

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

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23005194

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

Opinion

We have audited the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other Matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the report of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's financial statements of the current period are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of sales revenue recognition, please refer to Note 4(32). For the detail of sales revenue, please refer to Note 6(22). For the year ended December 31, 2023, the sales revenue amounted to NT\$96,201,313 thousand.

The Group's main business is the manufacturing and sales of various tires and rubber products. The main sources of sales revenue are from the assembly plants and dealers. In accordance with the contract terms with some assembly plants, as inspections are completed in the assembly plants, the transfer of control to the merchandise is completed and sales revenue is recognized. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate. Therefore, we included the appropriateness of cut-off on sales revenue as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Group's sales revenue cycle, reviewed internal control process and contracts of assembly plant sales in order to assess the effectiveness of managements' control of revenue recognition on assembly plant sales.
2. We tested the Group's sales transactions around the year-end date to check whether assembly plant sales are recorded in the proper period. We also tested whether changes in inventory and cost of goods sold were carried over and recorded in the proper period in order to assess the appropriateness of cut-off on sales revenue.

Timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.

Description

For the accounting policy on property, plant and equipment, please refer to Note 4(16). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2023, the unfinished construction and equipment under acceptance amounted to NT\$2,696,828 thousand.

To maintain market competitiveness, the Group continuously expands plants, replaces old production lines with new ones and incurs significant amounts of capital expenditures every year. The unfinished construction and uninspected equipment are measured at cost. When the finished construction's inspection report is issued and the uninspected equipment is ready for use, they are reclassified to property, plant and equipment and starts accrual of depreciation expense. The inspection process involves management's judgement, thus, the timing of reclassification and accrual of depreciation expense could be inappropriate. Therefore, we indicated that the audit of timing of depreciation recognition after reclassification of unfinished construction and uninspected equipment to property, plant and equipment as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Group's property, plant and equipment process cycle, reviewed the internal control process and purchase contracts of property, plant and equipment in order to assess the effectiveness of managements' control of timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.
2. We tailored our audit over fixed asset classification to check whether reclassification of assets are accurate and recorded in the proper period.
3. We verified the status of unfinished construction and uninspected equipment and assessed the reasonableness of the recognition of unfinished construction and uninspected equipment.

Other matter – Scope of the audit

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$13,151,533 thousand and NT\$16,164,617 thousand, constituting 9% and 11% of the consolidated total assets as of December 31, 2023 and 2022, respectively, and the total liabilities of NT\$2,183,742 thousand and NT\$4,885,923 thousand, constituting 4% and 8% of the consolidated total liabilities as of December 31, 2023 and 2022, respectively, and total operating revenues of NT\$14,340,257 thousand and NT\$16,263,588 thousand, constituting 15% and 16% of consolidated total net operating revenue for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Group as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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' 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
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	23,575,591	16	\$	23,341,241	16
1120	Financial assets at fair value through other comprehensive income - current	6(2)		22,895	-		17,838	-
1136	Financial assets at amortised cost - current	6(3)		2,073,637	2		891,470	1
1150	Notes receivable, net	6(4)		4,147,117	3		3,436,147	2
1170	Accounts receivable, net	6(4)		9,275,745	7		9,539,894	7
1180	Accounts receivable - related parties	7		66,401	-		72,535	-
130X	Inventories	6(5)		17,042,864	12		20,983,551	14
1410	Prepayments			732,017	-		920,364	1
1470	Other current assets			372,342	-		270,462	-
11XX	Current Assets			57,308,609	40		59,473,502	41
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)		58,187	-		58,187	-
1535	Financial assets at amortised cost - non-current	6(3) and 8		9,160,974	7		2,944,228	2
1550	Investments accounted for under equity method	6(6)		179,373	-		199,626	-
1600	Property, plant and equipment, net	6(7)		66,977,367	48		75,517,186	52
1755	Right-of-use assets	6(8)		4,625,540	3		4,804,923	3
1760	Investment property, net	6(9)		673,845	-		485,621	-
1840	Deferred income tax assets	6(28)		2,303,446	2		1,943,206	2
1900	Other non-current assets	6(10)		298,577	-		457,140	-
15XX	Non-current assets			84,277,309	60		86,410,117	59
1XXX	Total assets		\$	141,585,918	100	\$	145,883,619	100

