

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2022 AND 2021**

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

PWCR22001445

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, 2022 and 2021, 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(7), 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\$37,973,413 thousand and NT\$38,075,819 thousand, constituting 26% and 26% of the consolidated total assets, and total liabilities of NT\$23,085,102 thousand and NT\$23,192,747 thousand, constituting 35% and 36% of the consolidated total liabilities as at June 30, 2022 and 2021, and total net operating revenues of NT\$7,711,730 thousand, NT\$6,823,336

thousand, NT\$14,970,146 thousand and NT\$13,922,443 thousand, constituting 32%, 27%, 31% and 26% of consolidated total net operating revenue, and total comprehensive income (loss) of NT(\$121,334) thousand, NT\$58,046 thousand, NT\$360,152 thousand and NT(\$267,703) thousand, constituting (41%), 6%, 9% and (12%) 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, 2022 and 2021, 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

For and on behalf of PricewaterhouseCoopers, Taiwan

August 10, 2022

Chou, Chien-Hung

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, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

Assets			June 30, 2022		December 31, 2021		June 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 24,548,954	17	\$ 25,927,827	17	\$ 19,077,396	13
1110	Financial assets at fair value through profit or loss - current	6(2)	51,837	-	17,648	-	90,489	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	18,739	-	23,083	-	22,138	-
1136	Financial assets at amortised cost - current	6(4)	474,106	-	141,344	-	4,758	-
1150	Notes receivable, net	6(5)	2,387,342	2	2,879,178	2	3,428,806	2
1170	Accounts receivable, net	6(5)	10,133,319	7	9,098,208	6	9,781,257	7
1180	Accounts receivable - related parties	7	74,908	-	39,826	-	36,658	-
130X	Inventories	6(6)	21,296,274	14	20,356,688	14	20,702,606	14
1410	Prepayments		1,256,036	1	983,829	1	1,080,590	1
1470	Other current assets		214,110	-	348,255	-	307,133	-
11XX	Current Assets		60,455,625	41	59,815,886	40	54,531,831	37
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	58,187	-	58,187	-	58,187	-
1535	Financial assets at amortised cost - non-current	6(4) and 8	1,020,410	1	-	-	-	-
1550	Investments accounted for under equity method	6(7)	178,433	-	180,417	-	187,294	-
1600	Property, plant and equipment, net	6(8)	79,077,652	53	81,500,318	55	84,530,729	57
1755	Right-of-use assets	6(9)	4,938,222	4	4,968,286	3	5,030,524	3
1760	Investment property, net	6(10)	498,886	-	506,016	-	515,804	-
1840	Deferred income tax assets	6(28)	1,800,699	1	2,217,728	2	2,145,327	2
1900	Other non-current assets	6(11)	355,885	-	475,159	-	988,141	1
15XX	Non-current assets		87,928,374	59	89,906,111	60	93,456,006	63
1XXX	Total assets		\$ 148,383,999	100	\$ 149,721,997	100	\$ 147,987,837	100

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	June 30, 2022		December 31, 2021		June 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 5,581,329	4	\$ 9,365,279	6	\$ 7,140,448	5
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	-	-	26,931	-
2130	Current contract liabilities	6(22)	685,627	1	1,047,574	1	797,990	1
2150	Notes payable		283,901	-	320,028	-	204,068	-
2170	Accounts payable		7,689,407	5	7,536,483	5	7,977,628	5
2200	Other payables	6(13)	9,012,692	6	5,406,529	4	5,388,978	4
2230	Current income tax liabilities	6(28)	946,731	1	1,021,430	1	537,250	-
2280	Current lease liabilities	7	170,947	-	171,384	-	171,566	-
2320	Long-term liabilities, current portion	6(15)(16) and 7	9,422,716	6	10,113,518	7	9,079,677	6
2399	Other current liabilities, others	6(14)	390,432	-	359,170	-	556,611	1
21XX	Current Liabilities		34,183,782	23	35,341,395	24	31,881,147	22
Non-current liabilities								
2530	Corporate bonds payable	6(15)	10,500,000	7	10,500,000	7	8,500,000	6
2540	Long-term borrowings	6(16) and 7	17,902,964	12	18,265,160	12	19,826,670	13
2550	Provisions for liabilities - non-current		182,127	-	167,859	-	162,264	-
2570	Deferred income tax liabilities	6(28)	1,005,606	1	996,009	1	1,305,235	1
2580	Non-current lease liabilities	7	325,867	-	384,974	-	441,002	-
2600	Other non-current liabilities	6(17)	2,544,255	2	2,589,232	2	2,632,384	2
25XX	Non-current liabilities		32,460,819	22	32,903,234	22	32,867,555	22
2XXX	Total Liabilities		66,644,601	45	68,244,629	46	64,748,702	44
Equity								
Equity attributable to owners of parent								
	Share capital	6(18)						
3110	Share capital - common stock		32,414,155	22	32,414,155	22	32,414,155	22
	Capital surplus	6(19)						
3200	Capital surplus		67,770	-	67,770	-	53,267	-
	Retained earnings	6(20)						
3310	Legal reserve		16,665,921	11	16,132,580	11	15,533,661	10
3320	Special reserve		7,588,138	5	6,611,296	4	6,904,245	5
3350	Unappropriated retained earnings		30,403,253	21	33,280,806	22	35,544,041	24
	Other equity interest	6(21)						
3400	Other equity interest		(5,982,618)	(4)	(7,588,138)	(5)	(7,760,854)	(5)
31XX	Equity attributable to owners of the parent		81,156,619	55	80,918,469	54	82,688,515	56
36XX	Non-controlling interest		582,779	-	558,899	-	550,620	-
3XXX	Total equity		81,739,398	55	81,477,368	54	83,239,135	56
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 148,383,999	100	\$ 149,721,997	100	\$ 147,987,837	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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7	\$ 24,058,036	100	\$ 25,528,918	100	\$ 48,835,989	100	\$ 53,095,128	100
5000 Operating costs	6(6)	(18,832,023)	(78)	(19,743,496)	(77)	(38,453,225)	(79)	(40,335,707)	(76)
5900 Net operating margin		<u>5,226,013</u>	<u>22</u>	<u>5,785,422</u>	<u>23</u>	<u>10,382,764</u>	<u>21</u>	<u>12,759,421</u>	<u>24</u>
Operating expenses	7								
6100 Selling expenses		(1,584,055)	(6)	(1,649,982)	(6)	(3,125,687)	(6)	(3,487,385)	(7)
6200 General and administrative expenses		(805,764)	(4)	(896,276)	(4)	(1,679,265)	(4)	(1,860,783)	(3)
6300 Research and development expenses		(998,435)	(4)	(1,092,229)	(4)	(2,059,827)	(4)	(2,229,048)	(4)
6000 Total operating expenses		(3,388,254)	(14)	(3,638,487)	(14)	(6,864,779)	(14)	(7,577,216)	(14)
6900 Operating profit		<u>1,837,759</u>	<u>8</u>	<u>2,146,935</u>	<u>9</u>	<u>3,517,985</u>	<u>7</u>	<u>5,182,205</u>	<u>10</u>
Non-operating income and expenses									
7100 Interest income	6(23)	81,134	-	43,406	-	139,859	-	62,833	-
7010 Other income	6(24)	149,985	1	148,070	1	304,383	1	306,844	1
7020 Other gains and losses	6(25)	(186,797)	(1)	(228,113)	(1)	(105,442)	-	(715,133)	(1)
7050 Finance costs	6(26) and 7	(155,482)	(1)	(133,999)	(1)	(281,856)	(1)	(278,374)	(1)
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>5,280</u>	<u>-</u>	<u>8,873</u>	<u>-</u>	<u>8,016</u>	<u>-</u>	<u>14,313</u>	<u>-</u>
7000 Total non-operating income and expenses		(105,880)	(1)	(161,763)	(1)	64,960	-	(609,517)	(1)
7900 Profit before income tax		1,731,879	7	1,985,172	8	3,582,945	7	4,572,688	9
7950 Income tax expense	6(28)	(573,561)	(2)	(383,067)	(2)	(1,048,669)	(2)	(1,150,518)	(2)
8200 Profit for the period		<u>\$ 1,158,318</u>	<u>5</u>	<u>\$ 1,602,105</u>	<u>6</u>	<u>\$ 2,534,276</u>	<u>5</u>	<u>\$ 3,422,170</u>	<u>7</u>

