

**CHENG SHIN RUBBER IND. CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
JUNE 30, 2023 AND 2022**

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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

PWCR23001462

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

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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. 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\$36,155,966 thousand and NT\$37,973,413 thousand, constituting 25% and 26% of the consolidated total assets, and total liabilities of NT\$16,633,659 thousand and NT\$23,085,102 thousand, constituting 28% and 35% of the consolidated total liabilities as at June 30, 2023 and 2022, and total net operating revenues of NT\$7,452,210 thousand, NT\$7,711,730

thousand, NT\$14,430,476 thousand and NT\$14,970,146 thousand, constituting 30%, 32%, 30% and 31% of consolidated total net operating revenue, and total comprehensive income (loss) of NT\$234,620 thousand, (NT\$121,334) thousand, NT\$794,030 thousand and NT\$360,152 thousand, constituting 97%, (41%), 38% and 9% of the consolidated total comprehensive income (loss) for the three-month and six-month periods then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three-month and six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

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Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

August 10, 2023

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

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

**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets			June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 24,242,699	17	\$ 21,735,562	15	\$ 22,657,930	15
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	-	-	51,837	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		21,001	-	17,838	-	18,739	-
1136	Financial assets at amortised	6(4)						
	cost - current		8,124	-	175,509	-	474,106	-
1150	Notes receivable, net	6(5)	4,792,564	4	3,436,147	2	2,387,342	2
1170	Accounts receivable, net	6(5)	10,316,655	7	9,539,894	7	10,133,319	7
1180	Accounts receivable - related	7						
	parties		47,478	-	72,535	-	74,908	-
130X	Inventories	6(6)	17,137,938	12	20,983,551	14	21,296,274	14
1410	Prepayments		849,050	1	920,364	1	1,256,036	1
1470	Other current assets		331,279	-	270,462	-	214,110	-
11XX	Current Assets		57,746,788	41	57,151,862	39	58,564,601	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		5,034,443	4	5,265,868	4	2,911,434	2
1550	Investments accounted for	6(7)						
	under equity method		187,569	-	199,626	-	178,433	-
1600	Property, plant and equipment,	6(8)						
	net		70,855,923	50	75,517,186	52	79,077,652	54
1755	Right-of-use assets	6(9)	4,783,644	3	4,804,923	3	4,938,222	4
1760	Investment property, net	6(10)	692,522	-	485,621	-	498,886	-
1840	Deferred income tax assets	6(28)	2,322,401	2	1,943,206	2	1,800,699	1
1900	Other non-current assets	6(11)	359,880	-	457,140	-	355,885	-
15XX	Non-current assets		84,294,569	59	88,731,757	61	89,819,398	61
1XXX	Total assets		\$ 142,041,357	100	\$ 145,883,619	100	\$ 148,383,999	100

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**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 3,665,308	3	\$ 6,194,746	5	\$ 5,581,329	4
2130	Current contract liabilities	6(22)	723,960	1	554,322	-	685,627	1
2150	Notes payable		199,501	-	169,724	-	283,901	-
2170	Accounts payable		5,892,897	4	7,163,658	5	7,689,407	5
2200	Other payables	6(13)	8,671,410	6	4,973,035	4	9,012,692	6
2230	Current income tax liabilities	6(28)	1,068,621	1	1,492,843	1	946,731	
2280	Current lease liabilities	7	143,367	-	154,715	-	170,947	-
2320	Long-term liabilities, current portion	6(15)(16) and 7	6,374,578	4	7,950,172	5	9,422,716	6
2399	Other current liabilities, others	6(14)	327,312	-	317,738	-	390,432	-
21XX	Current Liabilities		27,066,954	19	28,970,953	20	34,183,782	23
Non-current liabilities								
2530	Corporate bonds payable	6(15)	8,000,000	6	8,000,000	5	10,500,000	7
2540	Long-term borrowings	6(16)	21,403,031	15	20,768,740	14	17,902,964	12
2550	Provisions for liabilities - non-current		201,571	-	192,478	-	182,127	-
2570	Deferred income tax liabilities	6(28)	847,344	1	868,236	1	1,005,606	1
2580	Non-current lease liabilities	7	289,070	-	279,190	-	325,867	-
2600	Other non-current liabilities	6(17)	2,272,165	1	2,417,207	2	2,544,255	2
25XX	Non-current liabilities		33,013,181	23	32,525,851	22	32,460,819	22
2XXX	Total Liabilities		60,080,135	42	61,496,804	42	66,644,601	45
Equity								
Equity attributable to owners of parent								
	Share capital	6(18)						
3110	Share capital - common stock		32,414,155	23	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		17,172,449	12	16,665,921	12	16,665,921	11
3320	Special reserve		5,870,977	4	7,588,138	5	7,588,138	5
3350	Unappropriated retained earnings		33,279,718	24	32,946,205	23	30,403,253	21
	Other equity interest	6(21)						
3400	Other equity interest		( 7,415,600)	( 5)	( 5,870,977)	( 4)	( 5,982,618)	( 4)
31XX	Equity attributable to owners of the parent		81,389,455	58	83,811,199	58	81,156,619	55
36XX	Non-controlling interest		571,767	-	575,616	-	582,779	-
3XXX	Total equity		81,961,222	58	84,386,815	58	81,739,398	55
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 142,041,357	100	\$ 145,883,619	100	\$ 148,383,999	100

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7	\$ 24,623,334	100	\$ 24,058,036	100	\$ 48,151,979	100	\$ 48,835,989	100
5000 Operating costs	6(6)	( 18,694,724)	( 76)	( 18,832,023)	( 78)	( 37,198,692)	( 77)	( 38,453,225)	( 79)
5900 Net operating margin		<u>5,928,610</u>	<u>24</u>	<u>5,226,013</u>	<u>22</u>	<u>10,953,287</u>	<u>23</u>	<u>10,382,764</u>	<u>21</u>
Operating expenses	7								
6100 Selling expenses		( 1,448,594)	( 6)	( 1,547,443)	( 6)	( 2,792,325)	( 6)	( 3,089,075)	( 6)
6200 General and administrative expenses		( 893,258)	( 3)	( 845,200)	( 4)	( 1,682,614)	( 4)	( 1,717,711)	( 4)
6300 Research and development expenses		( 958,272)	( 4)	( 998,435)	( 4)	( 1,904,554)	( 4)	( 2,059,827)	( 4)
6450 Expected credit gain (loss)	12(2)	<u>2,485</u>	<u>-</u>	<u>2,824</u>	<u>-</u>	<u>( 55,217)</u>	<u>-</u>	<u>1,834</u>	<u>-</u>
6000 Total operating expenses		<u>( 3,297,639)</u>	<u>( 13)</u>	<u>( 3,388,254)</u>	<u>( 14)</u>	<u>( 6,434,710)</u>	<u>( 14)</u>	<u>( 6,864,779)</u>	<u>( 14)</u>
6900 Operating profit		<u>2,630,971</u>	<u>11</u>	<u>1,837,759</u>	<u>8</u>	<u>4,518,577</u>	<u>9</u>	<u>3,517,985</u>	<u>7</u>
Non-operating income and expenses									
7100 Interest income	6(23)	194,653	1	81,134	-	338,439	1	139,859	-
7010 Other income	6(24)	162,861	-	149,985	1	286,881	-	304,383	1
7020 Other gains and losses	6(25)	238,140	1	( 186,797)	( 1)	580,382	1	( 105,442)	-
7050 Finance costs	6(26) and 7	( 305,389)	( 1)	( 155,482)	( 1)	( 607,571)	( 1)	( 281,856)	( 1)
7060 Share of (loss) profit of associates and joint ventures accounted for under equity method	6(7)	<u>( 6,195)</u>	<u>-</u>	<u>5,280</u>	<u>-</u>	<u>( 2,057)</u>	<u>-</u>	<u>8,016</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>284,070</u>	<u>1</u>	<u>( 105,880)</u>	<u>( 1)</u>	<u>596,074</u>	<u>1</u>	<u>64,960</u>	<u>-</u>
7900 Profit before income tax		<u>2,915,041</u>	<u>12</u>	<u>1,731,879</u>	<u>7</u>	<u>5,114,651</u>	<u>10</u>	<u>3,582,945</u>	<u>7</u>
7950 Income tax expense	6(28)	( 822,652)	( 3)	( 573,561)	( 2)	( 1,440,474)	( 3)	( 1,048,669)	( 2)
8200 Profit for the period		<u>\$ 2,092,389</u>	<u>9</u>	<u>\$ 1,158,318</u>	<u>5</u>	<u>\$ 3,674,177</u>	<u>7</u>	<u>\$ 2,534,276</u>	<u>5</u>

