

**CHENG SHIN RUBBER IND. CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 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

PWCR23001691

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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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\$36,284,527 thousand and NT\$38,231,067 thousand, constituting 25% and 26% of the consolidated total assets, and total liabilities of NT\$15,958,116 thousand and NT\$23,531,615 thousand, constituting 27% and 37% of the consolidated total liabilities as at September 30, 2023 and 2022, and total net operating revenues of NT\$7,327,073 thousand, NT\$8,362,930 thousand, NT\$21,757,549 thousand and NT\$23,333,076 thousand, constituting 29%, 31%, 30% and 31%

of consolidated total net operating revenue, and total comprehensive (loss) income of (NT\$12,480) thousand, NT\$163,760 thousand, NT\$781,550 thousand and NT\$523,912 thousand, constituting (0.3%), 7%, 13% and 8% of the consolidated total comprehensive income (loss) for the three-month and nine-month periods then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-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

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Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 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**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 27,219,701	19	\$ 21,735,562	15	\$ 19,450,823	13
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	-	-	18,084	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		22,644	-	17,838	-	18,126	-
1136	Financial assets at amortised	6(4)						
	cost - current		421,458	-	175,509	-	311,607	-
1150	Notes receivable, net	6(5)	4,967,403	4	3,436,147	2	3,443,017	2
1170	Accounts receivable, net	6(5)	10,609,146	7	9,539,894	7	10,851,064	8
1180	Accounts receivable - related	7						
	parties		71,317	-	72,535	-	64,343	-
130X	Inventories	6(6)	16,136,434	11	20,983,551	14	21,092,592	14
1410	Prepayments		733,419	1	920,364	1	1,009,505	1
1470	Other current assets		360,419	-	270,462	-	193,712	-
11XX	Current Assets		60,541,941	42	57,151,862	39	56,452,873	38
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		5,149,830	4	5,265,868	4	5,005,676	3
1550	Investments accounted for	6(7)						
	under equity method		175,600	-	199,626	-	182,441	-
1600	Property, plant and equipment,	6(8)						
	net		70,307,307	49	75,517,186	52	78,228,269	54
1755	Right-of-use assets	6(9)	4,824,350	3	4,804,923	3	5,007,608	4
1760	Investment property, net	6(10)	693,323	1	485,621	-	494,513	-
1840	Deferred income tax assets	6(28)	1,902,294	1	1,943,206	2	1,623,156	1
1900	Other non-current assets	6(11)	366,073	-	457,140	-	366,967	-
15XX	Non-current assets		83,476,964	58	88,731,757	61	90,966,817	62
1XXX	Total assets		\$ 144,018,905	100	\$ 145,883,619	100	\$ 147,419,690	100

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

Liabilities and Equity			September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 4,078,069	3	\$ 6,194,746	5	\$ 6,742,557	5
2130	Current contract liabilities	6(22)	613,208	-	554,322	-	714,602	-
2150	Notes payable		105,005	-	169,724	-	163,126	-
2170	Accounts payable		6,971,905	5	7,163,658	5	7,564,335	5
2200	Other payables	6(13)	4,559,427	3	4,973,035	4	5,155,218	4
2230	Current income tax liabilities	6(28)	1,510,141	1	1,492,843	1	1,366,901	1
2280	Current lease liabilities	7	144,894	-	154,715	-	169,488	-
2320	Long-term liabilities, current portion	6(15)(16) and 7	1,052,106	1	7,950,172	5	9,018,457	6
2399	Other current liabilities, others	6(14)	335,514	-	317,738	-	277,350	-
21XX	Current Liabilities		19,370,269	13	28,970,953	20	31,172,034	21
Non-current liabilities								
2530	Corporate bonds payable	6(15)	8,000,000	6	8,000,000	5	8,000,000	5
2540	Long-term borrowings	6(16) and 7	27,048,510	19	20,768,740	14	20,385,573	14
2550	Provisions for liabilities - non-current		204,625	-	192,478	-	193,877	-
2570	Deferred income tax liabilities	6(28)	1,064,229	1	868,236	1	883,650	1
2580	Non-current lease liabilities	7	272,374	-	279,190	-	311,202	-
2600	Other non-current liabilities	6(17)	2,282,235	1	2,417,207	2	2,563,416	2
25XX	Non-current liabilities		38,871,973	27	32,525,851	22	32,337,718	22
2XXX	Total Liabilities		58,242,242	40	61,496,804	42	63,509,752	43
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	12
3320	Special reserve		5,870,977	4	7,588,138	5	7,588,138	5
3350	Unappropriated retained earnings		35,251,335	25	32,946,205	23	31,913,556	22
	Other equity interest	6(21)						
3400	Other equity interest		( 5,572,211 )	( 4 )	( 5,870,977 )	( 4 )	( 5,321,251 )	( 4 )
31XX	Equity attributable to owners of the parent		85,204,461	60	83,811,199	58	83,328,289	57
36XX	Non-controlling interest		572,202	-	575,616	-	581,649	-
3XXX	Total equity		85,776,663	60	84,386,815	58	83,909,938	57
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 144,018,905	100	\$ 145,883,619	100	\$ 147,419,690	100

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7	\$ 25,332,601	100	\$ 26,826,804	100	\$ 73,484,580	100	\$ 75,662,793	100
5000 Operating costs	6(6)	( 18,879,640)	( 75)	( 21,233,705)	( 79)	( 56,078,332)	( 76)	( 59,686,930)	( 79)
5900 Net operating margin		<u>6,452,961</u>	<u>25</u>	<u>5,593,099</u>	<u>21</u>	<u>17,406,248</u>	<u>24</u>	<u>15,975,863</u>	<u>21</u>
Operating expenses	7								
6100 Selling expenses		( 1,553,845)	( 6)	( 1,606,992)	( 6)	( 4,346,170)	( 6)	( 4,696,067)	( 6)
6200 General and administrative expenses		( 871,344)	( 3)	( 898,377)	( 3)	( 2,553,958)	( 4)	( 2,616,088)	( 4)
6300 Research and development expenses		( 955,674)	( 4)	( 981,842)	( 4)	( 2,860,228)	( 4)	( 3,041,669)	( 4)
6450 Expected credit loss	12(2)	<u>17,743</u>	<u>-</u>	<u>( 1,899)</u>	<u>-</u>	<u>( 37,474)</u>	<u>-</u>	<u>( 65)</u>	<u>-</u>
6000 Total operating expenses		<u>( 3,363,120)</u>	<u>( 13)</u>	<u>( 3,489,110)</u>	<u>( 13)</u>	<u>( 9,797,830)</u>	<u>( 14)</u>	<u>( 10,353,889)</u>	<u>( 14)</u>
6900 Operating profit		<u>3,089,841</u>	<u>12</u>	<u>2,103,989</u>	<u>8</u>	<u>7,608,418</u>	<u>10</u>	<u>5,621,974</u>	<u>7</u>
Non-operating income and expenses									
7100 Interest income	6(23)	186,391	1	105,376	-	524,830	1	245,235	-
7010 Other income	6(24)	112,708	-	141,310	1	399,589	-	445,693	1
7020 Other gains and losses	6(25)	( 132,243)	-	4,737	-	448,139	1	( 100,705)	-
7050 Finance costs	6(26) and 7	( 303,896)	( 1)	( 217,861)	( 1)	( 911,467)	( 1)	( 499,717)	( 1)
7060 Share of (loss)/profit of associates and joint ventures	6(7)								
accounted for under equity method		<u>( 11,969)</u>	<u>-</u>	<u>4,009</u>	<u>-</u>	<u>( 14,026)</u>	<u>-</u>	<u>12,025</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>( 149,009)</u>	<u>-</u>	<u>37,571</u>	<u>-</u>	<u>447,065</u>	<u>1</u>	<u>102,531</u>	<u>-</u>
7900 Profit before income tax		2,940,832	12	2,141,560	8	8,055,483	11	5,724,505	7
7950 Income tax expense	6(28)	( 968,929)	( 4)	( 614,871)	( 2)	( 2,409,403)	( 3)	( 1,663,540)	( 2)
8200 Profit for the period		<u>\$ 1,971,903</u>	<u>8</u>	<u>\$ 1,526,689</u>	<u>6</u>	<u>\$ 5,646,080</u>	<u>8</u>	<u>\$ 4,060,965</u>	<u>5</u>

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 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)	\$ 1,643	-	(\$ 613)	-	\$ 4,806	-	(\$ 4,957)	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		1,643	-	( 613)	-	4,806	-	( 4,957)	-
<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)	2,320,258	9	832,542	3	368,362	-	2,856,805	4
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)	( 460,436)	( 2)	( 165,495)	( 1)	( 73,490)	-	( 567,961)	( 1)
8360 Components of other comprehensive income that will be reclassified to profit or loss		1,859,822	7	667,047	2	294,872	-	2,288,844	3
8300 <b>Other comprehensive income for the period</b>		<u>\$ 1,861,465</u>	<u>7</u>	<u>\$ 666,434</u>	<u>2</u>	<u>\$ 299,678</u>	<u>-</u>	<u>\$ 2,283,887</u>	<u>3</u>
8500 <b>Total comprehensive income for the period</b>		<u>\$ 3,833,368</u>	<u>15</u>	<u>\$ 2,193,123</u>	<u>8</u>	<u>\$ 5,945,758</u>	<u>8</u>	<u>\$ 6,344,852</u>	<u>8</u>
Profit, attributable to:									
8610 Owners of the parent		\$ 1,971,617	8	\$ 1,510,303	6	\$ 5,632,479	8	\$ 4,032,632	5
8620 Non-controlling interest		286	-	16,386	-	13,601	-	28,333	-
		<u>\$ 1,971,903</u>	<u>8</u>	<u>\$ 1,526,689</u>	<u>6</u>	<u>\$ 5,646,080</u>	<u>8</u>	<u>\$ 4,060,965</u>	<u>5</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 3,815,006	15	\$ 2,171,670	8	\$ 5,931,245	8	\$ 6,299,519	8
8720 Non-controlling interest		18,362	-	21,453	-	14,513	-	45,333	-
		<u>\$ 3,833,368</u>	<u>15</u>	<u>\$ 2,193,123</u>	<u>8</u>	<u>\$ 5,945,758</u>	<u>8</u>	<u>\$ 6,344,852</u>	<u>8</u>
Earnings per share (in dollars)	6(29)								
9750 Basic earnings per share		<u>\$ 0.61</u>		<u>\$ 0.47</u>		<u>\$ 1.74</u>		<u>\$ 1.24</u>	
9850 Diluted earnings per share	6(29)	<u>\$ 0.61</u>		<u>\$ 0.47</u>		<u>\$ 1.74</u>		<u>\$ 1.24</u>	