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Items		Notes	Three-month periods ended June 30				Six-month periods ended June 30			
			2022		2021		2022		2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealized loss on valuation of entity instruments at fair value through profit or loss	6(3)(21)	(\$ 2,597)	-	(\$ 5,569)	-	(\$ 4,344)	-	(\$ 7,679)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(2,597)	-	(5,569)	-	(4,344)	-	(7,679)	-
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations	6(21)	(1,068,429)	(5)	(742,339)	(3)	2,024,263	4	(1,436,107)	(3)
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)	211,810	1	147,555	1	(402,466)	(1)	285,470	1
8360	Components of other comprehensive income that will be reclassified to profit or loss		(856,619)	(4)	(594,784)	(2)	1,621,797	3	(1,150,637)	(2)
8300	Other comprehensive income (loss) for the period		(\$ 859,216)	(4)	(\$ 600,353)	(2)	\$ 1,617,453	3	(\$ 1,158,316)	(2)
8500	Total comprehensive income for the period		\$ 299,102	1	\$ 1,001,752	4	\$ 4,151,729	8	\$ 2,263,854	5
Profit attributable to:										
8610	Owners of the parent		\$ 1,147,977	5	\$ 1,587,303	6	\$ 2,522,329	5	\$ 3,400,978	7
8620	Non-controlling interest		10,341	-	14,802	-	11,947	-	21,192	-
			\$ 1,158,318	5	\$ 1,602,105	6	\$ 2,534,276	5	\$ 3,422,170	7
Comprehensive income attributable to:										
8710	Owners of the parent		\$ 298,140	1	\$ 991,516	4	\$ 4,127,849	8	\$ 2,251,420	5
8720	Non-controlling interest		962	-	10,236	-	23,880	-	12,434	-
			\$ 299,102	1	\$ 1,001,752	4	\$ 4,151,729	8	\$ 2,263,854	5
Earnings per share (in dollars)										
9750	Basic earnings per share	6(29)	\$ 0.35		\$ 0.49		\$ 0.78		\$ 1.05	
9850	Diluted earnings per share	6(29)	\$ 0.35		\$ 0.49		\$ 0.78		\$ 1.05	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
		Capital Surplus				Retained Earnings			Other equity interest				

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30 2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,582,945	\$ 4,572,688
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(27)	5,215,283	5,523,859
Depreciation on right-of-use assets	6(9)(27)	141,792	142,103
Depreciation on investment property	6(10)(27)	11,845	11,654
Amortization expense	6(11)(27)	52,627	41,542
Expected credit (income) loss	12(2)	(1,834)	173
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(8,016)	(14,313)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(25)	(205,927)	45,624
Loss on disposal of property, plant and equipment	6(8)(25)	64,599	39,586
Interest expense	6(8)(26)	281,856	278,374
Interest income	6(23)	(139,859)	(62,833)
Deferred government grants revenue		(87,502)	(79,644)
Unrealized foreign exchange loss on foreign currency loans		721,253	501,149
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		171,738	(108,362)
Notes receivable, net		491,836	1,115,251
Accounts receivable		(1,034,662)	(307,757)
Accounts receivable - related parties		(35,082)	6,816
Inventories		(381,944)	(2,773,290)
Prepayments		(108,619)	59,435
Other current assets		163,317	(57,668)
Other non-current assets		101,217	(69,084)
Changes in operating liabilities			
Contract liabilities - current		(361,947)	(351,292)
Notes payable		(36,127)	46,257
Accounts payable		152,924	(464,402)
Other payables		(319,540)	(230,311)
Other current liabilities		31,262	(18,913)
Accrued pension liabilities		(7,763)	(13,428)
Other non-current assets		(2,243)	(1,553)
Cash inflow generated from operations		8,453,429	7,831,661
Interest received		120,687	77,722
Interest paid		(209,738)	(224,725)
Income tax paid		(1,341,723)	(1,731,423)
Income tax refund received		62,941	40,830
Net cash flows from operating activities		7,085,596	5,994,065

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 1,476,933)	\$ -
Proceeds from repayments of financial assets at amortised cost		130,378	9
Acquisition of property, plant and equipment	6(8)(30)	(1,659,540)	(2,204,193)
Payment for capitalized interests	6(8)(26)(30)	(4,335)	(13,068)
Proceeds from disposal of property, plant and equipment		85,837	58,207
Acquisition of intangible assets	6(11)	(16,186)	(30,321)
Decrease in refundable deposits		19,117	11,764
Net cash flows used in investing activities		(2,921,662)	(2,177,602)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(12)(31)	3,862,747	5,588,270
Decrease in short-term borrowings	6(12)(31)	(7,852,332)	(5,399,839)
Proceeds from long-term borrowings	6(16)(31)	879,188	274,041
Repayments of long-term borrowings	6(16)(31)	(2,611,753)	(3,833,084)
Increase (decrease) in guarantee deposits received	6(31)	13,170	(2,614)
Decrease in other payables to related parties	6(16)(31) and 7	(26,559)	(43,535)
Repayments of principal portion of lease liabilities	6(9)(31)	(102,408)	(100,381)
Net cash flows used in financing activities		(5,837,947)	(3,517,142)
Effect of exchange rate changes on cash and cash equivalents		295,140	(334,446)
Net decrease in cash and cash equivalents		(1,378,873)	(35,125)
Cash and cash equivalents at beginning of period	6(1)	25,927,827	19,112,521
Cash and cash equivalents at end of period	6(1)	\$ 24,548,954	\$ 19,077,396

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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Review, not audited)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 10, 2022.

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 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
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.

(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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

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

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

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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	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, 2021. 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, 2021.

(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, 2021.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
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 5
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	100	Note 5
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, 2022	December 31, 2021	June 30, 2021	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	100	Note 5
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 、 5
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
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 6
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	70	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	100	Note 5
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	95	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
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 6
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 5
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 5
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 、 5

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: The Company and CHENG SHIN RUBBER USA, INC. collectively hold 100% equity interest in MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.

Note 5: The financial statements of the entity as of June 30, 2022 and 2021, were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 6: 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 recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

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

There have been no significant changes as of June 30, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and revolving funds	\$ 5,982	\$ 5,399	\$ 5,467
Checking deposit	1,498,191	1,027,830	1,038,281
Demand deposits	18,894,596	20,990,802	15,462,561
Time deposits	4,150,185	3,903,796	2,571,087
	<u>\$ 24,548,954</u>	<u>\$ 25,927,827</u>	<u>\$ 19,077,396</u>
Interest rate range			
Time deposits	<u>1.46%~3.10%</u>	<u>0.09%~3.55%</u>	<u>0.10%~4.55%</u>

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

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

Items	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	\$ 51,837	\$ 17,648	\$ -
Structured deposits	-	-	90,489
	<u>\$ 51,837</u>	<u>\$ 17,648</u>	<u>\$ 90,489</u>

Current items:

Financial liabilities mandatorily measured at fair value through profit or loss

Derivative instruments	\$ -	\$ -	\$ 26,931
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A. The Group recognised net profit (loss) amounting to \$109,844 thousand, (\$24,928) thousand, \$205,927 thousand and (\$45,624) thousand on financial assets mandatorily measured at fair value through profit or loss - derivative instruments for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.

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

Derivative instruments	June 30, 2022	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2022/4/25~
USD exchange to NTD	<u>USD 38,000 thousand</u>	2022/11/7
Foreign exchange swap		2022/3/9~
USD exchange to NTD	<u>USD 32,000 thousand</u>	2022/8/15
	December 31, 2021	
Derivative instruments	Contract amount (Notional principal)	
	Contract period	
Current items:		
Forward foreign exchange contracts		2021/9/28~
USD exchange to NTD	<u>USD 78,000 thousand</u>	2022/5/4
Foreign exchange swap		2021/10/20~
USD exchange to NTD	<u>USD 45,000 thousand</u>	2022/5/6

Derivative instruments	June 30, 2021	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2021/4/1~
USD exchange to NTD	<u>USD 56,000 thousand</u>	2021/9/16
Foreign exchange swap		2020/10/22~
USD exchange to NTD	<u>USD 38,000 thousand</u>	2021/11/8

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, 2022	December 31, 2021	June 30, 2021
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	<u>10,074</u>	<u>14,418</u>	<u>13,473</u>
Total	<u>\$ 18,739</u>	<u>\$ 23,083</u>	<u>\$ 22,138</u>

Non-current items:

Equity instruments

Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>	<u>\$ 58,187</u>
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- A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$76,926 thousand, \$81,207 thousand and \$80,325 thousand as at June 30, 2022, December 31, 2021 and June 30, 2021, respectively.
- B. Amounts recognized 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, 2022	Three-month period ended June 30, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ <u>2,597</u>)	(\$ <u>5,569</u>)
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ <u>4,344</u>)	(\$ <u>7,679</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) Financial assets at amortised cost

Items	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Time deposits with maturity over three months	\$ 474,106	\$ 141,344	\$ 4,758
Non-current items:			
Time deposits with maturity over three months	\$ 999,460	\$ -	\$ -
Pledged time deposits	20,950	-	-
	<u>\$ 1,020,410</u>	<u>\$ -</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Interest income	\$ 10,423	\$ 61
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Interest income	\$ 12,391	\$ 61

B. As at June 30, 2022, December 31, 2021 and June 30, 2021, 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 financial assets at amortised cost was \$1,494,156 thousand, \$141,344 thousand and \$4,758 thousand, respectively.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

D. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

E. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 2,996,847	\$ 4,141,247	\$ 4,310,701
Less: Discounted notes receivable	(600,228)	(1,252,792)	(872,618)
Less: Loss allowance	(9,277)	(9,277)	(9,277)
	<u>\$ 2,387,342</u>	<u>\$ 2,879,178</u>	<u>\$ 3,428,806</u>
Accounts receivable	\$ 10,154,539	\$ 9,162,913	\$ 9,837,098
Less: Loss allowance	(21,220)	(64,705)	(55,841)
	<u>\$ 10,133,319</u>	<u>\$ 9,098,208</u>	<u>\$ 9,781,257</u>

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

	June 30, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 8,638,315	\$ 2,396,619	\$ 7,580,524	\$ 2,888,455
Up to 30 days	1,068,857	-	1,082,707	-
31 to 90 days	352,242	-	323,352	-
91 to 180 days	73,736	-	113,396	-
Over 180 days	21,389	-	62,934	-
	<u>\$ 10,154,539</u>	<u>\$ 2,396,619</u>	<u>\$ 9,162,913</u>	<u>\$ 2,888,455</u>
	June 30, 2021			
	Accounts receivable	Notes receivable		
Without past due	\$ 7,917,521	\$ 3,438,083		
Up to 30 days	1,335,675	-		
31 to 90 days	395,588	-		
91 to 180 days	123,293	-		
Over 180 days	65,021	-		
	<u>\$ 9,837,098</u>	<u>\$ 3,438,083</u>		

The above ageing analysis was based on past due date.