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316 Unrealized gain (loss) on valuation of equity instruments at fair value through profit or loss	6(3)(21)	\$ 293	-	(\$ 2,597)	-	\$ 3,163	-	(\$ 4,344)	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		293	-	( 2,597)	-	3,163	-	( 4,344)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Financial statements translation differences of foreign operations	6(21)	( 2,308,495)	( 10)	( 1,068,429)	( 5)	( 1,951,896)	( 4)	2,024,263	4
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)	457,652	2	211,810	1	386,946	1	( 402,466)	( 1)
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		( 1,850,843)	( 8)	( 856,619)	( 4)	( 1,564,950)	( 3)	1,621,797	3
8300 <b>Other comprehensive income (loss) for the period</b>		(\$ 1,850,550)	( 8)	(\$ 859,216)	( 4)	(\$ 1,561,787)	( 3)	\$ 1,617,453	3
8500 <b>Total comprehensive income (loss) for the period</b>		\$ 241,839	1	\$ 299,102	1	\$ 2,112,390	4	\$ 4,151,729	8
Profit, attributable to:									
8610 Owners of the parent		\$ 2,077,569	9	\$ 1,147,977	5	\$ 3,660,862	7	\$ 2,522,329	5
8620 Non-controlling interest		14,820	-	10,341	-	13,315	-	11,947	-
		\$ 2,092,389	9	\$ 1,158,318	5	\$ 3,674,177	7	\$ 2,534,276	5
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 247,250	1	\$ 298,140	1	\$ 2,116,239	4	\$ 4,127,849	8
8720 Non-controlling interest		( 5,411)	-	962	-	( 3,849)	-	23,880	-
		\$ 241,839	1	\$ 299,102	1	\$ 2,112,390	4	\$ 4,151,729	8
Earnings per share (in dollars)									
9750 Basic earnings per share	6(29)	\$ 0.64		\$ 0.35		\$ 1.13		\$ 0.78	
9850 Diluted earnings per share	6(29)	\$ 0.64		\$ 0.35		\$ 1.13		\$ 0.78	

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

**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**SIX-MONTHS PERIODS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital Surplus				Retained Earnings			Other equity interest				
									Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Notes		Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			Total	Non-controlling interest	Total equity
<u>Six-month period ended June 30,2022</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
		-	-	-	-	-	-	2,522,329	-	-	2,522,329	11,947	2,534,276
Other comprehensive income (loss) for the period	6(21)	-	-	-	-	-	-	-	1,609,864	( 4,344)	1,605,520	11,933	1,617,453
Total comprehensive income (loss)		-	-	-	-	-	-	2,522,329	1,609,864	( 4,344)	4,127,849	23,880	4,151,729
Appropriation and distribution of 2021 earnings:													
		-	-	-	-	533,341	-	( 533,341)	-	-	-	-	-
		-	-	-	-	-	976,842	( 976,842)	-	-	-	-	-
Cash dividends	6(20)	-	-	-	-	-	-	( 3,889,699)	-	-	( 3,889,699)	-	( 3,889,699)
Balance at June 30, 2022		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 15,194</u>	<u>\$ 16,665,921</u>	<u>\$ 7,588,138</u>	<u>\$ 30,403,253</u>	<u>(\$ 5,992,692)</u>	<u>\$ 10,074</u>	<u>\$ 81,156,619</u>	<u>\$ 582,779</u>	<u>\$ 81,739,398</u>
<u>Six-month period ended June 30,2023</u>													
		\$ 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
		-	-	-	-	-	-	3,660,862	-	-	3,660,862	13,315	3,674,177
Other comprehensive income (loss) for the period	6(21)	-	-	-	-	-	-	-	( 1,547,786)	3,163	( 1,544,623)	( 17,164)	( 1,561,787)
Total comprehensive income (loss)		-	-	-	-	-	-	3,660,862	( 1,547,786)	3,163	2,116,239	( 3,849)	( 2,112,390)
Appropriation and distribution of 2022 earnings:													
		-	-	-	-	506,528	-	( 506,528)	-	-	-	-	-
		-	-	-	-	-	( 1,717,161)	1,717,161	-	-	-	-	-
Cash dividends	6(20)	-	-	-	-	-	-	( 4,537,982)	-	-	( 4,537,982)	-	( 4,537,982)
Dividends extinguished by prescription claimed by shareholders													
		-	-	-	( 1)	-	-	-	-	-	( 1)	-	( 1)
Balance at June 30, 2023		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,805</u>	<u>\$ 15,180</u>	<u>\$ 17,172,449</u>	<u>\$ 5,870,977</u>	<u>\$ 33,279,718</u>	<u>(\$ 7,427,936)</u>	<u>\$ 12,336</u>	<u>\$ 81,389,455</u>	<u>\$ 571,767</u>	<u>\$ 81,961,222</u>

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



**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six-month periods ended June 30 2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 5,114,651	\$ 3,582,945
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(27)	5,243,412	5,215,283
Depreciation on right-of-use assets	6(9)(27)	132,344	141,792
Depreciation on investment property	6(10)(27)	15,711	11,845
Amortization expense	6(11)(27)	46,426	52,627
Expected credit loss (income)	12(2)	55,217	( 1,834 )
Share of profit of associates and joint ventures accounted for using equity method	6(7)	2,057	( 8,016 )
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(25)	-	( 205,927 )
Loss on disposal of property, plant and equipment	6(8)(25)	16,921	64,599
Interest expense	6(8)(26)	607,571	281,856
Interest income	6(23)	( 338,439 )	( 139,859 )
Deferred government grants revenue		( 94,983 )	( 87,502 )
Unrealized foreign exchange (gain) loss on foreign currency loans		( 701,799 )	721,253
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		-	171,738
Notes receivable, net		( 1,356,417 )	491,836
Accounts receivable		( 834,338 )	( 1,034,662 )
Accounts receivable - related parties		25,057	35,082
Inventories		3,606,313	( 381,944 )
Prepayments		69,070	( 108,619 )
Other current assets		( 2,255 )	163,317
Other non-current assets		58,673	101,217
Changes in operating liabilities			
Contract liabilities - current		169,638	( 361,947 )
Notes payable		29,777	( 36,127 )
Accounts payable		( 1,270,761 )	152,924
Other payables		( 732,328 )	( 319,540 )
Other current liabilities		9,573	31,262
Accrued pension liabilities		1,716	( 7,763 )
Other non-current liabilities		( 3,146 )	( 2,243 )
Cash inflow generated from operations		9,869,661	8,453,429
Interest received		289,877	120,687
Interest paid		( 579,557 )	( 209,738 )
Income tax paid		( 1,989,096 )	( 1,341,723 )
Income tax refund received		72,405	62,941
Net cash flows from operating activities		7,663,290	7,085,596

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**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six-month periods ended June 30 2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		( \$ 623,039 )	( \$ 1,525,715 )
Proceeds from repayments of financial assets at amortised cost		953,328	269,854
Acquisition of property, plant and equipment	6(8)(30)	( 1,730,889 )	( 1,659,540 )
Payment for capitalized interests	6(8)(26)(30)	( 1,850 )	( 4,335 )
Proceeds from disposal of property, plant and equipment		56,328	85,837
Acquisition of intangible assets	6(11)	( 8,472 )	( 16,186 )
Decrease in refundable deposits		6,064	19,117
Increase in other non-current liabilities		7,580	-
Net cash flows used in investing activities		( 1,340,950 )	( 2,830,968 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(12)(31)	2,984,454	3,862,747
Decrease in short-term borrowings	6(12)(31)	( 5,593,225 )	( 7,852,332 )
Proceeds from long-term borrowings	6(16)(31)	5,209,774	879,188
Repayments of long-term borrowings	6(16)(31)	( 6,007,633 )	( 2,611,753 )
(Decrease) increase in guarantee deposits received	6(31)	( 10,072 )	13,170
Decrease in other payables to related parties	6(16)(31) and 7	-	( 26,559 )
Repayments of principal portion of lease liabilities	6(9)(31)	( 95,919 )	( 102,408 )
Dividends extinguished by prescription claimed by shareholders		( 1 )	-
Net cash flows used in financing activities		( 3,512,622 )	( 5,837,947 )
Effect of exchange rate changes on cash and cash equivalents		( 302,581 )	295,140
Net increase (decrease) in cash and cash equivalents		2,507,137	( 1,288,179 )
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)	\$ 24,242,699	\$ 22,657,930

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX-MONTHS PERIODS ENDED JUNE 30, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation described below, the other significant accounting policies of the Group are in agreement with Note 4 in the consolidated financial statements for the year ended December 31, 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
			June 30, 2023	December 31, 2022	June 30, 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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	100	
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
			June 30, 2023	December 31, 2022	June 30, 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
			June 30, 2023	December 31, 2022	June 30, 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 June 30, 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 June 30, 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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and revolving funds	\$ 4,369	\$ 4,319	\$ 5,982
Checking deposit	2,393,219	1,495,954	1,498,191
Demand deposits	15,350,113	14,539,800	17,003,572
Time deposits	6,494,998	5,695,489	4,150,185
	<u>\$ 24,242,699</u>	<u>\$ 21,735,562</u>	<u>\$ 22,657,930</u>
Interest rate range			
Time deposits	<u>1.50%~6.20%</u>	<u>1.75%~4.90%</u>	<u>1.46%~3.10%</u>

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

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

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,837</u>

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

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

Derivative instruments	June 30, 2022	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2022/04/25~
USD exchange to NTD	<u>USD 38,000 thousand</u>	2022/11/7
Foreign exchange swap		2022/03/09~
USD exchange to NTD	<u>USD 32,000 thousand</u>	2022/08/15

As at June 30, 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	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	<u>12,336</u>	<u>9,173</u>	<u>10,074</u>
Total	<u>\$ 21,001</u>	<u>\$ 17,838</u>	<u>\$ 18,739</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 \$79,188 thousand, \$76,025 thousand and \$76,926 thousand as at June 30, 2023, December 31, 2022 and June 30, 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 June 30, 2023	Three-month period ended June 30, 2022
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other		
comprehensive income (loss)	<u>\$ 293</u>	<u>(\$ 2,597)</u>