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

**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**NINE-MONTH PERIODS ENDED SEPTEMBER 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					
			Treasury stock transactions	Gain on sale of assets	Capital surplus, donated assets received				Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes	Share capital - common stock					Legal reserve	Special reserve	Unappropriated retained earnings			Total		
<u>Nine-month period ended September 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
		-	-	-	-	-	-	4,032,632	-	-	4,032,632	28,333	4,060,965
6(21)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	2,271,844	( 4,957)	2,266,887	17,000	2,283,887
	Total comprehensive income (loss)	-	-	-	-	-	-	4,032,632	2,271,844	( 4,957)	6,299,519	45,333	6,344,852
Appropriation and distribution of 2021 earnings:													
	Legal reserve	-	-	-	-	533,341	-	( 533,341)	-	-	-	-	-
	Special reserve	-	-	-	-	-	976,842	( 976,842)	-	-	-	-	-
6(20)	Cash dividends	-	-	-	-	-	-	( 3,889,699)	-	-	( 3,889,699)	-	( 3,889,699)
	Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 22,583)	( 22,583)
	Balance at September 30, 2022	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$16,665,921	\$ 7,588,138	\$ 31,913,556	(\$ 5,330,712)	\$ 9,461	\$ 83,328,289	\$ 581,649	\$ 83,909,938
<u>Nine-month period ended September 30, 2023</u>													
	Balance at January 1, 2023	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,181	\$16,665,921	\$ 7,588,138	\$ 32,946,205	(\$ 5,880,150)	\$ 9,173	\$ 83,811,199	\$ 575,616	\$ 84,386,815
	Profit for the period	-	-	-	-	-	-	5,632,479	-	-	5,632,479	13,601	5,646,080
6(21)	Other comprehensive income for the period	-	-	-	-	-	-	-	293,960	4,806	298,766	912	299,678
	Total comprehensive income	-	-	-	-	-	-	5,632,479	293,960	4,806	5,931,245	14,513	5,945,758
Appropriation and distribution of 2022 earnings:													
	Legal reserve	-	-	-	-	506,528	-	( 506,528)	-	-	-	-	-
	Reversal of special reserve	-	-	-	-	-	( 1,717,161)	1,717,161	-	-	-	-	-
6(20)	Cash dividends	-	-	-	-	-	-	( 4,537,982)	-	-	( 4,537,982)	-	( 4,537,982)
	Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 17,927)	( 17,927)
	Dividends extinguished by prescription claimed by shareholders	-	-	-	( 1)	-	-	-	-	-	( 1)	-	( 1)
	Balance at September 30, 2023	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,180	\$17,172,449	\$ 5,870,977	\$ 35,251,335	(\$ 5,586,190)	\$ 13,979	\$ 85,204,461	\$ 572,202	\$ 85,776,663

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



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

	Notes	Nine-month periods ended September 30	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 8,055,483	\$ 5,724,505
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(27)	7,788,515	7,790,601
Depreciation on right-of-use assets	6(9)(27)	196,988	210,805
Depreciation on investment property	6(10)(27)	27,370	17,774
Amortization expense	6(11)(27)	66,251	73,511
Expected credit loss	12(2)	37,474	65
Share of (loss) profit of associates and joint ventures accounted for using equity method	6(7)	14,026	( 12,025 )
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(25)	-	( 232,916 )
Loss on disposal of property, plant and equipment	6(8)(25)	31,336	80,677
Interest expense	6(8)(26)	911,467	499,717
Interest income	6(23)	( 524,830 )	( 245,235 )
Deferred government grants revenue		( 142,223 )	( 131,386 )
Unrealized foreign exchange (gain) loss on foreign currency loans		( 452,268 )	1,075,908
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		-	232,480
Notes receivable, net		( 1,531,256 )	( 563,839 )
Accounts receivable		( 1,107,540 )	( 1,755,402 )
Accounts receivable - related parties		1,218	( 24,517 )
Inventories		5,012,369	202,740
Prepayments		157,127	( 16,089 )
Other current assets		48,955	199,392
Other non-current assets		61,794	92,256
Changes in operating liabilities			
Contract liabilities - current		58,886	( 332,972 )
Notes payable		( 64,719 )	( 156,902 )
Accounts payable		( 191,753 )	27,852
Other payables		( 283,809 )	( 224,230 )
Other current liabilities		17,776	( 81,820 )
Accrued pension liabilities		3,431	( 4,373 )
Other non-current liabilities		( 4,755 )	( 3,158 )
Cash inflow generated from operations		18,187,313	12,443,419
Interest received		412,906	210,386
Dividends received		10,000	-
Interest paid		( 940,035 )	( 498,056 )
Income tax paid		( 2,366,513 )	( 1,546,144 )
Income tax refund received		123,956	106,574
Net cash flows from operating activities		<u>15,427,627</u>	<u>10,716,179</u>

(Continued)

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

	Notes	Nine-month periods ended September 30	
		2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at amortised cost		( \$ 1,413,731 )	( \$ 3,653,992 )
Proceeds from repayments of financial assets at amortised cost		1,303,885	472,937
Acquisition of property, plant and equipment	6(8)(30)	( 2,486,889 )	( 2,451,516 )
Payment for capitalized interests	6(8)(26)(30)	( 2,552 )	( 6,462 )
Proceeds from disposal of property, plant and equipment		120,028	89,161
Acquisition of intangible assets	6(11)	( 21,883 )	( 29,756 )
Decrease (increase) in refundable deposits		( 4,204 )	17,257
Increase in other non-current liabilities		7,557	26,938
Net cash flows used in investing activities		( 2,497,789 )	( 5,535,433 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings	6(12)(31)	5,758,609	7,926,793
Decrease in short-term borrowings	6(12)(31)	( 8,026,085 )	( 10,734,773 )
Repayments of corporate bonds	6(15)	( 2,500,000 )	( 6,000,000 )
Proceeds in long-term borrowings	6(16)(31)	12,273,589	8,623,772
Repayments in long-term borrowings	6(16)(31)	( 10,590,993 )	( 5,684,396 )
(Decrease) increase in guarantee deposits received	6(31)	( 1,729 )	32,707
Decrease in other payables to related parties	6(16)(31) and 7	-	( 26,568 )
Repayments of principal portion of lease liabilities	6(9)(31)	( 135,787 )	( 145,588 )
Cash dividends paid	6(20)	( 4,537,982 )	( 3,889,699 )
Cash dividends paid to non-controlling interests		( 17,927 )	( 22,583 )
Dividends extinguished by prescription claimed by shareholders		( 1 )	-
Net cash flows used in financing activities		( 7,778,306 )	( 9,920,335 )
Effect of exchange rate changes on cash and cash equivalents		332,607	244,303
Net increase (decrease) in cash and cash equivalents		5,484,139	( 4,495,286 )
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)	\$ 27,219,701	\$ 19,450,823

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE-MONTH PERIODS ENDED SEPTEMBER 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 November 9, 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
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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2015

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
			September 30, 2023	December 31, 2022	September 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
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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	100	Note 5
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	100	
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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	70	Note 1
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	80	Note 4 、 5
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
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 September 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 September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 4,486	\$ 4,319	\$ 5,614
Checking deposit	2,469,662	1,495,954	1,152,280
Demand deposits	17,744,152	14,539,800	14,940,502
Time deposits	7,001,401	5,695,489	3,352,427
	<u>\$ 27,219,701</u>	<u>\$ 21,735,562</u>	<u>\$ 19,450,823</u>
Interest rate range			
Time deposits	<u>1.20%~6.30%</u>	<u>1.75%~4.90%</u>	<u>0.21%~5.00%</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	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,084</u>

A. The Group recognised net profit amounting to \$26,989 thousand and \$232,916 thousand on financial assets mandatorily measured at fair value through profit or loss - derivative instruments for the three-month and nine-month periods ended September 30, 2022, respectively.

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

Derivative instruments	September 30, 2022	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		
USD exchange to NTD	USD 20,000 thousand	2022/05/26~2022/11/7

As at September 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	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	13,979	9,173	9,461
Total	\$ 22,644	\$ 17,838	\$ 18,126

Non-current items:

Equity instruments

Unlisted stocks	\$ 58,187	\$ 58,187	\$ 58,187
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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 \$80,831 thousand, \$76,025 thousand and \$76,313 thousand as at September 30, 2023, December 31, 2022 and September 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 September 30, 2023	Three-month period ended September 30, 2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 1,643	(\$ 613)
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022

Equity instruments at fair value  
through other comprehensive income  
Fair value change recognised in other  
comprehensive income (loss)

\$ 4,806	(\$ 4,957)
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C. Information relating to credit risk of financial assets at fair value through other comprehensive loss/income is provided in Note 12(2).

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Time deposits with maturity over three months	\$ 419,922	\$ 175,509	\$ 311,607
TIIP grant accounts	1,536	-	-
	<u>\$ 421,458</u>	<u>\$ 175,509</u>	<u>\$ 311,607</u>
Non-current items:			
Time deposits with maturity over twelve months	\$ 3,849,560	\$ 3,625,241	\$ 3,275,610
Pledged time deposits	56,715	34,948	35,977
Restricted bank deposits	1,243,555	1,587,679	1,694,089
TIIP grant accounts	-	18,000	-
	<u>\$ 5,149,830</u>	<u>\$ 5,265,868</u>	<u>\$ 5,005,676</u>

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

	<u>Three-month period ended September 30, 2023</u>	<u>Three-month period ended September 30, 2022</u>
Interest income	<u>\$ 40,709</u>	<u>\$ 23,643</u>
	<u>Nine-month period ended September 30, 2023</u>	<u>Nine-month period ended September 30, 2022</u>
Interest income	<u>\$ 116,977</u>	<u>\$ 37,386</u>

B. As at September 30, 2023, December 31, 2022 and September 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 \$5,571,288 thousand, \$5,441,377 thousand and \$5,317,283 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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 5,021,004	\$ 3,593,059	\$ 3,452,294
Less: Discounted notes receivable	( 44,324)	( 147,635)	-
Less: Loss allowance	( 9,277)	( 9,277)	( 9,277)
	<u>\$ 4,967,403</u>	<u>\$ 3,436,147</u>	<u>\$ 3,443,017</u>
Accounts receivable	\$ 10,698,195	\$ 9,578,258	\$ 10,882,204
Less: Loss allowance	( 89,049)	( 38,364)	( 31,140)
	<u>\$ 10,609,146</u>	<u>\$ 9,539,894</u>	<u>\$ 10,851,064</u>

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

	September 30, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 8,879,726	\$ 4,976,680	\$ 7,587,205	\$ 3,445,424
Up to 30 days	1,153,338	-	1,171,734	-
31 to 90 days	348,747	-	611,009	-
91 to 180 days	189,151	-	171,199	-
Over 180 days	127,233	-	37,111	-
	<u>\$ 10,698,195</u>	<u>\$ 4,976,680</u>	<u>\$ 9,578,258</u>	<u>\$ 3,445,424</u>
	September 30, 2022			
	Accounts receivable	Notes receivable		
Without past due	\$ 9,086,983	\$ 3,452,294		
Up to 30 days	1,239,383	-		
31 to 90 days	466,421	-		
91 to 180 days	58,716	-		
Over 180 days	30,701	-		
	<u>\$ 10,882,204</u>	<u>\$ 3,452,294</u>		

The above ageing analysis was based on past due date.

