

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
SEPTEMBER 30, 2020 AND 2019**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 20002018

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries as at September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent accountants. Those statements reflect total assets of NT\$26,865,721 thousand and NT\$29,096,450 thousand, constituting 18% and 17% of the consolidated total assets, and total liabilities of NT\$20,417,704 thousand and NT\$21,695,887 thousand, constituting 28% and 25% of the consolidated total liabilities as at September 30, 2020 and 2019, respectively, and total net operating revenues of

NT\$4,164,241 thousand, NT\$4,293,129 thousand, NT\$10,164,747 thousand and NT\$11,978,884 thousand, constituting 15%, 16%, 15% and 14% of consolidated total net operating revenue, and total comprehensive loss of NT\$343,550 thousand, NT\$549,662 thousand, NT\$1,578,474 thousand and NT\$723,683 thousand, constituting 11%, 32%, 95% and 35% of the consolidated total comprehensive (loss) income for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wang, Yu-Juan

Zhou, Jian Hong

For and on behalf of PricewaterhouseCoopers, Taiwan

November 12, 2020

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

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Assets			September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 22,668,172	15	\$ 25,501,222	16	\$ 24,493,756	15
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	-	-	2,100	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income-current		25,636	-	25,935	-	21,323	-
1150	Notes receivable, net	6(4)	2,549,939	2	3,761,453	2	2,935,216	2
1170	Accounts receivable, net	6(4)	9,231,483	6	8,938,927	5	10,334,274	6
1180	Accounts receivable - related	7						
	parties		44,235	-	54,053	-	44,883	-
130X	Inventories	6(5)	14,239,618	9	17,949,870	11	17,608,241	10
1410	Prepayments		1,210,949	1	1,214,726	1	1,696,913	1
1470	Other current assets		979,696	1	1,483,789	1	1,422,702	1
11XX	Current Assets		50,949,728	34	58,929,975	36	58,559,408	35
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income-non-current		58,187	-	58,187	-	58,187	-
1550	Investments accounted for	6(6)						
	using the equity method		167,819	-	157,489	-	153,814	-
1600	Property, plant and equipment, net	6(7)	89,705,283	60	95,889,585	59	99,018,243	60
1755	Right-of-use assets	6(8)	5,233,282	3	5,518,534	3	5,566,634	3
1760	Investment property, net	6(9)	530,862	-	550,156	-	558,715	-
1840	Deferred income tax assets	6(27)	2,243,830	2	1,986,139	1	1,734,436	1
1900	Other non-current assets	6(10)	904,306	1	950,164	1	947,639	1
15XX	Non-current assets		98,843,569	66	105,110,254	64	108,037,668	65
1XXX	Total assets		\$ 149,793,297	100	\$ 164,040,229	100	\$ 166,597,076	100

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 10,596,366	7	\$ 16,843,366	10	\$ 18,562,642	11
2130	Current contract liabilities	6(21)	956,199	1	935,619	1	2,471,481	2
2150	Notes payable		511,617	-	1,122,276	1	967,866	1
2170	Accounts payable		6,892,469	5	7,793,330	5	7,425,121	4
2200	Other payables	6(12)	4,868,464	3	5,587,574	3	5,459,466	3
2230	Current income tax liabilities	6(27)	1,206,597	1	755,825	-	631,647	-
2280	Current lease liabilities		173,447	-	139,374	-	135,047	-
2300	Other current liabilities	6(13)(14)(15)	10,906,686	7	10,226,810	6	9,142,019	6
21XX	Current Liabilities		36,111,845	24	43,404,174	26	44,795,289	27
Non-current liabilities								
2530	Corporate bonds payable	6(14)	8,500,000	6	14,500,000	9	14,500,000	9
2540	Long-term borrowings	6(15) and 7	24,409,856	16	23,302,050	14	24,126,175	14
2550	Provisions for liabilities – non-current		144,895	-	141,841	-	145,058	-
2570	Deferred income tax liabilities	6(27)	1,033,617	1	1,313,834	1	1,353,305	1
2580	Non-current lease liabilities		544,589	-	569,553	-	492,253	-
2600	Other non-current liabilities	6(16)	2,694,605	2	2,838,090	2	2,848,760	2
25XX	Non-current liabilities		37,327,562	25	42,665,368	26	43,465,551	26
2XXX	Total Liabilities		73,439,407	49	86,069,542	52	88,260,840	53
Equity								
Equity attributable to owners of parent								
	Share capital	6(17)						
3110	Share capital - common stock		32,414,155	22	32,414,155	20	32,414,155	20
	Capital surplus	6(18)						
3200	Capital surplus		52,576	-	52,576	-	52,576	-
	Retained earnings	6(19)						
3310	Legal reserve		15,533,661	10	15,186,978	9	15,186,978	9
3320	Special reserve		6,904,245	5	5,200,298	3	5,200,298	3
3350	Unappropriated retained earnings		28,972,768	19	31,445,921	19	31,004,996	19
	Other equity interest	6(20)						
3400	Other equity interest		(8,050,986) (5)	(6,904,245) (4)	(6,090,484) (4)			
31XX	Equity attributable to owners of the parent		75,826,419	51	77,395,683	47	77,768,519	47
36XX	Non-controlling interest		527,471	-	575,004	1	567,717	-
3XXX	Total equity		76,353,890	51	77,970,687	48	78,336,236	47
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 149,793,297	100	\$ 164,040,229	100	\$ 166,597,076	100

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Review, not audited)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7	\$ 27,927,586	100	\$ 27,631,531	100	\$ 69,506,400	100	\$ 82,887,311	100
5000 Operating costs	6(5)	(20,197,317)	(72)	(21,779,155)	(79)	(53,115,898)	(76)	(64,582,614)	(78)
5900 Net operating margin		<u>7,730,269</u>	<u>28</u>	<u>5,852,376</u>	<u>21</u>	<u>16,390,502</u>	<u>24</u>	<u>18,304,697</u>	<u>22</u>
Operating expenses	7								
6100 Selling expenses		(1,963,353)	(7)	(2,244,742)	(8)	(5,262,937)	(8)	(6,171,391)	(7)
6200 General and administrative expenses		(961,275)	(4)	(888,709)	(3)	(2,558,530)	(4)	(2,725,921)	(3)
6300 Research and development expenses		(1,204,741)	(4)	(1,229,326)	(5)	(3,416,336)	(5)	(3,754,368)	(5)
6000 Total operating expenses		(4,129,369)	(15)	(4,362,777)	(16)	(11,237,803)	(17)	(12,651,680)	(15)
6900 Operating profit		<u>3,600,900</u>	<u>13</u>	<u>1,489,599</u>	<u>5</u>	<u>5,152,699</u>	<u>7</u>	<u>5,653,017</u>	<u>7</u>
Non-operating income and expenses									
7100 Interest income	6(22)	49,055	-	68,149	-	198,986	-	210,933	-
7010 Other income	6(23)	343,437	1	139,116	1	823,132	1	403,093	1
7020 Other gains and losses	6(24) and 10	(369,335)	(1)	(386,153)	(1)	(1,054,108)	(1)	72,599	-
7050 Finance costs	6(25)	(218,689)	(1)	(432,510)	(2)	(871,470)	(1)	(1,309,098)	(2)
7060 Share of profit/(loss) of associates and joint ventures accounted for using the equity method	6(6)	(4)	-	249	-	12,830	-	3,700	-
7000 Total non-operating income and expenses		(195,536)	(1)	(611,149)	(2)	(890,630)	(1)	(618,773)	(1)
7900 Profit before income tax		3,405,364	12	878,450	3	4,262,069	6	5,034,244	6
7950 Income tax expense	6(27)	(860,696)	(3)	(580,296)	(2)	(1,427,895)	(2)	(1,968,312)	(2)
8200 Profit for the period		<u>\$ 2,544,668</u>	<u>9</u>	<u>\$ 298,154</u>	<u>1</u>	<u>\$ 2,834,174</u>	<u>4</u>	<u>\$ 3,065,932</u>	<u>4</u>

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Review, not audited)

			Three-month periods ended September 30				Nine-month periods ended September 30			
			2020		2019		2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealized gain(loss) on valuation of entity instruments at fair value through profit or loss	6(3)(20)	(\$ 3,771)	-	\$ 1,546	-	(\$ 299)	-	(\$ 1,562)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(3,771)	-	1,546	-	(299)	-	(1,562)	-
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations	6(20)	760,959	3	(2,485,112)	(9)	(1,460,178)	(2)	(1,202,739)	(1)
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	(154,464)	(1)	492,509	2	286,610	-	222,156	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		606,495	2	(1,992,603)	(7)	(1,173,568)	(2)	(980,583)	(1)
8300	Other comprehensive income (loss) for the period		<u>\$ 602,724</u>	<u>2</u>	<u>(\$ 1,991,057)</u>	<u>(7)</u>	<u>(\$ 1,173,867)</u>	<u>(2)</u>	<u>(\$ 982,145)</u>	<u>(1)</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 3,147,392</u>	<u>11</u>	<u>(\$ 1,692,903)</u>	<u>(6)</u>	<u>\$ 1,660,307</u>	<u>2</u>	<u>\$ 2,083,787</u>	<u>3</u>
Profit attributable to:										
8610	Owners of the parent		\$ 2,543,639	9	\$ 286,173	1	\$ 2,818,893	4	\$ 3,030,480	4
8620	Non-controlling interest		1,029	-	11,981	-	15,281	-	35,452	-
			<u>\$ 2,544,668</u>	<u>9</u>	<u>\$ 298,154</u>	<u>1</u>	<u>\$ 2,834,174</u>	<u>4</u>	<u>\$ 3,065,932</u>	<u>4</u>
Comprehensive income(loss) attributable to:										
8710	Owners of the parent		\$ 3,157,722	11	(\$ 1,682,317)	(6)	\$ 1,672,152	2	\$ 2,140,294	3
8720	Non-controlling interest		(10,330)	-	(10,586)	-	(11,845)	-	(56,507)	-
			<u>\$ 3,147,392</u>	<u>11</u>	<u>(\$ 1,692,903)</u>	<u>(6)</u>	<u>\$ 1,660,307</u>	<u>2</u>	<u>\$ 2,083,787</u>	<u>3</u>
Earnings per share (in dollars)										
9750	Basic earnings per share	6(28)	\$ 0.78		\$ 0.09		\$ 0.87		\$ 0.93	
9850	Diluted earnings per share	6(28)	\$ 0.78		\$ 0.09		\$ 0.87		\$ 0.93	

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Review, not audited)

Equity attributable to owners of the parent																						
Notes	Capital surplus			Retained earnings			Other equity interest		Total	Non-controlling interest	Total equity											
	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income														
<u>Nine-month period ended September 30, 2019</u>																						
	\$	32,414,155	\$	9,772	\$	42,804	\$	14,834,946	\$	4,430,061	\$	32,662,342	(\$	5,214,518)	\$	14,220	\$	79,193,782	\$	624,224	\$	79,818,006
		-		-		-		-		-		3,030,480		-		-		3,030,480		35,452		3,065,932
6(20)		-		-		-		-		-		-	(	886,624 )	(	1,562 )	(	890,186 )	(	91,959 )	(	982,145)
		-		-		-		-		-		3,030,480	(	886,624 )	(	1,562)		2,140,294	(	56,507)		2,083,787
Appropriation and distribution of 2018 earnings :																						
		-		-		-		352,032		-	(	352,032)		-		-		-		-		-
		-		-		-		-		770,237	(	770,237)		-		-		-		-		-
6(19)		-		-		-		-		-	(	3,565,557 )		-		-	(	3,565,557 )		-	(	3,565,557)
	\$	32,414,155	\$	9,772	\$	42,804	\$	15,186,978	\$	5,200,298	\$	31,004,996	(\$	6,103,142)	\$	12,658	\$	77,768,519	\$	567,717	\$	78,336,236
<u>Nine-month period ended September 30, 2020</u>																						
	\$	32,414,155	\$	9,772	\$	42,804	\$	15,186,978	\$	5,200,298	\$	31,445,921	(\$	6,921,515)	\$	17,270	\$	77,395,683	\$	575,004	\$	77,970,687
		-		-		-		-		-		2,818,893		-		-		2,818,893		15,281		2,834,174
6(20)		-		-		-		-		-		-	(	1,146,442 )	(	299 )	(	1,146,741 )	(	27,126 )	(	1,173,867)
		-		-		-		-		-		2,818,893	(	1,146,442 )	(	299)		1,672,152	(	11,845)		1,660,307
Appropriation and distribution of 2019 earnings																						
		-		-		-		346,683		-	(	346,683)		-		-		-		-		-
		-		-		-		-		1,703,947	(	1,703,947)		-		-		-		-		-
6(19)		-		-		-		-		-	(	3,241,416 )		-		-	(	3,241,416 )		-	(	3,241,416)
		-		-		-		-		-		-		-		-		-		35,688	(	35,688)
	\$	32,414,155	\$	9,772	\$	42,804	\$	15,533,661	\$	6,904,245	\$	28,972,768	(\$	8,067,957)	\$	16,971	\$	75,826,419	\$	527,471	\$	76,353,890