- B. As at June 30, 2022, December 31, 2021 and June 30, 2021, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2021, the balance of receivables from contracts with customers amounted to \$14,060,370 thousand.
- C. As at June 30, 2022, December 31, 2021 and June 30, 2021, the Group had outstanding discounted notes receivable amounting to \$600,228 thousand, \$1,252,792 thousand and \$872,618 thousand, respectively, wherein the Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were presented as a deduction item to notes receivable.
- D. As at June 30, 2022, December 31, 2021 and June 30, 2021, the Group had outstanding discounted notes receivable amounting to \$82,536 thousand, \$197,567 thousand and \$291,934 thousand, respectively, wherein the Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as other payables.
- E. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$2,387,342 thousand and \$10,133,319 thousand; \$2,879,178 thousand and \$9,098,208 thousand; \$3,428,806 thousand and \$9,781,257 thousand, respectively.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

June 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,493,240	(\$ 10,228)	\$ 7,483,012
Work in progress	2,391,715	-	2,391,715
Finished goods	9,385,730	(256,798)	9,128,932
Buildings and land held for sale	2,109,614	-	2,109,614
Inventory in transit	183,001	-	183,001
	<u>\$ 21,563,300</u>	<u>(\$ 267,026)</u>	<u>\$ 21,296,274</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,326,921	\$ -	\$ 7,326,921
Work in progress	2,116,770	-	2,116,770
Finished goods	8,506,609	(188,147)	8,318,462
Buildings and land held for sale	2,099,624	-	2,099,624
Inventory in transit	494,911	-	494,911
	<u>\$ 20,544,835</u>	<u>(\$ 188,147)</u>	<u>\$ 20,356,688</u>
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>

The cost of inventories recognized as expense for the period:

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Cost of goods sold	\$ 18,749,894	\$ 19,786,134
Unallocated overheads	84,044	-
Others	(1,915)	(42,638)
	<u>\$ 18,832,023</u>	<u>\$ 19,743,496</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Cost of goods sold	\$ 38,316,194	\$ 40,400,810
Unallocated overheads	121,579	-
Others	15,452	(65,103)
	<u>\$ 38,453,225</u>	<u>\$ 40,335,707</u>

For the three-month and six-month periods 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.

(7) Investments accounted for using the equity method

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, 2022, December 31, 2021 and June 30, 2021, the carrying amount of the Group's individually immaterial joint ventures amounted to \$178,433 thousand, \$180,417 thousand and \$187,294 thousand, respectively.

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>
Share of profit of associates and joint ventures accounted for using the equity method	\$ 5,280	\$ 8,873
Total comprehensive income	<u>\$ 5,280</u>	<u>\$ 8,873</u>
	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Share of profit of associates and joint ventures accounted for using the equity method	\$ 8,016	\$ 14,313
Total comprehensive income	<u>\$ 8,016</u>	<u>\$ 14,313</u>

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.

(8) Property, plant and equipment, net

Six-month period ended June 30, 2022						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,507,668	\$ -	\$ -	\$ -	\$ 14,742	\$ 4,522,410
Buildings and structures	50,807,705	103,336	(1,975)	58,451	907,404	51,874,921
Machinery	104,284,856	244,332	(423,609)	988,221	2,009,731	107,103,531
Testing equipment	4,046,839	2,165	(9,355)	39,674	70,734	4,150,057
Transportation equipment	1,443,706	13,568	(11,989)	2,798	29,619	1,477,702
Office equipment	1,085,121	3,458	(3,264)	2,784	23,615	1,111,714
Other facilities	36,182,291	406,325	(410,200)	228,424	631,598	37,038,438
Unfinished construction and equipment under acceptance	3,649,423	854,300	(7,140)	(1,337,796)	60,330	3,219,117
	<u>\$ 206,007,609</u>	<u>\$ 1,627,484</u>	<u>(\$ 867,532)</u>	<u>(\$ 17,444)</u>	<u>\$ 3,747,773</u>	<u>\$ 210,497,890</u>
Accumulated depreciation						
Buildings and structures	(\$ 22,232,877)	(\$ 1,024,051)	\$ 1,772	\$ -	(\$ 437,728)	(\$ 23,692,884)
Machinery	(66,350,514)	(2,716,650)	325,898	-	(1,332,608)	(70,073,874)
Testing equipment	(3,360,290)	(129,809)	8,470	-	(58,300)	(3,539,929)
Transportation equipment	(1,179,659)	(42,078)	10,121	-	(24,119)	(1,235,735)
Office equipment	(919,083)	(38,341)	2,954	-	(20,087)	(974,557)
Other facilities	(30,260,627)	(1,264,354)	366,492	-	(537,774)	(31,696,263)
	<u>(\$ 124,303,050)</u>	<u>(\$ 5,215,283)</u>	<u>\$ 715,707</u>	<u>\$ -</u>	<u>(\$ 2,410,616)</u>	<u>(\$ 131,213,242)</u>
Accumulated impairment						
Machinery	(\$ 181,054)	\$ -	\$ 1,292	\$ -	(\$ 3,680)	(\$ 183,442)
Testing equipment	(268)	-	97	-	(6)	(177)
Transportation equipment	(1,956)	-	-	-	(43)	(1,999)
Office equipment	(46)	-	-	-	-	(46)
Other facilities	(20,917)	-	-	-	(415)	(21,332)
	<u>(\$ 204,241)</u>	<u>\$ -</u>	<u>\$ 1,389</u>	<u>\$ -</u>	<u>(\$ 4,144)</u>	<u>(\$ 206,996)</u>
	<u>\$ 81,500,318</u>					<u>\$ 79,077,652</u>

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>

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, 2022	Six-month period ended June 30, 2021
Amount capitalized	\$ 4,335	\$ 13,068
Range of the interest rates for capitalization	3.45%~3.78%	3.39%~3.77%

(9) 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 printers. Low-value assets comprise of computers.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
	Book value	Book value	Book value
Land	\$ 4,495,544	\$ 4,477,084	\$ 4,480,790
Buildings and structures	313,134	329,562	374,398
Machinery	11,761	12,944	14,977
Transportation equipment	92,822	118,917	139,039
Office equipment	4,196	3,837	1,923
Other equipment	20,765	25,942	19,397
	<u>\$ 4,938,222</u>	<u>\$ 4,968,286</u>	<u>\$ 5,030,524</u>
		Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
		<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land		\$ 25,872	\$ 25,158
Buildings and structures		22,209	21,814
Machinery		698	728
Transportation equipment		17,613	19,215
Office equipment		624	1,020
Other equipment		2,691	2,709
		<u>\$ 69,707</u>	<u>\$ 70,644</u>
		Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
		<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land		\$ 52,098	\$ 51,233
Buildings and structures		44,357	43,457
Machinery		1,390	1,491
Transportation equipment		37,565	38,551
Office equipment		1,028	1,933
Other equipment		5,354	5,438
		<u>\$ 141,792</u>	<u>\$ 142,103</u>

D. For the three-month and six-month periods ended June 30, 2022 and 2021, the additions to right-of-use assets amounted to \$8,252 thousand, \$13,361 thousand, \$20,154 thousand and \$21,528 thousand, respectively.

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

<u>Items affecting profit or loss</u>	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>
Interest expense on lease liabilities	\$ 3,131	\$ 3,837
Expense on short-term lease contracts	4,912	3,263
Expense on leases of low-value assets	766	702
Expense on variable lease payments	35,491	39,566
	<u>\$ 44,300</u>	<u>\$ 47,368</u>
<u>Items affecting profit or loss</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Interest expense on lease liabilities	\$ 6,392	\$ 7,901
Expense on short-term lease contracts	8,364	6,590
Expense on leases of low-value assets	1,468	1,409
Expense on variable lease payments	85,128	84,407
	<u>\$ 101,352</u>	<u>\$ 100,307</u>

F. For the three-month and six-month periods ended June 30, 2022 and 2021, the Group's total cash outflow for leases amounted to \$87,514 thousand, \$91,155 thousand, \$203,760 thousand and \$200,688 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 35.01% and 34.82%, respectively, of lease payments are on the basis of variable payment terms for the six-month periods ended June 30, 2022 and 2021 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 to occur.
- (b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$851 thousand and \$844 thousand for the six-month periods ended June 30, 2022 and 2021, respectively.