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
<u>Equity instruments at fair value</u> <u>through other comprehensive income</u> Fair value change recognised in other comprehensive income (loss)	\$ 3,163	(\$ 4,344)

C. Information relating to credit risk of financial assets at fair value through other comprehensive loss/income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits with maturity over three months	\$ 8,088	\$ 175,509	\$ 474,106
TIIP grant accounts	36	-	-
	<u>\$ 8,124</u>	<u>\$ 175,509</u>	<u>\$ 474,106</u>
Non-current items:			
Time deposits with maturity over twelve months	\$ 3,718,060	\$ 3,625,241	\$ 999,460
Pledged time deposits	51,220	34,948	20,950
Restricted bank deposits	1,265,163	1,587,679	1,891,024
TIIP grant accounts	-	18,000	-
	<u>\$ 5,034,443</u>	<u>\$ 5,265,868</u>	<u>\$ 2,911,434</u>

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Interest income	\$ 39,182	\$ 10,992
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Interest income	\$ 76,268	\$ 13,743

B. As at June 30, 2023, December 31, 2022 and June 30, 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 \$5,042,567 thousand, \$5,441,377 thousand and \$3,385,540 thousand, 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 default.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 4,841,139	\$ 3,593,059	\$ 2,996,847
Less: Discounted notes receivable	( 39,298)	( 147,635)	( 600,228)
Less: Loss allowance	( 9,277)	( 9,277)	( 9,277)
	<u>\$ 4,792,564</u>	<u>\$ 3,436,147</u>	<u>\$ 2,387,342</u>
Accounts receivable	\$ 10,409,995	\$ 9,578,258	\$ 10,154,539
Less: Loss allowance	( 93,340)	( 38,364)	( 21,220)
	<u>\$ 10,316,655</u>	<u>\$ 9,539,894</u>	<u>\$ 10,133,319</u>

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

	June 30, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 8,694,616	\$ 4,801,841	\$ 7,587,205	\$ 3,445,424
Up to 30 days	965,393	-	1,171,734	-
31 to 90 days	498,051	-	611,009	-
91 to 180 days	148,015	-	171,199	-
Over 180 days	103,920	-	37,111	-
	<u>\$ 10,409,995</u>	<u>\$ 4,801,841</u>	<u>\$ 9,578,258</u>	<u>\$ 3,445,424</u>
	June 30, 2022			
	Accounts receivable	Notes receivable		
Without past due	\$ 8,638,315	\$ 2,396,619		
Up to 30 days	1,068,857	-		
31 to 90 days	352,242	-		
91 to 180 days	73,736	-		
Over 180 days	21,389	-		
	<u>\$ 10,154,539</u>	<u>\$ 2,396,619</u>		

The above ageing analysis was based on past due date.

- B. As at June 30, 2023, December 31, 2022 and June 30, 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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group had outstanding discounted notes receivable amounting to \$39,298 thousand, \$147,635 thousand and \$600,228 thousand, respectively, wherein the Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were presented as a deduction item to notes receivable.
- D. As at June 30, 2022, the Group had outstanding discounted notes receivable amounting to \$82,536 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 June 30, 2023, December 31, 2022 and June 30, 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 \$4,792,564 thousand and \$10,316,655 thousand; \$3,436,147 thousand and \$9,539,894 thousand; \$2,387,342 thousand and \$10,133,319 thousand, respectively.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,255,866	(\$ 2,198)	\$ 5,253,668
Work in progress	2,264,918	-	2,264,918
Finished goods	7,666,479	( 111,151)	7,555,328
Buildings and land held for sale	1,980,996	-	1,980,996
Inventory in transit	83,028	-	83,028
	<u>\$ 17,251,287</u>	<u>(\$ 113,349)</u>	<u>\$ 17,137,938</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>

	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,493,240	(\$ 10,228)	\$ 7,483,012
Work in progress	2,391,715	-	2,391,715
Finished goods	9,385,730	( 256,798)	9,128,932
Buildings and land held for sale	2,109,614	-	2,109,614
Inventory in transit	183,001	-	183,001
	<u>\$ 21,563,300</u>	<u>(\$ 267,026)</u>	<u>\$ 21,296,274</u>

The cost of inventories recognized as expense for the period:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Cost of goods sold	\$ 18,720,026	\$ 18,749,894
Unallocated overheads	32,051	84,044
Others	( 57,353)	( 1,915)
	<u>\$ 18,694,724</u>	<u>\$ 18,832,023</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Cost of goods sold	\$ 37,247,006	\$ 38,316,194
Unallocated overheads	74,233	121,579
Others	( 122,547)	15,452
	<u>\$ 37,198,692</u>	<u>\$ 38,453,225</u>

For the three-month and six-month periods ended June 30, 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 June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$187,569 thousand, \$199,626 thousand and \$178,433 thousand, respectively.

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(\$ 6,195)	\$ 5,280
Total comprehensive (loss) income	(\$ 6,195)	\$ 5,280
	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(\$ 2,057)	\$ 8,016
Total comprehensive (loss) income	(\$ 2,057)	\$ 8,016

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



(8) Property, plant and equipment, net

Six-month period ended June 30, 2023						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,551,722	\$ -	\$ -	\$ -	(\$ 4,983)	\$ 4,546,739
Buildings and structures	51,889,036	17,046	( 9,229)	( 359,337)	( 755,458)	50,782,058
Machinery	108,464,923	350,442	( 144,094)	603,165	( 1,800,776)	107,473,660
Testing equipment	4,268,432	1,331	( 24,418)	91,542	( 69,949)	4,266,938
Transportation equipment	1,463,914	6,659	( 36,214)	3,054	( 28,237)	1,409,176
Office equipment	1,117,455	7,609	( 1,190)	5,954	( 10,878)	1,107,042
Other facilities	34,368,432	425,745	( 732,834)	161,344	( 623,104)	33,599,583
Unfinished construction and equipment under acceptance	2,754,070	792,075	-	( 932,721)	( 30,094)	2,583,330
	<u>\$ 208,877,984</u>	<u>\$ 1,600,907</u>	<u>(\$ 947,979)</u>	<u>(\$ 438,907)</u>	<u>(\$ 3,323,479)</u>	<u>\$ 205,768,526</u>
Accumulated depreciation						
Buildings and structures	(\$ 24,684,137)	(\$ 1,028,168)	\$ 1,069	\$ 233,186	\$ 537,925	(\$ 24,940,125)
Machinery	( 73,047,665)	( 2,879,792)	91,007	-	1,389,071	( 74,447,379)
Testing equipment	( 3,653,145)	( 114,729)	23,334	-	57,371	( 3,687,169)
Transportation equipment	( 1,259,296)	( 33,783)	34,785	-	25,276	( 1,233,018)
Office equipment	( 1,008,456)	( 21,473)	1,059	-	10,800	( 1,018,070)
Other facilities	( 29,502,882)	( 1,165,467)	716,419	-	557,999	( 29,393,931)
	<u>(\$ 133,155,581)</u>	<u>(\$ 5,243,412)</u>	<u>\$ 867,673</u>	<u>\$ 233,186</u>	<u>\$ 2,578,442</u>	<u>(\$ 134,719,692)</u>
Accumulated impairment						
Machinery	(\$ 181,814)	\$ -	\$ 912	\$ -	\$ 4,810	(\$ 176,092)
Testing equipment	( 175)	-	-	-	5	( 170)
Transportation equipment	( 1,985)	-	-	-	57	( 1,928)
Office equipment	( 46)	-	-	-	1	( 45)
Other facilities	( 21,197)	-	6,145	-	376	( 14,676)
	<u>(\$ 205,217)</u>	<u>\$ -</u>	<u>\$ 7,057</u>	<u>\$ -</u>	<u>\$ 5,249</u>	<u>(\$ 192,911)</u>
	<u>\$ 75,517,186</u>					<u>\$ 70,855,923</u>

Six-month period ended June 30, 2022

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

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

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Amount capitalized	\$ 1,850	\$ 4,335
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:

	June 30, 2023	December 31, 2022	June 30, 2022
	Book value	Book value	Book value
Land	\$ 4,389,244	\$ 4,425,068	\$ 4,495,544
Buildings and structures	260,430	283,241	313,134
Machinery	9,384	10,967	11,761
Transportation equipment	94,815	66,719	92,822
Office equipment	3,121	3,512	4,196
Other equipment	26,650	15,416	20,765
	<u>\$ 4,783,644</u>	<u>\$ 4,804,923</u>	<u>\$ 4,938,222</u>
	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	
	Depreciation expense	Depreciation expense	
Land	\$ 26,071	\$ 25,872	
Buildings and structures	22,649	22,209	
Machinery	727	698	
Transportation equipment	12,315	17,613	
Office equipment	346	624	
Other equipment	2,819	2,691	
	<u>\$ 64,927</u>	<u>\$ 69,707</u>	
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022	
	Depreciation expense	Depreciation expense	
Land	\$ 51,872	\$ 52,098	
Buildings and structures	45,722	44,357	
Machinery	1,457	1,390	
Transportation equipment	27,113	37,565	
Office equipment	699	1,028	
Other equipment	5,481	5,354	
	<u>\$ 132,344</u>	<u>\$ 141,792</u>	

D. For the three-month and six-month periods ended June 30, 2023 and 2022, the additions to right-of-use assets amounted to \$82,555 thousand, \$8,252 thousand, \$100,297 thousand and \$20,154 thousand, respectively.

