

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2023 AND 2022**

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

PWCR23000361

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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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" that came into effect 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 Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of 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\$36,417,724 thousand and NT\$37,707,370 thousand, constituting 25% and 25% of the consolidated total assets, and total liabilities of NT\$19,611,865 thousand and NT\$23,802,606 thousand, constituting 31% and 37% of the consolidated total liabilities as at March 31, 2023 and 2022, and total net operating revenues of NT\$6,978,266 thousand and NT\$7,258,416 thousand, constituting 30% and 29% of the consolidated total net operating revenue, and

total comprehensive income of NT\$559,410 thousand and NT\$481,486 thousand, constituting 30% and 12% of the consolidated total comprehensive income for the three-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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-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" that came into effect as endorsed by the Financial Supervisory Commission.

Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

May 11, 2023

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
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Assets			March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 22,344,381	15	\$ 21,735,562	15	\$ 22,775,341	15
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	-	-	101,288	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		20,708	-	17,838	-	21,336	-
1136	Financial assets at amortised	6(4)						
	cost - current		7,745	-	175,509	-	404,644	-
1150	Notes receivable, net	6(5)	4,112,068	3	3,436,147	2	3,060,734	2
1170	Accounts receivable, net	6(5)	10,653,900	7	9,539,894	7	9,856,878	7
1180	Accounts receivable - related	7						
	parties		68,454	-	72,535	-	39,327	-
130X	Inventories	6(6)	19,278,292	14	20,983,551	14	20,646,318	14
1410	Prepayments		869,723	1	920,364	1	1,055,734	1
1470	Other current assets		284,089	-	270,462	-	448,863	-
11XX	Current Assets		57,639,360	40	57,151,862	39	58,410,463	39
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		58,187	-	58,187	-	58,187	-
1535	Financial assets at amortised	6(4) and 8						
	cost - non-current		5,559,175	4	5,265,868	4	2,274,336	2
1550	Investments accounted for	6(7)						
	under equity method		203,764	-	199,626	-	183,153	-
1600	Property, plant and equipment,	6(8)						
	net		74,072,542	52	75,517,186	52	81,769,837	54
1755	Right-of-use assets	6(9)	4,788,957	3	4,804,923	3	5,027,740	4
1760	Investment property, net	6(10)	517,883	-	485,621	-	508,087	-
1840	Deferred income tax assets	6(28)	1,881,230	1	1,943,206	2	1,606,384	1
1900	Other non-current assets	6(11)	422,838	-	457,140	-	422,933	-
15XX	Non-current assets		87,504,576	60	88,731,757	61	91,850,657	61
1XXX	Total assets		\$ 145,143,936	100	\$ 145,883,619	100	\$ 150,261,120	100

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 3,761,758	3	\$ 6,194,746	5	\$ 6,609,472	4
2130	Current contract liabilities	6(22)	793,047	1	554,322	-	831,563	1
2150	Notes payable		244,521	-	169,724	-	386,999	-
2170	Accounts payable		7,191,327	5	7,163,658	5	7,899,338	5
2200	Other payables	6(13)	8,751,870	6	4,973,035	4	4,888,997	3
2230	Current income tax liabilities	6(28)	1,659,366	1	1,492,843	1	1,189,644	
2280	Current lease liabilities	7	129,347	-	154,715	-	176,193	-
2320	Long-term liabilities, current portion	6(15)(16) and 7	7,267,267	5	7,950,172	5	8,643,731	6
2399	Other current liabilities, others	6(14)	345,200	-	317,738	-	326,780	-
21XX	Current Liabilities		30,143,703	21	28,970,953	20	30,952,717	20
Non-current liabilities								
2530	Corporate bonds payable	6(15)	8,000,000	5	8,000,000	5	10,500,000	7
2540	Long-term borrowings	6(16)	21,394,507	15	20,768,740	14	19,264,731	13
2550	Provisions for liabilities - non-current		193,970	-	192,478	-	176,345	-
2570	Deferred income tax liabilities	6(28)	1,057,908	1	868,236	1	1,087,476	1
2580	Non-current lease liabilities	7	258,705	-	279,190	-	348,629	-
2600	Other non-current liabilities	6(17)	2,375,760	2	2,417,207	2	2,601,227	2
25XX	Non-current liabilities		33,280,850	23	32,525,851	22	33,978,408	23
2XXX	Total Liabilities		63,424,553	44	61,496,804	42	64,931,125	43
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		67,756	-	67,757	-	67,770	-
	Retained earnings	6(20)						
3310	Legal reserve		16,665,921	12	16,665,921	12	16,132,580	11
3320	Special reserve		7,588,138	5	7,588,138	5	6,611,296	4
3350	Unappropriated retained earnings		29,991,516	21	32,946,205	23	34,655,158	23
	Other equity interest	6(21)						
3400	Other equity interest		(5,585,281)	(4)	(5,870,977)	(4)	(5,132,781)	(4)
31XX	Equity attributable to owners of the parent		81,142,205	56	83,811,199	58	84,748,178	56
36XX	Non-controlling interest		577,178	-	575,616	-	581,817	1
3XXX	Total equity		81,719,383	56	84,386,815	58	85,329,995	57
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 145,143,936	100	\$ 145,883,619	100	\$ 150,261,120	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 PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items		Notes	Three-month periods ended March 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 23,528,645	100	\$ 24,777,953	100
5000	Operating costs	6(6)	(18,503,968)	(79)	(19,621,202)	(79)
5900	Net operating margin		<u>5,024,677</u>	<u>21</u>	<u>5,156,751</u>	<u>21</u>
	Operating expenses	7				
6100	Selling expenses		(1,343,731)	(6)	(1,541,632)	(6)
6200	General and administrative expenses		(789,356)	(3)	(872,511)	(4)
6300	Research and development expenses		(946,282)	(4)	(1,061,392)	(4)
6450	Expected credit loss	12(2)	(57,702)	-	(990)	-
6000	Total operating expenses		(3,137,071)	(13)	(3,476,525)	(14)
6900	Operating profit		<u>1,887,606</u>	<u>8</u>	<u>1,680,226</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(23)	143,786	1	58,725	-
7010	Other income	6(24)	124,020	-	154,398	1
7020	Other gains and losses	6(25)	342,242	1	81,355	-
7050	Finance costs	6(26) and 7	(302,182)	(1)	(126,374)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>4,138</u>	<u>-</u>	<u>2,736</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>312,004</u>	<u>1</u>	<u>170,840</u>	<u>1</u>
7900	Profit before income tax		2,199,610	9	1,851,066	8
7950	Income tax expense	6(28)	(617,822)	(2)	(475,108)	(2)
8200	Profit for the period		<u>\$ 1,581,788</u>	<u>7</u>	<u>\$ 1,375,958</u>	<u>6</u>

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

Items	Notes	Three-month periods ended March 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealized gain (loss) on valuation of equity instruments at fair value through profit or loss	6(3)(21)	\$ 2,870	-	(\$ 1,747)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		2,870	-	(1,747)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(21)	356,599	1	3,092,692	12
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)	(70,706)	-	(614,276)	(2)
8360 Components of other comprehensive income that will be reclassified to profit or loss		285,893	1	2,478,416	10
8300 Other comprehensive income for the period		\$ 288,763	1	\$ 2,476,669	10
8500 Total comprehensive income for the period		\$ 1,870,551	8	\$ 3,852,627	16
Profit, attributable to:					
8610 Owners of the parent		\$ 1,583,293	7	\$ 1,374,352	6
8620 Non-controlling interest		(1,505)	-	1,606	-
		\$ 1,581,788	7	\$ 1,375,958	6
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 1,868,989	8	\$ 3,829,709	16
8720 Non-controlling interest		1,562	-	22,918	-
		\$ 1,870,551	8	\$ 3,852,627	16
Earnings per share (in dollars)	6(29)				
9750 Basic earnings per share		\$ 0.49		\$ 0.42	
9850 Diluted earnings per share	6(29)	\$ 0.49		\$ 0.42	