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Review, not audited)

		Nine-month periods ended September 30	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 4,262,069	\$ 5,034,244
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(26)	8,606,438	9,306,935
Depreciation expense on right-of-use assets	6(8)(26)	217,948	187,854
Depreciation on investment property	6(9)(26)	17,163	18,185
Amortisation expense	6(10)(26)	74,304	76,782
Expected credit loss	12(2)	67,161	13,240
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(12,830)	(3,700)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(24)	147	(5,360)
Loss on disposal of property, plant and equipment	6(7)(24)	31,826	38,311
Reversal of impairment loss on non-financial assets	6(7)	(1,758)	-
Interest expense	6(7)(25)	871,470	1,309,098
Interest income	6(22)	(198,986)	(210,933)
Deferred government grants revenue		(108,893)	(103,706)
Unrealized foreign exchange loss (gain) on long-term foreign currency loans		638,955	(120,836)
Disaster loss	6(5)(7)(24) and 10	62,503	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		1,211,514	(261,673)
Accounts receivable	(	359,549)	(485,621)
Accounts receivable - related parties		9,818	3,093
Inventories		3,699,340	1,753,988
Prepayments	(	1,772)	(144,171)
Other current assets		507,788	193,786
Other non-current assets	(	9,856)	172,668
Changes in operating liabilities			
Contract liabilities - current		20,580	1,724,410
Notes payable	(	610,659)	344,451
Accounts payable	(	900,861)	(1,528,081)
Other payables	(	171,524)	(157,829)
Other current liabilities		89	116,863
Accrued pension liabilities	(	106,191)	5,607
Other non-current liabilities		6,012	(150)
Cash inflow generated from operations		17,822,246	17,277,455
Interest received		195,291	200,295
Dividends received		2,500	2,500
Interest paid	(	983,934)	(1,375,443)
Income tax paid	(	1,321,839)	(2,189,492)
Income tax refund received		60,547	206,898
Net cash flows from operating activities		15,774,811	14,122,213

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Review, not audited)

	Notes	Nine-month periods ended September 30	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net changes in financial assets at fair value through profit or loss		(\$ 147)	\$ 6,503
Acquisition of property, plant and equipment	6(7)(29)	(5,265,545)	(6,228,300)
Payment for capitalized interests	6(7)(25)	(16,623)	(15,575)
Proceeds from disposal of property, plant and equipment		89,307	127,645
Acquisition of investment properties	6(9)	(82)	-
Acquisition of intangible assets	6(10)	(26,413)	(44,587)
Decrease (increase) in refundable deposits		4,768	34,838
Proceeds from disposal of use-of-right assets		18,437	-
Increase in other non-current liabilities		87,826	23,469
Net cash flows used in investing activities		(5,108,472)	(6,096,007)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(11)(30)	12,508,291	17,138,764
Decrease in short-term loans	6(11)(30)	(18,175,954)	(14,131,150)
Repayments of bonds	6(14)(30)	(2,500,000)	(4,800,000)
Increase in long-term loans	6(15)(30)	6,933,542	9,350,759
Repayments of long-term loans	6(15)(30)	(8,087,345)	(14,815,686)
Decrease in guarantee deposits received	6(30)	(6,284)	(5,765)
Repayments of principal portion of lease liabilities	6(8)(30)	(137,099)	(91,641)
Cash dividends paid	6(19)(30)	(3,241,416)	(3,565,557)
Distribute cash dividends to non-controlling interests	6(30)	(35,688)	-
Net cash flows used in financing activities		(12,741,953)	(10,920,276)
Effect of exchange rate changes on cash and cash equivalents		(757,436)	(421,670)
Net decrease in cash and cash equivalents		(2,833,050)	(3,315,740)
Cash and cash equivalents at beginning of period	6(1)	25,501,222	27,809,496
Cash and cash equivalents at end of period	6(1)	<u>\$ 22,668,172</u>	<u>\$ 24,493,756</u>

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Review, not audited)

1. HISTORY AND ORGANISATION

Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in: (a) Processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products; and (b) Manufacturing and trading of various rubber products and relevant rubber machinery. The Company has been listed on the Taiwan Stock Exchange starting December 1987.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 12, 2020.

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”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9 and IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows :

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(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 IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts — cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation described below, the other significant accounting policies of the Group are in agreement with Note 4 in the consolidated financial statements for the year ended December 31, 2019. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim financial reporting" as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2019.

(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) Financial assets at fair value through other comprehensive income.
 - (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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain

critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS International Co., Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CST Trading Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Trading Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	-	-	Note 5 、 7
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	-	-	Note 4 、 7
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	50	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO.,LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	70	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	95	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	49	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 6
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	-	-	Note 4、7

Note 1: Cheng Shin International (HK) Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd. collectively hold 100% equity interest in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd.

Note 2: Maxxis International (HK) Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Rubber (Zhangzhou) Ind. Co., Ltd.

Note 3: Maxxis International Co., Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Petrel Tire (Xiamen) Co., Ltd.

Note 4: In March 2019, the Company established MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V. in Mexico, and remitted out investment in the amount of MXN 2,093 thousand with the subsidiary, CHENG SHIN RUBBER USA, INC., during the second quarter and third quarter of 2020, and jointly acquired 100% equity interest of MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V. The subsidiary was included in the consolidated entity in the second quarter of 2020.

Note 5: In February 2020, the Company established MAXXIS RUBBER JAPAN CO., LTD. in

Japan, and remitted out investment in the amount of JPY 50,000 thousand in April 2020, and acquired 100% equity interest. The subsidiary was included in the consolidated entity in the second quarter of 2020.

Note 6: The financial statements of the entity as of September 30, 2020 and 2019, were not reviewed by the independent accountants as the entity did not meet the definition of significant subsidiary.

Note 7: The financial statements of the entity as of September 30, 2020, were not reviewed by the independent accountants as the entity did not meet the definition of significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Joint operation and investments accounted for using the equity method- joint ventures

The Group accounts for its interest in a joint venture using the equity method. When the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(5) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(6) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(7) Income taxes

A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There have been no significant changes as of September 30, 2020. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash on hand and revolving funds	\$ 6,148	\$ 3,285	\$ 4,214
Checking deposit	1,927,564	1,439,563	1,477,854
Demand deposits	15,616,464	19,648,228	16,994,464
Time deposits	5,117,996	4,410,146	6,017,224
	<u>\$ 22,668,172</u>	<u>\$ 25,501,222</u>	<u>\$ 24,493,756</u>
Interest rate range			
Time deposits	<u>0.95%~4.25%</u>	<u>1.75%~3.15%</u>	<u>1.76%~4.10%</u>

The Group 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.

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

<u>Items</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	\$ -	\$ -	\$ 2,100

- A. The Group recognised net (loss) profit amounting to \$0 thousand, \$3,884 thousand, (\$147) thousand and \$5,360 thousand on financial assets mandatorily measured at fair value through profit or loss - derivative instruments for the three-month and the nine-month periods ended September 30, 2020 and 2019, respectively.

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

	<u>September 30, 2019</u>	
<u>Derivative instruments</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts		2019/9/12~
USD exchange to NTD	<u>USD 12,000 thousand</u>	2019/11/25

The Group has no derivative instruments transaction on September 30, 2020 and December 31, 2019.

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

- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	16,971	17,270	12,658
Total	<u>\$ 25,636</u>	<u>\$ 25,935</u>	<u>\$ 21,323</u>

Non-current items:

Equity instruments

Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>	<u>\$ 58,187</u>
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A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$83,823 thousand, \$84,122 thousand and \$79,510 thousand as at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three-month period ended September 30, 2020</u>	<u>Three-month period ended September 30, 2019</u>
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	<u>(\$ 3,771)</u>	<u>\$ 1,546</u>
	<u>Nine-month period ended September 30, 2020</u>	<u>Nine-month period ended September 30, 2019</u>

Equity instruments at fair value

through other comprehensive income

Fair value change recognised in other comprehensive income (loss)

	<u>(\$ 299)</u>	<u>(\$ 1,562)</u>
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C. Information relating to credit risk of financial assets at fair value through other comprehensive loss/income is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes receivable	\$ 2,559,216	\$ 3,770,730	\$ 2,944,493
Less: Loss allowance	(9,277)	(9,277)	(9,277)
	<u>\$ 2,549,939</u>	<u>\$ 3,761,453</u>	<u>\$ 2,935,216</u>
Accounts receivable	\$ 9,339,152	\$ 8,980,542	\$ 10,349,034
Less: Loss allowance	(107,669)	(41,615)	(14,760)
	<u>\$ 9,231,483</u>	<u>\$ 8,938,927</u>	<u>\$ 10,334,274</u>

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

	September 30, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 7,978,119	\$ 2,559,216	\$ 7,376,434	\$ 3,770,730
Up to 30 days	968,095	-	1,099,362	-
31 to 90 days	183,671	-	282,247	-
91 to 180 days	80,696	-	83,960	-
Over 180 days	128,571	-	138,539	-
	<u>\$ 9,339,152</u>	<u>\$ 2,559,216</u>	<u>\$ 8,980,542</u>	<u>\$ 3,770,730</u>
	September 30, 2019			
	Accounts receivable	Notes receivable		
Without past due	\$ 8,351,865	\$ 2,944,493		
Up to 30 days	1,170,338	-		
31 to 90 days	445,395	-		
91 to 180 days	157,451	-		
Over 180 days	223,985	-		
	<u>\$ 10,349,034</u>	<u>\$ 2,944,493</u>		

The above ageing analysis was based on past due date.

B. As at September 30, 2020, December 31, 2019 and September 30, 2019, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2019, the balance of receivables from contracts with customers amounted to \$12,608,070 thousand.

C. As at September 30, 2020, December 31, 2019 and September 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$2,559,216 thousand and \$9,339,152 thousand; \$3,770,730 thousand and \$8,980,542 thousand; \$2,944,493 thousand and \$10,349,034 thousand, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,250,738	\$ -	\$ 4,250,738
Work in progress	2,206,218	(417)	2,205,801
Finished goods	5,053,575	(137,031)	4,916,544
Buildings and land held for sale	2,212,989	-	2,212,989
Inventory in transit	653,546	-	653,546
	<u>\$ 14,377,066</u>	<u>(\$ 137,448)</u>	<u>\$ 14,239,618</u>

December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,977,629	\$ -	\$ 5,977,629
Work in progress	2,508,792	-	2,508,792
Finished goods	6,525,220	(85,899)	6,439,321
Buildings and land held for sale	2,336,891	-	2,336,891
Inventory in transit	687,237	-	687,237
	<u>\$ 18,035,769</u>	<u>(\$ 85,899)</u>	<u>\$ 17,949,870</u>
September 30, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,219,786	\$ -	\$ 5,219,786
Work in progress	2,653,640	-	2,653,640
Finished goods	6,306,315	(89,462)	6,216,853
Land in progress	782,050	-	782,050
Construction in progress	2,020,855	-	2,020,855
Inventory in transit	715,057	-	715,057
	<u>\$ 17,697,703</u>	<u>(\$ 89,462)</u>	<u>\$ 17,608,241</u>

A. On September 26, 2020, a fire damaged a plant located in Xizhou owned by the parent company of the Group. The book value of the inventories damaged by the fire amounted to \$10,912 thousand, shown as loss from fire damage under other gains and losses. Information relating to the fire damage is provided in Note 10.