- B. As at September 30, 2023, December 31, 2022 and September 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 September 30 and 2023, December 31, 2022, the Group had outstanding discounted notes receivable amounting to \$44,324 thousand and \$147,635 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 September 30, 2023, December 31, 2022 and September 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 \$4,967,403 thousand and \$10,609,146 thousand; \$3,436,147 thousand and \$9,539,894 thousand; \$3,443,017 thousand and \$10,851,064 thousand, respectively.

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

(6) Inventories

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,931,136	(\$ 3,006)	\$ 4,928,130
Work in progress	2,109,369	-	2,109,369
Finished goods	7,124,605	( 105,087)	7,019,518
Buildings and land held for sale	2,038,948	-	2,038,948
Inventory in transit	40,469	-	40,469
	<u>\$ 16,244,527</u>	<u>(\$ 108,093)</u>	<u>\$ 16,136,434</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>
	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,350,741	(\$ 5,526)	\$ 7,345,215
Work in progress	2,405,325	-	2,405,325
Finished goods	9,304,740	( 236,996)	9,067,744
Buildings and land held for sale	2,118,366	-	2,118,366
Inventory in transit	155,942	-	155,942
	<u>\$ 21,335,114</u>	<u>(\$ 242,522)</u>	<u>\$ 21,092,592</u>

The cost of inventories recognized as expense for the period:

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Cost of goods sold	\$ 18,888,881	\$ 21,271,506
Unallocated overheads	19,974	19,096
Others	( 29,215)	( 55,897)
	<u>\$ 18,879,640</u>	<u>\$ 21,234,705</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Cost of goods sold	\$ 56,135,887	\$ 59,587,700
Unallocated overheads	94,207	139,675
Others	( 151,762)	( 40,445)
	<u>\$ 56,078,332</u>	<u>\$ 59,686,930</u>

For the three-month and periods ended September 30, 2023 and 2022 and nine-month period ended September 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 September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$175,600 thousand, \$199,626 thousand and \$182,441 thousand, respectively.

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(\$ 11,969)	\$ 4,009
Total comprehensive (loss) income	(\$ 11,969)	\$ 4,009
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(\$ 14,026)	\$ 12,025
Total comprehensive (loss) income	(\$ 14,026)	\$ 12,025

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

Nine-month period ended September 30, 2023						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,551,722	\$ -	\$ -	\$ -	(\$ 123)	\$ 4,551,599
Buildings and structures	51,889,036	26,136	( 9,995)	( 357,858)	332,704	51,880,023
Machinery	108,464,923	515,026	( 301,198)	806,323	306,283	109,791,357
Testing equipment	4,268,432	7,951	( 45,256)	93,254	14,466	4,338,847
Transportation equipment	1,463,914	12,093	( 40,692)	3,054	7,139	1,445,508
Office equipment	1,117,455	9,588	( 2,403)	( 5,983)	13,199	1,131,856
Other facilities	34,368,432	680,481	( 863,224)	248,002	19,005	34,452,696
Unfinished construction and equipment under acceptance	2,754,070	1,142,670	-	( 1,224,402)	3,011	2,675,349
	<u>\$ 208,877,984</u>	<u>\$ 2,393,945</u>	<u>(\$ 1,262,768)</u>	<u>(\$ 437,610)</u>	<u>\$ 695,684</u>	<u>\$ 210,267,235</u>
Accumulated depreciation						
Buildings and structures	(\$ 24,684,137)	(\$ 1,534,894)	\$ 1,081	\$ 232,481	(\$ 77,169)	(\$ 26,062,638)
Machinery	( 73,047,665)	( 4,305,729)	162,211	-	( 61,439)	( 77,252,622)
Testing equipment	( 3,653,145)	( 169,669)	42,448	-	( 14,088)	( 3,794,454)
Transportation equipment	( 1,259,296)	( 50,300)	38,770	-	( 5,772)	( 1,276,598)
Office equipment	( 1,008,456)	( 33,488)	2,238	-	( 11,623)	( 1,051,329)
Other facilities	( 29,502,882)	( 1,694,435)	844,779	-	15,799	( 30,336,739)
	<u>(\$ 133,155,581)</u>	<u>(\$ 7,788,515)</u>	<u>\$ 1,091,527</u>	<u>\$ 232,481</u>	<u>(\$ 154,292)</u>	<u>(\$ 139,774,380)</u>
Accumulated impairment						
Machinery	(\$ 181,814)	\$ -	\$ 13,452	\$ -	(\$ 204)	(\$ 168,566)
Testing equipment	( 175)	-	154	-	-	( 21)
Transportation equipment	( 1,985)	-	-	-	( 3)	( 1,988)
Office equipment	( 46)	-	-	-	-	( 46)
Other facilities	( 21,197)	-	6,271	-	( 1)	( 14,676)
	<u>(\$ 205,217)</u>	<u>\$ -</u>	<u>\$ 19,877</u>	<u>\$ -</u>	<u>(\$ 208)</u>	<u>( 185,548)</u>
	<u>\$ 75,517,186</u>					<u>\$ 70,307,307</u>

Nine-month period ended September 30, 2022						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,507,668	\$ -	\$ -	\$ -	\$ 21,981	\$ 4,529,649
Buildings and structures	50,807,705	112,929	( 3,376)	94,741	1,522,163	52,534,162
Machinery	104,284,856	319,270	( 501,221)	1,312,314	2,917,831	108,333,050
Testing equipment	4,046,839	7,429	( 10,269)	139,856	109,987	4,293,842
Transportation equipment	1,443,706	14,983	( 23,008)	2,798	44,483	1,482,962
Office equipment	1,085,121	6,664	( 10,233)	4,133	41,683	1,127,368
Other facilities	36,182,291	650,563	( 513,886)	348,866	884,482	37,552,316
Unfinished construction and equipment under acceptance	3,649,423	1,314,935	( 7,140)	( 1,920,156)	88,228	3,125,290
	<u>\$ 206,007,609</u>	<u>\$ 2,426,773</u>	<u>(\$ 1,069,133)</u>	<u>(\$ 17,448)</u>	<u>\$ 5,630,838</u>	<u>\$ 212,978,639</u>
Accumulated depreciation						
Buildings and structures	(\$ 22,232,877)	(\$ 1,539,146)	\$ 2,933	(\$ 5,331)	(\$ 648,198)	(\$ 24,422,619)
Machinery	( 66,350,514)	( 4,087,758)	390,058	-	( 1,796,971)	( 71,845,185)
Testing equipment	( 3,360,290)	( 183,309)	9,293	-	( 91,828)	( 3,626,134)
Transportation equipment	( 1,179,659)	( 62,302)	19,910	-	( 36,143)	( 1,258,194)
Office equipment	( 919,083)	( 59,260)	9,556	-	( 35,373)	( 1,004,160)
Other facilities	( 30,260,627)	( 1,858,826)	465,719	5,331	( 737,646)	( 32,386,049)
	<u>(\$ 124,303,050)</u>	<u>(\$ 7,790,601)</u>	<u>\$ 897,469</u>	<u>\$ -</u>	<u>(\$ 3,346,159)</u>	<u>(\$ 134,542,341)</u>
Accumulated impairment						
Machinery	(\$ 181,054)	\$ -	\$ 1,728	\$ -	(\$ 4,984)	(\$ 184,310)
Testing equipment	( 268)	-	98	-	( 7)	( 177)
Transportation equipment	( 1,956)	-	-	-	( 58)	( 2,014)
Office equipment	( 46)	-	-	-	( 1)	( 47)
Other facilities	( 20,917)	-	-	-	( 564)	( 14,676)
	<u>(\$ 204,241)</u>	<u>\$ -</u>	<u>\$ 1,826</u>	<u>\$ -</u>	<u>(\$ 5,614)</u>	<u>( 208,029)</u>
	<u>\$ 81,500,318</u>					<u>\$ 78,228,269</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:

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Amount capitalized	\$ 2,552	\$ 6,462
Range of the interest rates for capitalization	3.03%~4.93%	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:

	September 30, 2023	December 31, 2022	September 30, 2022
	Book value	Book value	Book value
Land	\$ 4,445,460	\$ 4,425,068	\$ 4,583,278
Buildings and structures	246,028	283,241	311,360
Machinery	8,675	10,967	11,052
Transportation equipment	88,665	66,719	79,636
Office equipment	3,002	3,512	3,806
Other equipment	32,520	15,416	18,476
	<u>\$ 4,824,350</u>	<u>\$ 4,804,923</u>	<u>\$ 5,007,608</u>
	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	
	Depreciation expense	Depreciation expense	
Land	\$ 25,650	\$ 25,876	
Buildings and structures	22,905	23,215	
Machinery	734	680	
Transportation equipment	12,318	16,170	
Office equipment	542	394	
Other equipment	2,495	2,678	
	<u>\$ 64,644</u>	<u>\$ 69,013</u>	
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022	
	Depreciation expense	Depreciation expense	
Land	\$ 77,522	\$ 77,974	
Buildings and structures	68,627	67,572	
Machinery	2,191	2,070	
Transportation equipment	39,431	53,735	
Office equipment	1,241	1,422	
Other equipment	7,976	8,032	
	<u>\$ 196,988</u>	<u>\$ 210,805</u>	

D. For the three-month and nine-month periods ended September 30, 2023 and 2022, the additions to right-of-use assets amounted to \$14,787 thousand, \$8,307 thousand, \$115,084 thousand and \$28,461 thousand, respectively.

