

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2021 AND 2010**

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

PWCR21000961

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries as at June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-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 equity method were not reviewed by independent auditors. Those statements reflect total assets of NT\$ 38,075,819 thousand and NT\$ 26,528,704 thousand, constituting 26% and 17% of the consolidated total assets, and total liabilities of NT\$ 23,192,747 thousand and NT\$ 20,207,859 thousand, constituting 36% and 25% of the consolidated total liabilities as at June 30, 2021 and 2020, and total net operating revenues of NT\$ 6,823,336 thousand,

NT\$2,300,561 thousand, NT\$13,922,443 thousand and NT\$ 6,000,506 thousand, constituting 27%, 10%, 26% and 14% of consolidated total net operating revenue, and total comprehensive income (loss) of NT\$58,046, NT\$774,812 thousand, NT(\$267,703) and NT(\$1,234,924) thousand, constituting 6%, 50%, (12%) and 83% of the consolidated total comprehensive income (loss) for the three-month and six-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 auditors, 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 June 30, 2021 and 2020, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the 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.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

August 11, 2021

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
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Assets		Notes	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 19,077,396	13	\$ 19,112,521	13	\$ 25,659,380	17
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		90,489	-	820	-	-	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		22,138	-	29,817	-	29,407	-
1150	Notes receivable, net	6(4)	3,428,806	2	4,544,057	3	1,805,784	1
1170	Accounts receivable, net	6(4)	9,781,257	7	9,472,839	6	7,531,116	5
1180	Accounts receivable - related	7						
	parties		36,658	-	43,474	-	21,600	-
130X	Inventories	6(5)	20,702,606	14	18,287,216	12	16,623,480	11
1410	Prepayments		1,080,590	1	1,142,851	1	1,353,543	1
1470	Other current assets		311,891	-	269,297	-	442,642	-
11XX	Current Assets		54,531,831	37	52,902,892	35	53,466,952	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		187,294	-	172,981	-	170,323	-
1600	Property, plant and equipment,	6(7)						
	net		84,530,729	57	89,547,273	59	90,564,867	59
1755	Right-of-use assets	6(8)	5,030,524	3	5,278,546	4	5,296,919	3
1760	Investment property, net	6(9)	515,804	-	531,097	-	532,084	-
1840	Deferred income tax assets	6(27)	2,145,327	2	1,921,209	1	2,424,753	2
1900	Other non-current assets	6(10)	988,141	1	912,968	1	907,340	1
15XX	Non-current assets		93,456,006	63	98,422,261	65	99,954,473	65
1XXX	Total assets		\$ 147,987,837	100	\$ 151,325,153	100	\$ 153,421,425	100

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity		Notes	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 7,140,448	5	\$ 7,222,391	5	\$ 14,614,914	10
2120	Financial liabilities at fair value through profit or loss - current	6(2)	26,931	-	-	-	-	-
2130	Current contract liabilities	6(21)	797,990	1	1,149,282	1	752,190	1
2150	Notes payable		204,068	-	157,811	-	435,348	-
2170	Accounts payable		7,977,628	5	8,442,030	5	5,315,416	3
2200	Other payables	6(12)	5,388,978	4	5,557,536	4	8,102,749	5
2230	Current income tax liabilities	6(27)	537,250	-	1,345,258	1	552,188	-
2280	Current lease liabilities	7	171,566	-	179,624	-	155,339	-
2300	Other current liabilities	6(13)(14)(15)	9,636,288	7	10,341,077	7	7,706,395	5
21XX	Current Liabilities		31,881,147	22	34,395,009	23	37,634,539	24
Non-current liabilities								
2530	Corporate bonds payable	6(14)	8,500,000	6	8,500,000	6	14,500,000	10
2540	Long-term borrowings	6(15) and 7	19,826,670	13	22,940,974	15	23,218,063	15
2550	Provisions for liabilities - non-current		162,264	-	144,918	-	144,778	-
2570	Deferred income tax liabilities	6(27)	1,305,235	1	1,076,640	1	1,428,508	1
2580	Non-current lease liabilities	7	441,002	-	534,727	-	557,549	-
2600	Other non-current liabilities	6(16)	2,632,384	2	2,757,604	2	2,695,802	2
25XX	Non-current liabilities		32,867,555	22	35,954,863	24	42,544,700	28
2XXX	Total Liabilities		64,748,702	44	70,349,872	47	80,179,239	52
Equity								
Equity attributable to owners of parent								
	Share capital	6(17)						
3110	Share capital - common stock		32,414,155	22	32,414,155	21	32,414,155	21
	Capital surplus	6(18)						
3200	Capital surplus		53,267	-	53,267	-	52,576	-
	Retained earnings	6(19)						
3310	Legal reserve		15,533,661	10	15,533,661	10	15,533,661	10
3320	Special reserve		6,904,245	5	6,904,245	5	6,904,245	5
3350	Unappropriated retained earnings		35,544,041	24	32,143,063	21	26,429,129	17
	Other equity interest							
3400	Other equity interest	6(20)	(7,760,854)	(5)	(6,611,296)	(4)	(8,665,069)	(5)
31XX	Equity attributable to owners of the parent		82,688,515	56	80,437,095	53	72,668,697	48
36XX	Non-controlling interest		550,620	-	538,186	-	573,489	-
3XXX	Total equity		83,239,135	56	80,975,281	53	73,242,186	48
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$ 147,987,837	100	\$ 151,325,153	100	\$ 153,421,425	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 SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7	\$ 25,528,918	100	\$ 22,028,770	100	\$ 53,095,128	100	\$ 41,578,814	100
5000 Operating costs	6(5)	(19,743,496)	(77)	(16,907,517)	(77)	(40,335,707)	(76)	(32,918,581)	(79)
5900 Net operating margin		<u>5,785,422</u>	<u>23</u>	<u>5,121,253</u>	<u>23</u>	<u>12,759,421</u>	<u>24</u>	<u>8,660,233</u>	<u>21</u>
Operating expenses	7								
6100 Selling expenses		(1,649,982)	(6)	(1,741,897)	(8)	(3,487,385)	(7)	(3,299,584)	(8)
6200 General and administrative expenses		(896,276)	(4)	(774,775)	(3)	(1,860,783)	(3)	(1,597,255)	(4)
6300 Research and development expenses		(1,092,229)	(4)	(1,152,648)	(5)	(2,229,048)	(4)	(2,211,595)	(5)
6000 Total operating expenses		(3,638,487)	(14)	(3,669,320)	(16)	(7,577,216)	(14)	(7,108,434)	(17)
6900 Operating profit		<u>2,146,935</u>	<u>9</u>	<u>1,451,933</u>	<u>7</u>	<u>5,182,205</u>	<u>10</u>	<u>1,551,799</u>	<u>4</u>
Non-operating income and expenses									
7100 Interest income	6(22)	43,406	-	92,636	-	62,833	-	149,931	-
7010 Other income	6(23)	148,070	1	297,417	1	306,844	1	479,695	1
7020 Other gains and losses	6(24)	(228,113)	(1)	1,109,456	5	(715,133)	(1)	(684,773)	(2)
7050 Finance costs	6(25) and 7	(133,999)	(1)	(301,882)	(1)	(278,374)	(1)	(652,781)	(1)
7060 Share of profit of associates and joint ventures accounted for using the equity method	6(6)	<u>8,873</u>	<u>-</u>	<u>6,272</u>	<u>-</u>	<u>14,313</u>	<u>-</u>	<u>12,834</u>	<u>-</u>
7000 Total non-operating income and expenses		(161,763)	(1)	1,203,899	5	(609,517)	(1)	(695,094)	(2)
7900 Profit before income tax		1,985,172	8	2,655,832	12	4,572,688	9	856,705	2
7950 Income tax expense	6(27)	(383,067)	(2)	(382,536)	(2)	(1,150,518)	(2)	(567,199)	(1)
8200 Profit for the period		<u>\$ 1,602,105</u>	<u>6</u>	<u>\$ 2,273,296</u>	<u>10</u>	<u>\$ 3,422,170</u>	<u>7</u>	<u>\$ 289,506</u>	<u>1</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2021		2020		2021		2020	
		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)	(\$ 5,569)	-	\$ 11,709	-	(\$ 7,679)	-	\$ 3,472	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(5,569)	-	11,709	-	(7,679)	-	3,472	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(20)	(742,339)	(3)	(906,119)	(4)	(1,436,107)	(3)	(2,221,137)	(5)
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	147,555	1	179,445	1	285,470	1	441,074	1
8360 Components of other comprehensive income that will be reclassified to profit or loss		(594,784)	(2)	(726,674)	(3)	(1,150,637)	(2)	(1,780,063)	(4)
8300 Other comprehensive loss for the period		(\$ 600,353)	(2)	(\$ 714,965)	(3)	(\$ 1,158,316)	(2)	(\$ 1,776,591)	(4)
8500 Total comprehensive income (loss) for the period		<u>\$ 1,001,752</u>	<u>4</u>	<u>\$ 1,558,331</u>	<u>7</u>	<u>\$ 2,263,854</u>	<u>5</u>	<u>(\$ 1,487,085)</u>	<u>(3)</u>
Profit attributable to:									
8610 Owners of the parent		\$ 1,587,303	6	\$ 2,263,930	10	\$ 3,400,978	7	\$ 275,254	1
8620 Non-controlling interest		14,802	-	9,366	-	21,192	-	14,252	-
		<u>\$ 1,602,105</u>	<u>6</u>	<u>\$ 2,273,296</u>	<u>10</u>	<u>\$ 3,422,170</u>	<u>7</u>	<u>\$ 289,506</u>	<u>1</u>
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 991,516	4	\$ 1,557,857	7	\$ 2,251,420	5	(\$ 1,485,570)	(3)
8720 Non-controlling interest		10,236	-	474	-	12,434	-	(1,515)	-
		<u>\$ 1,001,752</u>	<u>4</u>	<u>\$ 1,558,331</u>	<u>7</u>	<u>\$ 2,263,854</u>	<u>5</u>	<u>(\$ 1,487,085)</u>	<u>(3)</u>
Earnings per share (in dollars)	6(28)								
9750 Basic earnings per share		<u>\$ 0.49</u>		<u>\$ 0.70</u>		<u>\$ 1.05</u>		<u>\$ 0.08</u>	
9850 Diluted earnings per share	6(28)	<u>\$ 0.49</u>		<u>\$ 0.70</u>		<u>\$ 1.05</u>		<u>\$ 0.08</u>	