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
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
		Capital Surplus				Retained Earnings			Other equity interest				
									Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes		Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			Total		
<u>Three-month period ended March 31,2022</u>													
		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$ 16,132,580	\$ 6,611,296	\$ 33,280,806	(\$ 7,602,556)	\$ 14,418	\$ 80,918,469	\$ 558,899	\$ 81,477,368
		-	-	-	-	-	-	1,374,352	-	-	1,374,352	1,606	1,375,958
6(21)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	2,457,104	(1,747)	2,455,357	21,312	2,476,669
	Total comprehensive income (loss)	-	-	-	-	-	-	1,374,352	2,457,104	(1,747)	3,829,709	22,918	3,852,627
	Balance at March 31, 2022	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$ 16,132,580	\$ 6,611,296	\$ 34,655,158	(\$ 5,145,452)	\$ 12,671	\$ 84,748,178	\$ 581,817	\$ 85,329,995
<u>Three-month period ended March 31,2023</u>													
	Balance at January 1, 2023	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,181	\$ 16,665,921	\$ 7,588,138	\$ 32,946,205	(\$ 5,880,150)	\$ 9,173	\$ 83,811,199	\$ 575,616	\$ 84,386,815
	Profit (loss) for the period	-	-	-	-	-	-	1,583,293	-	-	1,583,293	(1,505)	1,581,788
6(21)	Other comprehensive income for the period	-	-	-	-	-	-	-	282,826	2,870	285,696	3,067	288,763
	Total comprehensive income	-	-	-	-	-	-	1,583,293	282,826	2,870	1,868,989	1,562	1,870,551
Appropriation and distribution of 2022 earnings:													
6(20)	Cash dividends	-	-	-	-	-	-	(4,537,982)	-	-	(4,537,982)	-	(4,537,982)
	Dividends extinguished by prescription claimed by shareholders	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
	Balance at March 31, 2023	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,180	\$ 16,665,921	\$ 7,588,138	\$ 29,991,516	(\$ 5,597,324)	\$ 12,043	\$ 81,142,205	\$ 577,178	\$ 81,719,383

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
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31 2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,199,610	\$ 1,851,066
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(27)	2,660,993	2,606,992
Depreciation on right-of-use assets	6(9)(27)	67,417	72,085
Depreciation on investment property	6(10)(27)	5,942	5,896
Amortization expense	6(11)(27)	24,301	25,628
Expected credit loss	12(2)	57,702	990
Share of profit of associates and joint ventures accounted for using equity method	6(7)		
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(25)	(4,138)	(2,736)
Loss on disposal of property, plant and equipment	6(8)(25)	-	96,083)
Interest expense	6(8)(26)	3,585	31,640
Interest income	6(23)	302,182	126,374
Deferred government grants revenue		(143,786)	(58,725)
Unrealized foreign exchange (gain) loss on foreign currency loans		(47,819)	(43,553)
Changes in operating assets and liabilities		(423,139)	178,204
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		-	12,443
Notes receivable, net		(675,921)	(181,556)
Accounts receivable		(1,171,703)	(762,087)
Accounts receivable - related parties		4,081	499
Inventories		1,712,962	349,338
Prepayments		48,380	(83,732)
Other current assets		11,573	(87,784)
Other non-current assets		21,907	38,039
Changes in operating liabilities			
Contract liabilities - current		238,725	(216,011)
Notes payable		74,797	66,971
Accounts payable		27,669	362,855
Other payables		(667,447)	(592,545)
Other current liabilities		27,463	(32,391)
Accrued pension liabilities		744	(16,291)
Other non-current liabilities		(1,549)	(1,354)
Cash inflow generated from operations		4,354,531	3,554,172
Interest received		118,586	45,901
Interest paid		(289,849)	(92,435)
Income tax paid		(249,040)	(262,059)
Income tax refund received		139	32,751
Net cash flows from operating activities		<u>3,934,367</u>	<u>3,278,330</u>

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 502,084)	(\$ 560,314)
Proceeds from repayments of financial assets at amortised cost		384,734	4,396
Acquisition of property, plant and equipment	6(8)(30)	(982,140)	(786,283)
Payment for capitalized interests	6(8)(26)(30)	(1,163)	(2,266)
Proceeds from disposal of property, plant and equipment		37,279	40,263
Acquisition of intangible assets	6(11)	(4,639)	(9,003)
Decrease in refundable deposits		4,313	18,643
Net cash flows used in investing activities		(1,063,700)	(1,294,564)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(12)(31)	1,341,527	3,005,177
Decrease in short-term borrowings	6(12)(31)	(3,768,612)	(5,899,619)
Proceeds from long-term borrowings	6(16)(31)	2,808,814	795,268
Repayments of long-term borrowings	6(16)(31)	(2,671,380)	(1,520,414)
(Decrease) increase in guarantee deposits received	6(31)	(1,701)	8,264
Repayments of principal portion of lease liabilities	6(9)(31)	(56,052)	(59,194)
Dividends extinguished by prescription claimed by shareholders		(1)	-
Net cash flows used in financing activities		(2,347,405)	(3,670,518)
Effect of exchange rate changes on cash and cash equivalents		85,557	515,984
Net increase (decrease) in cash and cash equivalents		608,819	(1,170,768)
Cash and cash equivalents at beginning of period	6(1)	21,735,562	23,946,109
Cash and cash equivalents at end of period	6(1)	<u>\$ 22,344,381</u>	<u>\$ 22,775,341</u>

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE-MONTHS PERIODS ENDED MARCH 31, 2023 AND 2022

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

(Reviewed, 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 May 11, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became 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.

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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, 2022. 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" that came into effect 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, 2022.

(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 that came into effect 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, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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	
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	50	Note 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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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	
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 March 31, 2023 and 2022, 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) Dividends

Earnings distribution for the year ended December 31, 2022.

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

(5) 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.

(6) 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 recognized in other comprehensive income or equity while 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 March 31, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and revolving funds	\$ 4,485	\$ 4,319	\$ 6,026
Checking deposit	1,728,986	1,495,954	1,314,608
Demand deposits	14,137,134	14,539,800	16,310,686
Time deposits	6,473,776	5,695,489	5,122,021
	<u>\$ 22,344,381</u>	<u>\$ 21,735,562</u>	<u>\$ 22,753,341</u>
Interest rate range			
Time deposits	<u>1.15%~5.75%</u>	<u>1.75%~4.90%</u>	<u>0.30%~3.30%</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	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,288</u>

- A. The Group recognised net profit amounting to \$96,083 thousand on financial assets mandatorily measured at fair value through profit or loss - derivative instruments for the three-month period ended March 31, 2022.

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

Derivative instruments	March 31, 2022	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2021/11/30~
USD exchange to NTD	<u>USD 34,000 thousand</u>	2022/5/10
Foreign exchange swap		2021/11/30~
USD exchange to NTD	<u>USD 91,000 thousand</u>	2022/8/1

As at March 31, 2023 and December 31, 2022, there were no derivative financial asset transactions. 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	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	<u>12,043</u>	<u>9,173</u>	<u>12,671</u>
Total	<u>\$ 20,708</u>	<u>\$ 17,838</u>	<u>\$ 21,336</u>
Non-current items:			
Equity instruments			
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>	<u>\$ 58,187</u>

A. The Group has elected to classify equity instrument investments 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 \$78,895 thousand, \$76,025 thousand and \$79,523 thousand as at March 31, 2023, December 31, 2022 and March 31, 2022, 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 March 31, 2023	Three-month period ended March 31, 2022
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	<u>\$ 2,870</u>	<u>(\$ 1,747)</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	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Time deposits with maturity over three months	\$ 7,745	\$ 175,509	\$ 404,644
Non-current items:			
Time deposits with maturity over twelve months	\$ 4,074,290	\$ 3,625,241	\$ 225,300
Pledged time deposits	46,826	34,948	18,536
Restricted bank deposits	1,420,059	1,587,679	2,030,500
TIIP grant accounts	18,000	18,000	-
	<u>\$ 5,559,175</u>	<u>\$ 5,265,868</u>	<u>\$ 2,274,336</u>

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

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Interest income	\$ 37,086	\$ 2,751

B. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 financial assets at amortised cost held by the Group was \$5,566,920 thousand, \$5,441,377 thousand and \$2,678,980, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 12(2).

D. The Group invests time deposits with financial institutions with sound reputation, and therefore do not expect the financial assets at amortized cost to breach.

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

F. Restricted bank deposits were made by the Company and were approved by the Taxation Bureau of the Ministry of Finance in accordance with the "The Regulations on Industries Investment from Repatriated Offshore Funds". The Company also submitted the investment plan to the Ministry of Economic Affairs. According to the regulations, the funds can only be used in accordance with the approved investment plans.