(10) Investment property, net

Six-month period ended June 30, 2022					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at June 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	458,893	-	-	9,428	468,321
	<u>\$ 795,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,428</u>	<u>\$ 804,742</u>
Accumulated depreciation					
Buildings and structures	(\$ 238,260)	(\$ 11,845)	\$ -	(\$ 4,713)	(\$ 254,818)
Accumulated impairment					
Land	(\$ 51,038)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(\$ 51,038)
	<u>\$ 506,016</u>				<u>\$ 498,886</u>
Six-month period ended June 30, 2021					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at 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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(\$ 51,038)
	<u>\$ 531,097</u>				<u>\$ 515,804</u>

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

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Rental income from investment property	<u>\$ 8,023</u>	<u>\$ 7,598</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 5,949</u>	<u>\$ 5,797</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Rental income from investment property	<u>\$ 15,994</u>	<u>\$ 15,253</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 11,845</u>	<u>\$ 11,654</u>

B. The fair value of the investment property held by the Group as at June 30, 2022, December 31, 2021 and June 30, 2021 was \$1,099,293 thousand, \$1,087,704 thousand and \$1,085,079 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.

(11) Other non-current assets

	June 30, 2022	December 31, 2021	June 30, 2021
Intangible assets	\$ 223,728	\$ 222,669	\$ 199,621
Others	132,157	252,490	788,520
	<u>\$ 355,885</u>	<u>\$ 475,159</u>	<u>\$ 988,141</u>

Movements in intangible assets:

		Six-month period ended June 30, 2022					
		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	\$	630,881	\$ 16,186	(\$ 263)	\$ 33,156	\$ 14,409	\$ 694,369
Others		7,832	-	-	-	171	8,003
	<u>\$</u>	<u>638,713</u>	<u>\$ 16,186</u>	<u>(\$ 263)</u>	<u>\$ 33,156</u>	<u>\$ 14,580</u>	<u>\$ 702,372</u>
Accumulated amortisation							
Computer software	(\$	412,128)	(\$ 52,228)	\$ 263	\$ -	(\$ 10,149)	(\$ 474,242)
Others	(3,916)	(399)	-	-	(87)	(4,402)
	<u>(\$</u>	<u>416,044)</u>	<u>(\$ 52,627)</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>(\$ 10,236)</u>	<u>(\$ 478,644)</u>
	<u>\$</u>	<u>222,669</u>					<u>\$ 223,728</u>
		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
	<u>\$</u>	<u>537,938</u>	<u>\$ 30,321</u>	<u>(\$ 380)</u>	<u>\$ 32,223</u>	<u>(\$ 10,354)</u>	<u>\$ 589,748</u>
Accumulated amortisation							
Computer software	(\$	353,013)	(\$ 41,150)	\$ 380	\$ -	\$ 7,152	(\$ 386,631)
Others	(3,157)	(392)	-	-	53	(3,496)
	<u>(\$</u>	<u>356,170)</u>	<u>(\$ 41,542)</u>	<u>\$ 380</u>	<u>\$ -</u>	<u>\$ 7,205</u>	<u>(\$ 390,127)</u>
	<u>\$</u>	<u>181,768</u>					<u>\$ 199,621</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Operating costs	\$ 3,360	\$ 2,627
Selling expenses	4,241	2,514
Administrative expenses	12,602	10,887
Research and development expenses	6,796	4,215
	<u>\$ 26,999</u>	<u>\$ 20,243</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Operating costs	\$ 6,143	\$ 5,302
Selling expenses	8,023	4,553
Administrative expenses	25,003	23,765
Research and development expenses	13,458	7,922
	<u>\$ 52,627</u>	<u>\$ 41,542</u>

(12) Short-term borrowings

Type of borrowings	June 30, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 5,581,329</u>	1.28% ~ 5.10%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 9,365,279</u>	0.38% ~ 5.10%	None

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

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

(13) Other payables

	June 30, 2022	December 31, 2021	June 30, 2021
Dividend payable	\$ 3,889,708	\$ 9	\$ 657
Wages and salaries payable	1,259,803	1,563,890	1,141,812
Payable on machinery and equipment	529,401	565,792	617,205
Employee compensation payable	222,553	291,891	238,728
Compensation due to directors	157,432	111,217	172,497
Others	2,953,795	2,873,730	3,218,079
	<u>\$ 9,012,692</u>	<u>\$ 5,406,529</u>	<u>\$ 5,388,978</u>

(14) Other current liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Advance receipts	\$ 6,594	\$ 604	\$ 1,184
Refund liabilities	145,381	156,599	415,086
Others	238,457	201,967	140,341
	<u>\$ 390,432</u>	<u>\$ 359,170</u>	<u>\$ 556,611</u>

(15) Bonds payable

	June 30, 2022	December 31, 2021	June 30, 2021
Bonds payable -issued in 2016	\$ -	\$ -	\$ 2,500,000
Bonds payable -issued in 2017	3,500,000	3,500,000	7,000,000
Bonds payable -issued in 2018	5,000,000	5,000,000	5,000,000
Bonds payable -issued in 2021	8,000,000	8,000,000	-
	16,500,000	16,500,000	14,500,000
Less: Current portion	(6,000,000)	(6,000,000)	(6,000,000)
	<u>\$ 10,500,000</u>	<u>\$ 10,500,000</u>	<u>\$ 8,500,000</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 FSC on July 27, 2021 and completed on August 5, 2021. The bonds were fully issued and total issuance amount was \$8 billion with a coupon rate of 0.60%. The issuance period of the bonds is 5 years, which is from August 5, 2021 to August 5, 2026. 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 meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on 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 was 5 years, which is from July 25, 2018 to 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.

C. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on 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 was 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.

- D. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on 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 was 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.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2022
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2029.	0.94% ~ 3.25%	None	\$ 21,174,754
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	150,926
				21,325,680
Less: Current portion				(3,422,716)
				<u>\$ 17,902,964</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2029.	0.70% ~ 1.87%	None	\$ 22,204,918
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	173,760
				22,378,678
Less: Current portion				(4,113,518)
				<u>\$ 18,265,160</u>

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)
				\$ 19,826,670

- 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 December 31, 2021.
- 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, 2022	December 31, 2021	June 30, 2021
USD	\$ 13,056,987	\$ 12,507,669	\$ 12,648,440

(17) 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 \$3,491 thousand, \$3,727 thousand, \$6,983 thousand and \$7,453 thousand for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.

- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$13,256 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, 2022 and 2021 were \$33,742 thousand, \$40,658 thousand, \$68,639 thousand and \$75,945 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, 2022 and 2021 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, 2022 and 2021, were \$153,734 thousand, \$82,176 thousand, \$307,275 thousand and \$161,654 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees 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, 2022 and 2021, were \$12,622 thousand, \$12,459 thousand, \$25,845 thousand and \$26,386 thousand, respectively.
- (18) Share capital
As at June 30, 2022, the Company’s authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.
- (19) 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.
- (20) Retained earnings
A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company’s accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

- B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' and supervisors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' and supervisors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The Company recognized dividends distributed to shareholders amounting to \$3,889,699 thousand and \$3,241,416 thousand (\$1.2 (in dollars) and \$1.0 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On May 31, 2022, shareholders during their meeting resolved that total dividends for the distribution of earnings for the year of 2021 was \$3,889,699 thousand at \$1.2 (in dollars) per share.

(21) Other equity items

	2022		
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 7,602,556)	\$ 14,418	(\$ 7,588,138)
Valuation adjustment – Group	-	(4,344)	(4,344)
Currency translation differences:			
– Group	2,012,330	-	2,012,330
– Tax on Group	(402,466)	-	(402,466)
At June 30	<u>(\$ 5,992,692)</u>	<u>\$ 10,074</u>	<u>(\$ 5,982,618)</u>

	2021		
	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income		
	Currency translation		Total
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	<u>(\$ 7,774,327)</u>	<u>\$ 13,473</u>	<u>(\$ 7,760,854)</u>

(22) Operating revenue

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Revenue from contracts with customers	<u>\$ 24,058,036</u>	<u>\$ 25,528,918</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Revenue from contracts with customers	<u>\$ 48,835,989</u>	<u>\$ 53,095,128</u>

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 geographical regions:

Three-month period ended June 30, 2022					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	<u>\$ 1,704,681</u>	<u>\$ 9,509,235</u>	<u>\$ 2,767,729</u>	<u>\$ 10,076,391</u>	<u>\$ 24,058,036</u>
Three-month period ended June 30, 2021					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	<u>\$ 1,689,484</u>	<u>\$ 12,200,964</u>	<u>\$ 2,405,816</u>	<u>\$ 9,232,654</u>	<u>\$ 25,528,918</u>
Six-month period ended June 30, 2022					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	<u>\$ 3,521,299</u>	<u>\$ 20,230,586</u>	<u>\$ 5,392,559</u>	<u>\$ 19,691,545</u>	<u>\$ 48,835,989</u>
Six-month period ended June 30, 2021					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	<u>\$ 3,495,224</u>	<u>\$ 25,810,870</u>	<u>\$ 4,750,399</u>	<u>\$ 19,038,635</u>	<u>\$ 53,095,128</u>