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
SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
		Capital surplus				Retained earnings			Other equity interest				
					Capital surplus, donated assets received				Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes		Share capital - common stock	Treasury stock transactions	Gain on sale of assets		Legal reserve	Special reserve	Unappropriated retained earnings			Total		
<u>Six-month period ended June 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
		-	-	-	-	-	-	275,254	-	-	275,254	14,252	289,506
	6(20)	-	-	-	-	-	-	-	(1,764,296)	3,472	(1,760,824)	(15,767)	(1,776,591)
		-	-	-	-	-	-	275,254	(1,764,296)	3,472	(1,485,570)	(1,515)	(1,487,085)
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)
		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ -</u>	<u>\$ 15,533,661</u>	<u>\$ 6,904,245</u>	<u>\$ 26,429,129</u>	<u>(\$ 8,685,811)</u>	<u>\$ 20,742</u>	<u>\$ 72,668,697</u>	<u>\$ 573,489</u>	<u>\$ 73,242,186</u>
<u>Six-month period ended June 30, 2021</u>													
		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$ 6,904,245	\$ 32,143,063	(\$ 6,632,448)	\$ 21,152	\$ 80,437,095	\$ 538,186	\$ 80,975,281
		-	-	-	-	-	-	3,400,978	-	-	3,400,978	21,192	3,422,170
	6(20)	-	-	-	-	-	-	-	(1,141,879)	(7,679)	(1,149,558)	(8,758)	(1,158,316)
		-	-	-	-	-	-	3,400,978	(1,141,879)	(7,679)	2,251,420	12,434	2,263,854
		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 691</u>	<u>\$ 15,533,661</u>	<u>\$ 6,904,245</u>	<u>\$ 35,544,041</u>	<u>(\$ 7,774,327)</u>	<u>\$ 13,473</u>	<u>\$ 82,688,515</u>	<u>\$ 550,620</u>	<u>\$ 83,239,135</u>

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
SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 4,572,688	\$ 856,705
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(26)	5,523,859	5,771,193
Depreciation on right-of-use assets	6(8)(26)	142,103	138,320
Depreciation on investment property	6(9)(26)	11,654	11,445
Amortisation expense	6(10)(26)	41,542	49,875
Expected credit loss	12(2)	173	30,141
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(14,313)	(12,834)
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(24)	45,624	147
Loss on disposal of property, plant and equipment	6(7)(24)	39,586	17,800
Reversal of impairment loss on non-financial assets	6(7)	-	(1,758)
Interest expense	6(7)(25)	278,374	652,781
Interest income	6(22)	(62,833)	(149,931)
Deferred government grants revenue		(79,644)	(72,155)
Unrealized foreign exchange loss on long-term foreign currency loans		454,172	357,114
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		1,115,251	1,955,669
Accounts receivable	(	307,757)	1,378,892
Accounts receivable - related parties		6,816	32,453
Inventories	(	2,415,390)	2,135,768
Prepayments		59,435	(144,251)
Other current assets	(	57,483)	231,121
Other non-current assets	(	69,084)	(10,550)
Changes in operating liabilities			
Contract liabilities - current	(	351,292)	(183,429)
Notes payable		46,257	(686,928)
Accounts payable	(	464,402)	(2,477,914)
Other payables	(	230,311)	(524,662)
Other current liabilities	(	18,913)	33,933
Accrued pension liabilities	(	13,428)	(105,762)
Other non-current assets	(	1,553)	4,571
Cash inflow generated from operations		8,251,131	9,287,754
Interest received		77,722	150,579
Interest paid	(	224,725)	(602,428)
Income tax paid	(	1,731,423)	(736,902)
Income tax refund received		40,830	45,830
Net cash flows from operating activities		6,413,535	8,144,833

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30 2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net changes in financial assets at fair value through profit or loss		(\$ 108,362)	(\$ 147)
Acquisition of property, plant and equipment	6(7)(29)	(2,204,193)	(3,319,565)
Payment for capitalized interests	6(7)(25)	(13,068)	(9,719)
Proceeds from disposal of property, plant and equipment		58,207	80,016
Acquisition of investment properties	6(9)	-	(82)
Acquisition of intangible assets	6(10)	(30,321)	(6,320)
Decrease in refundable deposits		11,764	4,309
Increase in other non-current liabilities		-	87,851
Net cash flows used in investing activities		(2,285,973)	(3,163,657)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(11)(30)	5,588,270	10,268,805
Decrease in short-term loans	6(11)(30)	(5,399,839)	(11,987,323)
Proceeds from long-term loans	6(15)(30)	274,041	3,146,141
Repayments of long-term loans	6(15)(30)	(3,833,084)	(5,413,703)
Decrease in guarantee deposits received	6(30)	(2,614)	(8,631)
Decrease in payables to related parties (shown as long-term borrowings)	6(15) and 7	(43,535)	-
Repayments of principal portion of lease liabilities	6(8)(30)	(100,381)	(88,928)
Net cash flows used in financing activities		(3,517,142)	(4,083,639)
Effect of exchange rate changes on cash and cash equivalents		(645,545)	(739,379)
Net (decrease) increase in cash and cash equivalents		(35,125)	158,158
Cash and cash equivalents at beginning of period	6(1)	19,112,521	25,501,222
Cash and cash equivalents at end of period	6(1)	\$ 19,077,396	\$ 25,659,380

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
SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

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

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 August 11, 2021.

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 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
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 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 2022 are as follows :

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRS Standards 2018-2020	January 1, 2022
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) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>	
New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:	

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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, 2020. 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, 2020.

(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 recognised 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, 2020.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
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	Note 7
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
			June 30, 2021	December 31, 2020	June 30, 2020	
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	100	100	Note 5 、 Note 6
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	20	Note 4 、 Note 6
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
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	
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	Note 8
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	100	Note 7
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	95	
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	Note 8
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	Note 7
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	80	80	Note 4 、 Note 6

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 June 30, 2021 and 2020, were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 7: The financial statements of the entity as of June 30, 2021, was not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 8: The entity was included in the consolidated financial statements since the Group had the power to govern the financial and operating policies under the comprehensive assessment.

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) 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.

(5) Income taxes

A. The interim period income tax expense is recognised 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 June 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand and revolving funds	\$ 5,467	\$ 3,833	\$ 6,918
Checking deposit	1,038,281	1,217,460	1,462,247
Demand deposits	15,462,561	16,478,670	19,528,913
Time deposits	2,571,087	1,412,558	4,661,302
	<u>\$ 19,077,396</u>	<u>\$ 19,112,521</u>	<u>\$ 25,659,380</u>

Interest rate range

Time deposits	<u>0.10%~4.55%</u>	<u>0.20%~2.90%</u>	<u>1.07%~3.85%</u>
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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 and liabilities at fair value through profit or loss

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	\$ -	\$ 820	\$ -
Structured deposits	90,489	-	-
	<u>\$ 90,489</u>	<u>\$ 820</u>	<u>\$ -</u>

Current items:

Financial liabilities mandatorily measured at fair value through profit or loss

Derivative instruments	<u>\$ 26,931</u>	<u>\$ -</u>	<u>\$ -</u>
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A. The Group recognised net loss amounting to (\$24,928) thousand, (\$3,732) thousand, (\$45,624) thousand and (\$147) thousand on financial assets and liabilities mandatorily measured at fair value through profit or loss - derivative instruments for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.

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

	June 30, 2021	
Derivative instruments	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		
USD exchange to NTD	<u>USD 56,000 thousand</u>	2021/04/01~2021/09/16
Foreign exchange swap		
USD exchange to NTD	<u>USD 38,000 thousand</u>	2020/10/22~2021/11/08

Derivative instruments	December 31, 2020	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		
USD exchange to NTD	<u>USD 40,000 thousand</u>	2020/11/09~2021/03/22
Foreign exchange swap		
USD exchange to NTD	<u>USD 60,000 thousand</u>	2020/10/20~2021/11/08

The Group has no derivative assets and liabilities transactions on June 30, 2020.

The Group entered into forward foreign exchange contracts and foreign exchange swap 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

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	<u>13,473</u>	<u>21,152</u>	<u>20,742</u>
Total	<u>\$ 22,138</u>	<u>\$ 29,817</u>	<u>\$ 29,407</u>
Non-current items:			
Equity instruments			
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>	<u>\$ 58,187</u>

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 \$80,325 thousand, \$88,004 thousand and \$87,594 thousand as at June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

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

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	<u>(\$ 5,569)</u>	<u>\$ 11,709</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	<u>(\$ 7,679)</u>	<u>\$ 3,472</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 3,438,083	\$ 4,553,334	\$ 1,815,061
Less: Loss allowance	(9,277)	(9,277)	(9,277)
	<u>\$ 3,428,806</u>	<u>\$ 4,544,057</u>	<u>\$ 1,805,784</u>
Accounts receivable	\$ 9,837,098	\$ 9,533,434	\$ 7,600,824
Less: Loss allowance	(55,841)	(60,595)	(69,708)
	<u>\$ 9,781,257</u>	<u>\$ 9,472,839</u>	<u>\$ 7,531,116</u>

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

	June 30, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 7,917,521	\$ 3,438,083	\$ 8,285,062	\$ 4,553,334
Up to 30 days	1,335,675	-	880,500	-
31 to 90 days	395,588	-	212,594	-
91 to 180 days	123,293	-	67,641	-
Over 180 days	65,021	-	87,637	-
	<u>\$ 9,837,098</u>	<u>\$ 3,438,083</u>	<u>\$ 9,533,434</u>	<u>\$ 4,553,334</u>
	June 30, 2020			
	Accounts receivable	Notes receivable		
Without past due	\$ 6,034,111	\$ 1,815,061		
Up to 30 days	976,440	-		
31 to 90 days	354,265	-		
91 to 180 days	109,330	-		
Over 180 days	126,678	-		
	<u>\$ 7,600,824</u>	<u>\$ 1,815,061</u>		

The above ageing analysis was based on past due date.