(5) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 4,121,345	\$ 3,593,059	\$ 3,407,870
Less: Discounted notes receivable	-	(147,635)	(337,859)
Less: Loss allowance	(9,277)	(9,277)	(9,277)
	<u>\$ 4,112,068</u>	<u>\$ 3,436,147</u>	<u>\$ 3,060,734</u>
Accounts receivable	\$ 10,749,961	\$ 9,578,258	\$ 9,945,393
Less: Loss allowance	(96,061)	(38,364)	(88,515)
	<u>\$ 10,653,900</u>	<u>\$ 9,539,894</u>	<u>\$ 9,856,878</u>

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

	March 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 9,238,919	\$ 4,121,345	\$ 7,587,205	\$ 3,445,424
Up to 30 days	1,060,525	-	1,171,734	-
31 to 90 days	237,142	-	611,009	-
91 to 180 days	167,382	-	171,199	-
Over 180 days	45,993	-	37,111	-
	<u>\$ 10,749,961</u>	<u>\$ 4,121,345</u>	<u>\$ 9,578,258</u>	<u>\$ 3,445,424</u>
	March 31, 2022			
	Accounts receivable	Notes receivable		
Without past due	\$ 8,462,496	\$ 3,070,011		
Up to 30 days	996,858	-		
31 to 90 days	287,256	-		
91 to 180 days	127,519	-		
Over 180 days	71,264	-		
	<u>\$ 9,945,393</u>	<u>\$ 3,070,011</u>		

The above ageing analysis was based on past due date.

- B. As at March 31, 2023, December 31, 2022 and March 31, 2022, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2022, the balance of receivables from contracts with customers amounted to \$12,017,212 thousand.
- C. As at December 31, 2022 and March 31, 2022, the Group had outstanding discounted notes receivable amounting to \$147,635 and \$337,859 thousand, 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 March 31, 2022, the Group had outstanding discounted notes receivable amounting to \$111,390 thousand, 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$4,112,068 thousand and \$10,653,900 thousand; \$3,436,147 thousand and \$9,539,894 thousand; \$3,060,734 thousand and \$9,856,878 thousand, respectively.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

March 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,631,282	(\$ 6,166)	\$ 6,625,116
Work in progress	2,465,458	-	2,465,458
Finished goods	8,199,638	(138,352)	8,061,286
Buildings and land held for sale	2,049,929	-	2,049,929
Inventory in transit	76,503	-	76,503
	<u>\$ 19,422,810</u>	<u>(\$ 144,518)</u>	<u>\$ 19,278,292</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,553,838	(\$ 11,765)	\$ 7,542,073
Work in progress	2,170,173	-	2,170,173
Finished goods	9,042,827	(171,600)	8,871,227
Buildings and land held for sale	2,076,768	-	2,076,768
Inventory in transit	323,310	-	323,310
	<u>\$ 21,166,916</u>	<u>(\$ 183,365)</u>	<u>\$ 20,983,551</u>
March 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,540,212	(\$ 11,052)	\$ 7,529,160
Work in progress	2,317,469	-	2,317,469
Finished goods	8,648,343	(228,628)	8,419,715
Buildings and land held for sale	2,149,803	-	2,149,803
Inventory in transit	230,171	-	230,171
	<u>\$ 20,885,998</u>	<u>(\$ 239,680)</u>	<u>\$ 20,646,318</u>

The cost of inventories recognized as expense for the period:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Cost of goods sold	\$ 18,526,980	\$ 19,566,300
Unallocated overheads	42,182	37,535
Others	(65,194)	17,367
	<u>\$ 18,503,968</u>	<u>\$ 19,621,202</u>

For the three-month period ended March 31, 2023, 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 March 31, 2023, December 31, 2022 and March 31, 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$203,764 thousand, \$199,626 thousand and \$183,153 thousand, respectively.

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Share of profit of associates and joint ventures accounted for using the equity method	\$ 4,138	\$ 2,736
Total comprehensive income	<u>\$ 4,138</u>	<u>\$ 2,736</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

Three-month period March 31, 2023						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,551,722	\$ -	\$ -	\$ -	\$ 674	\$ 4,552,396
Buildings and structures	51,889,036	6,048	-	36,751	263,286	52,195,121
Machinery	108,464,923	193,760	(82,116)	239,218	586,201	109,401,986
Testing equipment	4,268,432	787	(23,083)	4,453	14,883	4,265,472
Transportation equipment	1,463,914	1,663	(10,540)	-	5,453	1,460,490
Office equipment	1,117,455	2,680	(862)	(7,573)	3,086	1,114,786
Other facilities	34,368,432	215,582	(246,125)	102,037	137,770	34,577,696
Unfinished construction and equipment under acceptance	2,754,070	461,131	-	(383,086)	9,895	2,842,010
	<u>\$ 208,877,984</u>	<u>\$ 881,651</u>	<u>(\$ 362,726)</u>	<u>(\$ 8,200)</u>	<u>\$ 1,021,248</u>	<u>\$ 210,409,957</u>
Accumulated depreciation						
Buildings and structures	(\$ 24,684,137)	(\$ 520,048)	\$ -	\$ -	(\$ 104,233)	(\$ 25,308,418)
Machinery	(73,047,665)	(1,449,271)	42,639	-	(397,220)	(74,851,517)
Testing equipment	(3,653,145)	(57,511)	21,997	-	(12,152)	(3,700,811)
Transportation equipment	(1,259,296)	(16,311)	10,151	-	(4,759)	(1,270,215)
Office equipment	(1,008,456)	(9,263)	818	-	(2,842)	(1,019,743)
Other facilities	(29,502,882)	(608,589)	245,338	-	(115,283)	(29,981,416)
	<u>(\$ 133,155,581)</u>	<u>(\$ 2,660,993)</u>	<u>\$ 320,943</u>	<u>\$ -</u>	<u>(\$ 636,489)</u>	<u>(\$ 136,132,120)</u>
Accumulated impairment						
Machinery	(\$ 181,814)	\$ -	\$ 919	\$ -	(\$ 885)	(\$ 181,780)
Testing equipment	(175)	-	-	-	(1)	(176)
Transportation equipment	(1,985)	-	-	-	(10)	(1,995)
Office equipment	(46)	-	-	-	-	(46)
Other facilities	(21,197)	-	-	-	(101)	(21,298)
	<u>(\$ 205,217)</u>	<u>\$ -</u>	<u>\$ 919</u>	<u>\$ -</u>	<u>(\$ 997)</u>	<u>(\$ 205,295)</u>
	<u>\$ 75,517,186</u>					<u>\$ 74,072,542</u>

Three-month period March 31, 2022

	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,507,668	\$ -	\$ -	\$ -	\$ 20,114	\$ 4,527,782
Buildings and structures	50,807,705	84,302	(1,975)	53,601	1,456,386	52,400,019
Machinery	104,284,856	67,169	(224,523)	744,663	3,374,580	108,246,745
Testing equipment	4,046,839	134	(1,315)	38,675	113,481	4,197,814
Transportation equipment	1,443,706	9,165	(7,739)	2,527	44,564	1,492,223
Office equipment	1,085,121	584	(1,671)	2,393	29,483	1,115,910
Other facilities	36,182,291	224,086	(255,236)	142,247	1,124,726	37,418,114
Unfinished construction and equipment under acceptance	3,649,423	443,909	(7,140)	(986,642)	85,108	3,184,658
	<u>\$ 206,007,609</u>	<u>\$ 829,349</u>	<u>(\$ 499,599)</u>	<u>(\$ 2,536)</u>	<u>\$ 6,248,442</u>	<u>\$ 212,583,265</u>
Accumulated depreciation						
Buildings and structures	(\$ 22,232,877)	(\$ 508,094)	\$ 1,772	\$ -	(\$ 719,146)	(\$ 23,458,345)
Machinery	(66,350,514)	(1,346,527)	181,401	-	(2,280,624)	(69,796,264)
Testing equipment	(3,360,290)	(67,401)	1,315	-	(92,658)	(3,519,034)
Transportation equipment	(1,179,659)	(21,072)	6,480	-	(36,749)	(1,231,000)
Office equipment	(919,083)	(19,966)	1,545	-	(25,550)	(963,054)
Other facilities	(30,260,627)	(643,932)	233,897	-	(965,070)	(31,635,732)
	<u>(\$ 124,303,050)</u>	<u>(\$ 2,606,992)</u>	<u>\$ 426,410</u>	<u>\$ -</u>	<u>(\$ 4,119,797)</u>	<u>(\$ 130,603,429)</u>
Accumulated impairment						
Machinery	(\$ 181,054)	\$ -	\$ 1,286	\$ -	(\$ 6,252)	(\$ 186,020)
Testing equipment	(268)	-	-	-	(10)	(278)
Transportation equipment	(1,956)	-	-	-	(73)	(2,029)
Office equipment	(46)	-	-	-	(1)	(47)
Other facilities	(20,917)	-	-	-	(708)	(21,625)
	<u>(\$ 204,241)</u>	<u>\$ -</u>	<u>\$ 1,286</u>	<u>\$ -</u>	<u>(\$ 7,044)</u>	<u>(\$ 209,999)</u>
	<u>\$ 81,500,318</u>					<u>\$ 81,769,837</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:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Amount capitalized	\$ 1,163	\$ 2,266
Range of the interest rates for capitalization	3.03%~3.87%	3.45%~3.78%