B. The cost of inventories recognized as expense for the period:

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Cost of goods sold	\$ 20,212,776	\$ 21,810,962
Others	(15,459)	(31,807)
	<u>\$ 20,197,317</u>	<u>\$ 21,779,155</u>
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Cost of goods sold	\$ 52,936,074	\$ 64,623,988
Unallocated overheads	185,460	-
Others	(5,636)	(41,374)
	<u>\$ 53,115,898</u>	<u>\$ 64,582,614</u>

For the three-month period ended September 30, 2019, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold due to sale of scrap or inventories which were previously provided with allowance.

(6) Investments accounted for using the equity method

A. The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarized below:

As at September 30, 2020, December 31, 2019 and September 30, 2019, the carrying amount of the Group's individually immaterial joint ventures amounted to \$167,819 thousand, \$157,489 thousand and \$153,814 thousand, respectively.

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Share of profit(loss) of associates and joint ventures accounted for using the equity method	(\$ 4)	\$ 249
Total comprehensive income	(\$ 4)	\$ 249
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Share of profit of associates and joint ventures accounted for using the equity method	\$ 12,830	\$ 3,700
Total comprehensive income	\$ 12,830	\$ 3,700
B. The recognition of gain on investments accounted for using the equity method was based on financial statements prepared by associates and were not reviewed by independent auditors.		

(7) Property, plant and equipment, net

Nine-month period ended September 30, 2020

	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,610,898	\$ -	\$ -	\$ -	(\$ 49,484)	\$ 4,561,414
Buildings and structures	49,810,262	107,441	(27,433)	254,896	(1,221,548)	48,923,618
Machinery	102,641,974	685,016	(317,427)	2,096,945	(2,467,346)	102,639,162
Testing equipment	3,869,352	34,505	(3,965)	97,143	(85,350)	3,911,685
Transportation equipment	1,428,027	17,385	(27,162)	43,467	(16,460)	1,445,257
Office equipment	1,054,912	23,924	(614)	4,852	(22,270)	1,060,804
Other facilities	33,998,456	1,131,708	(317,634)	476,089	(941,774)	34,346,845
Unfinished construction and equipment under acceptance	5,563,842	2,851,871	(810)	(2,973,036)	(126,537)	5,315,330
	<u>\$ 202,977,723</u>	<u>\$ 4,851,850</u>	<u>(\$ 695,045)</u>	<u>\$ 356</u>	<u>(\$ 4,930,769)</u>	<u>\$ 202,204,115</u>
Accumulated depreciation						
Buildings and structures	(\$ 18,644,399)	(\$ 1,437,541)	\$ 10,733	\$ -	\$ 384,975	(\$ 19,686,232)
Machinery	(58,136,370)	(4,195,625)	185,234	(67)	1,469,027	(60,677,801)
Testing equipment	(2,888,108)	(209,172)	2,312	-	51,352	(3,043,616)
Transportation equipment	(1,061,464)	(74,647)	24,502	-	7,474	(1,104,135)
Office equipment	(710,600)	(98,141)	542	-	14,405	(793,794)
Other facilities	(25,364,441)	(2,591,312)	280,312	-	742,211	(26,933,230)
	<u>(\$ 106,805,382)</u>	<u>(\$ 8,606,438)</u>	<u>\$ 503,635</u>	<u>(\$ 67)</u>	<u>\$ 2,669,444</u>	<u>(\$ 112,238,808)</u>
Accumulated impairment						
Machinery	(\$ 256,534)	\$ -	\$ 16,479	\$ -	\$ 4,256	(\$ 235,799)
Testing equipment	(271)	(417)	417	-	2	(269)
Transportation equipment	(1,960)	-	-	-	16	(1,944)
Office equipment	(58)	-	13	-	1	(44)
Other facilities	(23,933)	-	1,777	-	188	(21,968)
	<u>(\$ 282,756)</u>	<u>(\$ 417)</u>	<u>\$ 18,686</u>	<u>\$ -</u>	<u>\$ 4,463</u>	<u>(\$ 260,024)</u>
	<u>\$ 95,889,585</u>					<u>\$ 89,705,283</u>

Nine-month period ended September 30, 2019

	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,583,467	\$ -	\$ -	\$ -	\$ 37,432	\$ 4,620,899
Buildings and structures	49,684,022	368,900	-	452,051	(508,614)	49,996,359
Machinery	100,304,545	810,622	(292,888)	3,051,777	(411,997)	103,462,059
Testing equipment	3,729,686	48,918	(19,696)	114,098	(21,851)	3,851,155
Transportation equipment	1,369,500	65,464	(19,294)	38,950	(27,394)	1,427,226
Office equipment	954,368	67,881	(1,652)	31,444	(9,991)	1,042,050
Other facilities	31,361,160	1,685,452	(322,996)	882,442	(57,759)	33,548,299
Unfinished construction and equipment under acceptance	8,005,642	2,679,021	-	(4,620,147)	38,280	6,102,796
	<u>\$ 199,992,390</u>	<u>\$ 5,726,258</u>	<u>(\$ 656,526)</u>	<u>(\$ 49,385)</u>	<u>(\$ 961,894)</u>	<u>\$ 204,050,843</u>
Accumulated depreciation						
Buildings and structures	(\$ 17,052,347)	(\$ 1,627,106)	\$ -	\$ -	\$ 307,605	(\$ 18,371,848)
Machinery	(53,074,452)	(4,515,215)	175,880	(12,155)	149,807	(57,276,135)
Testing equipment	(2,670,049)	(223,142)	13,518	1,439	28,352	(2,849,882)
Transportation equipment	(998,805)	(85,333)	16,929	-	21,561	(1,045,648)
Office equipment	(596,140)	(103,506)	1,574	(3)	7,256	(690,819)
Other facilities	(22,331,442)	(2,752,633)	282,669	10,719	6,996	(24,783,691)
	<u>(\$ 96,723,235)</u>	<u>(\$ 9,306,935)</u>	<u>\$ 490,570</u>	<u>\$ -</u>	<u>\$ 521,577</u>	<u>(\$ 105,018,023)</u>
Accumulated impairment						
Machinery	(\$ 12,651)	\$ -	\$ -	\$ -	\$ -	(\$ 12,651)
Other facilities	(1,926)	-	-	-	-	(1,926)
	<u>(\$ 14,577)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 14,577)</u>
	<u>\$ 103,254,578</u>					<u>\$ 99,018,243</u>

- A. On September 26, 2020, a fire damaged a plant located in Xizhou owned by the parent company of the Group. The book value of the buildings and equipment damaged by the fire amounted to \$51,591 thousand, shown as loss from fire damage under other gains and losses. Information relating to the fire damage is provided in Note 10.
- B. 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:

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Amount capitalized	\$ 16,623	\$ 15,575
Range of the interest rates for capitalization	3.83%~4.68%	2.20%~7.53%

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 95 years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose covenants, but leased assets of land may not be used as security for borrowing purposes.
- B. Short-term leases comprise of forklift trucks and stacking machines. Low-value assets comprise of computers.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
	Book value	Book value	Book value
Land	\$ 4,585,038	\$ 4,882,312	\$ 5,004,399
Buildings and structures	440,816	473,987	411,598
Machinery	18,078	22,208	23,270
Transportation equipment	155,787	98,075	91,145
Office equipment	7,557	6,257	7,208
Other equipment	26,006	35,695	29,014
	<u>\$ 5,233,282</u>	<u>\$ 5,518,534</u>	<u>\$ 5,566,634</u>

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
	Depreciation expense	Depreciation expense
Land	\$ 25,165	\$ 27,250
Buildings and structures	22,669	24,330
Machinery	766	828
Transportation equipment	27,178	12,782
Office equipment	969	757
Other equipment	2,881	4,553
	<u>\$ 79,628</u>	<u>\$ 70,500</u>

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 78,096	\$ 89,322
Buildings and structures	69,707	52,500
Machinery	2,313	2,425
Transportation equipment	55,901	32,829
Office equipment	3,010	2,190
Other equipment	8,921	8,588
	<u>\$ 217,948</u>	<u>\$ 187,854</u>

D. For the three-month and the nine-month periods ended September 30, 2020 and 2019, the additions to right-of-use assets amounted to \$65,492 thousand, \$321,396 thousand, \$179,571 thousand and \$374,361 thousand, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,053	\$ 4,184
Expense on short-term lease contracts	4,500	8,650
Expense on leases of low-value assets	965	(104)
Expense on variable lease payments	60,068	36,989
	<u>\$ 70,586</u>	<u>\$ 49,719</u>
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 10,093	\$ 7,680
Expense on short-term lease contracts	13,638	22,531
Expense on leases of low-value assets	2,811	1,791
Expense on variable lease payments	166,044	159,469
	<u>\$ 192,586</u>	<u>\$ 191,471</u>

F. For the three-month and the nine-month periods ended September 30, 2020 and 2019, the Group's total cash outflow for leases amounted to \$118,757 thousand, \$78,368 thousand, \$329,685 thousand and \$283,112 thousand, respectively.

G. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 40.45% of lease payments are on the basis of variable payment terms and are accrued based on the stored amount of tires. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$1,660 thousand.

(9) Investment property, net

Nine-month period ended September 30, 2020					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost					
Land	\$ 336,339	\$ 82	\$ -	\$ -	\$ 336,421
Buildings and structures	455,023	-	-	(3,573)	451,450
	<u>\$ 791,362</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>(\$ 3,573)</u>	<u>\$ 787,871</u>
Accumulated depreciation					
Buildings and structures	(\$ 190,168)	(\$ 17,163)	\$ -	\$ 1,360	(\$ 205,971)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 550,156</u>				<u>\$ 530,862</u>
Nine-month period ended September 30, 2019					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost					
Land	\$ 336,339	\$ -	\$ -	\$ -	\$ 336,339
Buildings and structures	471,597	-	-	(12,108)	459,489
	<u>\$ 807,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 12,108)</u>	<u>\$ 795,828</u>
Accumulated depreciation					
Buildings and structures	(\$ 172,654)	(\$ 18,185)	\$ -	\$ 4,764	(\$ 186,075)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 584,244</u>				<u>\$ 558,715</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Rental income from investment property	<u>\$ 7,506</u>	<u>\$ 7,603</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 5,718</u>	<u>\$ 5,958</u>

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Rental income from investment property	\$ 20,534	\$ 22,822
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 17,163	\$ 18,185

B. The fair value of the investment property held by the Group as at September 30, 2020, December 31, 2019 and September 30, 2019 was \$1,062,073 thousand, \$1,066,478 thousand and \$912,286 thousand, respectively, which were valued by independent appraisers. Valuations were made using the comparison method which is categorized 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 classification of the land is changed. Currently, the land is under the name of related party, Mr. /Ms. Chiu. The Company plans to use the land 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) Other non-current assets

	September 30, 2020	December 31, 2019	September 30, 2019
Intangible assets	\$ 195,844	\$ 246,790	\$ 256,787
Others	708,462	703,374	690,852
	<u>\$ 904,306</u>	<u>\$ 950,164</u>	<u>\$ 947,639</u>

Movements in intangible assets:

		Nine-month period ended September 30, 2020					
		Opening net book amount at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost							
Computer software	\$	514,464	\$ 26,413	(\$ 12,540)	(\$ 356)	(\$ 9,444)	\$ 518,537
Others		7,762	-	-	-	(65)	7,697
	<u>\$</u>	<u>522,226</u>	<u>\$ 26,413</u>	<u>(\$ 12,540)</u>	<u>(\$ 356)</u>	<u>(\$ 9,509)</u>	<u>\$ 526,234</u>
Accumulated amortisation							
Computer software	(\$	273,107)	(\$ 73,728)	\$ 12,540	\$ 67	\$ 6,725	(\$ 327,503)
Others	(	2,329)	(576)	-	-	18	(2,887)
	<u>(\$</u>	<u>275,436)</u>	<u>(\$ 74,304)</u>	<u>\$ 12,540</u>	<u>\$ 67</u>	<u>\$ 6,743</u>	<u>(\$ 330,390)</u>
	<u>\$</u>	<u>246,790</u>					<u>\$ 195,844</u>

Nine-month period ended September 30, 2019						
	Opening net book amount at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost						
Computer software	\$ 420,716	\$ 44,587	\$ -	\$ 52,873	(\$ 3,966)	\$ 514,210
Others	-	-	-	8,150	(307)	7,843
	<u>\$ 420,716</u>	<u>\$ 44,587</u>	<u>\$ -</u>	<u>\$ 61,023</u>	<u>(\$ 4,273)</u>	<u>\$ 522,053</u>
Accumulated amortisation						
Computer software	(\$ 183,666)	(\$ 76,171)	\$ -	(\$ 2,394)	(\$ 878)	(\$ 263,109)
Others	-	(611)	-	(1,630)	84	(2,157)
	<u>(\$ 183,666)</u>	<u>(\$ 76,782)</u>	<u>\$ -</u>	<u>(\$ 4,024)</u>	<u>(\$ 794)</u>	<u>(\$ 265,266)</u>
	<u>\$ 237,050</u>					<u>\$ 256,787</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Operating costs	\$ 2,634	\$ 2,725
Selling expenses	1,546	1,917
Administrative expenses	16,551	18,504
Research and development expenses	3,698	4,001
	<u>\$ 24,429</u>	<u>\$ 27,147</u>
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Operating costs	\$ 7,944	\$ 7,698
Selling expenses	4,692	4,791
Administrative expenses	50,694	54,471
Research and development expenses	10,974	9,822
	<u>\$ 74,304</u>	<u>\$ 76,782</u>

(11) Short-term borrowings

Type of borrowings	September 30, 2020	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 10,596,366</u>	0.36%~6.25%	None
Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 16,843,366</u>	0.55%~7.95%	None
Type of borrowings	September 30, 2019	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 18,562,642</u>	0.55%~7.95%	None

The abovementioned credit loan includes the guarantee of endorsement provided by the Group.

(12) Other payables

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Dividend payable	\$ 657	\$ 657	\$ 658
Wages and salaries payable	1,384,832	1,432,816	1,431,737
Payable on machinery and equipment	698,036	1,128,354	1,213,319
Employee compensation payable	177,503	209,476	200,879
Compensation due to directors and supervisors	51,854	67,093	60,657
Other accrued expenses	1,661,471	1,911,096	1,631,410
Others	894,111	838,082	920,806
	<u>\$ 4,868,464</u>	<u>\$ 5,587,574</u>	<u>\$ 5,459,466</u>

(13) Other current liabilities

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Long-term liabilities due within one year	\$ 10,580,598	\$ 9,900,811	\$ 8,767,128
Advance receipts	2,636	272	2,522
Refund liabilities	211,116	106,627	176,406
Others	112,336	219,100	195,963
	<u>\$ 10,906,686</u>	<u>\$ 10,226,810</u>	<u>\$ 9,142,019</u>

(14) Bonds payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Bonds payable			
-issued in 2016	\$ 2,500,000	\$ 5,000,000	\$ 5,000,000
Bonds payable			
-issued in 2017	7,000,000	7,000,000	7,000,000
Bonds payable			
-issued in 2018	5,000,000	5,000,000	5,000,000
	14,500,000	17,000,000	17,000,000
Less: Current portion	(6,000,000)	(2,500,000)	(2,500,000)
	<u>\$ 8,500,000</u>	<u>\$ 14,500,000</u>	<u>\$ 14,500,000</u>

A. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds ("the bonds"). The bond issuance has been approved by the Taipei Exchange on July 16, 2018 and completed on July 25, 2018. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.87%. The issuance period of the bonds is 5 years, which is from July 25, 2018 and July 25, 2023. 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 redeemed at 50% of the total amount after four and five years from the issue date.

B. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of

the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on August 1, 2017 and completed on August 10, 2017. The bonds were fully issued and total issuance amount was \$7 billion with a coupon rate of 1.03%. The issuance period of the bonds is 5 years, which is from August 10, 2017 to August 10, 2022. 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 redeemed at 50% of the total amount after four and five years from the issue date.

C. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on September 13, 2016 and completed on September 26, 2016. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.71%. The issuance period of the bonds is 5 years, which is from September 26, 2016 to September 26, 2021. 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 redeemed at 50% of the total amount after four and five years from the issue date.

D. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance 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 \$4.8 billion with a coupon rate of 1.40%. The issuance period of the bonds was 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 bonds will be redeemed in full amount at the maturity date.

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2020</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.70%~ 4.50%	None	\$ 28,777,004
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	
				<u>213,450</u>
				28,990,454
Less: Current portion				(4,580,598)
				<u>\$ 24,409,856</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until November 2026.	1.00%~4.76%	None	\$ 30,487,611
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	215,250
				30,702,861
Less: Current portion				(7,400,811)
				\$ 23,302,050

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2019
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until October 2026.	0.97%~4.83%	None	\$ 30,175,803
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	217,500
				30,393,303
Less: Current portion				(6,267,128)
				\$ 24,126,175

A. Above mentioned borrowings are capital financings through financial institutions and other related parties.

B. According to the borrowing contract, the Group shall calculate the financial ratios based on the audited annual consolidated financial statements 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 as at June 30, 2020, December 31, 2019 and June 30, 2019.

C. The currencies and carrying amounts (in thousands of New Taiwan dollars) of the Group's long-term borrowings (including current portion) denominated in foreign currencies are as follows:

Currency	September 30, 2020	December 31, 2019	September 30, 2019
USD	\$ 15,231,910	\$ 16,339,100	\$ 16,770,912

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' including commissioned managers 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 Labor

Standard Act. 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 December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$5,104 thousand, \$6,364 thousand, \$15,312 thousand and \$19,092 thousand for the three-month and the nine-month periods ended September 30, 2020 and 2019, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to \$23,913 thousand.
- 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 and MAXXIS (Taiwan) Trading Co., Ltd. for the three-month and the nine-month periods ended September 30, 2020 and 2019 were \$38,104 thousand, \$38,442 thousand, \$118,071 thousand and \$114,659 thousand, respectively.
- C. (a) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine-month periods ended September 30, 2020 and 2019 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the three-month and the nine-month periods ended September 30, 2020 and 2019, were \$75,641 thousand, \$84,404 thousand, \$160,709 thousand and \$258,627 thousand, respectively.
- (b) The subsidiaries, Cheng Shin Rubber USA, Inc., Cheng Shin Rubber CANADA, Inc., Maxxis Tech Center Europe B.V. and Maxxis Europe B.V., have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees' salaries and wages. Other than the annual contribution, the subsidiaries have no further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month and the nine-month periods ended September 30, 2020 and 2019, were \$4,222 thousand, \$4,016 thousand, \$13,790 thousand and \$11,459 thousand, respectively.
- (c) Starting from January 2011, the subsidiary, Maxxis International (Thailand) Co., Ltd., has provision for employees' pensions based on the actuarial reports. As of September 30, 2020, December 31, 2019 and September 30, 2019, the net liabilities recognised in the balance sheets were \$49,147 thousand, \$48,126 thousand and \$43,816 thousand, respectively. The subsidiaries established a provident fund in accordance with the Provident Fund Act B.E.

2530 (1987) and has been approved by Ministry of Finance. The fund is contributed by Thailand subsidiaries and employees at 3%~7% of their salaries. Pension was paid from pension fund accounts based on the provident fund act when employees withdrew the fund. The pension costs under defined contribution pension plans for the three-month and the nine-month periods ended September 30, 2020 and 2019, were \$4,574 thousand, \$5,412 thousand, \$14,418 thousand and \$15,514 thousand, respectively.

(d) According to Indonesian local government's regulations "2015 PP Nomor 60" and "2015 PP Nomor 45", the Group's subsidiaries, PT MAXXIS International Indonesia and PT. MAXXIS TRADING INDONESIA, contribute monthly an amount equal to 3.7% and 2% of the employees' monthly salaries and wages to the retirement insurance; contribute monthly an amount equal to 2% and 1% to pension, respectively. For the three-month and the nine-month periods ended September 30, 2020 and 2019, the pension expense accrued in accordance to the aforementioned regulation amounted to \$2,117 thousand, \$1,872 thousand, \$6,294 thousand and \$5,288 thousand, respectively.

(e) According to Indonesian local government's regulation "Employees Provident Fund and Miscellaneous Provisions Act, 1952", the Group's subsidiary, Maxxis Rubber India Private Ltd., established an employees' provident fund. Employer and employees each contributed 12% of salaries and wages to the provident fund. For the three-month and the nine-month periods ended September 30, 2020 and 2019, the pension cost accrued in accordance to the aforementioned regulation amounted to \$1,703 thousand, \$4,004 thousand, \$5,514 thousand and \$8,446 thousand, respectively.

(17) Share capital

As at September 30, 2020, the Company's authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.

(18) 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.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and 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. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' and supervisors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' and supervisors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.

- C. 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.
- D. (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 Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The Company recognized dividends distributed to shareholders amounting to \$3,565,557 thousand and \$5,834,548 thousand (\$1.1 (in dollars) and \$1.8 (in dollars) per share) for the years ended December 31, 2019 and 2018, respectively. On June 16, 2020, the shareholders during their meeting resolved that total dividends for the distribution of earnings for the year of 2019 was \$3,241,416 thousand at \$1.0 (in dollars) per share.
- F. For the information relating to employees' remuneration and directors' and supervisors' remuneration, please refer to Note 6(26).

(20) Other equity items

2020			
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,921,515)	\$ 17,270	(\$ 6,904,245)
Valuation adjustment – Group	-	(299)	(299)
Currency translation differences:			
– Group	(1,433,052)	-	(1,433,052)
– Tax on Group	286,610	-	286,610
At September 30	<u>(\$ 8,067,957)</u>	<u>\$ 16,971</u>	<u>(\$ 8,050,986)</u>
2019			
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 5,214,518)	\$ 14,220	(\$ 5,200,298)
Valuation adjustment – Group	-	(1,562)	(1,562)
Currency translation differences:			
– Group	(1,110,780)	-	(1,110,780)
– Tax on Group	222,156	-	222,156
At September 30	<u>(\$ 6,103,142)</u>	<u>\$ 12,658</u>	<u>(\$ 6,090,484)</u>

(21) Operating revenue

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Revenue from contracts with customers	\$ 27,927,586	\$ 27,631,531
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Revenue from contracts with customers	\$ 69,506,400	\$ 82,887,311

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following and geographical regions:

Three-month period ended September 30, 2020					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 1,685,326	\$ 14,651,604	\$ 2,333,895	\$ 9,256,761	\$ 27,927,586
Inter-segment revenue	1,063,356	2,016,513	1,848,585	468,051	5,396,505
Total segment revenue	\$ 2,748,682	\$ 16,668,117	\$ 4,182,480	\$ 9,724,812	\$ 33,324,091
Three-month period ended September 30, 2019					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 1,580,622	\$ 13,790,302	\$ 2,151,210	\$ 10,109,397	\$ 27,631,531
Inter-segment revenue	1,010,150	1,605,527	1,524,622	654,079	4,794,378
Total segment revenue	\$ 2,590,772	\$ 15,395,829	\$ 3,675,832	\$ 10,763,476	\$ 32,425,909
Nine-month period ended September 30, 2020					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 4,677,541	\$ 36,263,554	\$ 5,706,622	\$ 22,858,683	\$ 69,506,400
Inter-segment revenue	3,093,068	4,978,567	4,053,669	1,188,344	13,313,648
Total segment revenue	\$ 7,770,609	\$ 41,242,121	\$ 9,760,291	\$ 24,047,027	\$ 82,820,048
Nine-month period ended September 30, 2019					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 4,872,237	\$ 43,041,017	\$ 6,473,374	\$ 28,500,683	\$ 82,887,311
Inter-segment revenue	3,101,150	4,834,519	4,391,684	1,864,393	14,192,046
Total segment revenue	\$ 7,973,387	\$ 47,875,536	\$ 10,865,058	\$ 30,365,076	\$ 97,079,357