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

	Three-month period ended	Three-month period ended
<u>Items affecting profit or loss</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Interest expense on lease liabilities	\$ 3,181	\$ 3,023
Expense on short-term lease contracts	3,319	3,794
Expense on leases of low-value assets	192	732
Expense on variable lease payments	37,358	50,604
	<u>\$ 44,050</u>	<u>\$ 58,153</u>
	Nine-month period ended	Nine-month period ended
<u>Items affecting profit or loss</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Interest expense on lease liabilities	\$ 8,550	\$ 9,415
Expense on short-term lease contracts	11,132	12,158
Expense on leases of low-value assets	1,700	2,200
Expense on variable lease payments	125,498	135,732
	<u>\$ 146,880</u>	<u>\$ 159,505</u>

F. For the three-month and nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases amounted to \$83,918 thousand, \$101,333 thousand, \$282,667 thousand and \$305,093 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 36.50% and 36.65%, respectively, of lease payments are on the basis of variable payment terms for the nine-month periods ended September 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 \$1,255 thousand and \$1,357 thousand for the nine-month periods ended September 30, 2023 and 2022, respectively.

(10) Investment property, net

Nine-month period ended September 30, 2023					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	465,245	-	466,247	2,935	934,427
	<u>\$ 801,666</u>	<u>\$ -</u>	<u>\$ 466,247</u>	<u>\$ 2,935</u>	<u>\$ 1,270,848</u>
Accumulated depreciation					
Buildings and structures	(\$ 265,007)	(\$ 27,370)	(\$ 232,481)	(\$ 1,629)	(\$ 526,487)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 485,621</u>				<u>\$ 693,323</u>
Nine-month period ended September 30, 2022					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	458,893	-	-	12,802	471,695
	<u>\$ 795,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,802</u>	<u>\$ 808,116</u>
Accumulated depreciation					
Buildings and structures	(\$ 238,260)	(\$ 17,774)	\$ -	(\$ 6,531)	(\$ 262,565)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 506,016</u>				<u>\$ 494,513</u>

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

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Rental income from investment property	<u>\$ 9,563</u>	<u>\$ 8,002</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 11,659</u>	<u>\$ 5,929</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Rental income from investment property	<u>\$ 27,263</u>	<u>\$ 23,996</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 27,370</u>	<u>\$ 17,774</u>

B. The fair value of the investment property held by the Group as at September 30, 2023, December 31, 2022 and September 30, 2022 was \$1,276,774 thousand, \$1,275,921 thousand and \$1,103,440 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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Intangible assets	\$ 199,537	\$ 233,013	\$ 223,990
Others	166,536	224,127	142,977
	<u>\$ 366,073</u>	<u>\$ 457,140</u>	<u>\$ 366,967</u>

Movements in intangible assets:

<u>Nine-month period ended September 30, 2023</u>						
	<u>Opening net</u>				<u>Exchange</u>	<u>Closing net</u>
	<u>book amount as</u>				<u>rate</u>	<u>book amount as</u>
	<u>at January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfer</u>	<u>differences</u>	<u>at September 30</u>
Cost						
Computer						
software	\$ 741,268	\$ 21,883	(\$ 32,078)	\$ 10,451	\$ 6,633	\$ 748,157
Others	7,947	-	-	-	13	7,960
	<u>\$ 749,215</u>	<u>\$ 21,883</u>	<u>(\$ 32,078)</u>	<u>\$ 10,451</u>	<u>\$ 6,646</u>	<u>\$ 756,117</u>
Accumulated						
amortisation						
Computer						
software	(\$ 511,434)	(\$ 65,657)	\$ 32,078	\$ -	(\$ 6,195)	(\$ 551,208)
Others	( 4,768)	( 594)	-	-	( 10)	( 5,372)
	<u>(\$ 516,202)</u>	<u>(\$ 66,251)</u>	<u>\$ 32,078</u>	<u>\$ -</u>	<u>(\$ 6,205)</u>	<u>(\$ 556,580)</u>
	<u>\$ 233,013</u>					<u>\$ 199,537</u>

Nine-month period ended September 30, 2022						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost						
Computer						
software	\$ 630,881	\$ 29,756	(\$ 13,243)	\$ 43,175	\$ 24,765	\$ 715,334
Others	7,832	-	-	-	233	8,065
	<u>\$ 638,713</u>	<u>\$ 29,756</u>	<u>(\$ 13,243)</u>	<u>\$ 43,175</u>	<u>\$ 24,998</u>	<u>\$ 723,399</u>
Accumulated amortisation						
Computer						
software	(\$ 412,128)	(\$ 72,912)	\$ 13,243	(\$ 4,173)	(\$ 18,802)	(\$ 494,772)
Others	( 3,916)	( 599)	-	-	( 122)	( 4,637)
	<u>(\$ 416,044)</u>	<u>(\$ 73,511)</u>	<u>\$ 13,243</u>	<u>(\$ 4,173)</u>	<u>(\$ 18,924)</u>	<u>(\$ 499,409)</u>
	<u>\$ 222,669</u>					<u>\$ 223,990</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Operating costs	\$ 1,692	\$ 1,327
Selling expenses	2,957	4,645
Administrative expenses	7,984	7,422
Research and development expenses	7,192	7,490
	<u>\$ 19,825</u>	<u>\$ 20,884</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Operating costs	\$ 5,435	\$ 7,470
Selling expenses	11,045	126,668
Administrative expenses	28,488	32,425
Research and development expenses	21,283	20,948
	<u>\$ 66,251</u>	<u>\$ 187,511</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
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## Bank borrowings

Bank unsecured borrowings	\$ <u>4,078,069</u>	1.51% ~ 6.60%	None
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<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
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## Bank borrowings

Bank unsecured borrowings	\$ <u>6,194,746</u>	1.50% ~ 8.30%	None
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<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
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## Bank borrowings

Bank unsecured borrowings	\$ <u>6,742,557</u>	1.10% ~ 6.60%	None
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The abovementioned credit loan includes the guarantee of endorsement provided by the Company.

(13) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Dividend payable	\$ 10	\$ 10	\$ 9
Wages and salaries payable	1,328,471	1,421,871	1,464,242
Payable on machinery and equipment	337,347	432,843	534,587
Employee compensation payable	313,715	291,858	264,243
Compensation due to directors	117,377	115,266	92,558
Others	2,462,507	2,711,187	2,799,579
	<u>\$ 4,559,427</u>	<u>\$ 4,973,035</u>	<u>\$ 5,155,218</u>

(14) Other current liabilities

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Advance receipts	\$ 19,648	\$ 7,683	\$ 9,502
Refund liabilities	183,069	164,871	119,328
Others	132,797	145,184	148,520
	<u>\$ 335,514</u>	<u>\$ 317,738</u>	<u>\$ 277,350</u>

(15) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds payable -issued in 2018	\$ -	\$ 2,500,000	\$ 2,500,000
Bonds payable -issued in 2021	8,000,000	8,000,000	8,000,000
	8,000,000	10,500,000	10,500,000
Less: Current portion	-	( 2,500,000)	( 2,500,000)
	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</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>September 30, 2023</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2030.	1.25% ~ 6.21%	None	\$ 28,100,616
Less: Current portion				( 1,052,106)
				<u>\$ 27,048,510</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>September 30, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2029.	1.16% ~ 4.70%	None	\$ 26,751,948
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	152,082
				26,904,030
Less: Current portion				( 6,518,457)
				<u>\$ 20,385,573</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	September 30, 2023	December 31, 2022	September 30, 2022
USD	\$ 9,852,031	\$ 13,308,179	\$ 13,947,775

(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, \$3,492 thousand, \$9,375 thousand and \$10,475 thousand for the three-month and nine-month periods ended September 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 nine-month periods ended September 30, 2023 and 2022 were \$30,836 thousand, \$34,425 thousand, \$92,625 thousand and \$103,064 thousand, respectively.
- C. (a) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine-month periods ended September 30, 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 nine-month periods ended September 30, 2023 and 2022, were \$138,177 thousand, \$150,533 thousand, \$431,899 thousand and \$457,808 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 nine-month periods ended September 30, 2023 and 2022 were \$13,028 thousand, \$13,190 thousand, \$38,763 thousand and \$39,035 thousand, respectively.

(18) Share capital

As at September 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	-	4,806	4,806
Currency translation differences:			
– Group	367,450	-	367,450
– Tax on Group	( 73,490)	-	( 73,490)
At September 30	(\$ 5,586,190)	\$ 13,979	(\$ 5,572,211)
	2022		
	Currency translation	Unrealized gain (loss) 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	-	( 4,957)	( 4,957)
Currency translation differences:			
– Group	2,839,805	-	2,839,805
– Tax on Group	( 567,961)	-	( 567,961)
At September 30	(\$ 5,330,712)	\$ 9,461	(\$ 5,321,251)

(22) Operating revenue

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Revenue from contracts with customers	\$ 25,332,601	\$ 36,826,804
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Revenue from contracts with customers	\$ 73,484,530	\$ 75,662,793

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 September 30, 2023				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		\$ 1,418,458	\$ 12,256,020	\$ 2,198,421	\$ 9,459,702	\$ 25,332,601
		Three-month period ended September 30, 2022				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		\$ 1,667,626	\$ 11,659,978	\$ 2,983,202	\$ 10,515,998	\$ 26,826,804
		Nine-month period ended September 30, 2023				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		\$ 4,680,757	\$ 34,135,180	\$ 7,148,974	\$ 27,519,669	\$ 73,484,580
		Nine-month period ended September 30, 2022				
		Taiwan	China	US	Others	Total
Revenue from contracts with customers		\$ 5,188,925	\$ 31,890,564	\$ 8,375,761	\$ 30,207,543	\$ 75,662,793

B. Contract liabilities

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

		September 30, 2023	December 31, 2022
Contract liabilities:			
Advance sales receipts	\$	596,125	\$ 527,661
Customer loyalty programmes		17,083	26,661
	\$	<u>613,208</u>	<u>\$ 554,322</u>
		September 30, 2022	January 1, 2022
Contract liabilities:			
Advance sales receipts	\$	692,775	\$ 1,024,767
Customer loyalty programmes		21,827	22,807
	\$	<u>714,602</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 September 30, 2023	Three-month period ended September 30, 2022
Advance sales receipts	\$	6,851	\$ 16,705
Customer loyalty programmes		-	-
	\$	<u>6,851</u>	<u>\$ 16,705</u>
		Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Advance sales receipts	\$	324,204	\$ 867,376
Customer loyalty programmes		26,661	22,807
	\$	<u>350,865</u>	<u>\$ 890,183</u>

(23) Interest income

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Interest income from bank deposits	\$ 145,682	\$ 81,733
Interest income from financial assets at amortised cost	40,709	23,643
	<u>\$ 186,391</u>	<u>\$ 105,376</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Interest income from bank deposits	\$ 407,853	\$ 207,849
Interest income from financial assets at amortised cost	116,977	37,386
	<u>\$ 524,830</u>	<u>\$ 245,235</u>