- B. As at June 30, 2021, December 31, 2020 and June 30, 2020, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2020, the balance of receivables from contracts with customers amounted to \$12,754,433 thousand.
- C. As at June 30, 2021, December 31, 2020 and June 30, 2020, 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 were \$3,428,806 thousand and \$9,781,257 thousand; \$4,544,057 thousand and \$9,472,839 thousand; \$1,805,784 thousand and \$7,531,116 thousand, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

June 30, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,590,437	\$ -	\$ 7,590,437
Work in progress	2,638,662	(1,761)	2,636,901
Finished goods	8,232,317	(96,822)	8,135,495
Buildings and land held for sale	2,178,179	-	2,178,179
Inventory in transit	161,594	-	161,594
	<u>\$ 20,801,189</u>	<u>(\$ 98,583)</u>	<u>\$ 20,702,606</u>
December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,069,141	\$ -	\$ 6,069,141
Work in progress	2,497,417	(1,833)	2,495,584
Finished goods	6,912,868	(98,948)	6,813,920
Buildings and land held for sale	2,249,841	-	2,249,841
Inventory in transit	658,730	-	658,730
	<u>\$ 18,387,997</u>	<u>(\$ 100,781)</u>	<u>\$ 18,287,216</u>
June 30, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,857,055	\$ -	\$ 5,857,055
Work in progress	2,519,939	(276)	2,519,663
Finished goods	6,097,031	(123,956)	5,973,075
Buildings and land held for sale	2,198,773	-	2,198,773
Inventory in transit	74,914	-	74,914
	<u>\$ 16,747,712</u>	<u>(\$ 124,232)</u>	<u>\$ 16,623,480</u>

The cost of inventories recognized as expense for the period:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Cost of goods sold	\$ 19,786,134	\$ 16,877,792
Unallocated overheads	-	63,420
Others	(42,638)	(33,695)
	<u>\$ 19,743,496</u>	<u>\$ 16,907,517</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Cost of goods sold	\$ 40,400,810	\$ 32,723,298
Unallocated overheads	-	185,460
Others	(65,103)	9,823
	<u>\$ 40,335,707</u>	<u>\$ 32,918,581</u>

For the three-month periods ended June 30, 2021 and 2020 and the six-month period ended June 30,

2021, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold due to the 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 June 30, 2021, December 31, 2020 and June 30, 2020, the carrying amount of the Group's individually immaterial joint ventures amounted to \$187,294 thousand, \$172,981 thousand and \$170,323 thousand, respectively.

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Share of profit of associates and joint ventures accounted for using the equity method	\$ 8,873	\$ 6,272
Total comprehensive income	\$ 8,873	\$ 6,272
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Share of profit of associates and joint ventures accounted for using the equity method	\$ 14,313	\$ 12,834
Total comprehensive income	\$ 14,313	\$ 12,834

B. The recognition of gain on investments accounted for using the equity method was based on financial statements prepared by joint ventures and were not reviewed by independent auditors.

(7) Property, plant and equipment, net

Six-month period ended June 30, 2021

	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,575,780	\$ -	\$ -	\$ -	(\$ 46,078)	\$ 4,529,702
Buildings and structures	50,291,676	57,406	(34,832)	443,861	(977,209)	49,780,902
Machinery	105,081,676	327,071	(278,204)	1,020,620	(2,331,623)	103,819,540
Testing equipment	4,014,621	7,687	(8,559)	23,126	(80,196)	3,956,679
Transportation equipment	1,455,856	20,675	(16,447)	13,879	(21,452)	1,452,511
Office equipment	1,087,554	6,953	(3,363)	7,687	(20,985)	1,077,846
Other facilities	35,467,514	596,558	(51,112)	330,178	(1,008,656)	35,334,482
Unfinished construction and equipment under acceptance	5,346,734	1,210,211	-	(1,871,574)	(56,364)	4,629,007
	<u>\$ 207,321,411</u>	<u>\$ 2,226,561</u>	<u>(\$ 392,517)</u>	<u>(\$ 32,223)</u>	<u>(\$ 4,542,563)</u>	<u>\$ 204,580,669</u>
Accumulated depreciation						
Buildings and structures	(\$ 20,594,065)	(\$ 983,343)	\$ 18,232	(\$ 517)	\$ 382,025	(\$ 21,177,668)
Machinery	(63,353,926)	(2,753,487)	165,153	(891)	1,549,488	(64,393,663)
Testing equipment	(3,168,136)	(137,013)	8,406	-	56,607	(3,240,136)
Transportation equipment	(1,130,596)	(45,672)	14,836	-	9,230	(1,152,202)
Office equipment	(836,928)	(59,357)	3,343	-	19,172	(873,770)
Other facilities	(28,425,770)	(1,544,987)	45,998	1,408	933,320	(28,990,031)
	<u>(\$ 117,509,421)</u>	<u>(\$ 5,523,859)</u>	<u>\$ 255,968</u>	<u>\$ -</u>	<u>\$ 2,949,842</u>	<u>(\$ 119,827,470)</u>
Accumulated impairment						
Machinery	(\$ 240,391)	\$ -	\$ 38,127	\$ -	\$ 3,148	(\$ 199,116)
Testing equipment	(270)	-	-	-	4	(266)
Transportation equipment	(1,970)	-	-	-	31	(1,939)
Office equipment	(46)	-	-	-	1	(45)
Other facilities	(22,040)	-	629	-	307	(21,104)
	<u>(\$ 264,717)</u>	<u>\$ -</u>	<u>\$ 38,756</u>	<u>\$ -</u>	<u>\$ 3,491</u>	<u>(\$ 222,470)</u>
	<u>\$ 89,547,273</u>					<u>\$ 84,530,729</u>

Six-month period ended June 30, 2020						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,610,898	\$ -	\$ -	\$ -	(\$ 25,722)	\$ 4,585,176
Buildings and structures	49,810,262	72,849	(10,642)	200,541	(1,362,537)	48,710,473
Machinery	102,641,974	430,870	(187,781)	1,318,827	(2,721,152)	101,482,738
Testing equipment	3,869,352	20,592	(3,339)	38,108	(97,591)	3,827,122
Transportation equipment	1,428,027	14,016	(15,730)	38,889	(33,028)	1,432,174
Office equipment	1,054,912	20,206	(615)	3,499	(26,398)	1,051,604
Other facilities	33,998,456	743,421	(223,415)	321,643	(992,238)	33,847,867
Unfinished construction and equipment under acceptance	5,563,842	1,780,391	-	(1,921,507)	(125,465)	5,297,261
	<u>\$ 202,977,723</u>	<u>\$ 3,082,345</u>	<u>(\$ 441,522)</u>	<u>\$ -</u>	<u>(\$ 5,384,131)</u>	<u>\$ 200,234,415</u>
Accumulated depreciation						
Buildings and structures	(\$ 18,644,399)	(\$ 958,391)	\$ 5,271	\$ -	\$ 474,299	(\$ 19,123,220)
Machinery	(58,136,370)	(2,808,132)	107,067	-	1,513,055	(59,324,380)
Testing equipment	(2,888,108)	(141,302)	1,735	-	67,143	(2,960,532)
Transportation equipment	(1,061,464)	(49,943)	14,814	-	20,522	(1,076,071)
Office equipment	(710,600)	(65,915)	542	-	17,994	(757,979)
Other facilities	(25,364,441)	(1,747,510)	198,915	-	744,485	(26,168,551)
	<u>(\$ 106,805,382)</u>	<u>(\$ 5,771,193)</u>	<u>\$ 328,344</u>	<u>\$ -</u>	<u>\$ 2,837,498</u>	<u>(\$ 109,410,733)</u>
Accumulated impairment						
Machinery	(\$ 256,534)	\$ -	\$ 17,107	\$ -	\$ 6,178	(\$ 233,249)
Testing equipment	(271)	(417)	417	-	7	(264)
Transportation equipment	(1,960)	-	-	-	52	(1,908)
Office equipment	(58)	-	13	-	1	(44)
Other facilities	(23,933)	-	-	-	583	(23,350)
	<u>(\$ 282,756)</u>	<u>(\$ 417)</u>	<u>\$ 17,537</u>	<u>\$ -</u>	<u>\$ 6,821</u>	<u>(\$ 258,815)</u>
	<u>\$ 95,889,585</u>					<u>\$ 90,564,867</u>

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:

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Amount capitalized	\$ 13,068	\$ 9,719
Range of the interest rates for capitalization	3.39%~3.77%	3.83%~4.68%

(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:

	June 30, 2021	December 31, 2020	June 30, 2020
	Book value	Book value	Book value
Land	\$ 4,480,790	\$ 4,639,486	\$ 4,648,064
Buildings and structures	374,398	416,568	454,522
Machinery	14,977	17,917	19,648
Transportation equipment	139,039	172,707	136,999
Office equipment	1,923	6,645	8,470
Other equipment	19,397	25,223	29,216
	<u>\$ 5,030,524</u>	<u>\$ 5,278,546</u>	<u>\$ 5,296,919</u>
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020	
	Depreciation expense	Depreciation expense	
Land	\$ 25,158	\$ 26,316	
Buildings and structures	21,814	26,018	
Machinery	728	762	
Transportation equipment	19,215	14,566	
Office equipment	1,020	1,014	
Other equipment	2,709	2,942	
	<u>\$ 70,644</u>	<u>\$ 71,618</u>	
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020	
	Depreciation expense	Depreciation expense	
Land	\$ 51,233	\$ 52,931	
Buildings and structures	43,457	47,038	
Machinery	1,491	1,547	
Transportation equipment	38,551	28,723	
Office equipment	1,933	2,041	
Other equipment	5,438	6,040	
	<u>\$ 142,103</u>	<u>\$ 138,320</u>	

D. For the three-month and the six-month periods ended June 30, 2021 and 2020, the additions to right-of-use assets amounted to \$13,361 thousand, \$80,433 thousand, \$21,528 thousand and \$114,079 thousand, respectively.

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

	Three-month period ended	Three-month period ended
<u>Items affecting profit or loss</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Interest expense on lease liabilities	\$ 3,837	\$ 256
Expense on short-term lease contracts	3,263	5,257
Expense on leases of low-value assets	702	962
Expense on variable lease payments	39,566	68,272
	<u>\$ 47,368</u>	<u>\$ 74,747</u>
	Six-month period ended	Six-month period ended
<u>Items affecting profit or loss</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Interest expense on lease liabilities	\$ 7,901	\$ 5,040
Expense on short-term lease contracts	6,590	9,138
Expense on leases of low-value assets	1,409	1,846
Expense on variable lease payments	84,407	105,976
	<u>\$ 100,307</u>	<u>\$ 122,000</u>

F. For the three-month and the six-month periods ended June 30, 2021 and 2020, the Group's total cash outflow for leases amounted to \$91,155 thousand, \$118,892 thousand, \$200,688 thousand and \$210,928 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 34.82% and 40.71%, respectively, of lease payments are on the basis of variable payment terms for the six-month periods ended June 30, 2021 and 2020 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 recognised 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 \$844 thousand and \$1,060 thousand for the six-month periods ended June 30, 2021 and 2020, respectively.