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

<u>Items affecting profit or loss</u>	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>
Interest expense on lease liabilities	\$ 2,747	\$ 3,131
Expense on short-term lease contracts	3,247	4,912
Expense on leases of low-value assets	775	766
Expense on variable lease payments	33,050	35,491
	<u>\$ 39,819</u>	<u>\$ 44,300</u>
<u>Items affecting profit or loss</u>	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
Interest expense on lease liabilities	\$ 5,369	\$ 6,392
Expense on short-term lease contracts	7,813	8,364
Expense on leases of low-value assets	1,508	1,468
Expense on variable lease payments	88,140	85,128
	<u>\$ 102,830</u>	<u>\$ 101,352</u>

F. For the three-month and six-month periods ended June 30, 2023 and 2022, the Group's total cash outflow for leases amounted to \$79,686 thousand, \$87,514 thousand, \$198,749 thousand and \$203,760 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 37.48% and 35.01%, respectively, of lease payments are on the basis of variable payment terms for the six-month periods ended June 30, 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 \$881 thousand and \$851 thousand for the six-month periods ended June 30, 2023 and 2022, respectively.

(10) Investment property, net

Six-month period ended June 30, 2023					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at June 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	465,245	-	467,660	( 25,791)	907,114
	<u>\$ 801,666</u>	<u>\$ -</u>	<u>\$ 467,660</u>	<u>(\$ 25,791)</u>	<u>\$ 1,243,535</u>
Accumulated depreciation					
Buildings and structures	(\$ 265,007)	(\$ 15,711)	(\$ 233,186)	\$ 13,929	(\$ 499,975)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 485,621</u>				<u>\$ 692,522</u>
Six-month period ended June 30, 2022					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at June 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	458,893	-	-	9,428	468,321
	<u>\$ 795,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,428</u>	<u>\$ 804,742</u>
Accumulated depreciation					
Buildings and structures	(\$ 238,260)	(\$ 11,845)	\$ -	(\$ 4,713)	(\$ 254,818)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 506,016</u>				<u>\$ 498,886</u>

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Rental income from investment property	<u>\$ 8,903</u>	<u>\$ 8,023</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 9,769</u>	<u>\$ 5,949</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Rental income from investment property	<u>\$ 17,700</u>	<u>\$ 15,994</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 15,711</u>	<u>\$ 11,845</u>

B. The fair value of the investment property held by the Group as at June 30, 2023, December 31, 2022 and June 30, 2022 was \$1,260,551 thousand, \$1,275,921 thousand and \$1,099,293 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 name of the Company after the classification of the land is changed. Currently, the land is under the name of related party, Mr. /Ms. Chiu. The Company plans to use the land for operational expansion. The Company holds the original ownership certificate of such land and signed a land trust agreement, which requires the nominal holder not to transfer the ownership of the land to others.

(11) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Intangible assets	\$ 200,490	\$ 233,013	\$ 223,728
Others	159,390	224,127	132,157
	<u>\$ 359,880</u>	<u>\$ 457,140</u>	<u>\$ 355,885</u>

Movements in intangible assets:

Six-month period ended June 30, 2023						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at June 30
Cost						
Computer software	\$ 741,268	\$ 8,472	(\$ 19,503)	\$ 10,453	(\$ 10,312)	\$ 730,378
Others	7,947	-	-	-	( 227)	7,720
	<u>\$ 749,215</u>	<u>\$ 8,472</u>	<u>(\$ 19,503)</u>	<u>\$ 10,453</u>	<u>(\$ 10,539)</u>	<u>\$ 738,098</u>
Accumulated amortisation						
Computer software	(\$ 511,434)	(\$ 46,029)	\$ 19,503	\$ -	\$ 5,370	(\$ 532,590)
Others	( 4,768)	( 397)	-	-	147	( 5,018)
	<u>(\$ 516,202)</u>	<u>(\$ 46,426)</u>	<u>\$ 19,503</u>	<u>\$ -</u>	<u>\$ 5,517</u>	<u>(\$ 537,608)</u>
	<u>\$ 233,013</u>					<u>\$ 200,490</u>
Six-month period ended June 30, 2022						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at June 30
Cost						
Computer software	\$ 630,881	\$ 16,186	(\$ 263)	\$ 33,156	\$ 14,409	\$ 694,369
Others	7,832	-	-	-	171	8,003
	<u>\$ 638,713</u>	<u>\$ 16,186</u>	<u>(\$ 263)</u>	<u>\$ 33,156</u>	<u>\$ 14,580</u>	<u>\$ 702,372</u>
Accumulated amortisation						
Computer software	(\$ 412,128)	(\$ 52,228)	\$ 263	\$ -	(\$ 10,149)	(\$ 474,242)
Others	( 3,916)	( 399)	-	-	( 87)	( 4,402)
	<u>(\$ 416,044)</u>	<u>(\$ 52,627)</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>(\$ 10,236)</u>	<u>(\$ 478,644)</u>
	<u>\$ 222,669</u>					<u>\$ 223,728</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Operating costs	\$ 1,690	\$ 3,360
Selling expenses	3,902	4,241
Administrative expenses	9,364	12,602
Research and development expenses	7,169	6,796
	<u>\$ 22,125</u>	<u>\$ 26,999</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Operating costs	\$ 3,743	\$ 6,143
Selling expenses	8,088	8,023
Administrative expenses	20,504	25,003
Research and development expenses	14,091	13,458
	<u>\$ 46,426</u>	<u>\$ 52,627</u>

(12) Short-term borrowings

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 3,665,308</u>	1.37% ~ 6.19%	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	June 30, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 5,581,329</u>	1.28% ~ 5.10%	None

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

(13) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Dividend payable	\$ 4,537,992	\$ 10	\$ 3,889,708
Wages and salaries payable	1,126,318	1,421,871	1,259,803
Payable on machinery and equipment	301,011	432,843	529,401
Employee compensation payable	257,512	291,858	222,553
Compensation due to directors	169,071	115,266	157,432
Others	2,279,506	2,711,187	2,953,795
	<u>\$ 8,671,410</u>	<u>\$ 4,973,035</u>	<u>\$ 9,012,692</u>

(14) Other current liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Advance receipts	\$ 15,166	\$ 7,683	\$ 6,594
Refund liabilities	168,183	164,871	145,381
Others	143,963	145,184	238,457
	<u>\$ 327,312</u>	<u>\$ 317,738</u>	<u>\$ 390,432</u>

(15) Bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
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>June 30, 2023</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2030.	1.25% ~ 6.17%	None	\$ 25,277,609
Less: Current portion				( 3,874,578)
				<u>\$ 21,403,031</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>June 30, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2029.	0.94% ~ 3.25%	None	\$ 21,174,754
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	150,926
				21,325,680
Less: Current portion				( 3,422,716)
				<u>\$ 17,902,964</u>

- 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	June 30, 2023	December 31, 2022	June 30, 2022
USD	\$ 10,863,189	\$ 13,308,179	\$ 13,056,987

(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, \$3,491 thousand, \$6,250 thousand and \$6,983 thousand for the three-month and six-month periods ended June 30, 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 and six-month periods ended June 30, 2023 and 2022 were \$30,304 thousand, \$33,742 thousand, \$61,789 thousand and \$68,639 thousand, respectively.
- C. (a) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the six-month periods ended June 30, 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 and six-month periods ended June 30, 2023 and 2022, were \$144,046 thousand, \$153,734 thousand, \$293,722 thousand and \$307,275 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the three-month and six-month periods ended June 30, 2023 and 2022 were \$13,487 thousand, \$12,622 thousand,

\$25,735 thousand and \$25,845 thousand, respectively.

(18) Share capital

As at June 30, 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	-	3,163	3,163
Currency translation differences:			
– Group	( 1,934,732)	-	( 1,934,732)
– Tax on Group	386,946	-	386,946
At June 30	<u>(\$ 7,427,936)</u>	<u>\$ 12,336</u>	<u>(\$ 7,415,600)</u>
	2022		
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 7,602,556)	\$ 14,418	(\$ 7,588,138)
Valuation adjustment – Group	-	( 4,344)	( 4,344)
Currency translation differences:			
– Group	2,012,330	-	2,012,330
– Tax on Group	( 402,466)	-	( 402,466)
At June 30	<u>(\$ 5,992,692)</u>	<u>\$ 10,074</u>	<u>(\$ 5,982,618)</u>

(22) Operating revenue

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
	\$	\$
Revenue from contracts with customers	<u>24,623,334</u>	<u>24,058,036</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
	\$	\$
Revenue from contracts with customers	<u>48,151,979</u>	<u>48,835,989</u>

A. Disaggregation of revenue from contracts with customers

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

		Three-month period ended June 30, 2023				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		<u>\$ 1,639,852</u>	<u>\$ 11,299,401</u>	<u>\$ 2,556,245</u>	<u>\$ 9,127,836</u>	<u>\$ 24,623,334</u>
		Three-month period ended June 30, 2022				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		<u>\$ 1,704,681</u>	<u>\$ 9,509,235</u>	<u>\$ 2,767,729</u>	<u>\$ 10,076,391</u>	<u>\$ 24,058,036</u>
		Six-month period ended June 30, 2023				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		<u>\$ 3,262,299</u>	<u>\$ 21,879,160</u>	<u>\$ 4,950,553</u>	<u>\$ 18,059,967</u>	<u>\$ 48,151,979</u>
		Six-month period ended June 30, 2022				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		<u>\$ 3,521,299</u>	<u>\$ 20,230,586</u>	<u>\$ 5,392,559</u>	<u>\$ 19,691,545</u>	<u>\$ 48,835,989</u>