B. Contract liabilities

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

	June 30, 2022	December 31, 2021
Contract liabilities:		
Advance sales receipts	\$ 671,822	\$ 1,024,767
Customer loyalty programmes	13,805	22,807
Total	<u>\$ 685,627</u>	<u>\$ 1,047,574</u>
	June 30, 2021	January 1, 2021
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>
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Advance sales receipts	\$ 26,595	\$ 44,167
Customer loyalty programmes	-	-
	<u>\$ 26,595</u>	<u>\$ 44,167</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Advance sales receipts	\$ 850,671	\$ 812,366
Customer loyalty programmes	22,807	30,922
	<u>\$ 873,478</u>	<u>\$ 843,288</u>

(23) Interest income

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Interest income from bank deposits	\$ 70,711	\$ 42,851
Interest income from financial assets at amortised cost	10,423	61
Interest income from financial assets at fair value through profit or loss	-	494
	<u>\$ 81,134</u>	<u>\$ 43,406</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Interest income from bank deposits	\$ 127,468	\$ 62,140
Interest income from financial assets at amortised cost	12,391	61
Interest income from financial assets at fair value through profit or loss	-	632
	<u>\$ 139,859</u>	<u>\$ 62,833</u>

(24) Other income

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Grant revenue	\$ 91,557	\$ 67,799
Other income	58,428	80,271
	<u>\$ 149,985</u>	<u>\$ 148,070</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Grant revenue	\$ 182,628	\$ 176,770
Other income	121,755	130,074
	<u>\$ 304,383</u>	<u>\$ 306,844</u>

(25) Other gains and losses

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Net currency exchange loss	(\$ 244,983)	(\$ 136,005)
Loss on disposal of property, plant and equipment	(32,959)	(32,808)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	109,844	(24,928)
Miscellaneous disbursement	(18,699)	(34,372)
	<u>(\$ 186,797)</u>	<u>(\$ 228,113)</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Net currency exchange loss	(\$ 211,926)	(\$ 561,948)
Loss on disposal of property, plant and equipment	(64,599)	(39,586)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	205,927	(45,624)
Miscellaneous disbursement	(34,844)	(67,975)
	<u>(\$ 105,442)</u>	<u>(\$ 715,133)</u>

(26) Finance costs

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Interest expense:		
Bank borrowings	\$ 119,706	\$ 100,870
Corporate bonds	31,800	33,246
Provisions-discount	2,914	2,588
Lease liability-interest expense	3,131	3,837
	<u>\$ 157,551</u>	<u>\$ 140,541</u>
Less: Capitalisation of qualifying assets	(2,069)	(6,542)
Finance costs	<u>\$ 155,482</u>	<u>\$ 133,999</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Interest expense:		
Bank borrowings	\$ 210,813	\$ 212,238
Corporate bonds	63,251	66,127
Provisions-discount	5,735	5,176
Lease liability-interest expense	6,392	7,901
	<u>\$ 286,191</u>	<u>\$ 291,442</u>
Less: Capitalisation of qualifying assets	(4,355)	(13,068)
Finance costs	<u>\$ 281,836</u>	<u>\$ 278,374</u>

(27) Expenses by nature

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Employee benefit expense		
Wages and salaries	\$ 2,783,231	\$ 3,088,867
Labour and health insurance fees	168,247	192,639
Pension costs	203,589	139,020
Directors' remuneration	29,461	30,571
Other personnel expenses	197,163	221,956
	<u>\$ 3,381,691</u>	<u>\$ 3,673,053</u>
Raw materials and supplies used	<u>\$ 12,394,082</u>	<u>\$ 13,538,699</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,608,291</u>	<u>\$ 2,724,204</u>
Depreciation expense on right-of-use assets	<u>\$ 69,707</u>	<u>\$ 70,644</u>
Depreciation expense on investment property	<u>\$ 5,949</u>	<u>\$ 5,797</u>
Amortisation expense on intangible assets	<u>\$ 26,999</u>	<u>\$ 20,243</u>

	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Employee benefit expense		
Wages and salaries	\$ 5,591,244	\$ 6,323,142
Labour and health insurance fees	351,114	362,803
Pension costs	408,742	271,438
Directors' remuneration	61,033	82,377
Other personnel expenses	393,618	422,921
	<u>\$ 6,805,751</u>	<u>\$ 7,462,681</u>
Raw materials and supplies used	<u>\$ 25,018,713</u>	<u>\$ 26,990,432</u>
Depreciation expense on property, plant and equipment	<u>\$ 5,215,283</u>	<u>\$ 5,523,859</u>
Depreciation expense on right-of-use assets	<u>\$ 141,792</u>	<u>\$ 142,103</u>
Depreciation expense on investment property	<u>\$ 11,845</u>	<u>\$ 11,654</u>
Amortisation expense on intangible assets	<u>\$ 52,627</u>	<u>\$ 41,542</u>

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' 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 six-month periods ended June 30, 2022 and 2021, employees' compensation was accrued at \$32,393 thousand, \$35,665 thousand, \$67,423 thousand and \$82,215 thousand, respectively; while directors' remuneration was accrued at \$24,295 thousand, \$26,749 thousand, \$50,568 thousand and \$61,661 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.5% of distributable profit of current year for the six-month period ended June 30, 2022. Employees' compensation and directors' remuneration for 2021 amounting to \$130,705 thousand and \$98,028 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. The employees' compensation for 2021 will be distributed in the form of cash. As of August 10, 2022, the employees' compensation for 2021 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.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>
Current tax:		
Current tax on profits for the period	\$ 636,482	\$ 420,967
Prior year income tax under (over) estimation	<u>1,454</u>	<u>(129,616)</u>
Total current tax	<u>637,936</u>	<u>291,351</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(64,375)</u>	<u>91,716</u>
Total current tax	<u>(64,375)</u>	<u>91,716</u>
Income tax expense	<u>\$ 573,561</u>	<u>\$ 383,067</u>
	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Current tax:		
Current tax on profits for the period	\$ 1,053,944	\$ 961,714
Prior year income tax overestimation	<u>(29,435)</u>	<u>(101,143)</u>
Total current tax	<u>1,024,509</u>	<u>860,571</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>24,160</u>	<u>289,947</u>
Total current tax	<u>24,160</u>	<u>289,947</u>
Income tax expense	<u>\$ 1,048,669</u>	<u>\$ 1,150,518</u>

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

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>
Generated during the period :		
Currency translation differences	<u>\$ 211,810</u>	<u>\$ 147,555</u>
	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Generated during the period :		
Currency translation differences	<u>(\$ 402,466)</u>	<u>\$ 285,470</u>

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

(29) Earnings per share

Three-month period ended June 30, 2022			
	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	\$ 1,147,977	3,241,416	\$ 0.35
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,147,977	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,919	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,147,977	3,243,335	\$ 0.35
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	-	1,771	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,587,303	3,243,187	\$ 0.49

Six-month period ended June 30, 2022			
	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	<u>\$ 2,522,329</u>	<u>3,241,416</u>	<u>\$ 0.78</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,522,329	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>3,662</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,522,329</u>	<u>3,245,078</u>	<u>\$ 0.78</u>
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	<u>\$ 3,400,978</u>	<u>3,241,416</u>	<u>\$ 1.05</u>
<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	<u>-</u>	<u>3,236</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 3,400,978</u>	<u>3,244,652</u>	<u>\$ 1.05</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Purchase of property, plant and equipment	\$ 1,627,484	\$ 2,226,561
Add: Opening balance of payable on equipment	565,792	607,905
Less: Ending balance of payable on equipment	(529,401)	(617,205)
Cash paid during the period	<u>\$ 1,663,875</u>	<u>\$ 2,217,261</u>

(31) Changes in liabilities from financing activities

	2022				
	Short-term borrowings	Long-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 9,365,279	\$ 22,378,678	\$ 556,358	\$ 250,496	\$ 32,550,811
Changes in cash flow from financing activities	(3,989,585)	(1,759,124)	(102,408)	13,170	(5,837,947)
Interest paid	-	-	(6,392)	-	(6,392)
Additions	-	-	17,238	-	17,238
Amortisation of interest expense	-	-	6,392	-	6,392
Impact of changes in foreign exchange rate	<u>205,635</u>	<u>706,126</u>	<u>25,626</u>	<u>-</u>	<u>937,387</u>
At June 30	<u>\$ 5,581,329</u>	<u>\$ 21,325,680</u>	<u>\$ 496,814</u>	<u>\$ 263,666</u>	<u>\$ 27,667,489</u>
	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	<u>\$ 7,140,448</u>	<u>\$ 22,906,347</u>	<u>\$ 612,568</u>	<u>\$ 255,159</u>	<u>30,914,522</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Toyo Tire & Rubber Co., Ltd.	Associate which invests in subsidiary by using the equity method
New Pacific IND. CD., LTD.	Investee accounted for using the equity method
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's vice chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's director is the company's representative
Jye Luo Memory Co Ltd.	The Company's director is the company's representative
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

(2) Significant related party transactions

A. Operating revenue

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>
Sales of goods:		
-Other related parties	\$ <u>85,497</u>	\$ <u>65,858</u>
	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Sales of goods:		
-Other related parties	\$ <u>143,572</u>	\$ <u>120,814</u>

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

B. Receivables from related parties

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts receivable:			
-Other related parties	\$ <u>74,908</u>	\$ <u>39,826</u>	\$ <u>36,658</u>

C. Loans to / from related parties: shown as long-term liabilities, current portion and long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Payables due to related parties :			
-Other related parties	\$ 150,926	\$ 173,760	\$ 172,360

The Group obtained financing from other related parties and financial institutions for capital needs. Please refer to Note 6(16) for interest rates, borrowing periods and repayment methods.