(9) Investment property, net

Six-month period ended June 30, 2021					
	Opening net book amount as at			Exchange rate	Closing net book amount as at
	January 1	Additions	Transfer	differences	June 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	462,168	-	-	(6,749)	455,419
	<u>\$ 798,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 6,749)</u>	<u>\$ 791,840</u>
Accumulated depreciation					
Buildings and structures	(\$ 216,454)	(\$ 11,654)	\$ -	\$ 3,110	(\$ 224,998)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 531,097</u>				<u>\$ 515,804</u>
Six-month period ended June 30, 2020					
	Opening net book amount as at			Exchange rate	Closing net book amount as at
	January 1	Additions	Transfer	differences	June 30
Cost					
Land	\$ 336,339	\$ 82	\$ -	\$ -	\$ 336,421
Buildings and structures	455,023	-	-	(11,315)	443,708
	<u>\$ 791,362</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>(\$ 11,315)</u>	<u>\$ 780,129</u>
Accumulated depreciation					
Buildings and structures	(\$ 190,168)	(\$ 11,445)	\$ -	\$ 4,606	(\$ 197,007)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 550,156</u>				<u>\$ 532,084</u>

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

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Rental income from investment property	<u>\$ 7,598</u>	<u>\$ 5,588</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 5,797</u>	<u>\$ 5,659</u>

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Rental income from investment property	\$ 15,253	\$ 13,028
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 11,654	\$ 11,445

B. The fair value of the investment property held by the Group as at June 30, 2021, December 31, 2020 and June 30, 2020 was \$1,085,079 thousand, \$1,093,399 thousand and \$1,052,529 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

	June 30, 2021	December 31, 2020	June 30, 2020
Intangible assets	\$ 199,621	\$ 181,768	\$ 197,726
Others	788,520	731,200	709,614
	<u>\$ 988,141</u>	<u>\$ 912,968</u>	<u>\$ 907,340</u>

Movements in intangible assets:

		Six-month period ended June 30, 2021					
		Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at June 30
Cost							
Computer software	\$	530,046	\$ 30,321	(\$ 380)	\$ 32,223	(\$ 10,231)	\$ 581,979
Others		7,892	-	-	-	(123)	7,769
	\$	537,938	\$ 30,321	(\$ 380)	\$ 32,223	(\$ 10,354)	\$ 589,748
Accumulated amortisation							
Computer software	(\$	353,013)	(\$ 41,150)	\$ 380	\$ -	\$ 7,152	(\$ 386,631)
Others	(	3,157)	(392)	-	-	53	(3,496)
	(\$	356,170)	(\$ 41,542)	\$ 380	\$ -	\$ 7,205	(\$ 390,127)
	\$	181,768					\$ 199,621

Six-month period ended June 30, 2020						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at June 30
Cost						
Computer software	\$ 514,464	\$ 6,320	\$ -	\$ -	(\$ 10,912)	\$ 509,872
Others	7,762	-	-	-	(206)	7,556
	<u>\$ 522,226</u>	<u>\$ 6,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 11,118)</u>	<u>\$ 517,428</u>
Accumulated amortisation						
Computer software	(\$ 273,107)	(\$ 49,491)	\$ -	\$ -	\$ 5,541	(\$ 317,057)
Others	(2,329)	(384)	-	-	68	(2,645)
	<u>(\$ 275,436)</u>	<u>(\$ 49,875)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,609</u>	<u>(\$ 319,702)</u>
	<u>\$ 246,790</u>					<u>\$ 197,726</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Operating costs	\$ 2,627	\$ 2,551
Selling expenses	2,514	1,644
Administrative expenses	10,887	16,497
Research and development expenses	4,215	3,637
	<u>\$ 20,243</u>	<u>\$ 24,329</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Operating costs	\$ 5,302	\$ 5,310
Selling expenses	4,553	3,146
Administrative expenses	23,765	34,143
Research and development expenses	7,922	7,276
	<u>\$ 41,542</u>	<u>\$ 49,875</u>

(11) Short-term borrowings

Type of borrowings	June 30, 2021	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 7,140,448</u>	0.39% ~ 5.05%	None
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 7,222,391</u>	0.45% ~ 5.95%	None
Type of borrowings	June 30, 2020	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 14,614,914</u>	0.55% ~ 7.00%	None

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

(12) Other payables

	June 30, 2021	December 31, 2020	June 30, 2020
Dividend payable	\$ 657	\$ 657	\$ 3,242,073
Wages and salaries payable	1,141,812	1,485,019	1,137,719
Payable on machinery and equipment	617,205	607,905	881,415
Employee compensation payable	238,728	249,834	115,275
Compensation due to directors	172,497	101,019	76,658
Others	3,218,079	3,113,102	2,649,609
	<u>\$ 5,388,978</u>	<u>\$ 5,557,536</u>	<u>\$ 8,102,749</u>

(13) Other current liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Long-term liabilities due within one year	\$ 9,079,677	\$ 9,765,552	\$ 7,346,463
Advance receipts	1,184	804	1,872
Refund liabilities	415,086	451,827	225,974
Others	140,341	122,894	132,086
	<u>\$ 9,636,288</u>	<u>\$ 10,341,077</u>	<u>\$ 7,706,395</u>

(14) Bonds payable

	June 30, 2021	December 31, 2020	June 30, 2020
Bonds payable -issued in 2016	\$ 2,500,000	\$ 2,500,000	\$ 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	14,500,000	17,000,000
Less: Current portion	(6,000,000)	(6,000,000)	(2,500,000)
	<u>\$ 8,500,000</u>	<u>\$ 8,500,000</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.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2021
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.70% ~ 1.87%	None	\$ 22,733,987
Other borrowings				
Unsecured borrowings	Principal is repayable in November, 2022 at the maturity.	6.65%	None	172,360
				22,906,347
Less: Current portion				(3,079,677)
				<u>\$ 19,826,670</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.70% ~ 4.50%	None	\$ 26,487,676
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	218,850
				26,706,526
Less: Current portion				(3,765,552)
				<u>\$ 22,940,974</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2020
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.79% ~ 4.50%	None	\$ 27,854,976
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	
				209,550
				28,064,526
Less: Current portion				(4,846,463)
				\$ 23,218,063

- 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, 2021, December 31, 2020 and June 30, 2020.
- 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	June 30, 2021	December 31, 2020	June 30, 2020
USD	\$ 12,648,440	\$ 13,731,157	\$ 16,357,735

(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 \$3,727 thousand, \$5,104 thousand, \$7,453 thousand and \$10,208 thousand for the three-month and the six-month periods ended June 30, 2021 and 2020, respectively.

- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$18,853 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 six-month periods ended June 30, 2021 and 2020 were \$40,658 thousand, \$39,125 thousand, \$75,945 thousand and \$79,967 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 six-month periods ended June 30, 2021 and 2020 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 six-month periods ended June 30, 2021 and 2020, were \$82,176 thousand, \$33,942 thousand, \$161,654 thousand and \$85,068 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees are based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the three-month and the six-month periods ended June 30, 2021 and 2020 were \$12,459 thousand, \$12,993 thousand, \$26,386 thousand and \$27,400 thousand, respectively.

(17) Share capital

As at June 30, 2021, 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 recognised dividends distributed to shareholders amounting to \$3,241,416 thousand and \$3,565,557 thousand (\$1.0 (in dollars) and \$1.1 (in dollars) per share) for the years ended December 31, 2020 and 2019, respectively. On July 29, 2021, the shareholders during their meeting resolved that total dividends for the distribution of earnings for the year of 2020 was \$3,889,699 thousand at \$1.2 (in dollars) per share.

(20) Other equity items

	2021		
	Currency	Unrealised gain (loss) on valuation of equity instruments at fair value	Total
	translation	through other comprehensive income	
At January 1	(\$ 6,632,448)	\$ 21,152	(\$ 6,611,296)
Valuation adjustment – Group	-	(7,679)	(7,679)
Currency translation differences:			
– Group	(1,427,349)	-	(1,427,349)
– Tax on Group	285,470	-	285,470
At June 30	(\$ 7,774,327)	\$ 13,473	(\$ 7,760,854)
	2020		
	Currency	Unrealised gain (loss) on valuation of equity instruments at fair value	Total
	translation	through other comprehensive income	
At January 1	(\$ 6,921,515)	\$ 17,270	(\$ 6,904,245)
Valuation adjustment – Group	-	3,472	3,472
Currency translation differences:			
– Group	(2,205,370)	-	(2,205,370)
– Tax on Group	441,074	-	441,074
At June 30	(\$ 8,685,811)	\$ 20,742	(\$ 8,665,069)

(21) Operating revenue

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Revenue from contracts with customers	\$ 25,528,918	\$ 22,028,770
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Revenue from contracts with customers	\$ 53,095,128	\$ 41,578,814

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 June 30, 2021					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 1,689,484	\$ 12,200,964	\$ 2,405,816	\$ 9,232,654	\$ 25,528,918
Inter-segment revenue	1,235,036	2,133,628	1,796,292	550,297	5,715,253
Total segment revenue	<u>\$ 2,924,520</u>	<u>\$ 14,334,592</u>	<u>\$ 4,202,108</u>	<u>\$ 9,782,951</u>	<u>\$ 31,244,171</u>
Three-month period ended June 30, 2020					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 1,494,707	\$ 13,823,489	\$ 1,377,660	\$ 5,332,914	\$ 22,028,770
Inter-segment revenue	1,038,747	1,984,552	710,124	183,135	3,916,558
Total segment revenue	<u>\$ 2,533,454</u>	<u>\$ 15,808,041</u>	<u>\$ 2,087,784</u>	<u>\$ 5,516,049</u>	<u>\$ 25,945,328</u>
Six-month period ended June 30, 2021					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 3,495,224	\$ 25,810,870	\$ 4,750,399	\$ 19,038,635	\$ 53,095,128
Inter-segment revenue	2,536,960	4,274,586	3,290,636	987,607	11,089,789
Total segment revenue	<u>\$ 6,032,184</u>	<u>\$ 30,085,456</u>	<u>\$ 8,041,035</u>	<u>\$ 20,026,242</u>	<u>\$ 64,184,917</u>
Six-month period ended June 30, 2020					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 2,992,215	\$ 21,611,950	\$ 3,372,727	\$ 13,601,922	\$ 41,578,814
Inter-segment revenue	2,029,712	2,962,054	2,205,084	720,293	7,917,143
Total segment revenue	<u>\$ 5,021,927</u>	<u>\$ 24,574,004</u>	<u>\$ 5,577,811</u>	<u>\$ 14,322,215</u>	<u>\$ 49,495,957</u>

B. Contract liabilities

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

	June 30, 2021	December 31, 2020
Contract liabilities:		
Advance sales receipts	\$ 783,546	\$ 1,118,360
Customer loyalty programmes	14,444	30,922
Total	<u>\$ 797,990</u>	<u>\$ 1,149,282</u>

	June 30, 2020	January 1, 2020
Contract liabilities:		
Advance sales receipts	\$ 736,542	\$ 895,825
Customer loyalty programmes	15,648	39,794
Total	\$ 752,190	\$ 935,619
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Advance sales receipts	\$ 44,167	\$ 58,681
Customer loyalty programmes	-	-
	\$ 44,167	\$ 58,681
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Advance sales receipts	\$ 812,366	\$ 642,887
Customer loyalty programmes	30,922	38,763
	\$ 843,288	\$ 681,650
(22) <u>Interest income</u>		
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Interest income from bank deposits	\$ 43,406	\$ 92,626
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Interest income from bank deposits	\$ 62,833	\$ 149,931
(23) <u>Other income</u>		
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Grant revenue	\$ 48,467	\$ 152,910
Other income	99,603	144,507
	\$ 148,070	\$ 297,417
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Grant revenue	\$ 151,169	\$ 290,645
Other income	155,675	189,050
	\$ 306,844	\$ 479,695