B. Contract liabilities

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

	June 30, 2023	December 31, 2022
Contract liabilities:		
Advance sales receipts	\$ 711,579	\$ 527,661
Customer loyalty programmes	12,381	26,661
Total	<u>\$ 723,960</u>	<u>\$ 554,322</u>
	June 30, 2022	January 1, 2022
Contract liabilities:		
Advance sales receipts	\$ 671,822	\$ 1,024,767
Customer loyalty programmes	13,805	22,807
Total	<u>\$ 685,627</u>	<u>\$ 1,047,574</u>

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Advance sales receipts	\$ 14,844	\$ 26,595
Customer loyalty programmes	-	-
	<u>\$ 14,844</u>	<u>\$ 26,595</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Advance sales receipts	\$ 317,353	\$ 850,671
Customer loyalty programmes	26,661	22,807
	<u>\$ 344,014</u>	<u>\$ 873,478</u>

(23) Interest income

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Interest income from bank deposits	\$ 155,471	\$ 70,142
Interest income from financial assets at amortised cost	39,182	10,992
	<u>\$ 194,653</u>	<u>\$ 81,134</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Interest income from bank deposits	\$ 262,171	\$ 126,116
Interest income from financial assets at amortised cost	76,268	13,743
	<u>\$ 338,439</u>	<u>\$ 139,859</u>

(24) Other income

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Grant revenue	\$ 81,186	\$ 91,557
Other income	81,675	58,428
	<u>\$ 162,861</u>	<u>\$ 149,985</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Grant revenue	\$ 162,448	\$ 182,628
Other income	124,433	121,755
	<u>\$ 286,881</u>	<u>\$ 304,383</u>

(25) Other gains and losses

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Net currency exchange gain (loss)	\$ 303,353	(\$ 244,983)
Loss on disposal of property, plant and equipment	( 13,336)	( 32,959)
Net gain on financial assets and liabilities at fair value through profit or loss	-	109,844
Miscellaneous disbursement	( 51,877)	( 18,699)
	<u>\$ 238,140</u>	<u>(\$ 186,797)</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Net currency exchange gain (loss)	\$ 665,812	(\$ 211,926)
Loss on disposal of property, plant and equipment	( 16,921)	( 64,599)
Net gain on financial assets and liabilities at fair value through profit or loss	-	205,927
Miscellaneous disbursement	( 68,509)	( 34,844)
	<u>\$ 580,382</u>	<u>(\$ 105,442)</u>

(26) Finance costs

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Interest expense:		
Bank borrowings	\$ 282,933	\$ 119,706
Corporate bonds	17,389	31,800
Provisions-discount	3,007	2,914
Lease liability-interest expense	2,747	3,131
	<u>\$ 306,076</u>	<u>\$ 157,551</u>
Less: Capitalisation of qualifying assets	( 687)	( 2,069)
Finance costs	<u>\$ 305,389</u>	<u>\$ 155,482</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Interest expense:		
Bank borrowings	\$ 563,496	\$ 210,813
Corporate bonds	34,588	63,251
Provisions-discount	5,968	5,735
Lease liability-interest expense	5,369	6,392
	<u>\$ 609,421</u>	<u>\$ 286,191</u>
Less: Capitalisation of qualifying assets	( 1,850)	( 4,335)
Finance costs	<u>\$ 607,571</u>	<u>\$ 281,856</u>

(27) Expenses by nature

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Employee benefit expense		
Wages and salaries	\$ 2,617,536	\$ 2,783,231
Labour and health insurance fees	186,807	168,247
Pension costs	190,962	203,589
Directors' remuneration	43,494	29,461
Other personnel expenses	186,072	197,163
	<u>\$ 3,224,871</u>	<u>\$ 3,381,691</u>
Raw materials and supplies used	<u>\$ 11,626,460</u>	<u>\$ 12,394,082</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,582,419</u>	<u>\$ 2,608,291</u>
Depreciation expense on right-of-use assets	<u>\$ 64,927</u>	<u>\$ 69,707</u>
Depreciation expense on investment property	<u>\$ 9,769</u>	<u>\$ 5,949</u>
Amortisation expense on intangible assets	<u>\$ 22,125</u>	<u>\$ 26,999</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Employee benefit expense		
Wages and salaries	\$ 5,082,911	\$ 5,591,244
Labour and health insurance fees	389,647	351,114
Pension costs	387,496	408,742
Directors' remuneration	72,090	61,033
Other personnel expenses	362,912	393,618
	<u>\$ 6,295,056</u>	<u>\$ 6,805,751</u>
Raw materials and supplies used	<u>\$ 23,380,050</u>	<u>\$ 25,018,713</u>
Depreciation expense on property, plant and equipment	<u>\$ 5,243,412</u>	<u>\$ 5,215,283</u>
Depreciation expense on right-of-use assets	<u>\$ 132,344</u>	<u>\$ 141,792</u>
Depreciation expense on investment property	<u>\$ 15,711</u>	<u>\$ 11,845</u>
Amortisation expense on intangible assets	<u>\$ 46,426</u>	<u>\$ 52,627</u>

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the three-month and six-month periods ended June 30, 2023 and 2022, employees' compensation was accrued at \$54,364 thousand, \$32,393 thousand, \$94,168 thousand and \$67,423 thousand, respectively; while directors' remuneration was accrued at \$38,735 thousand, \$24,295 thousand, \$67,095 thousand and \$50,568 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 six-month periods ended June 30, 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 August 10, 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 June 30, 2023	Three-month period ended June 30, 2022
Current tax:		
Current tax on profits for the period	\$ 893,932	\$ 636,482
Additional 5% tax on undistributed earnings	86,897	-
Prior year income tax underestimation	35,906	1,454
Total current tax	<u>1,016,735</u>	<u>637,936</u>
Deferred tax:		
Origination and reversal of temporary differences	( 194,083)	( 64,375)
Total current tax	( 194,083)	( 64,375)
Income tax expense	<u>\$ 822,652</u>	<u>\$ 573,561</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Current tax:		
Current tax on profits for the period	\$ 1,276,960	\$ 1,053,944
Additional 5% tax on undistributed earnings	86,897	-
Prior year income tax under (over) estimation	89,758	( 29,435)
Total current tax	<u>1,453,615</u>	<u>1,024,509</u>
Deferred tax:		
Origination and reversal of temporary differences	( 13,141)	24,160
Total current tax	( 13,141)	24,160
Income tax expense	<u>\$ 1,440,474</u>	<u>\$ 1,048,669</u>

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

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>
Generated during the period :		
Currency translation differences	<u>\$ 457,652</u>	<u>\$ 211,810</u>
	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
Generated during the period :		
Currency translation differences	<u>\$ 386,946</u>	<u>(\$ 402,466)</u>

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 June 30, 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	<u>\$ 2,077,569</u>	<u>3,241,416</u>	<u>\$ 0.64</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,077,569	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>2,380</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,077,569</u>	<u>3,243,796</u>	<u>\$ 0.64</u>
Three-month period ended June 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,147,977</u>	<u>3,241,416</u>	<u>\$ 0.35</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,147,977	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>1,919</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,147,977</u>	<u>3,243,335</u>	<u>\$ 0.35</u>

Six-month period ended June 30, 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	\$ 3,660,862	3,241,416	\$ 1.13
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	3,660,862	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,981	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,660,862	3,245,397	\$ 1.13
Six-month period ended June 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,522,329	3,241,416	\$ 0.78
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,522,329	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,662	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,522,329	3,245,078	\$ 0.78

(30) Supplemental cash flow information

A. Investing activities with partial cash payments :

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Purchase of property, plant and equipment	\$ 1,600,907	\$ 1,627,484
Add: Opening balance of payable on equipment	432,843	565,792
Less: Ending balance of payable on equipment	( 301,011)	( 529,401)
Cash paid during the period	<u>\$ 1,732,739</u>	<u>\$ 1,663,875</u>