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	September 30, 2020	December 31, 2019
Contract liabilities:		
Advance sales receipts	\$ 932,709	\$ 895,825
Customer loyalty programmes	23,490	39,794
Total	\$ 956,199	\$ 935,619

	<u>September 30, 2019</u>	<u>January 1, 2019</u>
Contract liabilities:		
Advance sales receipts	\$ 2,430,547	\$ 694,413
Customer loyalty programmes	<u>40,934</u>	<u>52,658</u>
Total	<u>\$ 2,471,481</u>	<u>\$ 747,071</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period:		

	<u>Three-month period ended September 30, 2020</u>	<u>Three-month period ended September 30, 2019</u>
Advance sales receipts	\$ 13,583	\$ 1,668
Customer loyalty programmes	<u>-</u>	<u>-</u>
	<u>\$ 13,583</u>	<u>\$ 1,668</u>
	<u>Nine-month period ended September 30, 2020</u>	<u>Nine-month period ended September 30, 2019</u>
Advance sales receipts	\$ 656,470	\$ 516,486
Customer loyalty programmes	<u>38,763</u>	<u>47,937</u>
	<u>\$ 695,233</u>	<u>\$ 564,423</u>

(22) Interest income

	<u>Three-month period ended September 30, 2020</u>	<u>Three-month period ended September 30, 2019</u>
Interest income from bank deposits	<u>\$ 49,055</u>	<u>\$ 68,149</u>
	<u>Nine-month period ended September 30, 2020</u>	<u>Nine-month period ended September 30, 2019</u>
Interest income from bank deposits	<u>\$ 198,986</u>	<u>\$ 210,933</u>

(23) Other income

	<u>Three-month period ended September 30, 2020</u>	<u>Three-month period ended September 30, 2019</u>
Grant revenue	\$ 196,165	\$ 67,202
Other income	<u>147,272</u>	<u>71,914</u>
	<u>\$ 343,437</u>	<u>\$ 139,116</u>
	<u>Nine-month period ended September 30, 2020</u>	<u>Nine-month period ended September 30, 2019</u>
Grant revenue	\$ 486,810	\$ 189,362
Other income	<u>336,322</u>	<u>213,731</u>
	<u>\$ 823,132</u>	<u>\$ 403,093</u>

(24) Other gains and losses

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Net currency exchange loss	(\$ 271,664)	(\$ 356,678)
Loss from fire damage	(62,503)	-
Loss on disposal of property, plant and equipment	(14,026)	(11,826)
Net gain on financial assets and liabilities at fair value through profit or loss	-	3,884
Other expenses	(21,142)	(21,533)
	<u>(\$ 369,335)</u>	<u>(\$ 386,153)</u>
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Net currency exchange (loss) gain	(\$ 880,442)	\$ 197,444
Loss from fire damage	(62,503)	-
Loss on disposal of property, plant and equipment	(31,826)	(38,311)
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(147)	5,360
Other expenses	(79,190)	(91,894)
	<u>(\$ 1,054,108)</u>	<u>\$ 72,599</u>

(25) Finance costs

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Interest expense:		
Bank borrowings	\$ 179,994	\$ 387,914
Corporate bonds	37,842	41,215
Provisions-discount	2,704	2,868
Lease liability-interest expense	<u>5,053</u>	<u>4,184</u>
	225,593	436,181
Less: Capitalisation of qualifying assets	(6,904)	(3,671)
Finance costs	<u>\$ 218,689</u>	<u>\$ 432,510</u>

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Interest expense:		
Bank borrowings	\$ 757,116	\$ 1,159,062
Corporate bonds	112,771	149,468
Provisions-discount	8,113	8,463
Lease liability-interest expense	10,093	7,680
	<u>888,093</u>	<u>1,324,673</u>
Add: Reversal of capitalisation of disqualifying assets	-	16,581
Less: Capitalisation of qualifying assets	(16,623)	(32,156)
Finance costs	<u>\$ 871,470</u>	<u>\$ 1,309,098</u>
(26) <u>Expenses by nature</u>		
	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Employee benefit expense		
Wages and salaries	\$ 3,089,728	\$ 3,117,967
Labour and health insurance fees	173,089	168,163
Pension costs	131,465	144,514
Directors' remuneration	43,044	10,371
Other personnel expenses	202,059	195,475
	<u>\$ 3,639,385</u>	<u>\$ 3,636,490</u>
Raw materials and supplies used	<u>\$ 12,560,009</u>	<u>\$ 14,009,174</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,835,245</u>	<u>\$ 3,036,092</u>
Depreciation expense on right-of-use assets	<u>\$ 79,628</u>	<u>\$ 70,500</u>
Depreciation expense on investment property	<u>\$ 5,718</u>	<u>\$ 5,958</u>
Amortisation expense on intangible assets	<u>\$ 24,429</u>	<u>\$ 27,147</u>

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Employee benefit expense		
Wages and salaries	\$ 8,596,472	\$ 9,404,116
Labour and health insurance fees	510,131	538,629
Pension costs	334,108	433,085
Directors' remuneration	55,224	55,812
Other personnel expenses	541,583	610,568
	<u>\$ 10,037,518</u>	<u>\$ 11,042,210</u>
Raw materials and supplies used	<u>\$ 32,736,733</u>	<u>\$ 42,701,209</u>
Depreciation expense on property, plant and equipment	<u>\$ 8,606,438</u>	<u>\$ 9,306,935</u>
Depreciation expense on right-of-use assets	<u>\$ 217,948</u>	<u>\$ 187,854</u>
Depreciation expense on investment property	<u>\$ 17,163</u>	<u>\$ 18,185</u>
Amortisation expense on intangible assets	<u>\$ 74,304</u>	<u>\$ 76,782</u>

Note: As at September 30, 2020 and 2019, the Company had 28,557 and 28,844 employees, of which 9 and 7 directors were not the Company's employees, respectively.

A. According to the Articles of Incorporation of the Company, 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.

B. For the three-month and the nine-month periods ended September 30, 2020 and 2019, employees' compensation was accrued at \$60,524 thousand, \$11,909 thousand, \$69,202 thousand and \$85,396 thousand, respectively; while directors' and supervisors' remuneration was accrued at \$39,734 thousand, \$7,818 thousand, \$45,431 thousand and \$56,062 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 2% and 1.313% of distributable profit of current year for the nine-month period ended September 30, 2020.

Employees' compensation and directors' and supervisors' remuneration for 2019 amounting to \$93,053 thousand and \$61,089 thousand, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2019 financial statements. The employees' compensation for 2019 will be distributed in the form of cash. As of November 12, 2020, the employees' compensation for 2019 has not yet been distributed.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Current tax:		
Current tax on profits for the period	\$ 1,286,924	\$ 1,076,200
Prior year income tax overestimation	(57,796)	(14,700)
Total current tax	<u>1,229,128</u>	<u>1,061,500</u>
Deferred tax:		
Origination and reversal of temporary differences	(368,432)	(481,204)
Total deferred tax	<u>(368,432)</u>	<u>(481,204)</u>
Income tax expense	<u>\$ 860,696</u>	<u>\$ 580,296</u>
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Current tax:		
Current tax on profits for the period	\$ 1,802,545	\$ 2,019,285
Prior year income tax overestimation	(123,352)	(76,859)
Total current tax	<u>1,679,193</u>	<u>1,942,426</u>
Deferred tax:		
Origination and reversal of temporary differences	(251,298)	25,886
Total current tax	<u>(251,298)</u>	<u>25,886</u>
Income tax expense	<u>\$ 1,427,895</u>	<u>\$ 1,968,312</u>

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

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Generated during the period :		
Currency translation differences	<u>(\$ 154,464)</u>	<u>\$ 492,509</u>
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Generated during the period :		
Currency translation differences	<u>\$ 286,610</u>	<u>\$ 222,156</u>

B. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(28) Earnings per share

Three-month period ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,543,639	3,241,416	\$ 0.78
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,543,639	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,673	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,543,639	3,243,089	\$ 0.78
Three-month period ended September 30, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 286,173	3,241,416	\$ 0.09
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	286,173	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	261	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 286,173	3,241,677	\$ 0.09

Nine-month period ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,818,893	3,241,416	\$ 0.87
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,818,893	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,903	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,818,893	3,244,319	\$ 0.87
Nine-month period ended September 30, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,030,480	3,241,416	\$ 0.93
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	3,030,480	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,594	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,030,480	3,244,010	\$ 0.93

(29) Supplemental cash flow information

Investing activities with partial cash payments :

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Purchase of property, plant and equipment	\$ 4,851,850	\$ 5,726,258
Add: Opening balance of payable on equipment	1,128,354	1,730,936
Less: Ending balance of payable on equipment	(698,036)	(1,213,319)
Cash paid during the period	<u>\$ 5,282,168</u>	<u>\$ 6,243,875</u>

(30) Changes in liabilities from financing activities

	2020						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$16,843,366	\$30,702,861	\$17,000,000	\$ 657	\$ 708,927	\$ 248,381	\$ 65,504,192
Changes in cash flow from financing activities	(5,667,663)	(1,153,803)	(2,500,000)	(3,277,104)	(137,099)	(6,284)	(12,741,953)
Interest paid	-	-	-	-	(10,093)	-	(10,093)
Additions	-	-	-	3,277,104	172,243	-	3,449,347
Amortisation of interest expense	-	-	-	-	10,093	-	10,093
Impact of changes in foreign exchange rate	(579,337)	(558,604)	-	-	(26,035)	-	(1,163,976)
At September 30	<u>\$10,596,366</u>	<u>\$28,990,454</u>	<u>\$14,500,000</u>	<u>\$ 657</u>	<u>\$ 718,036</u>	<u>\$ 242,097</u>	<u>\$ 55,047,610</u>
	2019						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$15,569,136	\$35,526,041	\$21,800,000	\$ 657	\$ 339,938	\$ 255,209	\$ 73,490,981
Changes in cash flow from financing activities	3,007,614	(5,464,927)	(4,800,000)	(3,565,557)	(91,641)	(5,765)	(10,920,276)
Interest paid	-	-	-	-	(7,680)	-	(7,680)
Additions	-	-	-	3,565,557	371,705	-	3,937,262
Amortisation of interest expense	-	-	-	-	7,680	-	7,680
Impact of changes in foreign exchange rate	(14,108)	332,189	-	1	7,298	-	325,380
At September 30	<u>\$18,562,642</u>	<u>\$30,393,303</u>	<u>\$17,000,000</u>	<u>\$ 658</u>	<u>\$ 627,300</u>	<u>\$ 249,444</u>	<u>\$ 66,833,347</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Toyo Tire & Rubber Co., Ltd.	Associate which invests in subsidiary by using the equity method
New Pacific IND. CD., LTD.	Investee accounted for using the equity method
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's vice chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's director is the company's representative
Jye Luo Memory Co Ltd.	The Company's director is the company's representative (Note)
Luo, Jye	Relative of the Company's director within first degree of relationship
Lo, Ming-Ling	Spouse of the Company's director
Lo, Ming-I	Spouse of the Company's chairman
Lo, Tsai-Jen	The Company's director
Luo, Yuan-Yo	Relative of the Company's director within first degree of relationship
Lo, Yuan-Long	Relative of the Company's director within first degree of relationship

Note: This company was established on September 24, 2020.