(24) Other gains and losses

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Net currency exchange (loss) gain	(\$ 136,005)	\$ 1,149,062
Loss on disposal of property, plant and equipment	(32,808)	(3,611)
Net loss on financial assets and liabilities at fair value through profit or loss	(24,928)	(3,732)
Other expenses	(34,372)	(32,263)
	<u>(\$ 228,113)</u>	<u>\$ 1,109,456</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Net currency exchange loss	(\$ 561,948)	(\$ 608,778)
Loss on disposal of property, plant and equipment	(39,586)	(17,800)
Net loss on financial assets and liabilities at fair value through profit or loss	(45,624)	(147)
Other expenses	(67,975)	(58,048)
	<u>(\$ 715,133)</u>	<u>(\$ 684,773)</u>

(25) Finance costs

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Interest expense:		
Bank borrowings	\$ 100,870	\$ 266,390
Corporate bonds	33,246	37,671
Provisions-discount	2,588	2,681
Lease liability-interest expense	3,837	256
	<u>140,541</u>	<u>306,998</u>
Less: Capitalisation of qualifying assets	(6,542)	(5,116)
Finance costs	<u>\$ 133,999</u>	<u>\$ 301,882</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Interest expense:		
Bank borrowings	\$ 212,238	\$ 577,122
Corporate bonds	66,127	74,929
Provisions-discount	5,176	5,409
Lease liability-interest expense	7,901	5,040
	<u>291,442</u>	<u>662,500</u>
Less: Capitalisation of qualifying assets	(13,068)	(9,719)
Finance costs	<u>\$ 278,374</u>	<u>\$ 652,781</u>

(26) Expenses by nature

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Employee benefit expense		
Wages and salaries	\$ 3,088,867	\$ 2,813,661
Labour and health insurance fees	192,639	158,994
Pension costs	139,020	91,164
Directors' remuneration	30,571	9,528
Other personnel expenses	221,956	175,911
	<u>\$ 3,673,053</u>	<u>\$ 3,249,258</u>
Raw materials and supplies used	<u>\$ 13,538,699</u>	<u>\$ 10,770,128</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,724,204</u>	<u>\$ 2,810,617</u>
Depreciation expense on right-of- use assets	<u>\$ 70,644</u>	<u>\$ 71,618</u>
Depreciation expense on investment property	<u>\$ 5,797</u>	<u>\$ 5,659</u>
Amortisation expense on intangible assets	<u>\$ 20,243</u>	<u>\$ 24,326</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Employee benefit expense		
Wages and salaries	\$ 6,323,142	\$ 5,506,744
Labour and health insurance fees	362,803	337,042
Pension costs	271,438	202,643
Directors' remuneration	82,377	12,180
Other personnel expenses	422,921	339,524
	<u>\$ 7,462,681</u>	<u>\$ 6,398,133</u>
Raw materials and supplies used	<u>\$ 26,990,432</u>	<u>\$ 20,176,724</u>
Depreciation expense on property, plant and equipment	<u>\$ 5,523,859</u>	<u>\$ 5,771,193</u>
Depreciation expense on right-of- use assets	<u>\$ 142,103</u>	<u>\$ 138,320</u>
Depreciation expense on investment property	<u>\$ 11,654</u>	<u>\$ 11,445</u>
Amortisation expense on intangible assets	<u>\$ 41,542</u>	<u>\$ 49,875</u>

Note: As at June 30, 2021 and 2020, the Company had 28,089 and 28,911 employees, of which 9 and 8 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' remuneration.

- B. For the three-month and the six-month periods ended June 30, 2021 and 2020, employees' compensation was accrued at \$35,665 thousand, \$8,678 thousand, \$82,215 thousand and \$8,678 thousand, respectively; while directors' remuneration was accrued at \$26,749 thousand, \$5,697 thousand, \$61,661 thousand and \$5,697 thousand, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 2% and 1.5%, respectively, of distributable profit of current year for the six-month period ended June 30, 2021.

Employees' compensation for 2020 amounting to \$139,544 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. Directors' remuneration for 2020, the difference of \$13,047 thousand between the amount (resolved at 1.5%) resolved at the Board meeting and the amount of \$91,611 thousand (provided at 1.313%) recognised in the 2020 financial statements, mainly resulting from the adjustment of accrual for directors' remuneration, had been adjusted in the profit or loss of 2021. The employees' compensation for 2020 will be distributed in the form of cash. As of August 11, 2021, the employees' compensation for 2020 has not been distributed.

Information about employees' compensation and directors' 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 June 30, 2021	Three-month period ended June 30, 2020
Current tax:		
Current tax on profits for the period	\$ 420,967	\$ 375,504
Prior year income tax overestimation	(129,616)	(119,099)
Total current tax	291,351	256,405
Deferred tax:		
Origination and reversal of temporary differences	91,716	126,131
Total current tax	91,716	126,131
Income tax expense	\$ 383,067	\$ 382,536

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Current tax:		
Current tax on profits for the period	\$ 961,714	\$ 515,621
Prior year income tax overestimation	(101,143)	(65,556)
Total current tax	<u>860,571</u>	<u>450,065</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>289,947</u>	<u>117,134</u>
Total current tax	<u>289,947</u>	<u>117,134</u>
Income tax expense	<u>\$ 1,150,518</u>	<u>\$ 567,199</u>

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

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Generated during the period:		
Currency translation differences	<u>\$ 147,555</u>	<u>\$ 179,445</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Generated during the period:		
Currency translation differences	<u>\$ 285,470</u>	<u>\$ 441,074</u>

B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(28) Earnings per share

Three-month period ended June 30, 2021			
	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	\$ 1,587,303	3,241,416	\$ 0.49
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,587,303	3,241,416	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	768	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,587,303	3,242,184	\$ 0.49
Three-month period ended June 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	\$ 2,263,930	3,241,416	\$ 0.70
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,263,930	3,241,416	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	262	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,263,930	3,241,678	\$ 0.70

Six-month period ended June 30, 2021			
	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	\$ 3,400,978	3,241,416	\$ 1.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	3,400,978	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,236	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,400,978	3,244,652	\$ 1.05

Six-month period ended June 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	\$ 275,254	3,241,416	\$ 0.08
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	275,254	3,241,416	
Assumed conversion of all dilutive potential ordinary shares	-	1,741	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 275,254	3,243,157	\$ 0.08

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Purchase of property, plant and equipment	\$ 2,226,561	\$ 3,082,345
Add: Opening balance of payable on equipment	607,905	1,128,354
Less: Ending balance of payable on equipment	(617,205)	(881,415)
Cash paid during the period	\$ 2,217,261	\$ 3,329,284

(30) Changes in liabilities from financing activities

	2021					
	Short-term borrowings	Long-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross	
At January 1	\$ 7,222,391	\$ 26,706,526	\$ 714,351	\$ 257,773	\$ 34,901,041	
Changes in cash flow from financing activities	188,431	(3,602,578)	(100,381)	(2,614)	(3,517,142)	
Interest paid	-	-	(7,901)	-	(7,901)	
Additions	-	-	14,879	-	14,879	
Amortisation of interest expense	-	-	7,901	-	7,901	
Impact of changes in foreign exchange rate	(270,374)	(197,601)	(16,281)	-	(484,256)	
At June 30	\$ 7,140,448	\$ 22,906,347	\$ 612,568	\$ 255,159	\$ 30,914,522	

	2020					
	Short-term borrowings	Long-term borrowings	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 16,843,366	\$30,702,861	\$ 657	\$ 708,927	\$248,381	\$ 48,504,192
Changes in cash flow from financing activities	(1,718,518)	(2,267,562)	-	(88,928)	(8,631)	(4,083,639)
Interest paid	-	-	-	(5,040)	-	(5,040)
Additions	-	-	3,241,416	108,645	-	3,350,061
Amortisation of interest expense	-	-	-	5,040	-	5,040
Impact of changes in foreign exchange rate	(509,934)	(370,773)	-	(15,756)	-	(896,463)
At June 30	\$ 14,614,914	\$28,064,526	\$ 3,242,073	\$ 712,888	\$239,750	\$ 46,874,151

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
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
Chen, Po-Chia	Relative of the Company's director within first degree of relationship
Chen, Ping-Hao	Relative of the Company's chairman within first degree of relationship
Note: This company was established on September 24, 2020.	

(2) Significant related party transactions

A. Operating revenue

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Sales of goods:		
-Other related parties	\$ 65,858	\$ 63,847
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020

Sales of goods:

-Other related parties	\$ 120,814	\$ 115,344
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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

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable:			
-Other related parties	\$ 36,658	\$ 43,474	\$ 21,600

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

	June 30, 2021	December 31, 2020	June 30, 2020
Payables due to related parties:			
-Other related parties	\$ 172,360	\$ 218,850	\$ 209,550

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, Lo, Yuan-Long, Chen, Po-Chia and Chen, Ping-Hao. Rental contracts are typically made for periods of 4 to 5 years. Rents are prepaid at the beginning of the year.

(b) Lease liabilities

i. Outstanding balance

	June 30, 2021	December 31, 2020	June 30, 2020
Key management personnel	\$ 27,700	\$ 41,546	\$ 41,353

ii. Interest expense

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Key management personnel	\$ 64	\$ 97
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Key management personnel	\$ 129	\$ 193

(3) Key management compensation

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Short-term employee benefits	\$ 65,004	\$ 45,952
Post-employment benefits	348	510
	<u>\$ 65,352</u>	<u>\$ 46,462</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Short-term employee benefits	\$ 135,420	\$ 83,242
Post-employment benefits	695	1,019
	<u>\$ 136,115</u>	<u>\$ 84,261</u>

8. PLEGGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	June 30, 2021	December 31, 2020	June 30, 2020
Property, plant and equipment	<u>\$ 2,922,230</u>	<u>\$ 3,634,056</u>	<u>\$ 3,614,874</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Amount of letter of credit that has been issued but not yet used	<u>\$ 9,675</u>	<u>\$ 22,886</u>	<u>\$ 11,148</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

(1) Unsecured corporate bond

The Board of Directors resolved to issue domestic unsecured corporate bond amounting to \$8 billion for operations, repaying debt and improving financial structure. The bond issuance has been approved by the Taipei Exchange on July 27, 2021. The bond was issued at full face value with a coupon rate of 0.60%, the issuance period of the bond was from August 5, 2021 to August 5, 2026, totalling 5 years.