D. Lease transactions - lessee

(a) The Group leases lands from 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, 2022	December 31, 2021	June 30, 2021
Key management personnel	\$ 13,914	\$ 27,829	\$ 27,700

ii. Interest expense

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Key management personnel	\$ 30	\$ 64
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Key management personnel	\$ 61	\$ 129

(3) Key management compensation

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Short-term employee benefits	\$ 65,515	\$ 65,004
Post-employment benefits	491	348
	\$ 66,006	\$ 65,352
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Short-term employee benefits	\$ 132,618	\$ 135,420
Post-employment benefits	982	695
	\$ 133,600	\$ 136,115

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	June 30, 2022	December 31, 2021	June 30, 2021	Purpose
Time deposits (shown as 'Financial assets at amortised cost - non-current')	\$ 20,950	\$ -	\$ -	Customs guarantee

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, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	\$ 2,947,524	\$ 2,607,008	\$ 2,922,230

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

	June 30, 2022	December 31, 2021	June 30, 2021
Amount of letter of credit that has been issued but not yet used	\$ 594	\$ 6,877	\$ 9,675

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the six-month period ended June 30, 2022, the Group's strategy was unchanged from 2021. The Group maintained the gearing ratios below 200%. The gearing ratios at June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Total liabilities	\$ 66,644,601	\$ 68,244,629	\$ 64,748,702
Total equity	\$ 81,739,398	\$ 81,477,368	\$ 83,239,135
Less : Intangible assets	(223,728)	(222,669)	(199,621)
Tangible equity	\$ 81,515,670	\$ 81,254,699	\$ 83,039,514
Debt-equity ratio	82%	84%	78%

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 51,837</u>	<u>\$ 17,648</u>	<u>\$ 90,489</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 76,926</u>	<u>\$ 81,270</u>	<u>\$ 80,325</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 24,548,954	\$ 25,927,827	\$ 19,077,396
Financial assets at amortised cost	1,494,516	141,344	4,758
Notes receivable, net	2,387,342	2,879,178	3,428,806
Accounts receivable (including related parties)	10,208,227	9,138,034	9,817,915
Guarantee deposits paid	<u>49,850</u>	<u>68,967</u>	<u>50,527</u>
	<u>\$ 38,688,889</u>	<u>\$ 38,155,350</u>	<u>\$ 32,379,402</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,931</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 5,581,329	\$ 9,365,279	\$ 7,140,448
Notes payable	283,901	320,028	204,068
Accounts payable	7,689,407	7,536,483	7,977,628
Other accounts payable	9,012,692	5,406,529	5,388,978
Corporate bonds payable (including current portion)	16,500,000	16,500,000	14,500,000
Long-term borrowings (including current portion)	21,325,680	22,378,678	22,906,347
Guarantee deposits received	<u>263,666</u>	<u>250,496</u>	<u>255,159</u>
	<u>\$ 60,656,675</u>	<u>\$ 61,757,493</u>	<u>\$ 58,372,628</u>
Lease liabilities (including current portion)	<u>\$ 496,814</u>	<u>\$ 556,358</u>	<u>\$ 621,568</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, 2022

(Foreign currency: functional currency)	Sensitivity analysis					
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 142,501	29.720	\$ 4,235,130	1%	\$ 42,351	\$ -
RMB : TWD	269,677	4.439	1,197,096	1%	11,971	-
EUR : TWD	18,971	31.050	589,050	1%	5,891	-
JPY : TWD	2,328,362	0.218	507,583	1%	5,076	-
USD : RMB	85,681	6.695	2,546,363	1%	25,464	-
EUR : RMB	26,067	6.995	809,401	1%	8,094	-
JPY : RMB	557,348	0.049	121,229	1%	1,212	-
GBP : RMB	2,859	8.126	103,128	1%	1,031	-
RUB : RMB	184,918	0.124	101,786	1%	1,018	-
USD : THB	58,084	35.093	1,726,476	1%	17,265	-
EUR : THB	5,879	36.663	182,564	1%	1,826	-
USD : VND	12,798	23587.302	380,357	1%	3,804	-
USD : CAD	13,728	1.291	407,980	1%	4,080	-

June 30, 2022						
(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	\$ 28,713	29.720	\$ 853,350	1%	\$ 8,534	\$ -
USD : RMB	27,418	6.695	814,838	1%	8,148	-
USD : THB	14,916	35.093	443,360	1%	4,434	-
USD : VND	69,215	23587.302	2,057,070	1%	20,571	-
USD : CAD	8,597	1.291	255,493	1%	2,555	-
USD : IDR	307,194	15010.101	9,129,806	1%	91,298	-
USD : INR	190,445	78.959	5,660,057	1%	56,601	-

December 31, 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 assets</u>						
	<u>Monetary items</u>						
	USD : TWD	\$ 299,575	27.680	\$ 8,292,236	1%	\$ 82,922	\$ -
RMB : TWD	33,151	4.344	144,008	1%	1,440	-	
EUR : TWD	20,586	31.320	644,754	1%	6,448	-	
JPY : TWD	1,343,878	0.241	323,875	1%	3,239	-	
USD : RMB	69,698	6.372	1,929,238	1%	19,292	-	
EUR : RMB	23,169	7.210	725,659	1%	7,257	-	
JPY : RMB	455,696	0.055	108,875	1%	1,089	-	
GBP : RMB	5,621	8.587	209,674	1%	2,097	-	
RUB : RMB	803,143	0.085	296,553	1%	2,966	-	
USD : THB	46,563	33.162	1,289,342	1%	12,893	-	
USD : VND	6,388	23,066.667	176,820	1%	1,768	-	
USD : CAD	10,588	1.280	293,008	1%	2,930	-	
USD : IDR	32,830	13,979.798	908,734	1%	9,087	-	

December 31, 2021								
(Foreign currency: functional currency)	Financial liabilities	<u>Monetary items</u>	Foreign currency amount (thousands)	<u>Exchange rate</u>	Book value (TWD in thousands)	Sensitivity analysis		
						Degree of variation	Effect on profit or loss	Effect on other comprehensive income

June 30, 2021

(Foreign currency: functional currency)	Sensitivity analysis					
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	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		-

- iv. The exchange gain (loss) including realized and unrealized 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, 2022 and 2021 amounted to \$(244,983) thousand, (\$136,005) thousand, \$(211,926) thousand and (\$561,948) 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, 2022 and 2021 would have increased/decreased by \$769 thousand and \$803 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, 2022 and 2021, the Group's borrowings at variable rate were denominated in the TWD, USD, THB, RMB 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, 2022 and 2021, if interest rates on TWD, USD, THB, RMB 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, 2022 and 2021 would have been \$26,921 thousand and \$29,921 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 and financial assets at amortised cost 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, 2022, December 31, 2021 and June 30, 2021, 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, 2022, December 31, 2021 and June 30, 2021, the provision matrix is as follows:

<u>June 30, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 8,638,315	\$ -
Up to 30 days	0.85%	1,068,857	9,085
31 to 90 days	1.12%	352,242	3,945
91 to 180 days	3.98%	73,736	2,935
Over 180 days	6.62%	17,278	1,144
Individual	100.00%	4,111	4,111
		<u>\$ 10,154,539</u>	<u>\$ 21,220</u>

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 7,580,524	\$ -
Up to 30 days	0.95%	1,082,707	10,286
31 to 90 days	1.52%	323,352	4,915
91 to 180 days	4.17%	113,396	4,729
Over 180 days	8.59%	19,865	1,706
Individual	100.00%	43,069	43,069
		<u>\$ 9,162,913</u>	<u>\$ 64,705</u>

<u>June 30, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
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>

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

	2022	2021
At January 1	\$ 64,705	\$ 60,595
(Reversal of) provision for impairment	(1,834)	173
Write-offs	(43,036)	(4,093)
Effect of exchange rate changes	1,385	(834)
At June 30	<u>\$ 21,220</u>	<u>\$ 55,841</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, 2022

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	\$ 4,247,841	\$ 594,420	\$ 767,978	\$ -	\$ 5,610,239
Notes and accounts payable	7,973,308	-	-	-	7,973,308
Other payables	8,730,432	61	142,776	139,423	9,012,692
Lease liability	41,184	40,861	88,902	325,867	496,814
Guarantee deposits received	70	3	2,933	260,660	263,666
Long-term borrowings	894,267	908,407	1,999,796	18,464,592	22,267,062
Bonds payable	6,127,550	-	-	10,689,750	16,817,300

December 31, 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	\$ 7,736,631	\$ 955,728	\$ 701,310	\$ -	\$ 9,393,669
Notes and accounts payable	7,856,511	-	-	-	7,856,511
Other payables	5,094,067	91	164,103	148,268	5,406,529
Lease liability	55,562	39,884	75,938	384,974	556,358
Guarantee deposits received	296	5	5	250,190	250,496
Long-term borrowings	977,145	121,404	3,340,797	18,412,446	22,851,792
Bonds payable	-	-	6,127,550	10,689,750	16,817,300

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

(3) Fair value information

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(10).