(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:

	March 31, 2023	December 31, 2022	March 31, 2022
	Book value	Book value	Book value
Land	\$ 4,439,932	\$ 4,425,068	\$ 4,556,122
Buildings and structures	269,706	283,241	325,539
Machinery	10,279	10,967	12,715
Transportation equipment	52,890	66,719	106,379
Office equipment	3,218	3,512	3,438
Other equipment	12,932	15,416	23,547
	<u>\$ 4,788,957</u>	<u>\$ 4,804,923</u>	<u>\$ 5,027,740</u>
	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022	
	Depreciation expense	Depreciation expense	
Land	\$ 25,801	\$ 26,226	
Buildings and structures	23,073	22,148	
Machinery	730	692	
Transportation equipment	14,798	19,952	
Office equipment	353	404	
Other equipment	2,662	2,663	
	<u>\$ 67,417</u>	<u>\$ 72,085</u>	

D. For the three-month periods ended March 31, 2023 and 2022, the additions to right-of-use assets amounted to \$17,742 thousand and \$11,902 thousand, respectively.

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

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,622	\$ 3,261
Expense on short-term lease contracts	4,566	3,452
Expense on leases of low-value assets	733	702
Expense on variable lease payments	55,090	49,637
	<u>\$ 63,011</u>	<u>\$ 57,052</u>

F. For the three-month periods ended March 31, 2023 and 2022, the Group's total cash outflow for leases amounted to \$119,063 thousand and \$116,246 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 42.24% and 38.44%, respectively, of lease payments are on the basis of variable payment terms for the three-month periods ended March 31, 2023 and 2022 and are accrued based on the stored amount of tires. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$551 thousand and \$496 thousand for the three-month periods ended March 31, 2023 and 2022, respectively.

(10) Investment property, net

		Three-month period ended March 31, 2023				
		Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost						
Land		\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures		465,245	-	37,245	2,199	504,689
		<u>\$ 801,666</u>	<u>\$ -</u>	<u>\$ 37,245</u>	<u>\$ 2,199</u>	<u>\$ 841,110</u>
Accumulated depreciation						
Buildings and structures		(\$ 265,007)	(\$ 5,942)	\$ -	(\$ 1,240)	(\$ 272,189)
Accumulated impairment						
Land		(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
		<u>\$ 485,621</u>				<u>\$ 517,883</u>
		Three-month period ended March 31, 2022				
		Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost						
Land		\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures		458,893	-	-	16,078	474,971
		<u>\$ 795,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,078</u>	<u>\$ 811,392</u>
Accumulated depreciation						
Buildings and structures		(\$ 238,260)	(\$ 5,896)	\$ -	(\$ 8,111)	(\$ 252,267)
Accumulated impairment						
Land		(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
		<u>\$ 506,016</u>				<u>\$ 508,087</u>

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

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Rental income from investment property	\$ 8,797	\$ 7,971
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 5,942	\$ 5,896

- B. The fair value of the investment property held by the Group as at March 31, 2023, December 31, 2022 and March 31, 2022 was \$1,278,726 thousand, \$1,275,921 thousand and \$1,107,465 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

	March 31, 2023	December 31, 2022	March 31, 2022
Intangible assets	\$ 224,931	\$ 233,013	\$ 227,124
Others	197,907	224,127	195,809
	<u>\$ 422,838</u>	<u>\$ 457,140</u>	<u>\$ 422,933</u>

Movements in intangible assets:

		Three-month period ended March 31, 2023				
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost						
Computer						
software	\$ 741,268	\$ 4,639	(\$ 19,288)	\$ 10,460	\$ 1,601	\$ 738,680
Others	7,947	-	-	-	42	7,989
	<u>\$ 749,215</u>	<u>\$ 4,639</u>	<u>(\$ 19,288)</u>	<u>\$ 10,460</u>	<u>\$ 1,643</u>	<u>\$ 746,669</u>
Accumulated amortisation						
Computer						
software	(\$ 511,434)	(\$ 24,101)	\$ 19,288	\$ -	(\$ 498)	(\$ 516,745)
Others	(4,768)	(200)	-	-	(25)	(4,993)
	<u>(\$ 516,202)</u>	<u>(\$ 24,301)</u>	<u>\$ 19,288</u>	<u>\$ -</u>	<u>(\$ 523)</u>	<u>(\$ 521,738)</u>
	<u>\$ 233,013</u>					<u>\$ 224,931</u>

Three-month period ended March 31, 2022						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost						
Computer						
software	\$ 630,881	\$ 9,003	\$ -	\$ 13,718	\$ 17,457	\$ 671,059
Others	7,832	-	-	-	292	8,124
	<u>\$ 638,713</u>	<u>\$ 9,003</u>	<u>\$ -</u>	<u>\$ 13,718</u>	<u>\$ 17,749</u>	<u>\$ 679,183</u>
Accumulated amortisation						
Computer						
software	(\$ 412,128)	(\$ 25,429)	\$ -	\$ -	(\$ 10,237)	(\$ 447,794)
Others	(3,916)	(199)	-	-	(150)	(4,265)
	<u>(\$ 416,044)</u>	<u>(\$ 25,628)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 10,387)</u>	<u>(\$ 452,059)</u>
	<u>\$ 222,669</u>					<u>\$ 227,124</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Operating costs	\$ 2,053	\$ 2,783
Selling expenses	4,186	3,782
Administrative expenses	11,140	12,401
Research and development expenses	6,922	6,662
	<u>\$ 24,301</u>	<u>\$ 25,628</u>

(12) Short-term borrowings

Type of borrowings	March 31, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 3,761,758</u>	1.38% ~ 8.30%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 6,194,746</u>	1.50% ~ 8.30%	None
Type of borrowings	March 31, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 6,609,472</u>	0.98% ~ 5.10%	None

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

(13) Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Dividend payable	\$ 4,537,992	\$ 10	\$ 9
Wages and salaries payable	1,075,869	1,421,871	1,165,863
Payable on machinery and equipment	331,191	432,843	606,592
Employee compensation payable	201,205	291,858	187,189
Compensation due to directors	142,998	115,266	141,870
Others	2,462,615	2,711,187	2,787,474
	<u>\$ 8,751,870</u>	<u>\$ 4,973,035</u>	<u>\$ 4,888,997</u>

(14) Other current liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Advance receipts	\$ 12,140	\$ 7,683	\$ 9,093
Refund liabilities	170,088	164,871	129,466
Others	162,972	145,184	188,221
	<u>\$ 345,200</u>	<u>\$ 317,738</u>	<u>\$ 326,780</u>

(15) Bonds payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bonds payable -issued in 2017	\$ -	\$ -	\$ 3,500,000
Bonds payable -issued in 2018	2,500,000	2,500,000	5,000,000
Bonds payable -issued in 2021	8,000,000	8,000,000	8,000,000
	<u>10,500,000</u>	<u>10,500,000</u>	<u>16,500,000</u>
Less: Current portion	(2,500,000)	(2,500,000)	(6,000,000)
	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 10,500,000</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.

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2023</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2030.	1.53% ~ 6.09%	None	\$ 26,161,774
Less: Current portion				(4,767,267)
				<u>\$ 21,394,507</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2030.	1.41% ~ 5.73%	None	\$ 26,218,912
Less: Current portion				(5,450,172)
				<u>\$ 20,768,740</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2029.	0.70% ~ 1.88%	None	\$ 21,728,222
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	180,240
				<u>21,908,462</u>
Less: Current portion				(2,643,731)
				<u>\$ 19,264,731</u>

- 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, 2022.
- 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	March 31, 2023	December 31, 2022	March 31, 2022
USD	\$ 12,586,508	\$ 13,308,179	\$ 12,575,917

(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 \$3,125 thousand and \$3,492 thousand for the three-month periods ended March 31, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$12,538 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 periods ended March 31, 2023 and 2022 were \$31,485 thousand and \$34,897 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 three-month periods ended March 31, 2023 and 2022 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 periods ended March 31, 2023 and 2022, were \$149,676 thousand and \$153,541 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 periods ended March 31, 2023 and 2022 were \$12,248 thousand and \$13,223 thousand, respectively.

