72,900,000	100.00	26,467,271	4,998,023	4,985,816	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	10,219,988	909,167	908,826	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	U.S.A	Import and export of tires	551,820	551,820	1,800,000	100.00	2,415,339	270,286	270,281	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Canada	Import and export of tires	32,950	32,950	1,000,000	100.00	436,385	176,753	176,753	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	CIAO SHIN CO., LTD.	Taiwan	Investment in various business	97,000	97,000	9,700,000	97.00	166,398	544	527	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,000	50,000	4,999,960	49.99	168,508	70,597	35,291	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Tech Center Europe B.V.	Netherlands	Technical centre	41,260	41,260	1,000,000	100.00	53,961	4,119	4,119	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	Cheng Shin Holland B.V.	Netherlands	Import and export of tires	23,162	23,162	9,708	30.00	13,160	8,235	2,471	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS INTERNATIONAL INDONESIA	Indonesia	Production and sales of various types of tires	2,461,355	1,673,650	79,997,000	100.00	2,454,163	(9,797)	(9,797)	Subsidiary
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	1,826,095	-	369,997,000	100.00	1,840,061	(8,771)	(8,771)	Subsidiary

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Year ended December 31, 2015

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015 (Note 1)	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	-	-	226,801,983	100.00	36,271,896	4,096,884	4,096,884	Sub-subsidiary
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	26,355,989	4,992,105	4,992,105	Sub-subsidiary
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	British Virgin Islands	Import and export of tires	7,669,780	7,669,780	237,811,720	100.00	10,674,158	909,167	909,167	Sub-subsidiary
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	8,131,614	110,978	112,809	Sub-subsidiary
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Vietnam	Production and sales of various types of tires	1,945,408	1,945,408	62,000,000	100.00	2,539,156	798,061	795,889	Sub-subsidiary

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 2: Investee companies are accounted for under the equity method.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2015

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	$ 5,744,375	2	$ 910,834	$ -	$ -	$ 910,834	$ 3,019,696	100.00	$ 3,007,342	$ 25,720,947	$ 12,688,608	(Note 2, 3, 5, 6, 7)
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	7,385,625	2	2,385,506	-	-	2,385,506	4,609,323	100.00	4,612,558	24,660,717	10,073,179	(Note 2, 4, 6, 8)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	279,013	2	68,602	-	-	68,602	105,458	50.00	52,729	356,999	273,332	(Note 6, 8)
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	3,282,500	2	-	-	-	-	1,058,541	100.00	1,054,804	4,734,573	245,763	(Note 4, 6, 8)
TIANJIN TAFENG RUBBER IND CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	590,850	2	-	-	-	-	129,373	100.00	130,774	2,083,862	643,457	(Note 2, 6, 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2015

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	4,267,250	2	-	-	-	-	(7,749)	100.00	(7,958)	13,486,022	3,524,680	(Note 2, 3, 6, 7)
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	1,477,125	2	-	-	-	-	887,479	100.00	896,773	8,482,514	3,390,466	(Note 2, 6, 7)
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO.,LTD	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	656,500	2	-	-	-	-	(39,620)	100.00	(39,620)	564,518	-	(Note 6)
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	174,825	2	-	-	-	-	(12,061)	95.00	(11,458)	177,756	-	(Note 6, 7)
CHENG SHIN LOGISTIC (XIAMEN) CO.,LTD	International container transportation business	71,987	2	-	-	-	-	39,323	49.00	19,268	196,775	-	(Note 6, 7)
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	A. Tires and tubes B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	4,745,250	2	-	-	-	-	917,069	100.00	916,015	6,015,700	132,360	(Note 5 ,6, 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2015

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015 — Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015 — Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
CHENG SHIN (ZHANGZHOU) MECHANICAL & ELECTRICAL ENGINEERING CO., LTD.	Manufacturing and sales of equipment	99,900	2	-	-	-	-	(19,275)	50.00	(9,638)	84,094	-	(Note 6, 7)
XIAMEN ESTATE CO.,LTD	Construction and trading of employees' housing	1,198,800	2	-	-	-	-	(24,741)	100.00	(24,741)	1,174,540	-	(Note 6, 7)
KUNSHAN MAXXIS TIRE CO.,LTD	Retail of accessories for rubber tires	-	2	-	-	-	-	-	-	-	-	-	(Note 9)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China..

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 3: The Company and Cheng Shin Rubber (Xiamen) Ind., Ltd. directly and indirectly holds 60% and 40% of the share ownership in Cheng Shin Petrel Tire (Xiamen) Co., Ltd., respectively.

Note 4: The Company and Cheng Shin Tire & Rubber (China) Co., Ltd. directly and indirectly holds 30% and 70% of share ownership in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd., respectively.

Note 5: Cheng Shin Rubber (Xiamen) Ind., Ltd. and MAXXIS International (HK) Ltd. directly and indirectly holds 75% and 25% of share ownership in Cheng Shin Rubber (Zhangzhou) Ind Co., Ltd, respectively.

Note 6: Paid-in capital was converted at the exchange rate of NTD 32.852: USD 1 and NTD 4.995: RMB 1 prevailing on December 31, 2015.

Note 7: Investment income (loss) was recognised based on the financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 8: Investment income (loss) was recognised based on the financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 9: The investee company was established on September 28, 2015. The registered capital is RMB $5,000 thousand. As of March 24, 2016, the investment has not been remitted.

CHENG SHIN RUBBER IND. CO., LTD.

Ceiling on investments in Mainland China

Year ended December 31, 2015

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	$ 4,034,193	$ 22,087,943	$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015 was USD $122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD $672,900 thousand.

Note 2: According to 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area', the Company acquired the operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C. and thus, the investments amount in Mainland China is unlimited.