B. Financial activities with no cash flow effect :

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Cash dividends paid	\$ 4,537,982	\$ 3,889,699
Add: Opening balance of dividends payable	10	9
Less: Ending balance of dividends payable	( 4,537,992)	( 3,889,708)
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	( 2,608,771)	( 797,859)	-	( 95,919)	( 10,072)	( 3,512,621)
Interest paid	-	-	-	( 5,369)	-	( 5,369)
Additions	-	-	4,537,982	89,064	-	4,627,046
Amortisation of interest expense	-	-	-	5,369	-	5,369
Impact of changes in foreign exchange rate	79,333	( 143,444)	-	5,387	-	( 58,724)
At June 30	<u>\$ 3,665,308</u>	<u>\$ 25,277,609</u>	<u>\$ 4,537,992</u>	<u>\$ 432,437</u>	<u>\$ 260,518</u>	<u>\$ 34,173,864</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	( 3,989,585)	( 1,759,124)	-	( 102,408)	13,170	( 5,837,947)
Interest paid	-	-	-	( 6,392)	-	( 6,392)
Additions	-	-	3,889,699	17,238	-	3,906,937
Amortisation of interest expense	-	-	-	6,392	-	6,392
Impact of changes in foreign exchange rate	205,635	706,126	-	25,626	-	937,387
At June 30	<u>\$ 5,581,329</u>	<u>\$ 21,325,680</u>	<u>\$ 3,889,708</u>	<u>\$ 496,814</u>	<u>\$ 263,666</u>	<u>\$ 31,557,197</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 chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's president is the company's representative
Jye Luo Memory Co Ltd.	The Company's vice chairman is the company's representative
Lo, Ming-Ling	Spouse of the Company's president
Lo, Ming-I	Spouse of the Company's chairman
Lo, Tsai-Jen	The Company's vice chairman
Luo, Yuan-Yo	Relative of the Company's vice chairman within first degree of relationship
Lo, Yuan-Long	The Company's director
Chen, Po-Chia	Relative of the Company's president within first degree of relationship
Chen, Ping-Hao	Relative of the Company's chairman within first degree of relationship

### (2) Significant related party transactions

#### A. Operating revenue

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>
Sales of goods:		
-Other related parties	\$ <u>66,604</u>	\$ <u>85,497</u>
	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
Sales of goods:		
-Other related parties	\$ <u>147,068</u>	\$ <u>143,572</u>

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

#### B. Receivables from related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable:			
-Other related parties	\$ <u>47,478</u>	\$ <u>72,535</u>	\$ <u>74,908</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Payables due to related parties :			
-Other related parties	\$ <u>-</u>	\$ <u>-</u>	\$ <u>150,926</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

	June 30, 2023	December 31, 2022	June 30, 2022
Key management personnel	\$ -	\$ 13,976	\$ 13,914

ii. Interest expense

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Key management personnel	\$ -	\$ 30
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Key management personnel	\$ -	\$ 61

(3) Key management compensation

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Short-term employee benefits	\$ 26,785	\$ 65,515
Post-employment benefits	580	491
	\$ 27,365	\$ 66,006
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Short-term employee benefits	\$ 153,553	\$ 132,618
Post-employment benefits	1,160	982
	\$ 154,713	\$ 133,600

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2023	December 31, 2022	June 30, 2022	
Time deposits (shown as 'Financial assets at amortised cost - non-current')	\$ 51,220	\$ 34,948	\$ 20,950	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 provided a statement of defence in May, 2023, requesting for the dismissal of KCT's claims and demanding that KCT bear the arbitration costs. The arbitration process is currently ongoing.

(2) Commitments

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

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	\$ 2,264,473	\$ 2,656,182	\$ 2,947,524

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

	June 30, 2023	December 31, 2022	June 30, 2022
Amount of letter of credit that has been issued but not yet used	\$ -	\$ -	\$ 594

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the six-month period ended June 30, 2023, the Group's strategy was unchanged from 2022. The Group maintained the gearing ratios below 200%. The gearing ratios at June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Total liabilities	\$ 60,080,135	\$ 61,496,804	\$ 66,644,601
Total equity	\$ 81,961,222	\$ 84,386,815	\$ 81,739,398
Less : Intangible assets	( 200,490)	( 233,013)	( 223,728)
Tangible equity	\$ 81,760,732	\$ 84,153,802	\$ 81,515,670
Debt-equity ratio	73%	73%	82%



(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ -	\$ 51,837
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 79,188	\$ 76,025	\$ 76,926
Financial assets at amortised cost			
Cash and cash equivalents	\$ 24,242,699	\$ 21,735,562	\$ 22,657,930
Financial assets at amortised cost	5,042,567	5,441,377	3,385,540
Notes receivable, net	4,792,564	3,436,147	2,387,342
Accounts receivable (including related parties)	10,364,133	9,612,429	10,208,227
Guarantee deposits paid	73,105	79,169	49,850
	<u>\$ 44,515,068</u>	<u>\$ 40,304,684</u>	<u>\$ 38,688,889</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,665,308	\$ 6,194,746	\$ 5,581,329
Notes payable	199,501	169,724	283,901
Accounts payable	5,892,897	7,163,658	7,689,407
Other accounts payable	8,671,410	4,973,035	9,012,692
Corporate bonds payable (including current portion)	10,500,000	10,500,000	16,500,000
Long-term borrowings (including current portion)	25,277,609	26,218,912	21,325,680
Guarantee deposits received	260,518	270,590	263,666
	<u>\$ 54,467,243</u>	<u>\$ 55,490,665</u>	<u>\$ 60,656,675</u>
Lease liabilities (including current portion)	<u>\$ 432,437</u>	<u>\$ 433,905</u>	<u>\$ 496,814</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of financing plans, the Board of Directors is assisted in its oversight role by the internal audit department.

Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other certain subsidiaries' functional currency: RMB, THB, VND, CAD, IDR, EUR, INR, JPY and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2023

(Foreign currency: functional currency)	Sensitivity analysis									
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD : TWD	\$	159,679	31.140	\$	4,972,404	1%	\$	49,724	\$	-
RMB : TWD		471,001	4.282		2,016,826	1%		20,168		-
EUR : TWD		15,261	33.810		515,974	1%		5,160		-
JPY : TWD		921,859	0.215		198,200	1%		1,982		-
USD : RMB		117,438	7.272		3,656,867	1%		36,569		-
EUR : RMB		24,879	7.896		841,176	1%		8,412		-
GBP : RMB		4,276	9.197		168,396	1%		1,684		-
USD : THB		52,499	35.322		1,635,554	1%		16,356		-
EUR : THB		3,310	38.351		111,963	1%		1,120		-
USD : VND		6,768	23,770.992		210,756	1%		2,108		-
USD : CAD		22,425	1.326		698,191	1%		6,982		-
USD : IDR		9,388	14,971.154		292,342	1%		2,923		-
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD : TWD	\$	15,844	31.140	\$	493,382	1%	\$	4,934	\$	-
USD : RMB		20,975	7.272		653,134	1%		6,531		-
USD : THB		16,626	35.322		517,966	1%		5,180		-
USD : VND		25,534	23,770.992		795,129	1%		7,951		-
USD : CAD		6,608	1.326		205,737	1%		2,057		-
USD : IDR		254,082	14,971.154		7,912,114	1%		79,121		-
USD : INR		149,800	82.034		4,664,788	1%		46,648		-

December 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
<b>(Foreign currency: functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
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	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
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	-

June 30, 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
<b>(Foreign currency: functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 142,501	29.720	\$ 4,235,130	1%	\$ 42,351	\$ -
RMB : TWD	269,677	4.439	1,197,096	1%	11,971	-
EUR : TWD	18,971	31.050	589,050	1%	5,891	-
JPY : TWD	2,328,362	0.218	507,583	1%	5,076	-
USD : RMB	85,681	6.695	2,546,363	1%	25,464	-
EUR : RMB	26,067	6.995	809,401	1%	8,094	-
JPY : RMB	557,348	0.049	121,229	1%	1,212	-
GBP : RMB	2,859	8.126	103,128	1%	1,031	-
RUB : RMB	184,918	0.124	101,786	1%	1,018	-
USD : THB	58,084	35.093	1,726,476	1%	17,265	-
EUR : THB	5,879	36.663	182,564	1%	1,826	-
USD : VND	12,798	23,587.302	380,357	1%	3,804	-
USD : CAD	13,728	1.291	407,980	1%	4,080	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 28,713	29.720	\$ 853,350	1%	\$ 8,534	\$ -
USD : RMB	27,418	6.695	814,838	1%	8,148	-
USD : THB	14,916	35.093	443,360	1%	4,434	-
USD : VND	69,215	23,587.302	2,057,070	1%	20,571	-
USD : CAD	8,597	1.291	255,493	1%	2,555	-
USD : IDR	307,194	15,010.101	9,129,806	1%	91,298	-
USD : INR	190,445	78.959	5,660,057	1%	56,601	-

- iv. The exchange gain (loss) including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2023 and 2022 amounted to \$303,352 thousand, (\$244,983) thousand, \$665,812 thousand and (\$211,926) thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by \$792 thousand and \$769 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the six-month periods ended June 30, 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 June 30, 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 six-month periods ended June 30, 2023 and 2022 would have been \$14,411 thousand and \$13,461 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
  - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
  - iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
  - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at June 30, 2023, December 31, 2022 and June 30, 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 June 30, 2023, December 31, 2022 and June 30, 2022, the provision matrix is as follows:

<u>June 30, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.11%	\$ 8,694,616	\$ 9,564
Up to 30 days	0.92%	965,393	8,881
31 to 90 days	3.96%	498,051	19,722
91 to 180 days	15.96%	148,015	23,623
Over 180 days	30.36%	103,920	31,550
		<u>\$ 10,409,995</u>	<u>\$ 93,340</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>June 30, 2022</u>	 <u>Expected loss rate</u>	 <u>Total book value</u>	 <u>Loss allowance</u>
Without past due	0.00%	\$ 8,638,315	\$ -
Up to 30 days	0.85%	1,068,857	9,085
31 to 90 days	1.12%	352,242	3,945
91 to 180 days	3.98%	73,736	2,935
Over 180 days	6.62%	17,278	1,144
Individual	100.00%	4,111	4,111
		<u>\$ 10,154,539</u>	<u>\$ 21,220</u>

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 (reversal of) impairment	55,217	( 1,834)
Write-offs	( 5)	( 43,036)
Other	2,124	-
Effect of exchange rate changes	( 2,360)	1,385
At June 30	<u>\$ 93,340</u>	<u>\$ 21,220</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



June 30, 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	\$ 3,054,967	\$ 631,843	\$ -	\$ -	\$ 3,686,810
Notes and accounts payable	6,092,398	-	-	-	6,092,398
Other payables	8,338,054	63	141,929	191,364	8,671,410
Lease liability	35,912	36,281	71,174	289,070	432,437
Guarantee deposits received	691	1,841	14,332	243,654	260,518
Long-term borrowings	3,452,127	350,589	900,349	23,013,083	27,716,148
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

June 30, 2022

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

(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.