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

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 3,011,371	2	\$ 6,194,746	5
2110	Short-term notes and bills payable	6(12)	300,000	-	-	-
2130	Current contract liabilities	6(22)	541,845	-	554,322	-
2150	Notes payable		150,408	-	169,724	-
2170	Accounts payable		7,182,403	5	7,163,658	5
2200	Other payables	6(13)	4,262,273	3	4,973,035	4
2230	Current income tax liabilities	6(28)	1,819,876	2	1,492,843	1
2280	Current lease liabilities	7	143,772	-	154,715	-
2320	Long-term liabilities, current portion	6(15)(16) and 7	1,822,121	2	7,950,172	5
2399	Other current liabilities, others	6(14)	545,873	-	317,738	-
21XX	Current Liabilities		19,779,942	14	28,970,953	20
Non-current liabilities						
2530	Corporate bonds payable	6(15)	8,000,000	5	8,000,000	5
2540	Long-term borrowings	6(16) and 7	23,750,894	17	20,768,740	14
2550	Provisions for liabilities - non-current		198,167	-	192,478	-
2570	Deferred income tax liabilities	6(28)	1,408,891	1	868,236	1
2580	Non-current lease liabilities	7	245,944	-	279,190	-
2600	Other non-current liabilities	6(17)	2,207,015	2	2,417,207	2
25XX	Non-current liabilities		35,810,911	25	32,525,851	22
2XXX	Total Liabilities		55,590,853	39	61,496,804	42
Equity						
Equity attributable to owners of parent						
	Share capital	6(18)				
3110	Share capital - common stock		32,414,155	23	32,414,155	22
	Capital surplus	6(19)				
3200	Capital surplus		70,044	-	67,757	-
	Retained earnings	6(20)				
3310	Legal reserve		17,172,449	12	16,665,921	12
3320	Special reserve		5,870,977	5	7,588,138	5
3350	Unappropriated retained earnings		36,826,502	26	32,946,205	23
	Other equity interest	6(21)				
3400	Other equity interest		(6,921,572)	(5)	(5,870,977)	(4)
31XX	Equity attributable to owners of the parent		85,432,555	61	83,811,199	58
36XX	Non-controlling interest		562,510	-	575,616	-
3XXX	Total equity		85,995,065	61	84,386,815	58
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date					
3X2X	Total liabilities and equity		\$ 141,585,918	100	\$ 145,883,619	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
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 96,201,313	100	\$ 98,622,877	100
5000	Operating costs	6(5)	(72,812,628) (76)		(77,639,710) (79)	
5900	Net operating margin		23,388,685	24	20,983,167	21
	Operating expenses	7				
6100	Selling expenses		(5,735,566) (6)		(6,193,821) (6)	
6200	General and administrative expenses		(3,478,091) (4)		(3,474,481) (4)	
6300	Research and development expenses		(3,783,394) (4)		(3,940,687) (4)	
6450	Expected credit loss	12(2)	(33,828) -		- -	
6000	Total operating expenses		(13,030,879) (14)		(13,608,989) (14)	
6900	Operating profit		10,357,806	10	7,374,178	7
	Non-operating income and expenses					
7100	Interest income	6(23)	791,273	1	375,404	-
7010	Other income	6(24)	700,248	-	684,607	-
7020	Other gains and losses	6(25)	(145,533) -		(709,887) -	
7050	Finance costs	6(26) and 7	(1,186,931) (1)		(779,988) -	
7060	Share of (loss) profit of associates and joint ventures accounted for under equity method	6(6)	(10,253) -		(26,362) -	
7000	Total non-operating income and expenses		148,804 -		(403,502) -	
7900	Profit before income tax		10,506,610	10	6,970,676	7
7950	Income tax expense	6(28)	(3,308,648) (3)		(1,978,416) (2)	
8200	Profit for the year		\$ 7,197,962	7	\$ 4,992,260	5