(18) Share capital

As at March 31, 2023, 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 \$4,537,982 thousand and \$3,889,699 thousand (\$1.4 (in dollars) and \$1.2 (in dollars) per share) for the years ended December 31, 2022 and 2021, respectively. On March 14, 2023, the Board of Directors proposed that total dividends for the distribution of earnings for the year of 2022 was \$4,537,982 thousand at \$1.4 (in dollars) per share.

(21) Other equity items

	2023		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 5,880,150)	\$ 9,173	(\$ 5,870,977)
Valuation adjustment – Group	-	2,870	2,870
Currency translation differences:			
– Group	353,532	-	353,532
– Tax on Group	(70,706)	-	(70,706)
At March 31	(\$ 5,597,324)	\$ 12,043	(\$ 5,585,281)

	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	-	(1,747)	(1,747)
Currency translation differences:			
– Group	3,071,380	-	3,071,380
– Tax on Group	(614,276)	-	(614,276)
At March 31	(\$ 5,145,452)	\$ 12,671	(\$ 5,132,781)

(22) Operating revenue

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Revenue from contracts with customers	\$ 23,528,645	\$ 24,777,953

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 March 31, 2023				
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	\$ 1,622,447	\$ 10,579,759	\$ 2,394,308	\$ 8,932,131	\$ 23,528,645

	Year ended March 31, 2022				
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	\$ 1,816,618	\$ 10,721,351	\$ 2,624,830	\$ 9,615,154	\$ 24,777,953

B. Contract liabilities

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

	March 31, 2023	December 31, 2022
Contract liabilities:		
Advance sales receipts	\$ 786,575	\$ 527,661
Customer loyalty programmes	6,472	26,661
Total	<u>\$ 793,047</u>	<u>\$ 554,322</u>
	March 31, 2022	January 1, 2022
Contract liabilities:		
Advance sales receipts	\$ 824,181	\$ 1,024,767
Customer loyalty programmes	7,382	22,807
Total	<u>\$ 831,563</u>	<u>\$ 1,047,574</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Advance sales receipts	\$ 302,509	\$ 824,076
Customer loyalty programmes	26,661	22,807
	<u>\$ 329,170</u>	<u>\$ 846,883</u>

(23) Interest income

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Interest income from bank deposits	\$ 106,700	\$ 55,974
Interest income from financial assets at amortised cost	37,086	2,751
	<u>\$ 143,786</u>	<u>\$ 58,725</u>

(24) Other income

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Grant revenue	\$ 81,262	\$ 91,071
Other income	42,758	63,327
	<u>\$ 124,020</u>	<u>\$ 154,398</u>

(25) Other gains and losses

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Net currency exchange gain	\$ 362,459	\$ 33,057
Loss on disposal of property, plant and equipment	(3,585)	(31,640)
Net gain on financial assets and liabilities at fair value through profit or loss	-	96,083
Miscellaneous disbursement	(16,632)	(16,145)
	<u>\$ 342,242</u>	<u>\$ 81,355</u>

(26) Finance costs

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Interest expense:		
Bank borrowings	\$ 280,563	\$ 91,107
Corporate bonds	17,199	31,451
Provisions-discount	2,961	2,821
Lease liability-interest expense	2,622	3,261
	<u>\$ 303,345</u>	<u>\$ 128,640</u>
Less: Capitalisation of qualifying assets	(1,163)	(2,266)
Finance costs	<u>\$ 302,182</u>	<u>\$ 126,374</u>

(27) Expenses by nature

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Employee benefit expense		
Wages and salaries	\$ 2,465,375	\$ 2,808,013
Labour and health insurance fees	202,840	182,867
Pension costs	196,534	205,153
Directors' remuneration	28,596	31,572
Other personnel expenses	176,840	196,455
	<u>\$ 3,070,185</u>	<u>\$ 3,424,060</u>
Raw materials and supplies used	<u>\$ 11,753,590</u>	<u>\$ 12,624,631</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,660,993</u>	<u>\$ 2,606,992</u>
Depreciation expense on right-of-use assets	<u>\$ 67,417</u>	<u>\$ 72,085</u>
Depreciation expense on investment property	<u>\$ 5,942</u>	<u>\$ 5,896</u>
Amortisation expense on intangible assets	<u>\$ 24,301</u>	<u>\$ 25,628</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 periods ended March 31, 2023 and 2022, employees' compensation was accrued at \$39,804 thousand and \$35,030 thousand, respectively; while directors' remuneration was accrued at \$28,360 thousand and \$26,273 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.425%; 2% and 1.5% of distributable profit of current year for the three-month periods ended March 31, 2023 and 2022, respectively.

Employees' compensation for 2022 amounting to \$131,549 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements; Directors' remuneration for 2022, the difference of \$4,933 thousand between the amount (resolved at 1.425%) resolved at the Board meeting and the amount of \$98,622 thousand (provided at 1.5%) recognised in the 2022 financial statements, mainly resulting from the adjustment of accrual for directors' remuneration, had been adjusted in the profit or loss of 2023.

The employees' compensation for 2022 will be distributed in the form of cash. As of May 11, 2023, the employees' compensation for 2022 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:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Current tax:		
Current tax on profits for the period	\$ 383,028	\$ 417,462
Prior year income tax under (over) estimation	53,852	(30,889)
Total current tax	<u>436,880</u>	<u>386,573</u>
Deferred tax:		
Origination and reversal of temporary differences	180,942	88,535
Total current tax	<u>180,942</u>	<u>88,535</u>
Income tax expense	<u>\$ 617,822</u>	<u>\$ 475,108</u>

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

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Generated during the period :		
Currency translation differences	(\$ 70,706)	(\$ 614,276)

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

Three-month period ended March 31, 2023			
	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	\$ 1,583,293	3,241,416	\$ 0.49
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,583,293	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,268	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,583,293	3,245,684	\$ 0.49
Three-month period ended March 31, 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	\$ 1,374,352	3,241,416	\$ 0.42
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,374,352	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,469	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,374,352	3,245,885	\$ 0.42

(30) Supplemental cash flow information

A. Investing activities with partial cash payments :

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Purchase of property, plant and equipment	\$ 881,651	\$ 829,349
Add: Opening balance of payable on equipment	432,843	565,792
Less: Ending balance of payable on equipment	(331,191)	(606,592)
Cash paid during the period	<u>\$ 983,303</u>	<u>\$ 788,549</u>

B. Financial activities with no cash flow effect :

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Cash dividends paid	\$ 4,537,982	\$ -
Add: Opening balance of dividends payable	10	9
Less: Ending balance of dividends payable	(4,537,992)	(9)
Cash paid during the period	<u>\$ -</u>	<u>\$ -</u>

(31) Changes in liabilities from financing activities

	2023					
	Short-term borrowings	Long-term borrowings	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 6,194,746	\$ 26,218,912	\$ 10	\$ 433,905	\$ 270,590	\$ 33,118,163
Changes in cash flow from financing activities	(2,427,085)	137,434	-	(56,052)	(1,701)	(2,347,404)
Interest paid	-	-	-	(2,622)	-	(2,622)
Additions	-	-	4,537,982	12,176	-	4,550,158
Amortisation of interest expense	-	-	-	2,622	-	2,622
Impact of changes in foreign exchange rate	(5,903)	(194,572)	-	(1,977)	-	(202,452)
At March 31	<u>\$ 3,761,758</u>	<u>\$ 26,161,774</u>	<u>\$ 4,537,992</u>	<u>\$ 388,052</u>	<u>\$ 268,889</u>	<u>\$ 35,118,465</u>
	2022					
	Short-term borrowings	Long-term borrowings	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 9,365,279	\$ 22,378,678	\$ 9	\$ 556,358	\$ 250,496	\$ 32,550,820
Changes in cash flow from financing activities	(2,894,442)	(725,146)	-	(59,194)	8,264	(3,670,518)
Interest paid	-	-	-	(3,261)	-	(3,261)
Additions	-	-	-	10,934	-	10,934
Amortisation of interest expense	-	-	-	3,261	-	3,261
Impact of changes in foreign exchange rate	138,635	254,930	-	16,724	-	410,289
At March 31	<u>\$ 6,609,472</u>	<u>\$ 21,908,462</u>	<u>\$ 9</u>	<u>\$ 524,822</u>	<u>\$ 258,760</u>	<u>\$ 29,301,525</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 March 31, 2023</u>	<u>Three-month period ended March 31, 2022</u>
Sales of goods:		
-Other related parties	\$ <u>80,464</u>	\$ <u>58,075</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable:			
-Other related parties	\$ <u>68,454</u>	\$ <u>72,535</u>	\$ <u>39,327</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Payables due to related parties :			
-Other related parties	\$ <u>-</u>	\$ <u>-</u>	\$ <u>180,240</u>