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, financial assets at amortised cost, 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, 2022				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 16,500,000	\$ -	\$ 16,604,208	\$ -
December 31, 2021				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 16,500,000	\$ -	\$ 16,546,968	\$ -

June 30, 2021				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 14,500,000	\$ -	\$ 14,606,193	\$ -
(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, 2022				
	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	\$ -	\$ 51,837	\$ -	\$ 51,837
Financial assets at fair value through other comprehensive income				
- Equity securities	18,739	-	58,187	76,926
Total	\$ 18,739	\$ 51,837	\$ 58,187	\$ 128,763
December 31, 2021				
	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	\$ -	\$ 17,648	\$ -	\$ 17,648
Financial assets at fair value through other comprehensive income				
- Equity securities	23,083	-	58,187	81,270
Total	\$ 23,083	\$ 17,648	\$ 58,187	\$ 98,918

	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	<u>\$ 22,138</u>	<u>\$ 90,489</u>	<u>\$ 58,187</u>	<u>\$ 170,814</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
- Derivative instruments	<u>\$ -</u>	<u>\$ 26,931</u>	<u>\$ -</u>	<u>\$ 26,931</u>

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

- i. For Level 1, the Group used market quoted prices as their fair values according to the characteristics of instruments. Listed shares and balanced mutual fund use closing price as their fair values.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- iii. Level 2: When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the six-month periods ended June 30, 2022 and 2021, 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, 2022 and 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: please refer to table 1.
- B. Provision of endorsements and guarantees to others: please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6 (2), 6(25) and 12(2), 12(3).

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: please refer to table 9.

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

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

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the six-month period ended June 30, 2022: please refer to tables 5, 6 and 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

Three-month period ended June 30, 2022						
	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	\$ 3,983,258	\$ 3,936,379	\$ 4,511,587	\$ 2,517,122	\$ 5,441,692	\$ 20,390,038
Revenue from inter-segment revenue	2,324,556	370,259	124,036	370,910	1,065,807	4,255,568
Total segment revenue	<u>\$ 6,307,814</u>	<u>\$ 4,306,638</u>	<u>\$ 4,635,623</u>	<u>\$ 2,888,032</u>	<u>\$ 6,507,499</u>	<u>\$ 24,645,606</u>
Geographical regions						
Taiwan	\$ 2,498,235	\$ 56,009	\$ 37,314	\$ 6,075	\$ 51,594	\$ 2,649,227
China	58,090	2,776,979	3,715,171	2,224	4,063,165	10,615,629
US	1,566,017	132,636	-	299,501	112,476	2,110,630
Others	2,185,472	1,341,014	883,138	2,580,232	2,280,264	9,270,120
Total	<u>\$ 6,307,814</u>	<u>\$ 4,306,638</u>	<u>\$ 4,635,623</u>	<u>\$ 2,888,032</u>	<u>\$ 6,507,499</u>	<u>\$ 24,645,606</u>
Segment income	<u>\$ 1,389,218</u>	<u>\$ 62,076</u>	<u>(\$ 205,569)</u>	<u>\$ 315,529</u>	<u>\$ 777,379</u>	<u>\$ 2,338,633</u>
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>

Six-month period ended June 30, 2022

	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	\$ 7,944,665	\$ 7,910,730	\$ 10,261,678	\$ 5,033,857	\$ 10,370,208	\$ 41,521,138
Revenue from inter-segment revenue	<u>4,756,441</u>	<u>831,594</u>	<u>225,032</u>	<u>594,955</u>	<u>2,145,304</u>	<u>8,553,326</u>
Total segment revenue	<u>\$ 12,701,106</u>	<u>\$ 8,742,324</u>	<u>\$ 10,486,710</u>	<u>\$ 5,628,812</u>	<u>\$ 12,515,512</u>	<u>\$ 50,074,464</u>
Geographical regions						
Taiwan	\$ 5,171,409	\$ 117,031	\$ 53,340	\$ 12,820	\$ 99,921	\$ 5,454,521
China	129,637	5,849,174	8,420,732	2,914	8,111,527	22,513,984
US	3,107,658	227,964	-	472,218	207,920	4,015,760
Others	<u>4,292,402</u>	<u>2,548,155</u>	<u>2,012,638</u>	<u>5,140,860</u>	<u>4,096,144</u>	<u>18,090,199</u>
Total	<u>\$ 12,701,106</u>	<u>\$ 8,742,324</u>	<u>\$ 10,486,710</u>	<u>\$ 5,628,812</u>	<u>\$ 12,515,512</u>	<u>\$ 50,074,464</u>
Segment income	<u>\$ 2,796,040</u>	<u>\$ 179,837</u>	<u>(\$ 363,690)</u>	<u>\$ 535,693</u>	<u>\$ 1,318,678</u>	<u>\$ 4,466,558</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	<u>5,380,189</u>	<u>864,134</u>	<u>251,484</u>	<u>786,410</u>	<u>3,115,668</u>	<u>10,397,885</u>
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	<u>4,052,058</u>	<u>2,185,722</u>	<u>2,460,281</u>	<u>5,625,348</u>	<u>3,629,270</u>	<u>17,952,679</u>
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>

(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, 2022	Three-month period ended June 30, 2021
Adjusted revenue from reportable segments	\$ 24,645,606	\$ 27,682,444
Adjusted revenue from other operating segments	3,955,259	3,561,727
Total operating segments	28,600,865	31,244,171
Elimination of inter-segment revenue	(4,542,829)	(5,715,253)
Total consolidated operating revenue	<u>\$ 24,058,036</u>	<u>\$ 25,528,918</u>
Geographical regions		
Geographical regions from reportable segments	\$ 24,645,606	\$ 27,682,444
Geographical regions from other operating segments		
Taiwan	37,617	26,590
China	423,463	614,218
US	2,268,048	1,933,089
Others	1,226,131	987,830
Total geographical regions	28,600,865	31,244,171
Elimination of inter-segment revenue	(4,542,829)	(5,715,253)
Total consolidated operating revenue	<u>\$ 24,058,036</u>	<u>\$ 25,528,918</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Adjusted revenue from reportable segments	\$ 50,074,464	\$ 57,233,453
Adjusted revenue from other operating segments	7,879,103	6,951,464
Total operating segments	57,953,567	64,184,917
Elimination of inter-segment revenue	(9,117,578)	(11,089,789)
Total consolidated operating revenue	<u>\$ 48,835,989</u>	<u>\$ 53,095,128</u>
Geographical regions		
Geographical regions from reportable segments	\$ 50,074,464	\$ 57,233,453
Geographical regions from other operating segments		
Taiwan	68,133	38,478
China	910,012	1,059,941
US	4,456,498	3,779,482
Others	2,444,460	2,073,563
Total geographical regions	57,953,567	64,184,917
Elimination of inter-segment revenue	(9,117,578)	(11,089,789)
Total consolidated operating revenue	<u>\$ 48,835,989</u>	<u>\$ 53,095,128</u>

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

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Adjusted income from reportable segments before income tax	\$ 2,338,633	\$ 2,200,247
Adjusted loss from other operating segments before income tax	(581,013)	(230,968)
Total operating segments	1,757,620	1,969,279
(Loss) income from elimination of inter-segment revenue	(25,741)	15,893
Income from continuing operations before income tax	<u>\$ 1,731,879</u>	<u>\$ 1,985,172</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2022
Adjusted income from reportable segments before income tax	\$ 4,466,558	\$ 5,587,664
Adjusted loss from other operating segments before income tax	(878,744)	(1,005,239)
Total operating segments	3,587,814	4,582,425
Loss from elimination of inter-segment revenue	(4,869)	(9,737)
Income from continuing operations before income tax	<u>\$ 3,582,945</u>	<u>\$ 4,572,688</u>

CHENG SHIN RUBBER IND. CO., LTD.
Loans to others
Six-month period ended June 30, 2022

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	Balance at June	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)	Ceiling on total loans granted	Footnote
					June 30, 2022	30, 2022 (Note 7)							Item	Value		(Note 4 、 5)	
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 3,379,500	\$ 3,329,250	\$ 2,410,377	3.70%~3.85%	Note 6	\$ -	Operating capital	\$ -	None	\$ -	\$ 5,260,280	\$ 8,767,134	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	3,329,250	2,219,500	1,575,845	3.70%~3.85%	Note 6	-	Operating capital	-	None	-	5,260,280	8,767,134	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	585,780	577,070	421,705	4.70%~4.85%	Note 6	-	Operating capital	-	None	-	5,260,280	8,767,134	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	13,518	-	-	-	Note 6	-	Operating capital	-	None	-	5,260,280	8,767,134	Note 8
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	450,600	443,900	355,120	3.25%	Note 6	-	Operating capital	-	None	-	5,065,203	10,130,405	Note 8
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	1,126,500	1,109,750	568,192	3.70%~3.85%	Note 6	-	Operating capital	-	None	-	7,099,895	11,833,158	Note 8
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	675,900	665,850	93,219	3.70%~3.85%	Note 6	-	Operating capital	-	None	-	7,099,895	11,833,158	Note 8

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 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 5: 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 6: 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 7: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

Note 8: 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, 2022

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, 2022	Outstanding endorsement/ guarantee amount at June 30, 2022	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	\$ 40,578,310	\$ 866,100	\$ -	\$ -	\$ -	-	\$ 56,809,633	Y	N	N	Note 2 、 Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	40,578,310	8,628,536	8,628,536	6,140,194	-	10.63	56,809,633	Y	N	N	Note 2 、 Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	40,578,310	13,269,645	12,978,724	8,857,551	-	15.99	56,809,633	Y	N	N	Note 2 、 Note 3

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.