(24) Other income

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Grant revenue	\$ 62,818	\$ 90,292
Other income	49,890	51,018
	<u>\$ 112,708</u>	<u>\$ 141,310</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Grant revenue	\$ 225,266	\$ 272,920
Other income	174,323	172,773
	<u>\$ 399,589</u>	<u>\$ 445,693</u>

(25) Other gains and losses

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Net currency exchange (loss) gain	(\$ 95,362)	\$ 11,819
Loss on disposal of property, plant and equipment	( 14,415)	( 16,078)
Net gain on financial assets and liabilities at fair value through profit or loss	-	26,989
Miscellaneous disbursement	( 22,466)	( 17,993)
	<u>(\$ 132,243)</u>	<u>\$ 4,737</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Net currency exchange gain (loss)	\$ 570,450	(\$ 200,107)
Loss on disposal of property, plant and equipment	( 31,336)	( 80,677)
Net gain on financial assets and liabilities at fair value through profit or loss	-	232,916
Miscellaneous disbursement	( 90,975)	( 52,837)
	<u>\$ 448,139</u>	<u>(\$ 100,705)</u>

(26) Finance costs

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Interest expense:		
Bank borrowings	\$ 284,834	\$ 190,996
Corporate bonds	13,529	22,961
Provisions-discount	3,054	3,008
Lease liability-interest expense	3,181	3,023
	<u>\$ 304,598</u>	<u>\$ 219,988</u>
Less: Capitalisation of qualifying assets	( 702)	( 2,127)
Finance costs	<u>\$ 303,896</u>	<u>\$ 217,861</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Interest expense:		
Bank borrowings	\$ 848,330	\$ 401,809
Corporate bonds	48,117	86,212
Provisions-discount	9,022	8,743
Lease liability-interest expense	8,550	9,415
	<u>\$ 914,019</u>	<u>\$ 506,179</u>
Less: Capitalisation of qualifying assets	( 2,552)	( 6,462)
Finance costs	<u>\$ 911,467</u>	<u>\$ 499,717</u>

(27) Expenses by nature

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Employee benefit expense		
Wages and salaries	\$ 2,564,027	\$ 2,758,544
Labour and health insurance fees	183,564	174,420
Pension costs	185,666	201,640
Directors' remuneration	43,103	33,920
Other personnel expenses	182,210	201,506
	<u>\$ 3,158,570</u>	<u>\$ 3,370,030</u>
Raw materials and supplies used	<u>\$ 11,509,396</u>	<u>\$ 13,408,205</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,545,103</u>	<u>\$ 2,575,318</u>
Depreciation expense on right-of-use assets	<u>\$ 64,644</u>	<u>\$ 69,013</u>
Depreciation expense on investment property	<u>\$ 11,659</u>	<u>\$ 5,929</u>
Amortisation expense on intangible assets	<u>\$ 19,825</u>	<u>\$ 20,884</u>

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Employee benefit expense		
Wages and salaries	\$ 7,646,938	\$ 8,349,788
Labour and health insurance fees	573,211	525,534
Pension costs	572,662	610,382
Directors' remuneration	115,193	94,953
Other personnel expenses	545,122	595,124
	<u>\$ 9,453,126</u>	<u>\$ 10,175,781</u>
Raw materials and supplies used	<u>\$ 34,889,446</u>	<u>\$ 38,426,918</u>
Depreciation expense on property, plant and equipment	<u>\$ 7,788,515</u>	<u>\$ 7,790,601</u>
Depreciation expense on right-of-use assets	<u>\$ 196,988</u>	<u>\$ 210,805</u>
Depreciation expense on investment property	<u>\$ 27,370</u>	<u>\$ 17,774</u>
Amortisation expense on intangible assets	<u>\$ 66,251</u>	<u>\$ 73,511</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 nine-month periods ended September 30, 2023 and 2022, employees' compensation was accrued at \$53,678 thousand, \$39,174 thousand, \$147,846 thousand and \$106,597 thousand, respectively; while directors' remuneration was accrued at \$38,245 thousand, \$29,379 thousand, \$105,340 thousand and \$79,947 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 nine-month periods ended September 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 \$98,662 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 November 9, 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 September 30, 2023	Three-month period ended September 30, 2022
Current tax:		
Current tax on profits for the period	\$ 724,672	\$ 707,325
Prior year income tax underestimation	67,701	17,454
Total current tax	<u>792,373</u>	<u>724,779</u>
Deferred tax:		
Origination and reversal of temporary differences	176,556	( 109,908)
Total current tax	<u>176,556</u>	<u>( 109,908)</u>
Income tax expense	<u>\$ 968,929</u>	<u>\$ 614,871</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Current tax:		
Current tax on profits for the period	\$ 2,001,632	\$ 1,761,269
Additional 5% tax on undistributed earnings	86,897	-
Prior year income tax under (over) estimation	157,459	( 11,981)
Total current tax	<u>2,245,988</u>	<u>1,749,288</u>
Deferred tax:		
Origination and reversal of temporary differences	163,415	( 85,748)
Total current tax	<u>163,415</u>	<u>( 85,748)</u>
Income tax expense	<u>\$ 2,409,403</u>	<u>\$ 1,663,540</u>



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

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Generated during the period :		
Currency translation differences	(\$ 460,436)	(\$ 165,495)
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Generated during the period :		
Currency translation differences	(\$ 73,490)	(\$ 567,961)

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 September 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>\$ 1,971,617</u>	<u>3,241,416</u>	<u>\$ 0.61</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,971,617	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>3,525</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,971,617</u>	<u>3,244,941</u>	<u>\$ 0.61</u>
Three-month period ended September 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>\$ 1,510,303</u>	<u>3,241,416</u>	<u>\$ 0.47</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,510,303	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>3,015</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,510,303</u>	<u>3,244,431</u>	<u>\$ 0.47</u>

Nine-month period ended September 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>\$ 5,632,479</u>	<u>3,241,416</u>	<u>\$ 1.74</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	5,632,479	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>4,658</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,632,479</u>	<u>3,246,074</u>	<u>\$ 1.74</u>
Nine-month period ended September 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>\$ 4,032,632</u>	<u>3,241,416</u>	<u>\$ 1.24</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	4,032,632	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>4,209</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,032,632</u>	<u>3,245,625</u>	<u>\$ 1.24</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Purchase of property, plant and equipment	\$ 2,393,945	\$ 2,426,773
Add: Opening balance of payable on equipment	432,843	565,792
Less: Ending balance of payable on equipment	( 337,347)	( 534,587)
Cash paid during the period	<u>\$ 2,489,441</u>	<u>\$ 2,457,978</u>

(31) Changes in liabilities from financing activities

	2023						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 6,194,746	\$26,218,912	\$10,500,000	\$ 10	\$ 433,905	\$ 270,590	\$ 43,618,163
Changes in cash flow from financing activities	( 2,267,476)	1,682,596	( 2,500,000)	( 4,555,909)	( 135,787)	( 1,729)	( 7,778,305)
Interest paid	-	-	-	-	( 8,550)	-	( 8,550)
Additions	-	-	-	4,555,909	103,821	-	4,659,730
Amortisation of interest expense	-	-	-	-	8,550	-	8,550
Impact of changes in foreign exchange	150,799	199,108	-	-	15,329	-	365,236
At September 30	<u>\$ 4,078,069</u>	<u>\$28,100,616</u>	<u>\$ 8,000,000</u>	<u>\$ 10</u>	<u>\$ 417,268</u>	<u>\$ 268,861</u>	<u>\$ 40,864,824</u>
	2022						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 9,365,279	\$22,378,678	\$16,500,000	\$ 9	\$ 556,358	\$ 250,496	\$ 49,050,820
Changes in cash flow from financing activities	( 2,807,980)	2,912,808	( 6,000,000)	( 3,912,282)	( 145,588)	32,707	( 9,920,335)
Interest paid	-	-	-	-	( 9,415)	-	( 9,415)
Additions	-	-	-	3,912,282	25,022	-	3,937,304
Amortisation of interest expense	-	-	-	-	9,415	-	9,415
Impact of changes in foreign exchange	( 185,258)	1,612,544	-	-	44,898	-	1,472,184
At September 30	<u>\$ 6,372,041</u>	<u>\$26,904,030</u>	<u>\$10,500,000</u>	<u>\$ 9</u>	<u>\$ 480,690</u>	<u>\$ 283,203</u>	<u>\$ 44,539,973</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

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Sales of goods:		
-Other related parties	\$ <u>33,596</u>	\$ <u>90,024</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Sales of goods:		
-Other related parties	\$ <u>180,664</u>	\$ <u>233,596</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

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable:			
-Other related parties	\$ <u>71,317</u>	\$ <u>72,535</u>	\$ <u>64,343</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Payables due to related parties :			
-Other related parties	\$ <u>-</u>	\$ <u>-</u>	\$ <u>152,082</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

	September 30, 2023	December 31, 2022	September 30, 2022
Key management personnel	\$ <u>-</u>	\$ <u>13,976</u>	\$ <u>13,945</u>

ii. Interest expense

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Key management personnel	\$ <u>-</u>	\$ <u>31</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Key management personnel	\$ <u>-</u>	\$ <u>92</u>

(3) Key management compensation

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Short-term employee benefits	\$ 83,449	\$ 70,268
Post-employment benefits	580	491
	<u>\$ 84,029</u>	<u>\$ 70,759</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Short-term employee benefits	\$ 237,002	\$ 202,886
Post-employment benefits	1,740	1,473
	<u>\$ 238,742</u>	<u>\$ 204,359</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Time deposits (shown as 'Financial assets at amortised cost - non-current')	<u>\$ 56,715</u>	<u>\$ 34,948</u>	<u>\$ 35,977</u>	Customs guarantees, Performance guarantees and Import credit limit

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company's former distributor, Khalid Saeed Al Hajri Company Ltd. (the "KCT"), claimed that the termination of its agency contract was in dispute and filed a claim for arbitration. On April 5, 2023, the arbitral tribunal decided that an arbitration agreement exists between KCT and the Company. The tribunal will proceed with the examination of KCT's request and hold arbitration discussions on May 4, 2023. The Company's appointed attorney provided a statement of defence at the end of May 2023, requesting for the dismissal of KCT's claims and demanding that KCT bear the arbitration costs. The arbitration process is currently ongoing. Subsequently, the arbitral tribunal has delayed the proceedings due to several public holidays in Saudi Arabia and the arbitration result is expected to be determined in 2024.