June 30, 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	<u>\$ 10,500,000</u>	<u>\$ -</u>	<u>\$ 10,557,173</u>	<u>\$ -</u>

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	<u>\$ 10,500,000</u>	<u>\$ -</u>	<u>\$ 10,525,872</u>	<u>\$ -</u>

June 30, 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	<u>\$ 16,500,000</u>	<u>\$ -</u>	<u>\$ 16,604,208</u>	<u>\$ -</u>

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

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

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

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

June 30, 2023				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 21,001</u>	<u>\$ -</u>	<u>\$ 58,187</u>	<u>\$ 79,188</u>

	December 31, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 17,838</u>	<u>\$ -</u>	<u>\$ 58,187</u>	<u>\$ 76,025</u>
	June 30, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 51,837	\$ -	\$ 51,837
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>18,739</u>	<u>-</u>	<u>58,187</u>	<u>76,926</u>
Total	\$ 18,739	\$ 51,837	\$ 58,187	\$ 128,763

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

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

E. For the six-month periods ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the six-month periods ended June 30, 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 six-month periods ended June 30, 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 June 30, 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	\$ 3,218,995	\$ 3,230,916	\$ 6,403,715	\$ 2,324,357	\$ 5,721,802	\$ 20,899,785
Revenue from inter-segment revenue	2,192,777	435,254	118,345	242,564	608,772	3,597,712
Total segment revenue	<u>\$ 5,411,772</u>	<u>\$ 3,666,170</u>	<u>\$ 6,522,060</u>	<u>\$ 2,566,921</u>	<u>\$ 6,330,574</u>	<u>\$ 24,497,497</u>
Geographical regions						
Taiwan	\$ 2,367,870	\$ 53,934	\$ 31,278	\$ 69,453	\$ 21,771	\$ 2,544,306
China	102,540	2,639,893	4,960,127	2,500	4,410,818	12,115,878
US	1,322,685	52,401	7,280	245,482	68,397	1,696,245
Others	1,618,677	919,942	1,523,375	2,249,486	1,829,588	8,141,068
Total	<u>\$ 5,411,772</u>	<u>\$ 3,666,170</u>	<u>\$ 6,522,060</u>	<u>\$ 2,566,921</u>	<u>\$ 6,330,574</u>	<u>\$ 24,497,497</u>
Segment income	<u>\$ 963,924</u>	<u>\$ 126,993</u>	<u>\$ 805,455</u>	<u>\$ 110,464</u>	<u>\$ 1,007,444</u>	<u>\$ 3,014,280</u>

Three-month period ended June 30, 2022

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

Six-month period ended June 30, 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	\$ 6,445,887	\$ 6,529,030	\$ 12,541,542	\$ 4,349,815	\$ 10,924,373	\$ 40,790,647
Revenue from inter-segment revenue	4,092,214	781,767	234,029	401,866	1,286,318	6,796,194
Total segment revenue	<u>\$ 10,538,101</u>	<u>\$ 7,310,797</u>	<u>\$ 12,775,571</u>	<u>\$ 4,751,681</u>	<u>\$ 12,210,691</u>	<u>\$ 47,586,841</u>
Geographical regions						
Taiwan	\$ 4,656,384	\$ 104,152	\$ 65,890	\$ 78,993	\$ 44,010	\$ 4,949,429
China	157,184	5,249,662	9,596,543	4,754	8,513,972	23,522,115
US	2,346,839	106,603	8,590	453,887	136,136	3,052,055
Others	3,377,694	1,850,380	3,104,548	4,214,047	3,516,573	16,063,242
Total	<u>\$ 10,538,101</u>	<u>\$ 7,310,797</u>	<u>\$ 12,775,571</u>	<u>\$ 4,751,681</u>	<u>\$ 12,210,691</u>	<u>\$ 47,586,841</u>
Segment income	<u>\$ 1,780,054</u>	<u>\$ 133,331</u>	<u>\$ 1,105,765</u>	<u>\$ 203,237</u>	<u>\$ 1,704,428</u>	<u>\$ 4,926,815</u>

Six-month period ended June 30, 2022

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 7,944,665	\$ 7,910,730	\$ 10,261,678	\$ 5,033,857	\$ 10,370,208	\$ 41,521,138
Revenue from inter-segment revenue	4,756,441	831,594	225,032	594,955	2,145,304	8,553,326
Total segment revenue	<u>\$ 12,701,106</u>	<u>\$ 8,742,324</u>	<u>\$ 10,486,710</u>	<u>\$ 5,628,812</u>	<u>\$ 12,515,512</u>	<u>\$ 50,074,464</u>
Geographical regions						
Taiwan	\$ 5,171,409	\$ 117,031	\$ 53,340	\$ 12,820	\$ 99,921	\$ 5,454,521
China	129,637	5,849,174	8,420,732	2,914	8,111,527	22,513,984
US	3,107,658	227,964	-	472,218	207,920	4,015,760
Others	4,292,402	2,548,155	2,012,638	5,140,860	4,096,144	18,090,199
Total	<u>\$ 12,701,106</u>	<u>\$ 8,742,324</u>	<u>\$ 10,486,710</u>	<u>\$ 5,628,812</u>	<u>\$ 12,515,512</u>	<u>\$ 50,074,464</u>
Segment income	<u>\$ 2,796,040</u>	<u>\$ 179,837</u>	<u>(\$ 363,690)</u>	<u>\$ 535,693</u>	<u>\$ 1,318,678</u>	<u>\$ 4,466,558</u>

(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 June 30, 2023	Three-month period ended June 30, 2022
Adjusted revenue from reportable segments	\$ 24,497,497	\$ 24,645,606
Adjusted revenue from other operating segments	4,120,293	3,955,259
Total operating segments	28,617,790	28,600,865
Elimination of inter-segment revenue	( 3,994,456)	( 4,542,829)
Total consolidated operating revenue	<u>\$ 24,623,334</u>	<u>\$ 24,058,036</u>
Geographical regions		
Geographical regions from reportable segments	\$ 24,497,497	\$ 24,645,606
Geographical regions from other operating segments		
Taiwan	77,551	37,617
China	355,764	423,463
US	2,254,238	2,268,048
Others	1,432,740	1,226,131
Total geographical regions	28,617,790	28,600,865
Elimination of inter-segment revenue	( 3,994,456)	( 4,542,829)
Total consolidated operating revenue	<u>\$ 24,623,334</u>	<u>\$ 24,058,036</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Adjusted revenue from reportable segments	\$ 47,586,841	\$ 50,074,464
Adjusted revenue from other operating segments	8,153,814	7,879,103
Total operating segments	55,740,655	57,953,567
Elimination of inter-segment revenue	( 7,588,676)	( 9,117,578)
Total consolidated operating revenue	<u>\$ 48,151,979</u>	<u>\$ 48,835,989</u>
Geographical regions		
Geographical regions from reportable segments	\$ 47,586,841	\$ 50,074,464
Geographical regions from other operating segments		
Taiwan	156,117	68,133
China	689,325	910,012
US	4,410,381	4,456,498
Others	2,897,991	2,444,460
Total geographical regions	55,740,655	57,953,567
Elimination of inter-segment revenue	( 7,588,676)	( 9,117,578)
Total consolidated operating revenue	<u>\$ 48,151,979</u>	<u>\$ 48,835,989</u>

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Adjusted income from reportable segments before income tax	\$ 3,014,280	\$ 2,338,633
Adjusted loss from other operating segments before income tax	( 126,961)	( 581,013)
Total operating segments	2,887,319	1,757,620
Income (loss) from elimination of inter- segment revenue	27,722	( 25,741)
Income from continuing operations before income tax	<u>\$ 2,915,041</u>	<u>\$ 1,731,879</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Adjusted income from reportable segments before income tax	\$ 4,926,815	\$ 4,466,558
Adjusted income (loss) from other operating segments before income tax	140,632	( 878,744)
Total operating segments	5,067,447	3,587,814
Income (loss) from elimination of inter-segment revenue	47,204	( 4,869)
Income from continuing operations before income tax	<u>\$ 5,114,651</u>	<u>\$ 3,582,945</u>



CHENG SHIN RUBBER IND. CO., LTD.  
Loans to others  
Six-month period ended June 30, 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 Six-month period ended	Balance at June 30, 2023	Actual amount	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
					June 30, 2023	( Note 7 )	drawn down						Item	Value			
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 2,222,500	\$ 2,141,000	\$ 1,181,832	3.55%~3.70%	Note 6	\$ -	Operating capital	\$ -	None	\$ -	\$ 4,718,815	\$ 7,864,691	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2,222,500	1,070,500	21,410	3.65%	Note 6	-	Operating capital	-	None	-	4,718,815	7,864,691	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	577,850	556,660	145,588	4.65%~4.70%	Note 6	-	Operating capital	-	None	-	4,718,815	7,864,691	Note 8
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	355,600	342,560	85,640	3.00%	Note 6	-	Operating capital	-	None	-	5,077,850	10,155,700	Note 8
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	666,750	642,300	541,673	3.55%~3.70%	Note 6	-	Operating capital	-	None	-	6,500,974	10,834,956	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

Six-month period ended June 30, 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 June 30, 2023	Outstanding endorsement/ guarantee amount at June 30, 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	\$ 40,694,728	\$ 8,655,932	\$ 6,897,332	\$ 4,665,756	\$ -	8.47	\$ 56,972,619	Y	N	N	Note 2 、 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	40,694,728	13,367,025	12,633,498	7,620,950	-	15.52	56,972,619	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.