\$ 56,809,633

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

\$ 16,231,324

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

\$ 40,578,310

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at June 30, 2022.

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, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of June 30, 2022				Footnote
				Number of	Ownership			
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	shares/ units	Book value	(%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 18,739	-	\$ 18,739	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187	Note 2

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

Note 2: Other marketable securities do not exceed 5% of the account.

CHENG SHIN RUBBER IND. CO., LTD.

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

Six-month period ended June 30, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)		Gain (loss) on disposal		Balance as at June 30, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Investments accounted for using the equity method	Maxxis Rubber India Private Limited	Subsidiary	874,992,906	\$ 4,027,544	230,998,127	\$ 860,206	-	\$ -	\$ -	\$ -	1,105,991,033	\$ 4,887,750

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

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

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

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

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Six-month period ended June 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction		Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)
				Amount								
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 2,514,899)	(23.91)	Collect within 120 days after shipment of goods	Same	Same	\$ 1,684,141	46.88	Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(363,529)	(3.46)	Collect within 90 days after shipment of goods	Same	Same	196,517	5.47	Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(1,794,028)	(17.06)	Collect within 30 days	Same	Same	267,311	7.44	Note 3	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(605,625)	(6.93)	Collect within 60~90 days after shipment of goods	Same	Same	516,239	19.14	Note 3	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(416,822)	(18.77)	Collect within 60~90 days after shipment of goods	Same	Same	293,665	30.61	Note 3	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(141,120)	(6.36)	Collect within 60~90 days after shipment of goods	Same	Same	53,487	5.57	Note 3	
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(795,373)	(16.47)	Collect within 60~90 days after shipment of goods	Same	Same	429,203	83.54	Note 3	
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(161,713)	(24.76)	Collect within 60~90 days after shipment of goods	Same	Same	44,679	20.18	Note 3	
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(103,363)	(15.82)	Collect within 60~90 days after shipment of goods	Same	Same	26,733	12.07	Note 3	
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(436,110)	(20.63)	Collect within 60~90 days after shipment of goods	Same	Same	197,980	25.99	Note 3	
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(472,217)	(8.39)	Collect within 120 days after shipment of goods	Same	Same	356,210	17.02	Note 3	

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: 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, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2022	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 4)	\$ 1,684,524	Note 3	\$ -	-	\$ 563,731	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	197,153	Note 3	-	-	53,482	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 4)	128,514	Note 2	-	-	4,127	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	269,446	Note 3	-	-	267,311	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	516,239	1.40	-	-	178,411	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	295,106	Note 3	-	-	151,142	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	429,568	Note 3	-	-	41,943	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	198,948	Note 3	-	-	97,708	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	356,210	1.85	-	-	50,299	-

Note 1: Subsequent collection is the amount collected as of August 3, 2022.

Note 2: 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 3: The amount comprises accounts receivable and other receivables and thus, the turnover rate is not calculated.

Note 4: 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, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or 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	\$ 2,514,899	Collect within 120 days after shipment of goods	5.13%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,684,141	Collect within 120 days after shipment of goods	1.13%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	363,529	Collect within 90 days after shipment of goods	0.74%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	1,794,028	The term is 30 days after monthly billing	3.67%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	267,311	The term is 30 days after monthly billing	0.18%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	605,625	Collect within 60~90 days after shipment of goods	1.24%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	516,239	Collect within 60~90 days after shipment of goods	0.35%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	416,822	Collect within 60~90 days after shipment of goods	0.85%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	2,410,377	Pay interest quarterly	1.62%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	1,575,845	Pay interest quarterly	1.06%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	421,705	Pay interest quarterly	0.28%
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	568,192	Pay interest quarterly	0.38%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	795,373	Collect within 60~90 days after shipment of goods	1.63%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Notes receivable	274,502	Payment at sight after due date	0.18%
5	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	3	Other receivables	355,120	Pay interest quarterly	0.24%

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Six-month period ended June 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)		
6	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	436,110	Collect within 60~90 days after shipment of goods	0.89%
7	Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Other receivables	823,286	Allocated by annual resolution	0.55%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	472,217	Collect within 60~90 days after shipment of goods	0.97%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	356,210	Collect within 60~90 days after shipment of goods	0.24%

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.

Table 8

CHENG SHIN RUBBER IND. CO., LTD.											
Information on investees											
Six-month period ended June 30, 2022											
Expressed in thousands of NTD (Except as otherwise indicated)											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Net profit (loss) of the investee for the six-month period ended June 30, 2022	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2022	Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	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	\$ 42,762,011	\$ 330,362	\$ 330,565	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	28,466,794	228,109	238,582	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	10,436,451	933,884	911,986	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	2,713,504	167,473	167,484	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	684,244	10,522	10,522	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	178,433	16,032	8,016	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	63,231	(12,705)	(12,705)	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	-	(500,652)	(500,603)	Subsidiary Note 3 、 Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,887,750	4,027,544	1,105,991,033	100.00	-	(634,695)	(634,255)	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	464,858	223,845	223,845	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	43,161	720	720	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	1,910	131	131	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	10,933	728	728	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	697	(266)	(53)	Note 3 、 Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Six-month period ended June 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Net profit (loss) of the investee for the six-month period ended June 30, 2022	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2022	Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership				
							(%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	\$ 226,801,983	100.00	\$ 35,005,610	\$ 609,048	\$ 609,048	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	28,278,542	217,945	217,945	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	10,449,430	933,856	933,856	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	7,333,264	535,693	516,466	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	3,113,311	397,991	395,320	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	2,378	2,214	-	80.00	2,789	(266)	(213)	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 Group collectively 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 financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Six-month period ended June 30, 2022

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net income of investee as of June 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2022, (Note 2)	Book value of investments in Mainland China as of June 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Footnote
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,201,000	2	\$ 910,834	\$ - \$ -	\$ 910,834	\$ 230,465	100.00	\$ 231,712	\$ 24,498,623	\$ 19,967,518	(Note 3 、 5 、 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	6,687,000	2	2,385,506	- -	2,385,506	179,213	100.00	190,340	25,326,013	23,027,258	(Note 4 、 7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	252,620	2	68,602	- -	68,602	5,002	50.00	2,501	311,201	478,714	(Note 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	2,972,000	2	-	- -	-	97,068	100.00	102,266	5,781,913	1,548,045	(Note 4 、 7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	22,195	2	-	- -	-	2,516	100.00	2,516	51,340	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	534,960	2	-	- -	-	(36,066)	100.00	(36,066)	638,967	757,407	(Note 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	3,863,600	2	-	- -	-	(415,653)	100.00	(415,653)	11,844,753	4,245,663	(Note 3 、 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Six-month period ended June 30, 2022

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	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, 2022		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee as of June 30, 2022	Ownership held by the Company (direct or indirect)	Investment income	Book value of	Accumulated	Footnote
				as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	of June 30, 2022			(loss) recognised by the Company for the six-month period ended June 30, 2022, (Note 2)	investments in Mainland China as of June 30, 2022	amount of investment income remitted back to Taiwan as of June 30, 2022	
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	\$ 1,337,400	2	\$ -	\$ -	\$ -	\$ -	\$ 355,811	100.00	\$ 354,768	\$ 8,767,134	\$ 6,217,061	(Note 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	594,400	2	-	-	-	-	(46,820)	100.00	(46,820)	-	-	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	155,365	2	-	-	-	-	(3,261)	95.00	(3,098)	96,920	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	63,974	2	-	-	-	-	18,841	49.00	9,232	155,566	-	(Note 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	4,217,050	2	-	-	-	-	278,277	100.00	278,277	7,296,633	917,395	(Note 5 、 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,686,820	2	-	-	-	-	10,852	100.00	10,852	2,131,222	-	(Note 7)

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

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

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

(3) Others

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

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

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

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

Note 6: Paid-in capital was converted at the exchange rate of NTD 29.72: USD 1 and NTD 4.439: RMB 1 prevailing on June 30, 2022.

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, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022 (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.	\$ 36,525,888	\$ 19,998,588	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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, 2022

Table 10

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

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.