(2) Significant related party transactions

A. Operating revenue

	<u>Three-month period ended September 30, 2020</u>	<u>Three-month period ended September 30, 2019</u>
Sales of goods:		
-Other related parties	<u>\$ 68,611</u>	<u>\$ 74,243</u>
	<u>Nine-month period ended September 30, 2020</u>	<u>Nine-month period ended September 30, 2019</u>
Sales of goods:		
-Other related parties	<u>\$ 183,955</u>	<u>\$ 210,837</u>

Prices and collection terms of abovementioned sales are the same with third parties, and the credit terms are between 60~90 days.

B. Receivables from related parties

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accounts receivable:			
-Other related parties	<u>\$ 44,235</u>	<u>\$ 54,053</u>	<u>\$ 44,883</u>

C. Loans to / from related parties: shown as long-term borrowings

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Payables due to related parties :			
-Other related parties	<u>\$ 213,450</u>	<u>\$ 215,250</u>	<u>\$ 217,500</u>

The Group obtained financing from other related parties and financial institutions for capital needs. Please refer to Note 6(15) for interest rates, borrowing periods and repayment methods.

D. Lease transactions - lessee

(a) The Group leases lands from Luo, Jye, Lo, Ming-Ling, Lo, Ming-I, Lo, Tsai-Jen, Luo, Yuan-Yo and Lo, Yuan-Long. Rental contracts are typically made for periods of 4 to 5 years. Rents

are prepaid at the beginning of the year.

(b) Acquisition of right-of-use assets

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Key management personnel	\$ -	\$ 5,785

(c) Lease liabilities

i. Outstanding balance

	September 30, 2020	December 31, 2019	September 30, 2019
Key management personnel	\$ 41,450	\$ 55,136	\$ 55,008

ii. Interest expense

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Key management personnel	\$ 289	\$ 375

(3) Key management compensation

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Short-term employee benefits	\$ 77,027	\$ 50,878
Post-employment benefits	509	641
	<u>\$ 77,536</u>	<u>\$ 51,519</u>

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Short-term employee benefits	\$ 160,269	\$ 179,594
Post-employment benefits	1,528	1,921
	<u>\$ 161,797</u>	<u>\$ 181,515</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	September 30, 2020	December 31, 2019	September 30, 2019
Property, plant and equipment	\$ 3,406,911	\$ 2,990,369	\$ 2,696,308

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

	September 30, 2020	December 31, 2019	September 30, 2019
Amount of letter of credit that has been issued but not yet used	\$ 33,107	\$ 45,524	\$ 24,781

10. SIGNIFICANT DISASTER LOSS

On September 26, 2020, a fire damaged a plant located in Xizhou owned by the Company and destroyed some buildings, equipment and inventories in the plant. The book value of the damaged properties amounted to \$62,503 thousand, including buildings and equipment as well as inventories of \$51,591 thousand and \$10,912 thousand, respectively, which were all recognised as loss from fire damage under

other gains and losses for the nine-month period ended September 30, 2020. However, the Company has relevant property insurance and has filed a claim to the insurance company. Additionally, the claim settlement amount is still in the process of assessment by the insurance company.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the nine-month period ended September 30, 2020, the Group's strategy was unchanged from 2019. The gearing ratios as at September 30, 2020, December 31, 2019 and September 30, 2019 were as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Total liabilities	\$ 73,439,407	\$ 86,069,542	\$ 88,260,840
Total equity	\$ 76,353,890	\$ 77,970,687	\$ 78,336,236
Less : Intangible assets	(195,844)	(246,790)	(256,787)
Tangible equity	\$ 76,158,046	\$ 77,723,897	\$ 78,079,449
Debt-equity ratio	96%	111%	113%

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss - current			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ -	\$ 2,100
Financial assets at fair value through other comprehensive income - current			
Designation of equity instrument	25,636	25,935	21,323
Financial assets at fair value through other comprehensive income - non-current			
Designation of equity instrument	58,187	58,187	58,187
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	22,668,172	25,501,222	24,493,756
Notes receivable, net	2,549,939	3,761,453	2,935,216
Accounts receivable (including related parties)	9,275,718	8,992,980	10,379,157
Guarantee deposits paid	48,298	53,066	51,330
Other financial assets	8,638	374,790	322,831
	<u>\$ 34,634,588</u>	<u>\$ 38,767,633</u>	<u>\$ 38,263,900</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 10,596,366	\$ 16,843,366	\$ 18,562,642
Notes payable	511,617	1,122,276	967,866
Accounts payable	6,892,469	7,793,330	7,425,121
Other accounts payables	4,868,464	5,587,574	5,459,466
Corporate bonds payable (including current portion)	14,500,000	17,000,000	17,000,000
Long-term borrowings (including current portion)	28,990,454	30,702,861	30,393,303
Guarantee deposits received	242,097	248,381	249,444
	<u>\$ 66,601,467</u>	<u>\$ 79,297,788</u>	<u>\$ 80,057,842</u>
Lease liabilities (including current portion)	<u>\$ 718,036</u>	<u>\$ 708,927</u>	<u>\$ 627,300</u>

B. Financial risk management policies

- (a) The Group'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 Group's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group'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 Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- ii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other certain subsidiaries' functional currency: RMB, THB, VND, CAD, IDR, EUR, INR, JPY, MXN and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2020

**(Foreign currency:
functional currency)**

Financial assets

Monetary items

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
USD : TWD	\$ 282,768	29.100	\$ 8,228,549	1%	\$ 82,285	\$ -
RMB : TWD	151,167	4.269	645,332	1%	6,453	-
EUR : TWD	11,557	34.150	394,672	1%	3,947	-
JPY : TWD	621,869	0.276	171,636	1%	1,716	-
USD : RMB	63,108	6.817	1,836,555	1%	18,366	-
EUR : RMB	18,360	8.000	627,031	1%	6,270	-
GBP : RMB	3,326	8.737	124,054	1%	1,241	-
RUB : RMB	690,313	0.088	259,331	1%	2,593	-
USD : THB	54,055	31.487	1,572,676	1%	15,727	-
EUR : THB	3,763	36.951	128,479	1%	1,285	-
USD : VND	21,847	25,752.212	635,748	1%	6,357	-
USD : CAD	23,768	1.340	691,763	1%	6,918	-

September 30, 2020

(Foreign currency:
functional currency)

Financial liabilities

Monetary items

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
USD : TWD	\$ 18,068	29.100	\$ 525,779	1%	\$ 5,258	\$ -
USD : RMB	50,406	6.817	1,466,904	1%	14,669	-
EUR : RMB	5,330	8.000	182,030	1%	1,820	-
USD : THB	20,373	31.487	592,732	1%	5,927	-
USD : VND	40,793	25,752.212	1,187,076	1%	11,871	-
USD : CAD	9,534	1.340	277,485	1%	2,775	-
USD : IDR	299,761	14,696.970	8,723,045	1%	87,230	-
USD : INR	230,620	73.727	6,711,053	1%	67,111	-

December 31, 2019

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : TWD	\$ 151,203	29.980	\$ 4,533,066	1%	\$ 45,331	\$ -
RMB : TWD	726,287	4.305	3,126,666	1%	31,267	-
EUR : TWD	36,518	33.590	1,226,640	1%	12,266	-
JPY : TWD	1,566,266	0.276	432,289	1%	4,323	-
GBP : TWD	3,299	39.360	129,849	1%	1,298	-
USD : RMB	93,667	6.964	2,808,139	1%	28,081	-
EUR : RMB	19,541	7.803	656,420	1%	6,564	-
JPY : RMB	477,392	0.064	131,531	1%	1,315	-
GBP : RMB	3,677	9.143	144,729	1%	1,447	-
RUB : RMB	343,160	0.112	165,458	1%	1,655	-
USD : THB	53,836	29.689	1,614,320	1%	16,143	-
EUR : THB	13,078	33.264	439,377	1%	4,394	-
USD : VND	28,935	25,623.932	867,471	1%	8,675	-
USD : CAD	21,544	1.305	645,743	1%	6,457	-
USD : IDR	21,258	13,752.294	637,315	1%	6,373	-

December 31, 2019						
(Foreign currency: functional currency)	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 16,513	29.980	\$ 495,060	1%	\$ 4,951	\$ -
USD : RMB	89,815	6.964	2,692,655	1%	26,927	-
EUR : RMB	7,416	7.803	249,118	1%	2,491	-
USD : THB	38,456	29.689	1,153,137	1%	11,531	-
USD : VND	36,809	25,623.932	1,103,534	1%	11,035	-
USD : CAD	6,988	1.305	209,453	1%	2,095	-
USD : IDR	311,695	13,752.294	9,344,616	1%	93,446	-
USD : INR	233,647	71.043	7,004,771	1%	70,048	-

September 30, 2019

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 147,020	31.040	\$ 4,563,501	1%	\$ 45,635	\$ -
RMB : TWD	743,902	4.350	3,235,974	1%	32,360	-
EUR : TWD	30,228	33.950	1,026,241	1%	10,262	-
JPY : TWD	1,257,213	0.288	362,077	1%	3,621	-
GBP : TWD	7,414	38.200	283,215	1%	2,832	-
USD : RMB	77,675	7.136	2,411,156	1%	24,112	-
EUR : RMB	24,817	7.805	842,581	1%	8,426	-
GBP : RMB	5,719	8.782	218,476	1%	2,185	-
RUB : RMB	563,054	0.110	269,421	1%	2,694	-
USD : THB	59,582	30.416	1,850,303	1%	18,503	-
EUR : THB	17,996	33.268	611,263	1%	6,113	-
USD : VND	27,800	25,442.623	862,912	1%	8,629	-
USD : CAD	18,566	1.324	576,138	1%	5,761	-
USD : IDR	29,062	13,919.283	902,085	1%	9,021	-

September 30, 2019						
(Foreign currency: functional currency)	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial liabilities</u>					
	<u>Monetary items</u>					
	USD : TWD	\$ 18,461	31.040	\$ 573,029	1%	\$ 5,730
USD : RMB	79,143	7.136	2,456,725	1%	24,567	-
EUR : RMB	12,060	7.805	409,458	1%	4,095	-
USD : THB	64,021	30.416	1,988,155	1%	19,882	-
USD : VND	32,860	25,442.623	1,019,974	1%	10,200	-
USD : CAD	14,237	1.324	441,801	1%	4,418	-
USD : IDR	310,315	13,919.283	9,632,178	1%	96,322	-
USD : INR	232,078	70.771	7,203,738	1%	72,037	-

- iv. The exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2020 and 2019 amounted to (\$271,664) thousand, (\$356,678) thousand, (\$880,442) thousand and \$197,444 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. 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, equity investments at fair value through other comprehensive income and gain or loss for the nine-month periods ended September 30, 2020 and 2019 would have increased/decreased by \$838 thousand and \$795 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the nine-month periods ended September 30, 2020 and 2019, the Group's borrowings at variable rate were denominated in the TWD, USD, THB, RMB, EUR and INR.
 - ii. The Group's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at September 30, 2020 and 2019, if interest rates on USD, THB, RMB, EUR and INR denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2020 and 2019 would have been \$23,937 thousand and \$37,020 thousand higher/lower, 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 Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
 - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and 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.
 - iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
 - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial

- reorganization due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at September 30, 2020, December 31, 2019 and September 30, 2019, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable; accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at September 30, 2020, December 31, 2019 and September 30, 2019, the provision matrix is as follows:

<u>September 30, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 7,978,119	\$ -
Up to 30 days	1.87%	968,095	18,103
31 to 90 days	4.65%	183,671	8,543
91 to 180 days	9.53%	80,664	7,685
Over 180 days	18.98%	67,080	12,732
Individual	98.51%	61,523	60,606
		<u>\$ 9,339,152</u>	<u>\$ 107,669</u>

<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 7,376,434	\$ -
Up to 30 days	0.32%	1,099,362	3,518
31 to 90 days	0.98%	282,247	2,766
91 to 180 days	1.95%	83,960	1,635
Over 180 days	5.81%	111,310	6,467
Individual	100.00%	27,229	27,229
		<u>\$ 8,980,542</u>	<u>\$ 41,615</u>

<u>September 30, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 8,351,865	\$ -
Up to 30 days	0.04%	1,170,338	445
31 to 90 days	0.71%	445,395	3,162
91 to 180 days	1.45%	157,451	2,283
Over 180 days	3.96%	223,985	8,870
		<u>\$ 10,349,034</u>	<u>\$ 14,760</u>

- viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2020	2019
At January 1	\$ 41,615	\$ 15,343
Provision for impairment	67,817	13,861
Reversal of impairment loss	(656)	(621)
Write-offs	(939)	(13,861)
Effect of exchange rate changes	(168)	38
At September 30	<u>\$ 107,669</u>	<u>\$ 14,760</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group'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 balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group'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.