(2) Commitments

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

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	<u>\$ 2,180,093</u>	<u>\$ 2,656,182</u>	<u>\$ 1,829,664</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Amount of letter of credit that has been issued but not yet used	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Total liabilities	\$ 58,242,242	\$ 61,496,804	\$ 63,509,752
Total equity	\$ 85,776,663	\$ 84,386,815	\$ 83,909,938
Less : Intangible assets	( 199,537)	( 233,013)	( 223,990)
Tangible equity	\$ 85,577,126	\$ 84,153,802	\$ 83,685,948
Debt-equity ratio	68%	73%	76%



(2) Financial instruments

A. Financial instruments by category

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ -	\$ 18,084
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 80,831	\$ 76,025	\$ 76,313
Financial assets at amortised cost			
Cash and cash equivalents	\$ 27,219,701	\$ 21,735,562	\$ 19,450,823
Financial assets at amortised cost	5,571,288	5,441,377	5,317,283
Notes receivable, net	4,967,403	3,436,147	3,443,017
Accounts receivable (including related parties)	10,680,463	9,612,429	10,915,407
Guarantee deposits paid	83,373	79,169	51,710
	<u>\$ 48,522,228</u>	<u>\$ 40,304,684</u>	<u>\$ 39,178,240</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 4,078,069	\$ 6,194,746	\$ 6,742,557
Notes payable	105,005	169,724	163,126
Accounts payable	6,971,905	7,163,658	7,564,335
Other accounts payable	4,559,427	4,973,035	5,155,218
Corporate bonds payable (including current portion)	8,000,000	10,500,000	10,500,000
Long-term borrowings (including current portion)	28,100,616	26,218,912	26,904,030
Guarantee deposits received	268,861	270,590	283,203
	<u>\$ 52,083,883</u>	<u>\$ 55,490,665</u>	<u>\$ 57,312,469</u>
Lease liabilities (including current portion)	<u>\$ 417,268</u>	<u>\$ 433,905</u>	<u>\$ 480,690</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:

September 30, 2023

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : TWD	\$ 197,411	32.270	\$ 6,370,453	1%	\$ 63,705	\$ -
RMB : TWD	58,452	4.415	258,066	1%	2,581	-
EUR : TWD	16,303	33.910	552,835	1%	5,528	-
JPY : TWD	1,169,437	0.216	252,598	1%	2,526	-
USD : RMB	114,826	7.309	3,705,347	1%	37,053	-
EUR : RMB	24,676	7.681	836,803	1%	8,368	-
GBP : RMB	4,179	8.886	163,949	1%	1,639	-
USD : THB	65,002	36.579	2,097,139	1%	20,971	-
EUR : THB	7,144	38.438	242,198	1%	2,422	-
USD : VND	26,114	24,633.588	842,699	1%	8,427	-
USD : CAD	25,776	1.350	831,663	1%	8,317	-
USD : IDR	12,601	15,514.423	406,634	1%	4,066	-
Financial liabilities						
Monetary items						
USD : TWD	\$ 16,048	32.270	\$ 517,869	1%	\$ 5,179	\$ -
USD : RMB	15,602	7.309	503,465	1%	5,035	-
USD : THB	21,825	36.579	704,133	1%	7,041	-
USD : CAD	9,173	1.350	295,967	1%	2,960	-
USD : IDR	264,575	15,514.423	8,537,835	1%	85,378	-
USD : INR	149,800	83.149	4,834,065	1%	48,341	-

December 31, 2022								
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	
(Foreign currency: functional currency)								
Financial assets								
Monetary items								
USD : TWD	\$	186,342	30.710	\$ 5,722,563	1%	\$ 57,226	\$	-
RMB : TWD		75,225	4.408	331,592	1%	3,316		-
EUR : TWD		11,698	32.720	382,759	1%	3,828		-
JPY : TWD		569,819	0.232	132,198	1%	1,322		-
USD : RMB		90,239	6.967	2,771,288	1%	27,713		-
EUR : RMB		22,603	7.423	739,583	1%	7,396		-
JPY : RMB		533,704	0.053	124,686	1%	1,247		-
GBP : RMB		5,925	8.414	219,752	1%	2,198		-
USD : THB		56,855	34.347	1,745,802	1%	17,458		-
USD : VND		9,783	23,806.202	300,436	1%	3,004		-
USD : CAD		14,987	1.355	460,368	1%	4,604		-
USD : IDR		41,514	15,510.101	1,274,895	1%	12,749		-
Financial liabilities								
Monetary items								
USD : TWD	\$	13,993	30.710	\$ 429,725	1%	\$ 4,297	\$	-
USD : RMB		21,353	6.967	655,762	1%	6,558		-
USD : THB		9,545	34.347	293,091	1%	2,931		-
USD : VND		61,941	23,806.202	1,902,208	1%	19,022		-
USD : CAD		5,917	1.355	181,758	1%	1,818		-
USD : IDR		311,255	15,510.101	9,558,641	1%	95,586		-
USD : INR		190,371	82.732	5,846,316	1%	58,463		-

September 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
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : TWD	\$ 138,913	31.750	\$ 4,410,488	1%	\$ 44,105	\$ -
RMB : TWD	45,261	4.473	202,452	1%	2,025	-
EUR : TWD	12,840	31.260	401,378	1%	4,014	-
JPY : TWD	2,320,402	0.220	510,488	1%	5,105	-
USD : RMB	69,409	7.098	2,203,691	1%	22,037	-
EUR : RMB	27,214	6.989	850,759	1%	8,508	-
JPY : RMB	500,857	0.049	109,776	1%	1,098	-
GBP : RMB	3,597	7.943	127,798	1%	1,278	-
USD : THB	55,052	37.565	1,747,484	1%	17,475	-
EUR : THB	5,418	36.985	169,325	1%	1,693	-
USD : VND	6,136	24,053.030	194,818	1%	1,948	-
USD : CAD	12,502	1.366	396,886	1%	3,969	-
USD : IDR	4,084	15,264.423	129,667	1%	1,297	-
Financial liabilities						
Monetary items						
USD : TWD	\$ 14,536	31.750	\$ 461,518	1%	\$ 4,615	\$ -
USD : RMB	18,914	7.098	600,507	1%	6,005	-
USD : THB	18,968	37.565	602,090	1%	6,021	-
USD : VND	80,828	24,053.030	2,566,289	1%	25,663	-
USD : CAD	6,826	1.366	216,697	1%	2,167	-
USD : IDR	301,803	15,264.423	9,582,245	1%	95,822	-
USD : INR	190,898	81.578	6,061,042	1%	60,610	-

- 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 nine-month periods ended September 30, 2023 and 2022 amounted to (\$95,362) thousand, \$11,819 thousand, \$570,450 thousand and (\$200,107) thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the nine-month periods ended September 30, 2023 and 2022 would have increased/decreased by \$808 thousand and \$763 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the nine-month periods ended September 30, 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 September 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 nine-month periods ended September 30, 2023 and 2022 would have been \$24,059 thousand and \$25,160 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 September 30, 2023, December 31, 2022 and September 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 receivables (including notes and accounts receivable); accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix is as follows:

<u>September 30, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 1.20%	\$ 13,856,406	\$ 14,258
Up to 30 days	0.01% ~ 1.91%	1,153,338	7,408
31 to 90 days	0.01% ~ 11.68%	348,747	9,259
91 to 180 days	0.02% ~ 64.14%	189,151	25,989
Over 180 days	16.93% ~ 100.00%	127,233	41,412
		<u>\$ 15,674,875</u>	<u>\$ 98,326</u>
<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 0.27%	\$ 11,032,629	\$ 9,277
Up to 30 days	0.01% ~ 1.58%	1,171,734	13,475
31 to 90 days	0.01% ~ 3.04%	611,009	11,365
91 to 180 days	0.01% ~ 16.27%	171,199	9,501
Over 180 days	2.12% ~ 100.00%	37,111	4,023
		<u>\$ 13,023,682</u>	<u>\$ 47,641</u>
<u>September 30, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 0.26%	\$ 12,539,277	\$ 9,277
Up to 30 days	0.01% ~ 1.02%	1,239,383	11,278
31 to 90 days	0.01% ~ 2.00%	466,421	8,582
91 to 180 days	0.01% ~ 9.59%	58,716	2,454
Over 180 days	8.33% ~ 100.00%	24,261	2,386
Individual	100.00%	6,440	6,440
		<u>\$ 14,334,498</u>	<u>\$ 40,417</u>

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

2023			
	Notes receivable	Accounts receivable	Total
At January 1	\$ 9,277	\$ 38,364	\$ 47,641
Provision for impairment	-	37,474	37,474
Write-offs	- (	5) (	5)
Others	-	12,402	12,402
Effect of exchange rate changes	-	814	814
At September 30	<u>\$ 9,277</u>	<u>\$ 89,049</u>	<u>\$ 98,326</u>
2022			
	Notes receivable	Accounts receivable	Total
At January 1	\$ 9,277	\$ 64,705	\$ 73,982
Provision for impairment	-	65	65
Write-offs	- (	36,111) (	36,111)
Effect of exchange rate changes	-	2,481	2,481
At September 30	<u>\$ 9,277</u>	<u>\$ 31,140</u>	<u>\$ 40,417</u>

ix. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

September 30, 2023				
Lifetime				
Significant				
	12 months	increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 5,571,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,571,288</u>
December 31, 2022				
Lifetime				
Significant				
	12 months	increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 5,441,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,441,377</u>
September 30, 2022				
Lifetime				
Significant				
	12 months	increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 5,317,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,317,283</u>

Based on the Group's assessment, the default possibility of the Group's financial assets at amortised cost is deemed remote, and thus loss allowances as of September 30, 2023, December 31, 2022 and September 30, 2022 were all immaterial.