(2) Distribution of earnings

Please refer to Note 6(19) for the distribution of earnings resolved by the shareholders during their meeting on July 29, 2021.

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 six-month period ended June 30, 2021, the Group's strategy was unchanged from 2020. The gearing ratio as at June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Total liabilities	\$ 64,748,702	\$ 70,349,872	\$ 80,179,239
Total equity	\$ 83,239,135	\$ 80,975,281	\$ 73,242,186
Less : Intangible assets	(199,621)	(181,768)	(197,726)
Tangible equity	\$ 83,039,514	\$ 80,793,513	\$ 73,044,460
Debt-equity ratio	78%	87%	110%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2021	December 31, 2020	June 30, 2020
<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	\$ 90,489	\$ 820	\$ -
Financial assets at fair value through other comprehensive income - current			
Designation of equity instrument	22,138	29,817	29,407
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	19,077,396	19,112,521	25,659,380
Notes receivable, net	3,428,806	4,544,057	1,805,784
Accounts receivable (including related parties)	9,817,915	9,516,313	7,552,716
Guarantee deposits paid	50,527	62,291	48,757
Other financial assets	4,758	4,943	252,237
	<u>\$ 32,550,216</u>	<u>\$ 33,328,949</u>	<u>\$ 35,406,468</u>

Financial liabilities

Financial liabilities at fair value through profit or loss - current			
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 26,931	\$ -	\$ -

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 7,140,448	\$ 7,222,391	\$ 14,614,914
Notes payable	204,068	157,811	435,348
Accounts payable	7,977,628	8,442,030	5,315,416
Other accounts payables	5,388,978	5,557,536	8,102,749
Corporate bonds payable			
(including current portion)	14,500,000	14,500,000	17,000,000
Long-term borrowings			
(including current portion)	22,906,347	26,706,526	28,064,526
Guarantee deposits received	<u>255,159</u>	<u>257,773</u>	<u>239,750</u>
	<u>\$ 58,399,559</u>	<u>\$ 62,844,067</u>	<u>\$ 73,772,703</u>
Lease liabilities			
(including current portion)	<u>\$ 612,568</u>	<u>\$ 714,351</u>	<u>\$ 712,888</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, recognised 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:

June 30, 2021

(Foreign currency: functional currency)	June 30, 2021					
	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 assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 191,441	27.860	\$ 5,333,546	1%	\$ 53,335	\$ -
RMB : TWD	36,222	4.309	156,081	1%	1,561	-
EUR : TWD	29,888	33.150	990,787	1%	9,908	-
JPY : TWD	1,151,519	0.252	290,183	1%	2,902	-
USD : RMB	71,333	6.466	1,987,480	1%	19,875	-
EUR : RMB	26,142	7.693	866,585	1%	8,666	-
JPY : RMB	590,834	0.059	150,208	1%	1,502	-
GBP : RMB	4,573	8.944	176,242	1%	1,762	-
RUB : RMB	582,755	0.088	220,976	1%	2,210	-
USD : THB	52,683	31.862	1,467,084	1%	14,671	-
EUR : THB	3,884	37.912	128,697	1%	1,287	-
USD : VND	13,711	23,216.667	381,988	1%	3,820	-
USD : CAD	20,944	1.239	583,347	1%	5,833	-
USD : IDR	23,041	14,435.233	641,922	1%	6,419	-

June 30, 2021						
(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	\$ 21,731	27.860	\$ 605,426	1%	\$ 6,054	\$ -
USD : RMB	30,378	6.466	846,392	1%	8,464	-
USD : THB	22,902	31.862	637,761	1%	6,378	-
USD : VND	64,538	23,216.667	1,798,029	1%	17,980	-
USD : CAD	13,588	1.239	378,463	1%	3,785	-
USD : IDR	314,533	14,435.233	8,762,889	1%	87,629	-
USD : INR	191,682	74.333	5,340,262	1%	53,403	-

December 31, 2020						
(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 assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 226,440	28.480	\$ 6,449,011	1%	\$ 64,490	\$ -
RMB : TWD	68,852	4.377	301,365	1%	3,014	-
EUR : TWD	17,025	35.020	596,216	1%	5,962	-
JPY : TWD	588,719	0.276	162,486	1%	1,625	-
USD : RMB	70,406	6.507	2,005,243	1%	20,052	-
EUR : RMB	16,611	8.001	581,723	1%	5,817	-
RUB : RMB	715,658	0.088	275,654	1%	2,757	-
USD : THB	58,900	29.803	1,678,159	1%	16,782	-
EUR : THB	3,301	36.647	115,649	1%	1,156	-
USD : VND	34,788	25,657.658	990,762	1%	9,908	-
USD : CAD	22,301	1.274	634,996	1%	6,350	-
USD : IDR	28,121	14,029.557	800,886	1%	8,009	-

December 31, 2020										
(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	\$	33,170	28.480	\$	944,682	1%	\$	9,447	\$	-
USD : RMB		30,354	6.507		864,516	1%		8,645		-
EUR : RMB		6,212	8.001		217,547	1%		2,175		-
USD : THB		20,328	29.803		579,179	1%		5,792		-
USD : VND		39,847	25,657.658		1,134,843	1%		11,348		-
USD : CAD		7,764	1.274		221,071	1%		2,211		-
USD : IDR		301,861	14,029.557		8,597,001	1%		85,970		-
USD : INR		192,566	73.026		5,484,307	1%		54,843		-

June 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	\$ 152,092	29.630	\$ 4,506,486	1%	\$ 45,065	\$ -
RMB : TWD	623,217	4.191	2,611,902	1%	26,119	-
EUR : TWD	37,895	33.270	1,260,767	1%	12,608	-
JPY : TWD	1,730,011	0.275	475,753	1%	4,758	-
GBP : TWD	4,387	36.430	159,818	1%	1,598	-
USD : RMB	51,113	7.070	1,514,497	1%	15,145	-
EUR : RMB	16,118	7.938	536,216	1%	5,362	-
JPY : RMB	489,598	0.066	135,426	1%	1,354	-
RUB : RMB	475,206	0.099	197,167	1%	1,972	-
USD : THB	35,899	30.721	1,064,253	1%	10,643	-
EUR : THB	6,013	34.495	200,159	1%	2,002	-
USD : VND	30,591	25,765.217	906,411	1%	9,064	-
USD : CAD	17,096	1.367	506,667	1%	5,067	-
USD : IDR	15,470	14,245.192	458,376	1%	4,584	-

June 30, 2020						
(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	\$ 16,112	29.630	\$ 477,399	1%	\$ 4,774	\$ -
USD : RMB	53,498	7.070	1,585,166	1%	15,852	-
EUR : RMB	5,108	7.938	169,934	1%	1,699	-
USD : THB	22,418	30.721	664,599	1%	6,646	-
USD : VND	49,627	25,765.217	1,470,448	1%	14,704	-
USD : IDR	303,952	14,245.192	9,006,098	1%	90,061	-
USD : INR	229,800	75.548	6,808,957	1%	68,090	-

- iv. The exchange (loss) gain including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2021 and 2020 amounted to (\$136,005) thousand, \$1,149,062 thousand, (\$561,948) thousand and (\$608,778) 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 six-month periods ended June 30, 2021 and 2020 would have increased/decreased by \$803 thousand and \$876 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 six-month periods ended June 30, 2021 and 2020, 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 June 30, 2021 and 2020, if interest rates on TWD, USD, THB, RMB, EUR and INR denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the six-month periods ended June 30, 2021 and 2020 would have been \$29,921 thousand and \$42,762 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 June 30, 2021, December 31, 2020 and June 30, 2020, 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 June 30, 2021, December 31, 2020 and June 30, 2020, the provision matrix is as follows:

June 30, 2021	Expected loss rate	Total book value	Loss allowance
Without past due	0.00%	\$ 7,917,521	\$ -
Up to 30 days	0.18%	1,335,675	2,404
31 to 90 days	1.08%	395,588	4,257
91 to 180 days	4.15%	123,293	5,117
Over 180 days	9.05%	23,043	2,085
Individual	100.00%	41,978	41,978
		<u>\$ 9,837,098</u>	<u>\$ 55,841</u>
December 31, 2020	Expected loss rate	Total book value	Loss allowance
Without past due	0.00%	\$ 8,285,062	\$ -
Up to 30 days	0.82%	880,500	7,220
31 to 90 days	1.48%	212,594	3,146
91 to 180 days	4.55%	67,641	3,078
Over 180 days	9.72%	44,845	4,359
Individual	100.00%	42,792	42,792
		<u>\$ 9,533,434</u>	<u>\$ 60,595</u>
June 30, 2020	Expected loss rate	Total book value	Loss allowance
Without past due	0.00%	\$ 6,034,111	\$ -
Up to 30 days	0.95%	976,440	9,276
31 to 90 days	3.68%	354,265	13,027
91 to 180 days	7.89%	109,330	8,626
Over 180 days	12.25%	100,170	12,271
Individual	100.00%	26,508	26,508
		<u>\$ 7,600,824</u>	<u>\$ 69,708</u>

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

	2021	2020
At January 1	60,595	41,615
Provision for impairment	173	30,141
Write-offs	(4,093)	(826)
Effect of exchange rate changes	(834)	(1,222)
At June 30	<u>\$ 55,841</u>	<u>\$ 69,708</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.

June 30, 2021

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$ 5,207,336	\$ 1,241,435	\$ 711,083	\$ -	\$ 7,159,854
Notes and accounts payable	8,181,696	-	-	-	8,181,696
Other payables	5,081,579	359	144,098	162,942	5,388,978
Lease liability	40,844	40,348	90,374	441,002	612,568
Guarantee deposits received	84	5	-	255,070	255,159
Long-term borrowings	1,187,791	404,398	1,692,239	20,046,219	23,330,647
Bonds payable	6,133,350	-	-	8,601,300	14,734,650

December 31, 2020

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$ 6,882,527	\$ 281,773	\$ 86,091	\$ -	\$ 7,250,391
Notes and accounts payable	8,599,841	-	-	-	8,599,841
Other payables	5,250,900	77	153,867	152,692	5,557,536
Lease liability	54,513	56,158	68,953	534,727	714,351
Guarantee deposits received	116	-	-	257,657	257,773
Long-term borrowings	1,332,650	176,655	2,530,855	23,593,722	27,633,882
Bonds payable	-	-	6,133,350	8,601,300	14,734,650

June 30, 2020

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$ 10,673,351	\$ 3,415,732	\$ 671,072	\$ -	\$ 14,760,155
Notes and accounts payable	5,678,238	16	37,720	34,790	5,750,764
Other payables	7,960,641	1,169	109,928	31,011	8,102,749
Lease liability	35,264	33,166	86,909	557,549	712,888
Guarantee deposits received	-	28	335	239,387	239,750
Long-term borrowings	1,550,297	1,773,684	1,850,261	24,119,383	29,293,625
Bonds payable	2,535,500	-	-	14,691,150	17,226,650

(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 and structured deposits are 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.