September 30, 2020

Non-derivative financial liabilities	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	\$ 8,602,854	\$ 1,549,464	\$ 493,157	\$ -	\$ 10,645,475
Notes and accounts payable	7,330,227	-	38,421	35,438	7,404,086
Other payables	4,612,162	110,463	76,075	69,764	4,868,464
Lease liability	38,027	44,925	90,495	544,589	718,036
Guarantee deposits received	-	-	370	241,727	242,097
Long-term borrowings	660,589	1,353,784	2,865,558	25,131,776	30,011,707
Bonds payable	-	-	6,089,850	8,601,300	14,691,150

December 31, 2019

Non-derivative financial liabilities	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	\$ 12,271,246	\$ 3,162,609	\$ 1,562,289	\$ -	\$ 16,996,144
Notes and accounts payable	8,868,422	1,268	35,694	10,222	8,915,606
Other payables	5,355,433	6,127	118,084	107,930	5,587,574
Lease liability	44,142	32,667	62,565	569,553	708,927
Guarantee deposits received	373	-	-	248,008	248,381
Long-term borrowings	1,578,812	1,700,671	4,712,180	24,222,151	32,213,814
Bonds payable	-	-	2,651,100	14,734,650	17,385,750

September 30, 2019

Non-derivative financial liabilities	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	\$ 11,242,949	\$ 5,038,118	\$ 2,522,939	\$ -	\$ 18,804,006
Notes and accounts payable	8,345,310	-	36,067	11,610	8,392,987
Other payables	5,156,678	107,057	83,196	112,535	5,459,466
Lease liability	26,569	77,049	31,429	492,253	627,300
Guarantee deposits received	3,287	-	-	246,157	249,444
Long-term borrowings	839,573	1,741,359	4,362,223	24,989,337	31,932,492
Bonds payable	-	-	2,651,100	14,734,650	17,385,750

(3) Fair value information

A. 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 Group's investment in listed stocks, 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 Group'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 Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

September 30, 2020				
	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	<u>\$ 14,500,000</u>	<u>\$ -</u>	<u>\$ 14,516,428</u>	<u>\$ -</u>
December 31, 2019				
	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	<u>\$ 17,000,000</u>	<u>\$ -</u>	<u>\$ 17,050,741</u>	<u>\$ -</u>

September 30, 2019				
	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	<u>\$ 17,000,000</u>	<u>\$ -</u>	<u>\$ 17,015,443</u>	<u>\$ -</u>

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the interest rate of par value was equivalent to market interest rate.

D. The related information on 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 is as follows:

(a) The related information of natures of assets and liabilities is as follows:

September 30, 2020				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 25,636</u>	<u>\$ -</u>	<u>\$ 58,187</u>	<u>\$ 83,823</u>

December 31, 2019				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 25,935</u>	<u>\$ -</u>	<u>\$ 58,187</u>	<u>\$ 84,122</u>

	September 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Forward exchange contracts	\$ -	\$ 2,100	\$ -	\$ 2,100
Financial assets at fair value through other comprehensive income				
- Equity securities	21,323	-	58,187	79,510
	<u>\$ 21,323</u>	<u>\$ 2,100</u>	<u>\$ 58,187</u>	<u>\$ 81,610</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. For Level 1, the Group used market quoted prices as their fair values according to the characteristics of instruments. Listed shares and balanced mutual fund use closing price as their fair values.
- ii. 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.
- iii. Level 2: When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group 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 nine-month periods ended September 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the nine-month periods ended September 30, 2020 and 2019.

(4) Assessment of impact of the COVID-19

Regarding the assessment of impact of the COVID-19, the Group was affected by the COVID-19 pandemic. Since early 2020, production of some of the Group's factories had stopped and orders had been delayed. However, all factories have resumed operations in the second quarter of 2020. Additionally, although the Group's sales orders from some areas have declined because of the COVID-19 pandemic, overall business and finance were not significantly affected based on the Group's assessment.

13. SUPPLEMENTARY DISCLOSURES

(1) 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 \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in

capital or more: please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6 (2), 6(24) and 12(2), 12(3).

J. Significant inter-company transactions during the reporting periods: please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: please refer to table 9.

B. Ceiling on investments in Mainland China: please refer to table 9.

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

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the nine-month period ended September 30, 2020: please refer to tables 5, 6 and 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organization is divided into Cheng Shin (Taiwan), MAXXIS (Taiwan) Trading, Cheng Shin (Xiamen), Cheng Shin (China), Petrel (Xiamen), Cheng Shin (Thailand) and other segments based on the nature of each company. The Group's revenue is mainly from manufacturing and sales of bicycle tires, electrical vehicle tires, reclaimed rubber, etc.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Three-month period ended September 30, 2020

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 3,699,803	\$ 4,511,745	\$ 8,538,393	\$ 2,716,614	\$ 5,484,157	\$ 24,950,712
Revenue from inter-segment revenue	2,675,064	391,427	185,375	420,837	1,546,154	5,218,857
Total segment revenue	<u>\$ 6,374,867</u>	<u>\$ 4,903,172</u>	<u>\$ 8,723,768</u>	<u>\$ 3,137,451</u>	<u>\$ 7,030,311</u>	<u>\$ 30,169,569</u>
Segment income	<u>\$ 811,377</u>	<u>\$ 372,767</u>	<u>\$ 1,038,607</u>	<u>\$ 216,851</u>	<u>\$ 1,511,830</u>	<u>\$ 3,951,432</u>

Three-month period ended September 30, 2019

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 3,503,332	\$ 4,096,945	\$ 8,518,373	\$ 3,041,456	\$ 5,413,512	\$ 24,573,618
Revenue from inter-segment revenue	2,417,142	356,474	232,423	403,295	1,210,656	4,619,990
Total segment revenue	<u>\$ 5,920,474</u>	<u>\$ 4,453,419</u>	<u>\$ 8,750,796</u>	<u>\$ 3,444,751</u>	<u>\$ 6,624,168</u>	<u>\$ 29,193,608</u>
Segment income (loss)	<u>\$ 145,572</u>	<u>\$ 85,966</u>	<u>\$ 680,138</u>	<u>(\$ 111,843)</u>	<u>\$ 790,495</u>	<u>\$ 1,590,328</u>

Nine-month period ended September 30, 2020

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATION AL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 9,874,481	\$ 10,917,230	\$ 21,046,245	\$ 6,848,875	\$ 3,533,361	\$ 62,220,192
Revenue from inter-segment revenue	6,567,308	976,004	443,535	1,004,878	3,802,925	12,794,650
Total segment revenue	<u>\$ 6,441,789</u>	<u>\$ 11,893,234</u>	<u>\$ 21,489,780</u>	<u>\$ 7,853,753</u>	<u>\$ 17,336,286</u>	<u>\$ 75,014,842</u>
Segment income	<u>\$ 1,274,921</u>	<u>\$ 290,078</u>	<u>\$ 1,623,274</u>	<u>\$ 133,548</u>	<u>\$ 2,821,583</u>	<u>\$ 6,143,404</u>

Nine-month period ended September 30, 2019

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATION AL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 10,767,720	\$12,266,502	\$ 26,214,809	\$ 9,145,303	\$15,790,170	\$ 74,184,504
Revenue from inter -segment revenue	7,271,525	1,130,351	632,701	1,227,146	3,447,800	13,709,523
Total segment revenue	<u>\$ 18,039,245</u>	<u>\$13,396,853</u>	<u>\$ 26,847,510</u>	<u>\$ 10,372,449</u>	<u>\$19,237,970</u>	<u>\$ 87,894,027</u>
Segment income (loss)	<u>\$ 1,402,605</u>	<u>\$ 195,355</u>	<u>\$ 2,448,381</u>	<u>(\$ 142,387)</u>	<u>\$ 2,406,189</u>	<u>\$ 6,310,143</u>

(4) Reconciliation for segment income (loss)

A. A reconciliation of income after adjustment and total segment income from continuing operations is provided as follows:

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Adjusted revenue from reportable segments	\$ 30,169,569	\$ 29,193,608
Adjusted revenue from other operating segments	3,154,522	3,232,301
Total operating segments	33,324,091	32,425,909
Elimination of inter-segment revenue	(5,396,505)	(4,794,378)
Total consolidated operating revenue	<u>\$ 27,927,586</u>	<u>\$ 27,631,531</u>
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Adjusted revenue from reportable segments	\$ 75,014,842	\$ 87,894,027
Adjusted revenue from other operating segments	7,805,206	9,185,330
Total operating segments	82,820,048	97,079,357
Elimination of inter-segment revenue	(13,313,648)	(14,192,046)
Total consolidated operating revenue	<u>\$ 69,506,400</u>	<u>\$ 82,887,311</u>

B. A reconciliation of adjusted current income before tax and the income before tax from continuing operations is provided as follows:

	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019
Adjusted income from reportable segments before income tax	\$ 3,951,432	\$ 1,590,328
Adjusted loss from other operating segments before income tax	(520,490)	(726,820)
Total operating segments	3,430,942	863,508
Income from elimination of inter-segment revenue	(25,578)	14,942
Income from continuing operations before income tax	\$ 3,405,364	\$ 878,450
	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Adjusted income from reportable segments before income tax	\$ 6,143,404	\$ 6,310,143
Adjusted loss from other operating segments before income tax	(1,869,534)	(1,320,691)
Total operating segments	4,273,870	4,989,452
Income from elimination of inter-segment revenue	(11,801)	44,792
Income from continuing operations before income tax	\$ 4,262,069	\$ 5,034,244

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Nine-month period ended September 30, 2020

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2020	Balance at September 30, 2020 (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		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 3,440,000	\$ 3,415,200	\$ 2,591,283	3.85%~4.75%	Note 4	\$ -	Operating capital	\$ -	None	\$ -	\$ 4,682,976	\$ 7,804,960	Note 6
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	3,459,200	2,561,400	2,249,763	4.75%	Note 4	-	Operating capital	-	None	-	4,682,976	7,804,960	Note 6
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	864,800	554,970	371,403	4.85%	Note 4	-	Operating capital	-	None	-	4,682,976	7,804,960	Note 6
2	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	3,870,000	3,482,100	1,694,793	3.85%~4.75%	Note 4	-	Operating capital	-	None	-	7,387,697	12,312,829	Note 6
2	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	1,075,000	1,067,250	106,725	4.75%	Note 4	-	Operating capital	-	None	-	7,387,697	12,312,829	Note 6
3	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	423,500	407,400	133,860	2.90063%~3.113%	Note 4	-	Operating capital	-	None	-	13,620,716	22,701,193	Note 6
4	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD	Other receivables	Yes	8,648	8,538	8,538	3.85%	Note 4	-	Operating capital	-	None	-	24,301	97,204	Note 6

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 CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 60% of above companies’ net assets.
 Limit on loans granted by CHEN SHIN LOGISTIC (XIAMEN) CO., LTD. to a single party is 10% of above company’ net assets.

Note 3: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to others is 100% of above companies’ net assets.
 Limit on loans granted by CHEN SHIN LOGISTIC (XIAMEN) CO., LTD. to others is 40% of above company’ net assets.