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

		Year ended December 31			
		2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(17)			
		\$	31,580	-	\$ 126,331
8316	Unrealized gain (loss) on valuation of entity instruments at fair value through profit or loss	6(2)(21)			
			5,057	-	(5,245)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)			
			-	-	2,847
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)			
		(6,316)	-	(25,266)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
			30,321	-	98,667
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(21)			
		(1,330,318)	(1)	2,161,386	2
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)			
		263,913	-	(430,601)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
		(1,066,405)	(1)	1,730,785	2
8300	Other comprehensive (loss) income for the period		(\$ 1,036,084)	(1)	\$ 1,829,452
8500	Total comprehensive income for the period		\$ 6,161,878	6	\$ 6,821,712
Profit attributable to:					
8610	Owners of the parent		\$ 7,182,382	7	\$ 4,961,369
8620	Non-controlling interest		15,580	-	30,891
			\$ 7,197,962	7	\$ 4,992,260
Comprehensive income attributable to:					
8710	Owners of the parent		\$ 6,157,051	6	\$ 6,782,442
8720	Non-controlling interest		4,827	-	39,270
			\$ 6,161,878	6	\$ 6,821,712
Earnings per share (in dollars)					
9750	Basic earnings per share	6(29)			
			\$ 2.22	\$ 1.53	
9850	Diluted earnings per share	6(29)			
			\$ 2.21	\$ 1.53	

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
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
Capital surplus					Retained earnings			Other equity interest				
								Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Notes	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			Total	Non-controlling interest	Total equity
	\$ 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
6(21)	-	-	-	-	-	-	4,961,369	-	-	4,961,369	30,891	4,992,260
	-	-	-	-	-	-	103,912	1,722,406	(5,245)	1,821,073	8,379	1,829,452
	-	-	-	-	-	-	5,065,281	1,722,406	(5,245)	6,782,442	39,270	6,821,712
6(20)	-	-	-	-	533,341	-	(533,341)	-	-	-	-	-
	-	-	-	-	-	976,842	(976,842)	-	-	-	-	-
	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)	-	(3,889,699)
	-	-	-	-	-	-	-	-	-	-	(22,553)	(22,553)
	-	-	-	(13)	-	-	-	-	-	(13)	-	(13)
	\$ 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
6(21)	\$ 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
	-	-	-	-	-	-	7,182,382	-	-	7,182,382	15,580	7,197,962
	-	-	-	-	-	-	25,264	(1,055,652)	5,057	(1,025,331)	(10,753)	(1,036,084)
	-	-	-	-	-	-	7,207,646	(1,055,652)	5,057	6,157,051	4,827	6,161,878
6(20)	-	-	-	-	506,528	-	(506,528)	-	-	-	-	-
	-	-	-	-	-	(1,717,161)	1,717,161	-	-	-	-	-
	-	-	-	-	-	-	(4,537,982)	-	-	(4,537,982)	-	(4,537,982)
	-	-	-	-	-	-	-	-	-	-	(17,933)	(17,933)
	-	-	-	2,306	-	-	-	-	-	2,306	-	2,306
	-	-	-	(19)	-	-	-	-	-	(19)	-	(19)
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 17,468	\$ 17,172,449	\$ 5,870,977	\$ 36,826,502	(\$ 6,935,802)	\$ 14,230	\$ 85,432,555	\$ 562,510	\$ 85,995,065