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 land 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

	March 31, 2023	December 31, 2022	March 31, 2022
Key management personnel	\$ -	\$ 13,976	\$ 13,884

ii. Interest expense

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Key management personnel	\$ -	\$ 31

(3) Key management compensation

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Short-term employee benefits	\$ 126,768	\$ 67,103
Post-employment benefits	580	491
	<u>\$ 127,348</u>	<u>\$ 67,594</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2023	December 31, 2022	March 31, 2022	
Time deposits (shown as 'Financial assets at amortised cost - non-current')	<u>\$ 46,826</u>	<u>\$ 34,948</u>	<u>\$ 18,536</u>	Customs guarantees, Performance guarantees and Import credit limit

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company's former distributor, Khalid Saeed Al Hajri Company Ltd. (the "KCT"), claimed that the termination of its agency contract was in dispute and filed a claim for arbitration. On April 5, 2023, the arbitral tribunal decided that an arbitration agreement exists between KCT and the Company. The tribunal will proceed with the examination of KCT's request and hold arbitration discussions on May 4, 2023. The Company's appointed attorney expects to provide a statement of defence within 30 days.

(2) Commitments

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

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	<u>\$ 2,369,746</u>	<u>\$ 2,656,182</u>	<u>\$ 2,896,914</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Amount of letter of credit that has been issued but not yet used	<u>\$ 49,617</u>	<u>\$ -</u>	<u>\$ 4,978</u>

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 three-month periods ended March 31, 2023, the Group's strategy was unchanged from 2022. The Group maintained the gearing ratios below 200%. The gearing ratios at March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Total liabilities	\$ 63,424,553	\$ 61,496,804	\$ 64,931,125
Total equity	\$ 81,719,383	\$ 84,386,815	\$ 85,329,995
Less : Intangible assets	(224,931)	(233,013)	(227,124)
Tangible equity	\$ 81,494,452	\$ 84,153,802	\$ 85,102,871
Debt-equity ratio	78%	73%	76%

(2) Financial instruments

A. Financial instruments by category

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ -	\$ 101,288
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 78,895	\$ 76,025	\$ 79,523
Financial assets at amortised cost			
Cash and cash equivalents	\$ 22,344,381	\$ 21,735,562	\$ 22,775,341
Financial assets at amortised cost	5,566,920	5,441,377	2,678,980
Notes receivable, net	4,112,068	3,436,147	3,060,734
Accounts receivable (including related parties)	10,722,354	9,612,429	9,896,205
Guarantee deposits paid	74,856	79,169	50,324
	<u>\$ 42,820,579</u>	<u>\$ 40,304,684</u>	<u>\$ 38,461,584</u>

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,761,758	\$ 6,194,746	\$ 6,609,472
Notes payable	244,521	169,724	386,999
Accounts payable	7,191,327	7,163,658	7,899,338
Other accounts payable	8,751,870	4,973,035	4,888,997
Corporate bonds payable			
(including current portion)	10,500,000	10,500,000	16,500,000
Long-term borrowings			
(including current portion)	26,161,774	26,218,912	21,908,462
Guarantee deposits received	<u>268,889</u>	<u>270,590</u>	<u>258,760</u>
	<u>\$ 56,880,139</u>	<u>\$ 55,490,665</u>	<u>\$ 58,452,028</u>
Lease liabilities			
(including current portion)	<u>\$ 388,052</u>	<u>\$ 433,905</u>	<u>\$ 524,822</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			
<u>Foreign exchange risk</u>			
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 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:			

March 31, 2023

		Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 181,913	30.450	\$ 5,539,251	1%	\$ 55,393	\$ -
RMB : TWD	87,684	4.431	388,528	1%	3,885	-
EUR : TWD	10,249	33.150	339,754	1%	3,398	-
JPY : TWD	677,114	0.229	155,059	1%	1,551	-
USD : RMB	105,056	6.872	3,198,938	1%	31,989	-
EUR : RMB	22,320	7.481	739,870	1%	7,399	-
GBP : RMB	4,020	8.501	151,425	1%	1,514	-
USD : THB	40,063	33.935	1,219,506	1%	12,195	-
USD : VND	10,415	23,789.063	317,137	1%	3,171	-
USD : CAD	19,629	1.355	597,641	1%	5,976	-
USD : IDR	9,800	15,000.000	298,410	1%	2,984	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 17,853	30.450	\$ 543,624	1%	\$ 5,436	\$ -
USD : RMB	17,312	6.872	527,147	1%	5,271	-
USD : THB	21,744	33.935	661,881	1%	6,619	-
USD : VND	39,852	23,789.063	1,213,493	1%	12,135	-
USD : CAD	7,224	1.355	219,948	1%	2,199	-
USD : IDR	253,847	15,000.000	7,729,641	1%	77,296	-
USD : INR	194,235	82.253	5,914,468	1%	59,145	-

December 31, 2022

**(Foreign currency:
functional currency)**

Financial assets

Monetary items

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
USD : TWD	\$ 186,342	30.710	\$ 5,722,563	1%	\$ 57,226	\$ -
RMB : TWD	75,225	4.408	331,592	1%	3,316	-
EUR : TWD	11,698	32.720	382,759	1%	3,828	-
JPY : TWD	569,819	0.232	132,198	1%	1,322	-
USD : RMB	90,239	6.967	2,771,288	1%	27,713	-
EUR : RMB	22,603	7.423	739,583	1%	7,396	-
JPY : RMB	533,704	0.053	124,686	1%	1,247	-
GBP : RMB	5,925	8.414	219,752	1%	2,198	-
USD : THB	56,855	34.347	1,745,802	1%	17,458	-
USD : VND	9,783	23,806.202	300,436	1%	3,004	-
USD : CAD	14,987	1.355	460,368	1%	4,604	-
USD : IDR	41,514	15,510.101	1,274,895	1%	12,749	-

Financial liabilities

Monetary items

USD : TWD	\$ 13,993	30.710	\$ 429,725	1%	\$ 4,297	\$ -
USD : RMB	21,353	6.967	655,762	1%	6,558	-
USD : THB	9,545	34.347	293,091	1%	2,931	-
USD : VND	61,941	23,806.202	1,902,208	1%	19,022	-
USD : CAD	5,917	1.355	181,758	1%	1,818	-
USD : IDR	311,255	15,510.101	9,558,641	1%	95,586	-
USD : INR	190,371	82.732	5,846,316	1%	58,463	-

March 31, 2022

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 156,593	28.625	\$ 4,482,475	1%	\$ 44,825	\$ -
RMB : TWD	38,802	4.506	174,842	1%	1,748	-
EUR : TWD	14,855	31.920	474,172	1%	4,742	-
JPY : TWD	1,900,387	0.235	446,591	1%	4,466	-
USD : RMB	84,478	6.353	2,418,319	1%	24,183	-
EUR : RMB	17,939	7.084	572,622	1%	5,726	-
GBP : RMB	3,456	8.349	130,017	1%	1,300	-
RUB : RMB	537,357	0.078	188,864	1%	1,889	-
USD : THB	53,787	33.089	1,539,491	1%	15,395	-
USD : VND	8,625	23,084.677	246,891	1%	2,469	-
USD : CAD	15,070	1.251	431,347	1%	4,313	-
USD : IDR	23,687	14,457.071	678,040	1%	6,780	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 19,829	28.625	\$ 567,605	1%	\$ 5,676	\$ -
USD : RMB	27,804	6.353	795,934	1%	7,959	-
USD : THB	27,899	33.089	798,525	1%	7,985	-
USD : VND	76,385	23,084.677	2,186,521	1%	21,865	-
USD : CAD	8,238	1.251	235,795	1%	2,358	-
USD : IDR	325,535	14,457.071	9,318,440	1%	93,184	-
USD : INR	193,163	75.728	5,529,326	1%	55,293	-

- iv. The exchange gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2023 and 2022 amounted to \$362,459 thousand and \$33,057 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 three-month periods ended March 31, 2023 and 2022 would have increased/decreased by \$789 thousand and \$795 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the three-month periods ended March 31, 2023 and 2022, 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 March 31, 2023 and 2022, 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 three-month periods ended March 31, 2023 and 2022 would have been \$7,448 thousand and \$7,122 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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 March 31, 2023, December 31, 2022 and March 31, 2021, the provision matrix is as follows:

<u>March 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 9,238,919	\$ -
Up to 30 days	1.35%	1,060,525	14,317
31 to 90 days	7.20%	237,142	17,074
91 to 180 days	27.81%	167,382	46,549
Over 180 days	39.40%	45,993	18,121
		<u>\$ 10,749,961</u>	<u>\$ 96,061</u>
 <u>December 31, 2022</u>	 <u>Expected loss rate</u>	 <u>Total book value</u>	 <u>Loss allowance</u>
Without past due	0.00%	\$ 7,587,205	\$ -
Up to 30 days	1.15%	1,171,734	13,475
31 to 90 days	1.86%	611,009	11,365
91 to 180 days	5.55%	171,199	9,501
Over 180 days	10.84%	37,111	4,023
		<u>\$ 9,578,258</u>	<u>\$ 38,364</u>
 <u>March 31, 2022</u>	 <u>Expected loss rate</u>	 <u>Total book value</u>	 <u>Loss allowance</u>
Without past due	0.00%	\$ 8,462,496	\$ -
Up to 30 days	1.89%	996,858	18,841
31 to 90 days	3.54%	287,256	10,169
91 to 180 days	9.98%	127,519	12,726
Over 180 days	13.49%	28,302	3,817
Individual	100.00%	42,962	42,962
		<u>\$ 9,945,393</u>	<u>\$ 88,515</u>

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

	2023	2022
At January 1	\$ 38,364	\$ 64,705
Provision for impairment	57,702	990
Other	-	20,393
Effect of exchange rate changes	(5)	2,427
At March 31	\$ 96,061	\$ 88,515

(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.

March 31, 2023

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	\$ 3,167,872	\$ 8,986	\$ 617,964	\$ -	\$ 3,794,822
Notes and accounts payable	7,435,848	-	-	-	7,435,848
Other payables	3,839,554	4,678,038	131,648	102,630	8,751,870
Lease liability	37,449	32,673	59,225	258,705	388,052
Guarantee deposits received	315	279	11,693	256,602	268,889
Long-term borrowings	611,413	3,517,015	1,522,398	22,992,429	28,643,255
Bonds payable	-	2,569,750	-	8,120,000	10,689,750

December 31, 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	\$ 4,737,844	\$ 875,549	\$ 638,669	\$ -	\$ 6,252,062
Notes and accounts payable	7,333,382	-	-	-	7,333,382
Other payables	4,693,764	16,605	127,791	134,875	4,973,035
Lease liability	56,589	36,767	61,359	279,190	433,905
Guarantee deposits received	393	3,680	8,010	258,507	270,590
Long-term borrowings	1,308,387	592,849	4,386,368	22,300,428	28,588,032
Bonds payable	-	-	2,569,750	8,120,000	10,689,750

March 31, 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	\$ 4,990,042	\$ 715,830	\$ 929,026	\$ -	\$ 6,634,898
Notes and accounts payable	8,286,337	-	-	-	8,286,337
Other payables	4,475,390	198,662	130,778	84,167	4,888,997
Lease liability	42,697	40,349	93,147	348,629	524,822
Guarantee deposits received	66	186	4	258,504	258,760
Long-term borrowings	140,564	826,444	2,068,220	19,531,327	22,566,555
Bonds payable	-	6,127,550	-	10,689,750	16,817,300

(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, other receivables, financial assets at amortised cost, 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.

March 31, 2023				
<u>Carrying amount</u>	<u>Fair value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities:				
Bonds payable	\$ 10,500,000	\$ -	\$ 10,541,523	\$ -
December 31, 2022				
<u>Carrying amount</u>	<u>Fair value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities:				
Bonds payable	\$ 10,500,000	\$ -	\$ 10,525,872	\$ -

March 31, 2022				
	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 16,500,000	\$ -	\$ 16,575,588	\$ -

(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:

March 31, 2023				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 20,708	\$ -	\$ 58,187	\$ 78,895

December 31, 2022				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 17,838	\$ -	\$ 58,187	\$ 76,025

March 31, 2022				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 101,288	\$ -	\$ 101,288
Financial assets at fair value through other comprehensive income				
- Equity securities	21,336	-	58,187	79,523
Total	\$ 21,336	\$ 101,288	\$ 58,187	\$ 180,811

(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 three-month periods ended March 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the three-month periods ended March 31, 2023 and 2022.

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 for the three-month periods ended March 31, 2023: 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 March 31, 2023							
	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	\$ 3,226,892	\$ 3,298,114	\$ 6,137,827	\$ 2,025,458	\$ 5,202,571	\$	19,890,862
Revenue from inter-segment revenue	1,899,437	346,513	115,684	159,302	677,546		3,198,482
Total segment revenue	<u>\$ 5,126,329</u>	<u>\$ 3,644,627</u>	<u>\$ 6,253,511</u>	<u>\$ 2,184,760</u>	<u>\$ 5,880,117</u>		<u>\$ 23,089,344</u>
Geographical regions							
Taiwan	\$ 2,288,514	\$ 50,218	\$ 34,612	\$ 9,540	\$ 22,239	\$	2,405,123
China	54,644	2,609,769	4,636,416	2,254	4,103,154		11,406,237
US	1,024,154	54,202	1,310	208,405	67,739		1,355,810
Others	1,759,017	930,438	1,581,173	1,964,561	1,686,985		7,922,174
Total	<u>\$ 5,126,329</u>	<u>\$ 3,644,627</u>	<u>\$ 6,253,511</u>	<u>\$ 2,184,760</u>	<u>\$ 5,880,117</u>		<u>\$ 23,089,344</u>
Segment income	<u>\$ 816,130</u>	<u>\$ 6,338</u>	<u>\$ 300,310</u>	<u>\$ 92,773</u>	<u>\$ 696,984</u>		<u>\$ 1,912,535</u>

Three-month period ended March 31, 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	\$ 3,961,407	\$ 3,974,351	\$ 5,750,091	\$ 2,516,735	\$ 4,928,516	\$ 21,131,100
Revenue from inter-segment revenue	2,431,885	461,335	100,996	224,045	1,079,497	4,297,758
Total segment revenue	\$ 6,393,292	\$ 4,435,686	\$ 5,851,087	\$ 2,740,780	\$ 6,008,013	\$ 25,428,858
Geographical regions						
Taiwan	\$ 2,673,174	\$ 61,022	\$ 16,026	\$ 6,745	\$ 48,327	\$ 2,805,294
China	71,547	3,072,195	4,705,561	690	4,048,362	11,898,355
US	1,541,641	95,328	-	172,717	95,444	1,905,130
Others	2,106,930	1,207,141	1,129,500	2,560,628	1,815,880	8,820,079
Total	\$ 6,393,292	\$ 4,435,686	\$ 5,851,087	\$ 2,740,780	\$ 6,008,013	\$ 25,428,858
Segment income	\$ 1,406,822	\$ 117,761	(\$ 158,121)	\$ 220,164	\$ 541,299	\$ 2,127,925

(4) Reconciliation for segment income

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

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Adjusted revenue from reportable segments	\$ 23,089,344	\$ 25,428,858
Adjusted revenue from other operating segments	4,033,521	3,923,844
Total operating segments	27,122,865	29,352,702
Elimination of inter-segment revenue	(3,594,220)	(4,574,749)
Total consolidated operating revenue	\$ 23,528,645	\$ 24,777,953
Geographical regions		
Geographical regions from reportable segments	\$ 23,089,344	\$ 25,428,858
Geographical regions from other operating segments		
Taiwan	78,566	30,516
China	333,561	486,549
US	2,156,143	2,188,450
Others	1,465,251	1,218,329
Total geographical regions	27,122,865	29,352,702
Elimination of inter-segment revenue	(3,594,220)	(4,574,749)
Total consolidated operating revenue	\$ 23,528,645	\$ 24,777,953

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 March 31, 2023	Three-month period ended March 31, 2022
Adjusted income from reportable segments before income tax	\$ 1,912,535	\$ 2,127,925
Adjusted gain (loss) from other operating segments before income tax	<u>267,593</u>	(<u>297,731</u>)
Total operating segments	2,180,128	1,830,194
Gain from elimination of inter-segment revenue	<u>19,482</u>	<u>20,872</u>
Income from continuing operations before income tax	<u>\$ 2,199,610</u>	<u>\$ 1,851,066</u>

CHENG SHIN RUBBER IND. CO., LTD.
Loans to others
Three-month period ended March 31, 2023

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 three-month period ended	Balance at	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 (Note 4 、 5)	Footnote
					March 31, 2023	(Note 7)							Item	Value			
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 2,222,500	\$ 2,215,500	\$ 1,510,971	3.65%~3.70%	Note 6	\$ -	Operating capital	\$ -	None	\$ -	\$ 5,453,198	\$ 9,088,663	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2,222,500	1,107,750	199,395	3.65%	Note 6	-	Operating capital	-	None	-	5,453,198	9,088,663	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	577,850	576,030	150,654	4.65%~4.70%	Note 6	-	Operating capital	-	None	-	5,453,198	9,088,663	Note 8
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	355,600	354,480	177,240	3.00%	Note 6	-	Operating capital	-	None	-	5,298,194	10,596,388	Note 8
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	666,750	664,650	551,660	3.65%~3.70%	Note 6	-	Operating capital	-	None	-	6,770,160	11,283,600	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 others is 100% of above Companies' net assets.