(c) Liquidity risk

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

September 30, 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	\$ 4,046,478	\$ 46,414	\$ -	\$ -	\$ 4,092,892
Notes and accounts payable	7,076,853	57	-	-	7,076,910
Other payables	4,120,522	134,381	124,873	179,651	4,559,427
Lease liability	37,897	36,621	70,376	272,374	417,268
Guarantee deposits received	8,386	402	10,772	249,301	268,861
Long-term borrowings	310,036	581,536	1,058,301	28,728,887	30,678,760
Bonds payable	-	-	48,000	8,072,000	8,120,000

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

September 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	\$ 4,626,826	\$ 1,361,782	\$ 797,432	\$ -	\$ 6,786,040
Notes and accounts payable	7,727,461	-	-	-	7,727,461
Other payables	4,786,359	130,705	106,705	131,449	5,155,218
Lease liability	41,967	58,570	68,951	311,202	480,690
Guarantee deposits received	12,743	7	8,182	262,271	283,203
Long-term borrowings	1,044,361	1,268,443	4,609,836	21,659,910	28,582,550
Bonds payable	-	-	2,569,750	8,120,000	10,689,750

(3) Fair value information

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

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

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

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

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

September 30, 2023				
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 8,000,000	\$ -	\$ 8,006,374	\$ -

December 31, 2022				
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,500,000	\$ -	\$ 10,525,872	\$ -

September 30, 2022				
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,500,000	\$ -	\$ 10,510,221	\$ -

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

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

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

September 30, 2023				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 22,644	\$ -	\$ 58,187	\$ 80,831
December 31, 2022				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 17,838	\$ -	\$ 58,187	\$ 76,025
September 30, 2022				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 18,084	\$ -	\$ 18,084
Financial assets at fair value through other comprehensive income				
- Equity securities	18,126	-	58,187	76,313
Total	\$ 18,126	\$ 18,084	\$ 58,187	\$ 94,397

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- 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.
  - 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.
  - Level 2: When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- E. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the nine-month periods ended September 30, 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 nine-month periods ended September 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 September 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	\$ 3,085,717	\$ 3,447,760	\$ 7,158,638	\$ 2,158,367	\$ 5,715,496	\$ 21,565,978
Revenue from inter -segment revenue	<u>2,263,193</u>	<u>361,144</u>	<u>124,270</u>	<u>320,753</u>	<u>559,260</u>	<u>3,628,620</u>
Total segment revenue	<u>\$ 5,348,910</u>	<u>\$ 3,808,904</u>	<u>\$ 7,282,908</u>	<u>\$ 2,479,120</u>	<u>\$ 6,274,756</u>	<u>\$ 25,194,598</u>
Geographical regions						
Taiwan	\$ 2,168,002	\$ 59,000	\$ 19,468	\$ 232	\$ 16,784	\$ 2,263,486
China	87,787	2,842,499	5,604,631	14	4,423,060	12,957,991
US	1,416,184	49,812	7,308	1,334	65,279	1,539,917
Others	<u>1,676,937</u>	<u>857,593</u>	<u>1,651,501</u>	<u>2,477,540</u>	<u>1,769,633</u>	<u>8,433,204</u>
Total	<u>\$ 5,348,910</u>	<u>\$ 3,808,904</u>	<u>\$ 7,282,908</u>	<u>\$ 2,479,120</u>	<u>\$ 6,274,756</u>	<u>\$ 25,194,598</u>
Segment income	<u>\$ 1,128,365</u>	<u>\$ 106,208</u>	<u>\$ 1,043,143</u>	<u>\$ 140,469</u>	<u>\$ 1,030,579</u>	<u>\$ 3,448,764</u>
Three-month period ended September 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	\$ 3,879,613	\$ 4,085,308	\$ 6,534,180	\$ 2,529,561	\$ 5,522,437	\$ 22,551,099
Revenue from inter -segment revenue	<u>2,153,400</u>	<u>441,833</u>	<u>122,987</u>	<u>411,554</u>	<u>983,238</u>	<u>4,113,012</u>
Total segment revenue	<u>\$ 6,033,013</u>	<u>\$ 4,527,141</u>	<u>\$ 6,657,167</u>	<u>\$ 2,941,115</u>	<u>\$ 6,505,675</u>	<u>\$ 26,664,111</u>
Geographical regions						
Taiwan	\$ 2,359,440	\$ 56,112	\$ 29,573	\$ 7,706	\$ 38,732	\$ 2,491,563
China	93,319	3,297,428	5,217,013	( 21)	4,168,817	12,776,556
US	1,475,177	95,094	33	355,593	155,969	2,081,866
Others	<u>2,105,077</u>	<u>1,078,507</u>	<u>1,410,548</u>	<u>2,577,837</u>	<u>2,142,157</u>	<u>9,314,126</u>
Total	<u>\$ 6,033,013</u>	<u>\$ 4,527,141</u>	<u>\$ 6,657,167</u>	<u>\$ 2,941,115</u>	<u>\$ 6,505,675</u>	<u>\$ 26,664,111</u>
Segment income	<u>\$ 1,421,796</u>	<u>\$ 46,851</u>	<u>\$ 307,667</u>	<u>\$ 389,111</u>	<u>\$ 602,981</u>	<u>\$ 2,768,406</u>

Nine-month period ended September 30, 2023						
	SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	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	\$ 9,531,604	\$ 9,976,790	\$ 19,700,180	\$ 6,508,182	\$ 16,639,869	\$ 62,356,625
Revenue from inter -segment revenue	<u>6,355,407</u>	<u>1,142,911</u>	<u>358,299</u>	<u>722,619</u>	<u>1,845,578</u>	<u>10,424,814</u>
Total segment revenue	<u>\$ 15,887,011</u>	<u>\$ 11,119,701</u>	<u>\$ 20,058,479</u>	<u>\$ 7,230,801</u>	<u>\$ 18,485,447</u>	<u>\$ 72,781,439</u>
Geographical regions						
Taiwan	\$ 6,824,386	\$ 163,152	\$ 85,358	\$ 79,225	\$ 60,794	\$ 7,212,915
China	244,971	8,092,161	15,201,174	4,768	12,937,032	36,480,106
US	3,763,023	156,415	15,898	455,221	201,415	4,591,972
Others	<u>5,054,631</u>	<u>2,707,973</u>	<u>4,756,049</u>	<u>6,691,587</u>	<u>5,286,206</u>	<u>24,496,446</u>
Total	<u>\$ 15,887,011</u>	<u>\$ 11,119,701</u>	<u>\$ 20,058,479</u>	<u>\$ 7,230,801</u>	<u>\$ 18,485,447</u>	<u>\$ 72,781,439</u>
Segment income	<u>\$ 2,908,419</u>	<u>\$ 239,539</u>	<u>\$ 2,148,908</u>	<u>\$ 343,706</u>	<u>\$ 2,735,007</u>	<u>\$ 8,375,579</u>
Nine-month period ended September 30, 2022						
	SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	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	\$ 11,824,278	\$ 11,996,038	\$ 16,795,858	\$ 7,563,418	\$ 15,892,645	\$ 64,072,237
Revenue from inter -segment revenue	<u>6,909,841</u>	<u>1,273,427</u>	<u>348,019</u>	<u>1,006,509</u>	<u>3,128,542</u>	<u>12,666,338</u>
Total segment revenue	<u>\$ 18,734,119</u>	<u>\$ 13,269,465</u>	<u>\$ 17,143,877</u>	<u>\$ 8,569,927</u>	<u>\$ 19,021,187</u>	<u>\$ 76,738,575</u>
Geographical regions						
Taiwan	\$ 7,530,849	\$ 173,143	\$ 82,913	\$ 20,526	\$ 138,653	\$ 7,946,084
China	222,956	9,146,602	13,637,745	2,893	12,280,344	35,290,540
US	4,582,835	323,058	33	827,811	363,889	6,097,626
Others	<u>6,397,479</u>	<u>3,626,662</u>	<u>3,423,186</u>	<u>7,718,697</u>	<u>6,238,301</u>	<u>27,404,325</u>
Total	<u>\$ 18,734,119</u>	<u>\$ 13,269,465</u>	<u>\$ 17,143,877</u>	<u>\$ 8,569,927</u>	<u>\$ 19,021,187</u>	<u>\$ 76,738,575</u>
Segment income	<u>\$ 4,217,836</u>	<u>\$ 226,688</u>	<u>(\$ 56,023)</u>	<u>\$ 924,804</u>	<u>\$ 1,921,659</u>	<u>\$ 7,234,964</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 September 30, 2023	Three-month period ended September 30, 2022
Adjusted revenue from reportable segments	\$ 25,194,598	\$ 26,664,111
Adjusted revenue from other operating segments	4,169,443	4,639,847
Total operating segments	29,364,041	31,303,958
Elimination of inter-segment revenue	( 4,031,440)	( 4,477,154)
Total consolidated operating revenue	<u>\$ 25,332,601</u>	<u>\$ 26,826,804</u>
Geographical regions		
Geographical regions from reportable segments	\$ 25,194,598	\$ 26,664,111
Geographical regions from other operating segments		
Taiwan	94,634	25,210
China	356,669	453,733
US	2,183,557	2,550,091
Others	1,534,583	1,610,813
Total geographical regions	29,364,041	31,303,958
Elimination of inter-segment revenue	( 4,031,440)	( 4,477,154)
Total consolidated operating revenue	<u>\$ 25,332,601</u>	<u>\$ 26,826,804</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Adjusted revenue from reportable segments	\$ 72,781,439	\$ 76,738,575
Adjusted revenue from other operating segments	12,323,257	12,518,950
Total operating segments	85,104,696	89,257,525
Elimination of inter-segment revenue	( 11,620,116)	( 13,594,732)
Total consolidated operating revenue	<u>\$ 73,484,580</u>	<u>\$ 75,662,793</u>
Geographical regions		
Geographical regions from reportable segments	\$ 72,781,439	\$ 76,738,575
Geographical regions from other operating segments		
Taiwan	250,751	93,343
China	1,045,994	1,363,745
US	6,593,938	7,006,589
Others	4,432,574	4,055,273
Total geographical regions	85,104,696	89,257,525
Elimination of inter-segment revenue	( 11,620,116)	( 13,594,732)
Total consolidated operating revenue	<u>\$ 73,484,580</u>	<u>\$ 75,662,793</u>



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

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Adjusted income from reportable segments before income tax	\$ 3,448,764	\$ 2,768,406
Adjusted loss from other operating segments before income tax	( 506,501)	( 608,433)
Total operating segments	2,942,263	2,159,973
Loss from elimination of inter-segment revenue	( 1,431)	( 18,413)
Income from continuing operations before income tax	<u>\$ 2,940,832</u>	<u>\$ 2,141,560</u>
	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Adjusted income from reportable segments before income tax	\$ 8,375,579	\$ 7,234,964
Adjusted loss from other operating segments before income tax	( 365,869)	( 1,487,177)
Total operating segments	8,009,710	5,747,787
Income (loss) from elimination of inter-segment revenue	<u>45,773</u>	<u>( 23,282)</u>
Income from continuing operations before income tax	<u>\$ 8,055,483</u>	<u>\$ 5,724,505</u>

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Nine-month period ended September 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 nine-month period ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party ( Note 2 、 3 、 4 )	Ceiling on total loans granted	Footnote
					September 30, 2023	September 30, 2023 ( Note 8 )							Item	Value		( Note 5 、 6 )	
0	CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Other receivables	Yes	\$ 1,613,500	\$ 1,613,500	\$ 1,355,340	5.48558% ~5.52245%	Note 7	\$ -	Operating capital	\$ -	None	\$ -	\$ 8,520,446	\$ 34,081,784	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2,222,500	1,103,750	445,915	3.55%~3.65%	Note 7	-	Operating capital	-	None	-	4,917,029	8,195,049	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2,222,500	-	-	-	Note 7	-	Operating capital	-	None	-	4,917,029	8,195,049	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	577,850	573,950	-	-	Note 7	-	Operating capital	-	None	-	4,917,029	8,195,049	Note 9
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	355,600	-	-	-	Note 7	-	Operating capital	-	None	-	5,436,882	10,873,764	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	883,000	883,000	721,853	3.45%~3.65%	Note 7	-	Operating capital	-	None	-	6,676,459	11,127,431	Note 9

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 the Company to a single party is 10% of its net assets.