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
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 10,506,610	\$ 6,970,676
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(27)	10,310,056	10,322,422
Depreciation on right-of-use assets	6(8)(27)	261,942	279,557
Depreciation on investment property	6(9)(27)	38,956	23,667
Amortization expense	6(10)(27)	88,920	96,268
Expected credit loss	12(2)	33,828	18,961
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(6)	10,253	(26,362)
Net gain on financial assets or liabilities at fair value through profit or loss	6(25)	-	(244,478)
Loss on disposal of property, plant and equipment	6(7)(25)	183,152	96,069
Interest expense	6(7)(26)	1,186,931	779,988
Interest income	6(23)	(791,273)	(375,404)
Deferred government grants revenue		(190,120)	(176,709)
Unrealized foreign exchange (gain) loss on foreign currency loans		(602,116)	933,355
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		-	262,126
Notes receivable, net		(710,970)	(556,969)
Accounts receivable		231,180	(462,120)
Accounts receivable - related parties		6,134	(32,709)
Inventories		3,726,574	46,012
Prepayments		184,781	36,678
Other current assets		4,509	150,164
Other non-current assets		125,088	38,566
Changes in operating liabilities			
Contract liabilities - current		(12,477)	(493,252)
Notes payable		(19,316)	(150,304)
Accounts payable		18,745	(372,825)
Other payables		(536,492)	(339,419)
Other current liabilities		228,135	(41,432)
Accrued pension liabilities		(7,097)	(21,987)
Other non-current liabilities		16,353	(4,076)
Cash inflow generated from operations		24,292,286	16,756,463
Interest received		672,000	303,033
Dividends received		10,000	10,000
Interest paid		(1,209,832)	(737,825)
Income tax paid		(2,678,154)	(1,913,440)
Income tax refund received		123,998	106,422
Net cash flows from operating activities		21,210,298	14,524,653

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(\$ 8,386,789)	(\$ 3,826,974)
Proceeds from repayments of financial assets at amortised cost		907,422	141,927
Acquisition of property, plant and equipment	6(7)(30)	(3,164,535)	(3,260,840)
Payment for capitalized interests	6(7)(26)(30)	(2,714)	(7,782)
Proceeds from disposal of property, plant and equipment		137,327	135,896
Acquisition of intangible assets	6(10)	(50,891)	(61,696)
Decrease (increase) in refundable deposits		2,731	(10,202)
Decrease in other non-current liabilities		38,152	106,151
Net cash flows used in investing activities		(10,519,297)	(6,783,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(11)(31)	5,163,051	9,097,829
Decrease in short-term borrowings	6(11)(31)	(6,869,044)	(10,929,537)
Increase in short-term notes and bills payable		3,850,000	3,500,000
Decrease in short-term notes and bills payable		(5,050,000)	(4,800,000)
Repayments of corporate bonds	6(15)	(2,500,000)	(6,000,000)
Proceeds in long-term borrowings	6(16)(31)	13,365,349	14,094,890
Repayments in long-term borrowings	6(16)(31)	(13,553,024)	(11,251,607)
(Decrease) increase in guarantee deposits received	6(31)	(7,570)	20,094
Decrease in other payables to related parties	6(16)(31) and 7	-	(176,877)
Repayments of principal portion of lease liabilities	6(8)(31)	(175,808)	(188,920)
Cash dividends paid	6(20)	(4,537,982)	(3,889,699)
Cash dividends paid to non-controlling interests		(17,933)	(22,553)
Capital surplus arising from donated assets		2,306	-
Dividends extinguished by prescription claimed by shareholders		(19)	(13)
Net cash flows used in financing activities		(10,330,674)	(10,546,393)
Effect of exchange rate changes on cash and cash equivalents		(125,977)	218,674
Net increase (decrease) in cash and cash equivalents		234,350	(2,586,586)
Cash and cash equivalents at beginning of year	6(1)	23,341,241	25,927,827
Cash and cash equivalents at end of year	6(1)	\$ 23,575,591	\$ 23,341,241

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
YEARS ENDED DECEMBER 31, 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 March 13, 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®”) Accounting Standards 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 IFRS Accounting Standards 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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income.
- 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 IFRS 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:

- All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases

when the Group loses control of the subsidiaries.

- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2023	December 31,2022	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS International Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CST Trading Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Trading Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2023	December 31,2022	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	Note 4
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2023	December 31,2022	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	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	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	Note 5
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	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	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2023	December 31,2022	
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	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	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	Note 5
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	Note 4

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 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) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
 Assets that meet none of the above criteria are classified by the Group as non-current assets.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that meet none of the above criteria are classified by the Group as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs at each reporting date.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) — lease receivables/ operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Joint operation and investments accounted for using the equity method- joint ventures

The Group accounts for its interest in a joint venture using the equity method. When the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:
 - (a) Buildings and structures: 5 ~ 60 years
 - (b) Machinery and equipment: 5 ~ 30 years
 - (c) Test equipment: 5 ~ 15 years
 - (d) Transportation equipment: 5 ~ 10 years
 - (e) Office equipment: 3 ~ 10 years
 - (f) Other equipment: 3 ~ 20 years

(17) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 5 ~ 40 years.

(19) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(25) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified group classified the contract is discharged or cancelled or expires.

(26) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(28) Provisions

Provisions (including decommissioning) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(29) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(30) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(31) Dividends

Earnings distribution prior to the year ended December 31,2022

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

Earnings distribution after 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.

(32) Revenue recognition

A. Sales of goods:

- (a) The Group manufactures and sells various tire and rubber products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue of the Group, which mainly consists of sale of various tire and rubber products, was recognised based on the contract price net of sales discount and price break. Accumulated experience is used to estimate and provide for the sales discounts and allowances and price break, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances and price break payable to customers in relation to sales made until the end of the reporting period. The sales are usually made with a credit term of 30 ~90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Property development and resale

- (a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.
- (b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred.

(33) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. There is no critical accounting judgement, estimates and assumptions uncertainty for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31,2023	December 31,2022
Cash on hand and revolving funds	\$ 4,150	\$ 4,319
Checking deposits	1,928,180	1,495,954
Demand deposits	17,344,858	14,843,047
Time deposits	4,298,403	6,997,921
	<u>\$ 23,575,591</u>	<u>\$ 23,341,241</u>
Interest rate range		
Time deposits	<u>1.12%~6.30%</u>	<u>0.70%~4.90%</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 other comprehensive income

Items	December 31,2023	December 31,2022
Current items:		
Equity instruments		
Listed stocks	\$ 8,665	\$ 8,665
Valuation adjustment	14,230	9,173
Total	<u>\$ 22,895</u>	<u>\$ 17,838</u>
Non-current items:		
Equity instruments		
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>

A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$81,082 thousand and \$76,025 thousand as at December 31, 2023 and 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:

	Year ended December 31,2023	Year ended December 31,2022
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	<u>\$ 5,057</u>	<u>(\$ 5,245)</u>

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

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	\$ 2,069,758	\$ 891,470
Pledged time deposits	3,879	-
	<u>\$ 2,073,637</u>	<u>\$ 891,470</u>
Non-current items:		
Time deposits with maturity over twelve months	\$ 9,108,335	\$ 2,909,280
Pledged time deposits	52,639	34,948
	<u>\$ 9,160,974</u>	<u>\$ 2,944,228</u>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income	<u>\$ 210,316</u>	<u>\$ 70,715</u>

B. As at December 31, 2023 and 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 \$11,234,611 and \$3,835,698, respectively.

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

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

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

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 5,209,793	\$ 3,593,059
Less: Discounted notes receivable	(1,062,676)	(147,635)
Less: Loss allowance	-	(9,277)
	<u>\$ 4,147,117</u>	<u>\$ 3,436,147</u>
Accounts receivable	\$ 9,348,922	\$ 9,578,258
Less: Loss allowance	(73,177)	(38,364)
	<u>\$ 9,275,745</u>	<u>\$ 9,539,894</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 7,764,728	\$ 4,147,117	\$ 7,587,205	\$ 3,445,424
Up to 30 days	959,556	-	1,171,734	-
31 to 90 days	371,069	-	611,009	-
91 to 180 days	82,213	-	171,199	-
Over 180 days	171,356	-	37,111	-
	<u>\$ 9,348,922</u>	<u>\$ 4,147,117</u>	<u>\$ 9,578,258</u>	<u>\$ 3,445,424</u>

The above ageing analysis was based on past due date.