\$ 56,972,619

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

\$ 16,277,891

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

\$ 40,694,728

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at June 30, 2023.

CHENG SHIN RUBBER IND. CO., LTD.

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

June 30, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		Relationship with the securities		As of June 30, 2023					
Securities held by	Marketable securities (Note 1)	issuer	General ledger account	Number of shares/ units	Book value	Ownership (%)	Fair value	Footnote	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 21,001	-	\$ 21,001	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.

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

Six-month period ended June 30, 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 June 30, 2023		Addition (Note 3)		Disposal (Note 3)			Gain (loss) on disposal	Balance as at June 30, 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
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Investments accounted for using the equity method	Maxxis Rubber India Private	Subsidiary	1,105,991,033	4,887,750	580,995,294	2,167,637	-	-	-	-	1,686,986,327	7,055,387

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  
Six-month period ended June 30, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms				
							compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
									Percentage of total notes/accounts receivable (payable) (%)		Footnote (Note 2)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance		
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 2,105,060)	( 24.64)	Collect within 90 days after shipment of goods	Same	Same	\$ 1,447,879	48.31	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	( 290,381)	( 3.40)	Collect within 90 days after shipment of goods	Same	Same	146,023	4.87	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	( 1,579,050)	( 18.49)	Collect within 30 days	Same	Same	300,347	10.02	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	( 472,356)	( 6.46)	Collect within 60~90 days after shipment of goods	Same	Same	383,083	19.90	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	( 200,852)	( 2.75)	Collect within 60~90 days after shipment of goods	Same	Same	65,770	3.42	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	( 330,238)	( 24.26)	Collect within 60~90 days after shipment of goods	Same	Same	187,401	36.58	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	( 149,429)	( 10.98)	Collect within 60~90 days after shipment of goods	Same	Same	58,122	11.34	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	( 307,501)	( 5.63)	Collect within 60~90 days after shipment of goods	Same	Same	68,610	11.99	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	( 148,746)	( 28.92)	Collect within 60~90 days after shipment of goods	Same	Same	44,131	23.52	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	( 150,484)	( 29.26)	Collect within 60~90 days after shipment of goods	Same	Same	44,350	23.64	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent	(sales)	( 121,580)	( 1.33)	Collect within 60~90 days after shipment of goods	Same	Same	143,109	2.70	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	( 136,042)	( 6.00)	Collect within 60~90 days after shipment of goods	Same	Same	56,463	4.65	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	( 289,118)	( 6.08)	Collect within 90 days after shipment of goods	Same	Same	235,553	12.47	Note 3
Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(sales)	( 143,957)	( 21.44)	Collect within 60~90 days after shipment of goods	Same	Same	7,082	6.46	Note 3

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

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

June 30, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 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)	\$ 1,460,695	Note 3	\$ -	-	\$ 730,321	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	146,188	Note 3	-	-	30,158	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-Subsidiary (Note 4)	105,080	Note 2	-	-	124	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	302,287	Note 3	-	-	300,347	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	383,083	1.08	-	-	52,614	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	118,618	Note 3	-	-	27,505	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	187,423	Note 3	-	-	132,610	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent (Note 4)	143,109	1.01	-	-	28,861	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	235,553	1.00	-	-	77,075	-

Note 1: Subsequent collection is the amount collected as of August 3, 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  
Six-month period ended June 30, 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)	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 2,105,060	Collect within 90 days after shipment of goods 4.37
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,447,879	Collect within 90 days after shipment of goods 1.02
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	290,381	Collect within 90 days after shipment of goods 0.60
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	1,579,050	The term is 30 days after monthly billing 3.28
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	300,347	The term is 30 days after monthly billing 0.21
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	472,356	Collect within 60~90 days after shipment of goods 0.98
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	383,083	Collect within 60~90 days after shipment of goods 0.27
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	200,852	Collect within 60~90 days after shipment of goods 0.42
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	330,238	Collect within 60~90 days after shipment of goods 0.69
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	1,181,832	Pay interest quarterly 0.83
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	3	Other receivables	541,673	Pay interest quarterly 0.38
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	307,501	Collect within 60~90 days after shipment of goods 0.64
5	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	289,118	Collect within 90 days after shipment of goods 0.60
5	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	235,553	Collect within 90 days after shipment of goods 0.17

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Table 8

CHENG SHIN RUBBER IND. CO., LTD.  
Information on investees  
Six-month period ended June 30, 2023

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net profit (loss) of the investee for the Six-month period ended June 30, 2023	Investment income(loss) recognised by the Company for the Six-month period ended June 30, 2023 (Note 1)	Footnote
				Balance as at June 30, 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	\$ 40,782,046	\$ 622,294	\$ 623,306	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CST Trading Ltd.	British Virgin Islands	Holding company	2,103,073	2,103,073	72,900,000	100.00	27,602,846	1,407,492	1,404,313	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	12,175,528	657,634	701,206	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	3,270,574	240,037	240,043	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	816,631	40,650	40,650	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,001	50,001	5,000,000	50.00	187,569	( 4,114)	( 2,057)	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	70,632	( 17,954)	( 17,954)	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	1,022,960	151,885	151,885	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	7,055,387	4,887,750	1,686,986,327	100.00	67,362	( 327,380)	( 327,439)	Subsidiary Note 3
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	492,053	208,940	208,940	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	42,452	( 2,032)	( 2,032)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	66,110	17,700	2,000,000	100.00	53,227	5,398	5,398	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	10,909	102	102	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	819	( 708)	( 142)	Note 3 、 4



CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Six-month period ended June 30, 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 June 30, 2023			Investment income(loss) recognised by the Company for the Six-month period ended June 30, 2023 (Note 1)		Footnote
				Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the Six-month period ended June 30, 2023		
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 33,673,326	\$ 800,263	\$ 800,263	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	27,403,002	1,404,667	1,404,667	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	12,412,516	657,674	657,674	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	8,275,620	203,237	248,404	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	4,133,893	454,363	452,768	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	2,491	2,457	-	80.00	3,278	( 708)	( 566)	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.

CHENG SHIN RUBBER IND. CO., LTD.  
Information on investments in Mainland China  
Six-month period ended June 30, 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 Six-month period ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee as of June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of June 30, 2023	Accumulated	Footnote
					Remitted to Mainland China	Remitted back to Taiwan				(loss) recognised by the Company for the Six-month period ended June 30, 2023, (Note 2)		amount of investment income remitted back to Taiwan as of June 30, 2023	
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	\$ 5,449,500	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 501,976	100.00	\$ 501,023	\$ 24,051,354	\$ 20,191,877	(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	7,006,500	2	2,385,506	-	-	2,385,506	1,343,655	100.00	1,346,073	25,389,249	25,034,437	(Note 4 、 7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	264,690	2	68,602	-	-	68,602	12,180	50.00	6,090	317,123	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	3,114,000	2	-	-	-	-	162,414	100.00	162,670	5,640,248	1,548,045	(Note 4 、 7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,410	2	-	-	-	-	1,443	100.00	1,443	51,594	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	560,520	2	-	-	-	- (	32,027)	100.00 (	32,027)	559,671	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	4,048,200	2	-	-	-	- (	246,286)	100.00 (	246,304)	10,846,551	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	1,401,300	2	-	-	-	-	171,629	100.00	173,613	7,864,691	7,259,056	(Note 7)

CHENG SHIN RUBBER IND. CO., LTD.  
Information on investments in Mainland China  
Six-month period ended June 30, 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 Six-month period ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee as of June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Six-month period ended June 30, 2023, (Note 2)	Book value of investments in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
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	\$ 622,800	2	\$ -	\$ -	\$ -	\$ -	(\$ 41,049)	100.00	(\$ 41,049)	\$ -	\$ -	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	149,870	2	-	-	-	-	( 2,077)	95.00	( 1,973)	88,002	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	61,712	2	-	-	-	-	14,369	49.00	7,041	143,695	-	(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	4,067,900	2	-	-	-	-	670,811	100.00	670,811	7,690,977	1,014,708	(Note 5 、 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,627,160	2	-	-	-	-	( 12,114)	100.00	( 12,114)	2,053,723	-	(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 31.14: USD 1 and NTD 4.282: RMB 1 prevailing on June 30, 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  
Six-month period ended June 30, 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 June 30, 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.	\$ 3,827,106	\$ 20,954,106	\$ -

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

June 30, 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.