Note 5: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD. , CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to others is 100% of above companies’ net assets.

Note 6: Limit on loans granted by the Company and CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. to others is 40% of above companies’ net assets.

Note 7: Fill in purpose of loan when nature of loan is for short-term financing.

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

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

CHENG SHIN RUBBER IND. CO., LTD.  
Provision of endorsements and guarantees to others  
Nine-month period ended September 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 September 30, 2023	Outstanding endorsement/ guarantee amount at September 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	\$ 42,602,231	\$ 8,655,932	\$ 7,133,906	\$ 4,835,052	\$ -	8.37	\$ 59,643,123	Y	N	N	Note 2 、 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	42,602,231	13,367,025	10,058,559	6,794,728	-	11.81	59,643,123	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.

\$ 59,643,123

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

\$ 17,040,892

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

\$ 42,602,231

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at September 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)

September 30, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Relationship with the securities				As of September 30, 2023						
				Number of shares/		Book value		Ownership (%)	Fair value	Footnote
Securities held by	Marketable securities (Note 1)	issuer	General ledger account	units						
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$	22,644	-	\$	22,644	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Non-current financial assets at fair value through other comprehensive income	-		58,187	-		58,187	Note 2

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

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

CHENG SHIN RUBBER IND. CO., LTD.

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

Nine-month period ended September 30, 2023

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 4

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance at September 30, 2023		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at September 30, 2023	
					Number of shares	Amount	Number of shares	Amount		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.

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

CHENG SHIN RUBBER IND. CO., LTD.											
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more											
Nine-month period ended September 30, 2023											
			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(Sales)	(\$ 3,361,003) (	26.02)	Collect within 90 days after shipment of goods	Same	Same	\$ 1,143,418	41.29	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(Sales)	( 494,402) (	3.83)	Collect within 90 days after shipment of goods	Same	Same	210,397	7.60	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(Sales)	( 2,345,488) (	18.16)	Collect within 30 days	Same	Same	238,569	8.61	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(Sales)	( 709,427) (	6.38)	Collect within 60~90 days after shipment of goods	Same	Same	500,095	22.83	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(Sales)	( 275,337) (	2.48)	Collect within 60~90 days after shipment of goods	Same	Same	54,560	2.49	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(Sales)	( 498,956) (	24.04)	Collect within 60~90 days after shipment of goods	Same	Same	238,768	37.46	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(Sales)	( 229,128) (	11.04)	Collect within 60~90 days after shipment of goods	Same	Same	68,190	10.70	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(Sales)	( 111,900) (	5.39)	Collect within 60~90 days after shipment of goods	Same	Same	30,013	4.71	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(Sales)	( 425,993) (	5.08)	Collect within 60~90 days after shipment of goods	Same	Same	151,111	21.41	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(Sales)	( 228,985) (	29.13)	Collect within 60~90 days after shipment of goods	Same	Same	36,533	22.63	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(Sales)	( 234,607) (	29.85)	Collect within 60~90 days after shipment of goods	Same	Same	50,127	31.05	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(Sales)	( 140,565) (	17.88)	Collect within 60~90 days after shipment of goods	Same	Same	34,303	21.25	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent	(Sales)	( 176,977) (	1.23)	Collect within 60~90 days after shipment of goods	Same	Same	137,171	2.42	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(Sales)	( 150,260) (	4.56)	Collect within 60~90 days after shipment of goods	Same	Same	11,578	0.93	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Same ultimate parent	(Sales)	( 126,432) (	3.84)	Collect within 60~90 days after shipment of goods	Same	Same	9,735	0.78	Note 3
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(Sales)	( 114,030) (	2.42)	Collect within 90 days after shipment of goods	Same	Same	49,173	9.76	Note 3
MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(Sales)	( 129,250) (	1.79)	Collect within 30~60 days after shipment of goods	Same	Same	15,704	0.90	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(Sales)	( 480,791) (	6.65)	Collect within 90 days after shipment of goods	Same	Same	189,676	10.93	Note 3
PT MAXXIS International Indonesia	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(Sales)	( 116,858) (	5.38)	Collect within 60 days after shipment of goods	Same	Same	-	-	Note 3
Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(Sales)	( 216,830) (	19.84)	Collect within 60~90 days after shipment of goods	Same	Same	-	-	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

September 30, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 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)	\$ 1,143,418	2.51	\$ -	-	\$ 359,539	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	210,508	Note 3	-	-	51,188	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-Subsidiary (Note 4)	105,691	Note 2	-	-	7,733	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	241,485	Note 3	-	-	238,569	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	500,095	1.43	-	-	265,106	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	132,704	Note 3	-	-	46,932	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	238,821	Note 3	-	-	76,588	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	151,249	Note 3	-	-	46,778	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent (Note 4)	137,171	1.50	-	-	18,768	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	189,676	1.81	-	-	53,854	-

Note 1: Subsequent collection is the amount collected as of November 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  
Nine-month period ended September 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)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 3,361,003	Collect within 90 days after shipment of goods	4.57
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,143,418	Collect within 90 days after shipment of goods	0.79
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	494,402	Collect within 90 days after shipment of goods	0.67
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Accounts receivable	210,397	Collect within 90 days after shipment of goods	0.15
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	2,345,488	The term is 30 days after monthly billing	3.19
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	238,569	The term is 30 days after monthly billing	0.17
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	1	Other receivables	1,355,340	Pay interest quarterly	0.94
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	709,427	Collect within 60~90 days after shipment of goods	0.97
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	500,095	Collect within 60~90 days after shipment of goods	0.35
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	275,337	Collect within 60~90 days after shipment of goods	0.37
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	498,956	Collect within 60~90 days after shipment of goods	0.68
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	229,128	Collect within 60~90 days after shipment of goods	0.31
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	445,915	Pay interest quarterly	0.31
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	3	Other receivables	721,853	Pay interest quarterly	0.50
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	425,993	Collect within 60~90 days after shipment of goods	0.58
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	228,985	Collect within 60~90 days after shipment of goods	0.31
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	234,607	Collect within 60~90 days after shipment of goods	0.32
6	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	480,791	Collect within 90 days after shipment of goods	0.65
7	Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	3	Sales	216,830	Collect within 60~90 days after shipment of goods	0.30

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:  
(1) Parent company is ‘0’.  
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:  
(1) Parent company to subsidiary.  
(2) Subsidiary to parent company.  
(3) Subsidiary to subsidiary.

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

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



Table 8

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Nine-month period ended September 30, 2023

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2023 (Note 1)	Footnote
Investor	Investee	Location	Main business activities	Balance as at September 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	\$ 42,649,661	\$ 1,224,067	\$ 1,229,241	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	29,487,892	2,435,457	2,427,998	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	12,035,098	1,040,285	1,077,328	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	3,416,009	278,413	278,420	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	848,406	67,720	67,720	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	175,600	( 28,052)	( 14,026)	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	69,194	( 19,846)	( 19,846)	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	708,100	( 162,256)	( 162,256)	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	-	( 563,904)	( 561,674)	Subsidiary Note 3 、 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	588,043	304,924	304,924	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	41,817	( 3,042)	( 3,042)	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	20,212	( 27,104)	( 27,104)	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	11,186	325	325	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	785	( 942)	( 188)	Note 3 、 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Nine-month period ended September 30, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at September 30, 2023			Net profit (loss)	Investment income(loss)	
			Main business	Balance	Balance		Ownership		of the investee for the	recognised by the Company	
Investor	Investee	Location	activities	as at September	as at December	Number of shares	(%)	Book value	nine-month period	for the nine-month period	Footnote
				30, 2023	31, 2022				ended September 30,	ended September 30, 2023	
									2023	(Note 1)	
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 35,341,288	\$ 1,416,935	\$ 1,416,935	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	29,285,491	2,426,534	2,426,534	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	12,263,614	1,040,321	1,040,321	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	7,850,334	310,167	356,317	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	4,410,147	729,949	720,842	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	2,582	2,457	-	80.00	3,139	( 942)	( 754)	Note 3 、 4

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

Note 2: Joint ventures are accounted for under the equity method.

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Nine-month period ended September 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 nine-month period ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023, (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,647,250	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 941,570	100.00	\$ 942,478	\$ 25,241,627	\$ 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	7,260,750	2	2,385,506	-	-	2,385,506	2,340,869	100.00	2,341,817	27,184,411	25,034,437	(Note 4 、 7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	274,295	2	68,602	-	-	68,602	5,554	50.00	2,777	323,663	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	3,227,000	2	-	-	-	-	243,375	100.00	243,746	5,897,278	1,548,045	(Note 4 、 7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	22,075	2	-	-	-	-	2,036	100.00	2,036	53,797	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	580,860	2	-	-	-	- (	25,110)	100.00 (	25,110)	583,908	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	4,195,100	2	-	-	-	- (	289,392)	100.00 (	289,487)	11,139,026	4,245,663	(Note 3 、 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Nine-month period ended September 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 nine-month period ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023, (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	\$ 1,452,150	2	\$ -	\$ -	\$ -	\$ -	\$ 256,777	100.00	\$ 261,137	\$ 8,195,049	\$ 7,259,056	(Note 7)
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	645,400	2	-	-	-	-	( 60,969)	100.00	( 60,969)	-	-	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	154,525	2	-	-	-	-	( 3,044)	95.00	( 2,892)	89,806	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	63,629	2	-	-	-	-	21,522	49.00	10,546	134,395	-	(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	4,194,250	2	-	-	-	-	1,118,459	100.00	1,118,459	8,381,697	1,014,708	(Note 5 、 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,677,700	2	-	-	-	-	( 1,139)	100.00	( 1,139)	2,128,503	-	(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 32.27: USD 1 and NTD 4.415: RMB 1 prevailing on September 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  
Nine-month period ended September 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 September 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.	\$ 3,965,983	\$ 21,714,483	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 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

September 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.