- B. As at December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2022, the balance of receivables from contracts with customers amounted to \$12,017,212 thousand.
- C. As at December 31, 2023 and 2022, the Group had outstanding discounted notes receivable amounting to \$1,062,676 and \$147,635 thousand, wherein the Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were presented as a deduction item to notes receivable.
- D. As at December 31, 2023 and 2022, the Group had outstanding discounted notes receivable amounting to \$49,761 and \$197,567 thousand, wherein the Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as other payables.
- E. As at December 31, 2023 and 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 \$4,147,117 thousand and \$9,275,745 thousand; \$3,436,147 thousand and \$9,539,894 thousand, respectively.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,158,471	(\$ 4,873)	\$ 5,153,598
Work in progress	1,913,027	-	1,913,027
Finished goods	7,688,819	(103,454)	7,585,365
Buildings and land held for sale	1,998,307	-	1,998,307
Inventory in transit	392,567	-	392,567
	<u>\$ 17,151,191</u>	<u>(\$ 108,327)</u>	<u>\$ 17,042,864</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>

The cost of inventories recognized as expense for the period:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	\$ 72,876,573	\$ 77,564,158
Unallocated overheads	119,641	202,266
Others	(183,586)	(126,714)
	<u>\$ 72,812,628</u>	<u>\$ 77,639,710</u>

For the years ended December 31, 2023 and 2022, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold due to the sale of scrap or inventories which were previously provided with allowance.

(6) Investments accounted for using the equity method

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 December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$179,373 thousand and \$199,626 thousand, respectively.

	Year ended December 31, 2023	Year ended December 31, 2022
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(\$ 10,253)	\$ 26,362
Other comprehensive income- net of tax	-	2,847
Total comprehensive (loss) income	<u>(\$ 10,253)</u>	<u>\$ 29,209</u>

(7) Property, plant and equipment, net

Year ended December 31, 2023						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,551,722	\$ -	\$ -	\$ -	\$ 4,060	\$ 4,555,782
Buildings and structures	51,889,036	45,070	(10,521)	(352,739)	(649,867)	50,920,979
Machinery	108,464,923	553,348	(1,789,640)	1,047,496	(1,222,180)	107,053,947
Testing equipment	4,268,432	16,810	(94,502)	95,189	(46,596)	4,239,333
Transportation equipment	1,463,914	18,358	(65,345)	3,055	(19,279)	1,400,703
Office equipment	1,117,455	11,048	(13,571)	(5,821)	(10,364)	1,098,747
Other facilities	34,368,432	896,684	(1,287,133)	296,953	(342,196)	33,932,740
Unfinished construction and equipment under acceptance	2,754,070	1,487,191	-	(1,521,889)	(22,544)	2,696,828
	<u>\$ 208,877,984</u>	<u>\$ 3,028,509</u>	<u>(\$ 3,260,712)</u>	<u>(\$ 437,756)</u>	<u>(\$ 2,308,966)</u>	<u>\$ 205,899,059</u>
Accumulated depreciation						
Buildings and structures	(\$ 24,684,137)	(\$ 2,042,130)	\$ 1,521	\$ 232,562	\$ 370,268	(\$ 26,121,916)
Machinery	(73,047,665)	(5,723,230)	1,511,804	(808)	835,198	(76,424,701)
Testing equipment	(3,653,145)	(223,395)	89,954	-	41,318	(3,745,268)
Transportation equipment	(1,259,296)	(65,871)	62,024	-	17,416	(1,245,727)
Office equipment	(1,008,456)	(45,018)	13,225	-	10,029	(1,030,220)
Other facilities	(29,502,882)	(2,210,412)	1,241,822	808	298,945	(30,171,719)
	<u>(\$ 133,155,581)</u>	<u>(\$ 10,310,056)</u>	<u>\$ 2,920,350</u>	<u>\$ 232,562</u>	<u>\$ 1,573,174</u>	<u>(\$ 138,739,551)</u>
Accumulated impairment						
Machinery	(\$ 181,814)	\$ -	\$ 13,457	\$ -	\$ 2,898	(\$ 165,459)
Testing equipment	(175)	-	154	-	-	(21)
Transportation equipment	(1,985)	-	-	-	37	(1,948)
Office equipment	(46)	-	-	-	1	(45)
Other facilities	(21,197)	-	6,272	-	257	(14,668)
	<u>(\$ 205,217)</u>	<u>\$ -</u>	<u>\$ 19,883</u>	<u>\$ -</u>	<u>\$ 3,193</u>	<u>(\$ 182,141)</u>
	<u>\$ 75,517,186</u>					<u>\$ 66,977,367</u>