June 30, 2021				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 14,500,000	\$ -	\$ 14,606,193	\$ -
December 31, 2020				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 14,500,000	\$ -	\$ 14,546,679	\$ -

June 30, 2020				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 17,000,000	\$ -	\$ 17,118,365	\$ -

(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:

June 30, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Structured deposits	\$ -	\$ 90,489	\$ -	\$ 90,489
Financial assets at fair value through other comprehensive income				
- Equity securities	22,138	-	58,187	80,325
Total	\$ 22,138	\$ 90,489	\$ 58,187	\$ 170,814
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 26,931	\$ -	\$ 26,931
December 31, 2020				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 820	\$ -	\$ 820
Financial assets at fair value through other comprehensive income				
- Equity securities	29,817	-	58,187	88,004
Total	\$ 29,817	\$ 820	\$ 58,187	\$ 88,824

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 29,407	\$ -	\$ 58,187	\$ 87,594

(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, 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 six-month periods ended June 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the six-month periods ended June 30, 2021 and 2020.

(4) Other matters

Due to the spread of Covid-19 pandemic globally, production of all factories of the Group's subsidiary, Maxxis Rubber India Private Limited, was suspended to allow for disinfection from May 10, 2021 to May 14, 2021. However, it did not affect the Group's internal capacity allocation and operations of the Group continued normally. As of the second quarter of 2021, the overall business and finance were not significantly impacted by the pandemic based on the Group's assessment. The Group will continue to monitor the development of the pandemic and coordinate with the government's pandemic prevention programs to maintain regular operations.

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: None.

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 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.

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 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: please refer to table 8.

B. Ceiling on investments in Mainland China: please refer to table 8.

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 six-month periods ended June 30, 2021: please refer to tables 4, 5 and 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

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 June 30, 2021

	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	\$ 3,897,018	\$ 4,435,492	\$ 6,340,104	\$ 2,480,727	\$ 5,236,760	\$ 22,390,101
Revenue from inter-segment revenue	2,815,273	441,495	133,402	456,192	1,445,981	5,292,343
Total segment revenue	<u>\$ 6,712,291</u>	<u>\$ 4,876,987</u>	<u>\$ 6,473,506</u>	<u>\$ 2,936,919</u>	<u>\$ 6,682,741</u>	<u>\$ 27,682,444</u>
Geographical regions						
Taiwan	\$ 2,744,206	\$ 68,709	\$ 26,488	\$ 5,841	\$ 52,686	\$ 2,897,930
China	106,971	3,579,019	5,329,333	2,422	4,702,629	13,720,374
US	1,802,802	118,710	(520)	237,237	110,790	2,269,019
Others	2,058,312	1,110,549	1,118,205	2,691,419	1,816,636	8,795,121
Total	<u>\$ 6,712,291</u>	<u>\$ 4,876,987</u>	<u>\$ 6,473,506</u>	<u>\$ 2,936,919</u>	<u>\$ 6,682,741</u>	<u>\$ 27,682,444</u>
Segment income	<u>\$ 720,256</u>	<u>\$ 131,988</u>	<u>\$ 295,126</u>	<u>\$ 158,955</u>	<u>\$ 893,922</u>	<u>\$ 2,200,247</u>

Three-month period ended June 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	\$ 2,831,013	\$ 3,801,997	\$ 7,814,790	\$ 1,415,476	\$ 4,570,153	\$ 20,433,429
Revenue from inter-segment revenue	1,560,975	395,331	135,628	192,759	1,480,245	3,764,938
Total segment revenue	<u>\$ 4,391,988</u>	<u>\$ 4,197,328</u>	<u>\$ 7,950,418</u>	<u>\$ 1,608,235</u>	<u>\$ 6,050,398</u>	<u>\$ 24,198,367</u>
Geographical regions						
Taiwan	\$ 2,427,868	\$ 45,293	\$ 30,073	\$ 3,918	\$ 12,914	\$ 2,520,066
China	91,806	3,292,233	7,477,303	1,606	4,612,138	15,475,086
US	794,724	68,307	(23)	174,402	93,721	1,131,131
Others	1,077,590	791,495	443,065	1,428,309	1,331,625	5,072,084
Total	<u>\$ 4,391,988</u>	<u>\$ 4,197,328</u>	<u>\$ 7,950,418</u>	<u>\$ 1,608,235</u>	<u>\$ 6,050,398</u>	<u>\$ 24,198,367</u>
Segment income	<u>\$ 98,972</u>	<u>\$ 185,642</u>	<u>\$ 743,998</u>	<u>(\$ 282,728)</u>	<u>\$ 1,060,716</u>	<u>\$ 1,806,600</u>

Six-month period ended June 30, 2021

	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	\$ 7,852,196	\$ 8,776,274	\$ 14,224,629	\$ 5,332,714	\$10,649,755	\$ 46,835,568
Revenue from inter-segment revenue	5,380,189	864,134	251,484	786,410	3,115,668	10,397,885
Total segment revenue	<u>\$ 13,232,385</u>	<u>\$ 9,640,408</u>	<u>\$ 14,476,113</u>	<u>\$ 6,119,124</u>	<u>\$13,765,423</u>	<u>\$ 57,233,453</u>
Geographical regions						
Taiwan	\$ 5,562,118	\$ 135,535	\$ 63,665	\$ 102,782	\$ 129,606	\$ 5,993,706
China	176,160	7,099,337	11,952,106	3,871	9,794,041	29,025,515
US	3,442,049	219,814	61	387,123	212,506	4,261,553
Others	4,052,058	2,185,722	2,460,281	5,625,348	3,629,270	17,952,679
Total	<u>\$ 13,232,385</u>	<u>\$ 9,640,408</u>	<u>\$ 14,476,113</u>	<u>\$ 6,119,124</u>	<u>\$13,765,423</u>	<u>\$ 57,233,453</u>
Segment income	<u>\$ 1,624,659</u>	<u>\$ 353,944</u>	<u>\$ 978,958</u>	<u>\$ 433,391</u>	<u>\$ 2,196,712</u>	<u>\$ 5,587,664</u>

Six-month period ended June 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	\$ 6,174,678	\$ 6,405,485	\$ 12,507,852	\$ 4,132,261	\$ 8,049,204	\$ 37,269,480
Revenue from inter-segment revenue	3,892,244	584,577	258,160	584,041	2,256,771	7,575,793
Total segment revenue	<u>\$ 10,066,922</u>	<u>\$ 6,990,062</u>	<u>\$ 12,766,012</u>	<u>\$ 4,716,302</u>	<u>\$10,305,975</u>	<u>\$ 44,845,273</u>
Geographical regions						
Taiwan	\$ 4,820,344	\$ 96,698	\$ 49,900	\$ 8,396	\$ 24,177	\$ 4,999,515
China	140,447	5,165,252	11,316,484	1,606	7,353,381	23,977,170
US	2,187,529	130,182	2,049	533,122	134,442	2,987,324
Others	2,918,602	1,597,930	1,397,579	4,173,178	2,793,975	12,881,264
Total	<u>\$ 10,066,922</u>	<u>\$ 6,990,062</u>	<u>\$ 12,766,012</u>	<u>\$ 4,716,302</u>	<u>\$10,305,975</u>	<u>\$ 44,845,273</u>
Segment income	<u>\$ 463,544</u>	<u>(\$ 82,689)</u>	<u>\$ 584,667</u>	<u>(\$ 83,303)</u>	<u>\$ 1,309,753</u>	<u>\$ 2,191,972</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 June 30, 2021	Three-month period ended June 30, 2020
Adjusted revenue from reportable segments	\$ 27,682,444	\$ 24,198,367
Adjusted revenue from other operating segments	3,561,727	1,746,961
Total operating segments	31,244,171	25,945,328
Elimination of inter-segment revenue	(5,715,253)	(3,916,558)
Total consolidated operating revenue	\$ 25,528,918	\$ 22,028,770
Geographical regions		
Geographical regions from reportable segments	\$ 27,682,444	\$ 24,198,367
Geographical regions from other operating segments		
Taiwan	26,590	13,388
China	614,218	332,955
US	1,933,089	956,653
Others	987,830	443,965
Total geographical regions	31,244,171	25,945,328
Elimination of inter-segment revenue	(5,715,253)	(3,916,558)
Total consolidated operating revenue	\$ 25,528,918	\$ 22,028,770
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Adjusted revenue from reportable segments	\$ 57,233,453	\$ 44,845,273
Adjusted revenue from other operating segments	6,951,464	4,650,684
Total operating segments	64,184,917	49,495,957
Elimination of inter-segment revenue	(11,089,789)	(7,917,143)
Total consolidated operating revenue	\$ 53,095,128	\$ 41,578,814
Geographical regions		
Geographical regions from reportable segments	\$ 57,233,453	\$ 44,845,273
Geographical regions from other operating segments		
Taiwan	38,478	22,412
China	1,059,941	596,834
US	3,779,482	2,590,487
Others	2,073,563	1,440,951
Total geographical regions	64,184,917	49,495,957
Elimination of inter-segment revenue	(11,089,789)	(7,917,143)
Total consolidated operating revenue	\$ 53,095,128	\$ 41,578,814

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 June 30, 2021	Three-month period ended June 30, 2020
Adjusted income from reportable segments before income tax	\$ 2,200,247	\$ 1,806,600
Adjusted (loss) income from other operating segments before income tax	(230,968)	826,653
Total operating segments	1,969,279	2,633,253
Profit from elimination of inter-segment revenue	15,893	22,579
Income from continuing operations before income tax	<u>\$ 1,985,172</u>	<u>\$ 2,655,832</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Adjusted income from reportable segments before income tax	\$ 5,587,664	\$ 2,191,972
Adjusted loss from other operating segments before income tax	(1,005,239)	(1,349,044)
Total operating segments	4,582,425	842,928
(Loss) profit from elimination of inter-segment revenue	(9,737)	13,777
Income from continuing operations before income tax	<u>\$ 4,572,688</u>	<u>\$ 856,705</u>

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Six-month period ended June 30, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2021	Balance at June 30, 2021 (Note 8)	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 、 3 、 4)	Ceiling on total loans granted (Note 5 、 6)	Footnote
Item													Item	Value			
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 3,288,000	\$ 3,231,750	\$ 3,003,373	3.85%	Note 7	\$ -	Operating capital	\$ -		\$ -	\$ 5,044,298	\$ 8,407,163	Note 9
													None				
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2,192,000	2,154,500	1,615,875	3.85%	Note 7	-	Operating capital	-		-	5,044,298	8,407,163	Note 9
													None				
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	569,920	560,170	400,737	4.85%	Note 7	-	Operating capital	-		-	5,044,298	8,407,163	Note 9
													None				
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	12,927	12,927	8,618	3.85%	Note 7	-	Operating capital	-		-	5,044,298	8,407,163	Note 9
													None				
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	876,800	861,800	861,800	3.25%	Note 7	-	Operating capital	-		-	5,093,619	10,187,238	Note 9
													None				
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2,192,000	2,154,500	698,058	3.85%	Note 7	-	Operating capital	-		-	7,481,698	12,469,496	Note 9
													None				
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	646,350	646,350	51,708	3.85%	Note 7	-	Operating capital	-		-	7,481,698	12,469,496	Note 9
													None				
4	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD	Other receivables	Yes	8,768	-	-	3.85%	Note 7	-	Operating capital	-		-	27,759	111,038	Note 9
													None				

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.