Note 5: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) 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
Three-month period ended March 31, 2023

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 March 31, 2023	Outstanding endorsement/ guarantee amount at March 31, 2023	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 Rubber India Private Limited	Subsidiary	\$ 40,571,103	\$ 8,568,930	\$ 8,568,930	\$ 6,107,919	\$ -	10.56	\$ 56,799,544	Y	N	N	Note 2 、 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	40,571,103	12,335,256	11,561,865	7,360,685	-	14.25	56,799,544	Y	N	N	Note 2 、 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.

\$ 56,799,544

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

\$ 16,228,441

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

\$ 40,571,103

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at March 31, 2023.

Table 2, page 1

CHENG SHIN RUBBER IND. CO., LTD.

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

March 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of March 31, 2023				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	-	\$ 20,708	-	\$ 20,708	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 same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Three-month period ended March 31, 2023

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 at March 31, 2023		Addition (Note 3)		Disposal (Note 3)		Gain (loss) on disposal		Balance as at March 31, 2023	
					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.	PT MAXXIS International Indonesia	Investments accounted for using the equity method	PT MAXXIS International Indonesia	Subsidiary	169,993,625	\$ 5,176,494	29,998,875	\$ 926,785	\$ -	\$ -	\$ -	\$ -	199,992,500	\$ 6,103,279

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. related amounts,

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

Three-month period ended March 31, 2023

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 5

								Differences in transaction terms compared to third party transactions (Note 1)				Notes/accounts receivable (payable)		
			Transaction											
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)			
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 939,200)	(22.50)	Collect within 120 days after shipment of goods	Same	Same	\$ 1,273,840	42.74	Note 3			
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(149,524)	(3.58)	Collect within 90 days after shipment of goods	Same	Same	137,605	4.62	Note 3			
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(754,375)	(18.07)	Collect within 30 days	Same	Same	367,571	12.33	Note 3			
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(222,821)	(6.11)	Collect within 60~90 days after shipment of goods	Same	Same	269,133	12.40	Note 3			
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(163,742)	(23.75)	Collect within 60~90 days after shipment of goods	Same	Same	293,161	46.17	Note 3			
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(197,270)	(7.88)	Collect within 60~90 days after shipment of goods	Same	Same	226,957	32.20	Note 3			
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(126,895)	(5.81)	Collect within 120 days after shipment of goods	Same	Same	214,080	12.05	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

March 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2023	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)	\$ 1,275,764	Note 3	\$ -	-	\$ 446,865	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	155,522	Note 3			19,281	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-Subsidiary (Note 4)	102,514	Note 2			5,914	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	369,112	Note 3	-	-	350,058	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	269,133	0.58	-	-	3,073	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	293,375	Note 3	-	-	141,789	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent (Note 4)	118,855	0.54			11,504	
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	227,102	Note 3	-	-	82,383	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	214,080	0.46	-	-	77,629	-

Note 1: Subsequent collection is the amount collected as of May 5, 2023.

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
Three-month period ended March 31, 2023

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	\$ 939,200	Collect within 120 days after shipment of goods	3.99
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,273,840	Collect within 120 days after shipment of goods	0.88
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	754,375	The term is 30 days after monthly billing	3.21
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	367,571	The term is 30 days after monthly billing	0.25
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	222,821	Collect within 60~90 days after shipment of goods	0.95
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	269,133	Collect within 60~90 days after shipment of goods	0.19
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	1,510,971	Pay interest quarterly	1.04
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	3	Other receivables	551,660	Pay interest quarterly	0.38
4	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	214,080	Collect within 120 days after shipment of goods	0.15

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Table 8

CHENG SHIN RUBBER IND. CO., LTD.											
Information on investees											
Three-month period ended March 31, 2023											
Expressed in thousands of NTD (Except as otherwise indicated)											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the Three-month period ended March 31, 2023	Investment income(loss) recognised by the Company for the Three-month period ended March 31, 2023 (Note 1)	Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	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	\$ 42,993,496	\$ 55,735	\$ 58,530	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	28,714,912	494,867	480,533	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	11,838,578	297,582	324,701	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	3,106,934	139,440	139,423	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	759,508	26,489	26,489	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	203,764	8,276	4,138	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	74,910	(12,164)	(12,164)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	6,103,279	5,176,494	199,992,500	100.00	1,107,297	252,363	252,363	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,887,750	4,887,750	1,105,991,033	100.00	-	(137,093)	(136,099)	Subsidiary Note 3 、 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	770,722	109,030	109,030	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	42,374	(802)	(802)	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	-	407	407	Subsidiary Note 3 、 5
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	11,452	(55)	(55)	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	738	(799)	(160)	Note 3 、 4

CHENG SHIN RUBBER IND. CO., LTD.
Information on investees
Three-month period ended March 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the Three-month period ended March 31, 2023	Investment income(loss) recognised by the Company for the Three-month period ended March 31, 2023 (Note 1)	Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	\$ 226,801,983	100.00	35,590,417	\$ 184,548	\$ 184,548	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	28,531,277	495,891	495,891	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	12,106,691	297,616	297,616	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	8,312,446	92,773	119,812	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	3,791,326	204,853	204,933	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	2,436	2,457	-	80.00	2,952	(799)	(639)	Note 3、4

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.
Note 2: Joint ventures are accounted for under the equity method.
Note 3: The transactions were eliminated when preparing the consolidated financial statements.
Note 4: The Company comprehensive holds 100% of share ownership in the investee, of which 20% is directly held and 80% is indirectly held through CHENG SHIN RUBBER USA, INC.
Note 5: The Company continusly provides financial support the investee accounted for using the equity method, and transferred the credit balance fo long-term investments to 'other non-current liabilities.'
The transaction was eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Three-month period ended March 31, 2023

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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Three- month period ended March 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee as of March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Three- month period ended March 31, 2023, (Note 2)	Book value of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,328,750	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 63,615	100.00	\$ 63,403	\$ 24,671,764	\$ 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	6,851,250	2	2,385,506	-	-	2,385,506	477,908	100.00	471,113	26,490,971	23,942,844	(Note 4 、 7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	258,825	2	68,602	-	-	68,602	(8,345)	50.00	(4,173)	317,872	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	3,045,000	2	-	-	-	-	64,533	100.00	59,920	5,737,607	1,548,045	(Note 4 、 7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	22,155	2	-	-	-	-	715	100.00	715	52,652	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	548,100	2	-	-	-	-	(22,264)	100.00	(22,264)	589,132	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	3,958,500	2	-	-	-	-	(176,390)	100.00	(176,392)	11,295,195	4,245,663	(Note 3 、 7)
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	\$ 1,370,250	2	-	-	-	-	79,396	100.00	82,404	9,088,663	6,217,061	(Note 7)

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Three-month period ended March 31, 2023

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 Three- month period ended March 31,		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee as of March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Three- month period ended March 31,	Book value of investments in Mainland China as of March 31,		Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
				as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	of March 31, 2023			2023, (Note 2)	as of March 31, 2023	Taiwan as of March 31, 2023		
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	609,000	2	\$ -	\$ -	\$ -	\$ -	(\$ 21,157)	100.00	(\$ 21,157)	\$ -	\$ -		
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	155,085	2	-	-	-	-	(452)	95.00	(430)	92,619	-	(Note 7)	
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	63,859	2	-	-	-	-	5,275	49.00	2,585	144,195	-	(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	4,209,450	2	-	-	-	-	250,787	100.00	250,787	7,924,256	917,395	(Note 5 、 7)	
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,683,780	2	-	-	-	-	(5,552)	100.00	(5,552)	2,131,826	-	(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 30.45: USD 1 and NTD 4.431: RMB 1 prevailing on March 31, 2023.

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
Three-month period ended March 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	\$ 3,742,305	\$ 20,489,805	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023 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

March 31, 2023

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.