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.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
Provision of endorsements and guarantees to others
Nine-month period ended September 30, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2020	Outstanding endorsement/ guarantee amount at September 30, 2020	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
		Company name	Relationship with the endorser/ guarantor											
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub- subsidiary	\$ 37,913,210	\$ 3,307,750	\$ 1,848,400	\$ 581,137	\$ -	2.44	\$ 53,078,493	Y	N	N	Note 2 , Note 5
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	37,913,210	8,832,445	8,714,548	7,276,154	-	11.49	53,078,493	Y	N	N	Note 2 , Note 5
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	37,913,210	11,304,150	10,796,100	8,457,430	-	14.24	53,078,493	Y	N	N	Note 2 , Note 5
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESATE CO., LTD.	Note 3 (1)	18,160,954	1,945,800	-	-	-	-	22,701,193	N	N	Y	Note 4 , Note 5

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.
Limit on the Company’s endorsements/guarantees to a single party is 20% of the Company’s net assets.
Limit on the Company’s endorsements/guarantees to a foreign single affiliate company is 50% of the Company’s net assets.

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

Note 4: Limit on the Company’s endorsements/gurantees provided to others is 100% of the Company’s net assets.
Limit on total endorsements provided to a single party is 80% of the Company's net assets.

Note 5: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at September 30, 2020.

CHENG SHIN RUBBER IND. CO., LTD.

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

September 30, 2020

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 September 30, 2020				Footnote
				Number of shares/ units	Book value	Ownership (%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 25,636	-	\$ 25,636	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187	Note 2

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.

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

Nine-month period ended September 30, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable	General	Counterparty	Relationship	Balance as at		Addition		Disposal				Balance as at September 30, 2020	
	securities	ledger		with	January 1, 2020		(Note 3)		(Note 3)					
	(Note 1)	account	(Note 2)	(Note 2)	Number of	Amount	Number of	Amount	Number of	Selling price	Book value	Gain (loss) on	Number of	Amount
					shares		shares		shares			disposal	shares	
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Investments accounted for using the equity method	PT MAXXIS International Indonesia	Subsidiary	79,997,000	\$ 2,461,355	29,998,875	\$ 910,166	-	\$ -	\$ -	\$ -	109,995,875	\$ 3,371,521
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Investments accounted for using the equity method	Maxxis Rubber India Private Limited	Subsidiary	649,994,730	\$ 3,124,651	224,998,176	\$ 902,893	-	-	-	-	874,992,906	\$ 4,027,544

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for using the equity method; otherwise leave the columns blank.

Note 3: 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 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

CHENG SHIN RUBBER IND. CO., LTD.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Nine-month period ended September 30, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Transaction											
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)	(\$ 3,073,792)	(23.21)	Collect within 60 days after shipment of goods	Same	Same	\$ 976,183	33.13	Note 4
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(474,330)	(3.58)	Collect within 90 days after shipment of goods	Same	Same	197,161	6.69	Note 4
Cheng Shin Rubber Ind. Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Sub-subsidiary	(sales)	(122,245)	(0.92)	Collect within 60 days after shipment of goods	Same	Same	13,071	0.44	Note 4
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(2,783,147)	(21.01)	Collect within 30 days	Same	Same	321,639	10.92	Note 4
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	TIANJIN TAFENG RUBBER IND CO., LTD.	Same ultimate parent	(sales)	(127,181)	(1.07)	Collect within 60~90 days after shipment of goods	Same	Same	37,795	1.75	Note 4
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(619,581)	(5.21)	Collect within 60~90 days after shipment of goods	Same	Same	315,135	14.62	Note 4
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(1,371,567)	(48.05)	Collect within 60~90 days after shipment of goods	Same	Same	434,934	41.40	Note 4
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(296,221)	(10.38)	Collect within 60~90 days after shipment of goods	Same	Same	85,677	8.15	Note 4
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(139,032)	(4.87)	Collect within 60~90 days after shipment of goods	Same	Same	48,453	4.61	Note 4
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(747,978)	(10.59)	Collect within 60~90 days after shipment of goods	Same	Same	236,669	48.76	Note 4
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Same ultimate parent	(sales)	(137,553)	(1.02)	Collect within 60~90 days after shipment of goods	Same	Same	82,890	2.76	Note 4
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Toyo Tire & Rubber Co., Ltd.	Associate	(sales)	(106,622)	(61.29)	Collect within 60~90 days after shipment of goods	Same	Same	13,423	47.39	
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(880,033)	(25.31)	Collect within 60~90 days after shipment of goods	Same	Same	252,903	32.89	Note 4
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(918,619)	(11.70)	Collect within 60~90 days after shipment of goods	Same	Same	255,803	14.07	Note 4
PT MAXXIS International Indonesia	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(sales)	(206,066)	(29.45)	Collect within 60~90 days after shipment of goods	Same	Same	71,676	33.75	Note 4

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.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary (Note 5)	976,406	Note 4	-	-	434,804	-
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 5)	197,291	Note 4	-	-	65,161	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 5)	137,216	Note 3	-	-	3,720	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 5)	323,631	Note 4	-	-	321,723	-
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary (Note 5)	135,356	Note 3	-	-	14,243	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 5)	315,135	2.13	-	-	92,472	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 5)	437,455	Note 4	-	-	206,979	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 5)	252,903	6.72	-	-	249,857	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 5)	236,818	Note 4	-	-	109,835	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 5)	255,803	4.08	-	-	127,574	-

Note 1: Subsequent collection is the amount collected as of November 4, 2020.

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.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Nine-month period ended September 30, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or
				General ledger account	Amount (Note 4)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	3,073,792	Collect within 60 days after shipment of goods	4.42%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	976,183	Collect within 60 days after shipment of goods	0.65%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	474,330	Collect within 90 days after shipment of goods	0.68%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	2,783,147	The term is 30 days after monthly billing.	4.00%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	321,639	The term is 30 days after monthly billing.	0.21%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	619,581	Collect within 60~90 days after shipment of goods	0.89%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	315,135	Collect within 60~90 days after shipment of goods	0.21%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	1,371,567	Collect within 60~90 days after shipment of goods	1.97%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	434,934	Collect within 60~90 days after shipment of goods	0.29%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	296,221	Collect within 60~90 days after shipment of goods	0.43%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	2,591,283	Pay interest quarterly	1.73%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	2,249,763	Pay interest quarterly	1.50%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	371,403	Pay interest quarterly	0.25%
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	1,694,793	Pay interest quarterly	1.13%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	747,978	Collect within 60~90 days after shipment of goods	1.08%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	236,669	Collect within 60~90 days after shipment of goods	0.16%

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Nine-month period ended September 30, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or
				General ledger account	Amount (Note 4)	Transaction terms	
5	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	880,033	Collect within 60~90 days after shipment of goods	1.27%
5	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	252,903	Collect within 60~90 days after shipment of goods	0.17%
6	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	918,619	Collect within 60~90 days after shipment of goods	1.32%
6	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	255,803	Collect within 60~90 days after shipment of goods	0.17%
7	PT MAXXIS International Indonesia	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	3	Sales	206,066	Collect within 60~90 days after shipment of goods	0.30%

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:

- (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 year 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
Nine-month period ended September 30, 2020

Table 8

Expressed in thousands of NT\$
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine-month period ended September 30, 2020	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2020 (Note 1)	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	100.00	\$ 40,260,615	\$ 1,790,989	\$ 1,796,005	Subsidiary Note 3
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	25,283,427	1,624,434	1,619,862	Subsidiary Note 3
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	10,092,047	705,052	686,337	Subsidiary Note 3
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	2,637,515	138,400	138,393	Subsidiary Note 3
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	654,850	19,180	19,180	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,001	50,001	5,000,000	50.00	167,819	25,660	12,830	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	65,702	(3,867)	(3,867)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	3,371,521	2,461,355	109,995,875	100.00	-	(1,267,535)	(1,269,838)	Subsidiary Note 3, Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,027,544	3,124,651	874,992,906	100.00	-	(874,082)	(874,082)	Subsidiary Note 3, Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	345,447	161,803	161,803	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS TRADING INDONESIA	Indonesia	Large-amount trading of vehicles parts and accessories	30,235	30,235	9,990	100.00	27,918	4,095	4,095	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	17,700	17,700	500,000	100.00	10,047	(3,696)	(3,696)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	-	5,000	100.00	13,780	-	-	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	593	-	-	20.00	304	(1,289)	(258)	Note 3, Note 4
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	-	-	226,801,983	100.00	32,161,025	1,725,520	1,725,520	Sub-subsiary Note 3

CHENG SHIN RUBBER IND. CO., LTD.
Information on investees
Nine-month period ended September 30, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine-month period ended September 30, 2020	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2020 (Note 1)	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	25,104,925	1,628,159	1,628,159	Sub-subsidiary Note 3
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	10,493,174	705,189	705,189	Sub-subsidiary Note 3
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	7,081,693	133,548	115,062	Sub-subsidiary Note 3
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	3,408,521	571,755	571,525	Sub-subsidiary Note 3
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	2,328	-	-	80.00	1,218	(1,289)	(1,031)	Note 3, Note 4

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

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

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

Note 4: The Company comprehensively holds 100% of share ownership in the investee, of which 20% is directly held and 80% is indirectly held through CHENG SHIN RUBBER USA, INC.

Note 5: The Company continuously provides financial support the investees accounted for using the equity method, and transferred the credit balance of long-term investments to 'other non-current liabilities'.
The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China
Nine-month period ended September 30, 2020

Table 9

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for nine-month period ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee as of September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for nine-month period ended September 30, 2020 , (Note 2)	Book value of investments in Mainland China as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020	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	\$ 5,092,500	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 1,065,253	100.00	\$ 1,069,745	\$ 22,701,193	\$ 18,878,845	(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	6,547,500	2	2,385,506	-	-	2,385,506	1,497,560	100.00	1,501,493	23,271,570	22,289,125	(Note 2 、 4 、 6 、 8)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO.. LTD.	Plastic machinery, molds and its accessory products	247,350	2	68,602	-	-	68,602	15,063	50.00	7,532	298,164	478,714	(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	2,910,000	2	-	-	-	-	382,966	100.00	383,240	5,213,118	1,422,083	(Note 2 、 4 、 6 、 8)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,345	2	-	-	-	-	2,555	100.00	2,555	39,864	-	(Note 6 、 8)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	523,800	2	-	-	-	- (	41,101)	100.00 (	41,101)	720,813	757,407	(Note 6 、 7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	3,783,000	2	-	-	-	-	181,893	100.00	181,895	12,324,424	4,185,883	(Note 2 、 3 、 6 、 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China
Nine-month period ended September 30, 2020

Table 9

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for nine-month period ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee as of September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for nine-month period ended September 30, 2020 , (Note 2)	Book value of investments in Mainland China as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	September 30, 2020	September 30, 2020			September 30, 2020	September 30, 2020	September 30, 2020	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	\$ 1,309,500	2	\$ -	\$ -	\$ -	\$ -	\$ 492,004	100.00	\$ 492,526	\$ 7,804,960	\$ 5,668,834	(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	582,000	2	-	-	-	- (	75,136)	100.00 (	75,136)	81,134	-	(Note 6)
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	149,415	2	-	-	-	- (	11,913)	95.00 (	11,317)	99,946	-	(Note 6 、 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	61,524	2	-	-	-	-	16,364	49.00	8,018	119,075	-	(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	4,055,550	2	-	-	-	-	973,907	100.00	973,907	6,293,120	678,578	(Note 5 、 6 、 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,622,220	2	-	-	-	-	1,615	100.00	1,615	1,957,142	-	(Note 6 、 7)

Note 1: Investment methods are classified into the following three categories:

(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 29.10: USD 1 and NTD 4.269: RMB 1 prevailing on September 30, 2020.

Note 7: Investment income (loss) was recognised based on the financial statements that are reviewed 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 reviewed and attested by R.O.C. parent company's CPA.

CHENG SHIN RUBBER IND. CO., LTD.
Ceiling on investments in Mainland China
Nine-month period ended September 30, 2020

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020 (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.	\$ 3,576,390	\$ 19,581,390	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020 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.

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

September 30, 2020

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Luo, Ming-Han	370,176,378	11.42
Lo, Tsai-Jen, the representative of preparatory office of Jye Luo Memory Co Ltd.	324,430,630	10.00
Luo, Jye	224,163,978	6.91

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.