Note 3: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. to a single party is 20% of above Companies' net assets.

Note 4: Limit on loans granted by CHEN SHIN LOGISTIC (XIAMEN) CO., LTD to a single party is 10% of above Companies' net assets.

Note 5: 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 100% of above Companies' net assets.

Note 6: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHEN SHIN LOGISTIC (XIAMEN) CO., LTD to others is 40% of above Companies' net assets.

Note 7: 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 8: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

Note 9: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Provision of endorsements and guarantees to others

Six-month period ended June 30, 2021

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 June 30, 2021	Outstanding endorsement/ guarantee amount at June 30, 2021	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	\$ 41,344,258	\$ 1,903,600	\$ 874,400	\$ 200,133	\$ -	1.06	\$ 57,881,961	Y	N	N	Note 2 、 Note 5
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	41,344,258	7,623,093	7,486,648	6,083,371	-	9.05	57,881,961	Y	N	N	Note 2 、 Note 5
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	41,344,258	11,116,140	11,116,140	8,580,880	-	13.44	57,881,961	Y	N	N	Note 2 、 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.

\$ 57,881,961

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

\$ 16,537,703

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

\$ 41,344,258

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 indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

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

Note 4: Limit on the Company's endorsements/guarantees 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 June 30, 2021.

CHENG SHIN RUBBER IND. CO., LTD.

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

June 30, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities		As of June 30, 2021					
				Number of shares/ units	Book value	Ownership (%)	Fair value	Footnote	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 22,138	-	\$ 22,138	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.

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

Six-month period ended June 30, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term			
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 2,849,825)	(26.07)	Collect within 90 days after shipment of goods	Same	Same	\$ 1,540,957	42.82	Note 4
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(380,045)	(3.48)	Collect within 90 days after shipment of goods	Same	Same	242,519	6.74	Note 4
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(1,956,316)	(17.89)	Collect within 30 days	Same	Same	277,199	7.70	Note 4
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(480,887)	(4.99)	Collect within 60~90 days after shipment of goods	Same	Same	366,192	15.29	Note 4
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(1,074,904)	(47.30)	Collect within 60~90 days after shipment of goods	Same	Same	363,091	25.24	Note 4
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(212,755)	(9.36)	Collect within 60~90 days after shipment of goods	Same	Same	73,615	5.12	Note 4
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(122,887)	(5.41)	Collect within 60~90 days after shipment of goods	Same	Same	43,296	3.01	Note 4
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(880,800)	(15.45)	Collect within 60~90 days after shipment of goods	Same	Same	349,561	66.10	Note 4
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(203,419)	(27.40)	Collect within 60~90 days after shipment of goods	Same	Same	62,605	27.07	Note 4
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(131,990)	(17.78)	Collect within 60~90 days after shipment of goods	Same	Same	38,426	16.61	Note 4
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(121,753)	(16.40)	Collect within 60~90 days after shipment of goods	Same	Same	32,824	14.19	Note 4
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Same ultimate parent	(sales)	(109,204)	(1.20)	Collect within 60~90 days after shipment of goods	Same	Same	60,677	2.16	Note 4
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(471,731)	(17.88)	Collect within 60~90 days after shipment of goods	Same	Same	81,932	11.54	Note 4
MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(sales)	(303,746)	(4.96)	Collect within 60 days after shipment of goods	Same	Same	24,731	1.33	Note 4
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(387,123)	(6.33)	Collect within 60~90 days after shipment of goods	Same	Same	227,945	12.29	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

June 30, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2021	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)	\$ 1,541,187	Note 4	\$ -	-	\$ 279,322	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 5)	242,753	Note 4	-	-	67,533	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 5)	141,832	Note 3	-	-	12,109	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 5)	280,131	Note 4	-	-	279,050	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 5)	366,192	1.52	-	-	28,264	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 5)	364,559	Note 4	-	-	168,996	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 5)	349,561	2.68	-	-	172,752	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 5)	227,945	1.82	-	-	64,518	-

Note 1: Subsequent collection is the amount collected as of August 4, 2021.

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
Six-month period ended June 30, 2021

Table 6

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 total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 2,849,825	Collect within 90 days after shipment of goods	5.37%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,540,957	Collect within 90 days after shipment of goods	1.04%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	380,045	Collect within 90 days after shipment of goods	0.72%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Accounts receivable	242,519	Collect within 90 days after shipment of goods	0.16%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	1,956,316	The term is 30 days after monthly billing	3.68%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	277,199	The term is 30 days after monthly billing	0.19%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	480,887	Collect within 60~90 days after shipment of goods	0.91%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	366,192	Collect within 60~90 days after shipment of goods	0.25%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	1,074,904	Collect within 60~90 days after shipment of goods	2.02%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	363,091	Collect within 60~90 days after shipment of goods	0.25%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Notes receivable	617,835	Pay depends on maturity date	0.42%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	212,755	Collect within 60~90 days after shipment of goods	0.40%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	3,003,373	Pay interest quarterly	2.03%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	1,615,875	Pay interest quarterly	1.09%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	400,737	Pay interest quarterly	0.27%
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	698,058	Pay interest quarterly	0.47%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	880,800	Collect within 60~90 days after shipment of goods	1.66%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	349,561	Collect within 60~90 days after shipment of goods	0.24%
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	203,419	Collect within 60~90 days after shipment of goods	0.38%

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Six-month period ended June 30, 2021

Table 6

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 total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	3	Other receivable	861,800	Pay interest quarterly	0.58%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	471,731	Collect within 60~90 days after shipment of goods	0.89%
8	MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	2	Sales	303,746	Collect within 60 days after shipment of goods	0.57%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	387,123	Collect within 60~90 days after shipment of goods	0.73%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	227,945	Collect within 60~90 days after shipment of goods	0.15%

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

Six-month period ended June 30, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021			Net profit (loss) of the investee for the six-month period ended June 30, 2021	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2021 (Note 1)	Footnote
				Balance as at June 30, 2021	Balance as at December 31, 2020	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	\$ 42,834,473	\$ 1,132,610	\$ 1,136,617	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	27,673,975	1,282,476	1,275,175	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	9,823,999	998,091	986,449	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	2,423,954	(6,695)	(6,674)	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	625,332	(53,198)	(53,198)	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	187,294	28,626	14,313	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	72,136	(2,338)	(2,338)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	4,233,389	4,233,389	139,994,750	100.00	236,567	(421,750)	(422,442)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,027,544	4,027,544	874,992,906	100.00	-	(542,350)	(542,333)	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	363,925	156,525	156,525	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	39,093	8,856	8,856	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	3,564	(145)	(145)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	12,539	1,025	1,025	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	593	-	20.00	731	1,665	333	Note 3 、 Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Six-month period ended June 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021			Net profit (loss) of the investee for the six-month period ended June 30, 2021	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2021 (Note 1)	Footnote
				Balance as at June 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	\$ 226,801,983	100.00	\$ 34,680,719	\$ 1,208,196	\$ 1,208,196	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	27,504,784	1,285,706	1,285,706	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	10,170,903	998,181	998,181	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	7,142,797	433,391	426,039	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	3,025,355	564,879	560,589	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	2,229	2,278	-	80.00	2,925	1,665	1,332	Note 3 、 Note 4

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.
Note 2: Joint ventures are accounted for under the equity method.
Note 3: The transactions were eliminated when preparing the consolidated financial statements.
Note 4: The Company comprehensive 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 continusly provides financial support the investee accounted for using the equity method, and transferred the credit balance fo long-term investments to 'other non-current liabilities.'
The transaction was eliminated when preparing the consolidated statements.

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Six-month period ended June 30, 2021

Table 8

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	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2021,	Book value of investments in Mainland China as of June 30,	Accumulated amount of investment income remitted back to Taiwan as of June	Footnote
				as of January 1, 2021	Remitted to Mainland China	Remitted back to Taiwan	of June 30, 2021			June 30, 2021, (Note 2)	2021	30, 2021	
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	\$ 4,875,500	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 770,775	100.00	\$ 772,312	\$ 24,413,113	\$ 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	6,268,500	2	2,385,506	-	-	2,385,506	1,165,383	100.00	1,159,674	25,468,094	22,289,125	(Note 2、4、 6、7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	236,810	2	68,602	-	-	68,602	19,351	50.00	9,675	302,806	478,714	(Note 6、7)
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	2,786,000	2	-	-	-	-	350,599	100.00	354,859	5,848,850	1,422,083	(Note 2、4、 6、7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,545	2	-	-	-	-	1,824	100.00	1,824	43,978	-	(Note 6、7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	501,480	2	-	-	-	-	(17,810)	100.00	(17,810)	687,568	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	3,621,800	2	-	-	-	-	(92,614)	100.00	(92,614)	12,481,091	4,185,883	(Note 3、6、 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Six-month period ended June 30, 2021

Table 8

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2021, (Note 2)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Footnote
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	\$ 1,253,700	2	\$ -	\$ -	\$ -	\$ -	\$ 334,167	100.00	\$ 336,626	\$ 8,407,163	\$ 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	557,200	2	-	-	-	-	(48,818)	100.00	(48,818)	11,237	-	(Note 6)
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	150,815	2	-	-	-	-	(1,600)	95.00	(1,520)	96,554	-	(Note 6、7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	62,101	2	-	-	-	-	22,739	49.00	11,142	136,021	-	(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	4,093,550	2	-	-	-	-	608,323	100.00	608,335	7,395,207	678,578	(Note 2、5、6、7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,637,420	2	-	-	-	-	13,360	100.00	13,360	1,996,240	-	(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 27.86: USD 1 and NTD 4.309: RMB 1 prevailing on June 30, 2021.

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.

CHENG SHIN RUBBER IND. CO., LTD.
Ceiling on investments in Mainland China
Six-month period ended June 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021 (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.	\$ 3,423,994	\$ 18,746,994	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021 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

June 30, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Luo, Ming-Han	370,176,378	11.42
Luo Jye 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 held by registered and 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.