Year ended December 31,2022						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,507,668	\$ -	\$ -	\$ -	\$ 44,054	\$ 4,551,722
Buildings and structures	50,807,705	116,918	(3,375)	106,728	861,060	51,889,036
Machinery	104,284,856	487,451	(641,224)	1,849,222	2,484,618	108,464,923
Testing equipment	4,046,839	10,364	(11,924)	140,416	82,737	4,268,432
Transportation equipment	1,443,706	17,663	(25,980)	2,796	25,729	1,463,914
Office equipment	1,085,121	9,152	(10,388)	6,423	27,147	1,117,455
Other facilities	36,182,291	870,788	(3,978,097)	454,003	839,447	34,368,432
Unfinished construction and equipment under acceptance	3,649,423	1,623,337	(7,140)	(2,577,018)	65,468	2,754,070
	<u>\$ 206,007,609</u>	<u>\$ 3,135,673</u>	<u>(\$ 4,678,128)</u>	<u>(\$ 17,430)</u>	<u>\$ 4,430,260</u>	<u>\$ 208,877,984</u>
Accumulated depreciation						
Buildings and structures	(\$ 22,232,877)	(\$ 2,045,539)	\$ 2,932	(\$ 5,737)	(\$ 402,916)	(\$ 24,684,137)
Machinery	(66,350,514)	(5,465,147)	476,140	-	(1,708,144)	(73,047,665)
Testing equipment	(3,360,290)	(239,180)	10,818	-	(64,493)	(3,653,145)
Transportation equipment	(1,179,659)	(81,501)	22,735	-	(20,871)	(1,259,296)
Office equipment	(919,083)	(76,685)	9,709	-	(22,397)	(1,008,456)
Other facilities	(30,260,627)	(2,414,370)	3,922,006	5,737	(755,628)	(29,502,882)
	<u>(\$ 124,303,050)</u>	<u>(\$ 10,322,422)</u>	<u>\$ 4,444,340</u>	<u>\$ -</u>	<u>(\$ 2,974,449)</u>	<u>(\$ 133,155,581)</u>
Accumulated impairment						
Machinery	(\$ 181,054)	\$ -	\$ 1,726	\$ -	(\$ 2,486)	(\$ 181,814)
Testing equipment	(268)	-	97	-	(4)	(175)
Transportation equipment	(1,956)	-	-	-	(29)	(1,985)
Office equipment	(46)	-	-	-	-	(46)
Other facilities	(20,917)	-	-	-	(280)	(21,197)
	<u>(\$ 204,241)</u>	<u>\$ -</u>	<u>\$ 1,823</u>	<u>\$ -</u>	<u>(\$ 2,799)</u>	<u>(\$ 205,217)</u>
	<u>\$ 81,500,318</u>					<u>\$ 75,517,186</u>

Note: The aforementioned property, plant and equipment are all for own use.

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:

	Year ended December 31, 2023	Year ended December 31, 2022
Amount capitalized	\$ 2,714	\$ 7,782
Range of the interest rates for capitalization	3.03%~4.93%	3.45%~3.78%

(8) Leasing arrangements — lessee

A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 95 years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose covenants, but leased assets of land may not be used as security for borrowing purposes.

B. Short-term leases comprise of forklift trucks and stacking machines. Low-value assets comprise of computers.

C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Land	\$ 4,270,849	\$ 4,425,068
Buildings and structures	215,447	283,241
Machinery	8,136	10,967
Transportation equipment	83,928	66,719
Office equipment	2,577	3,512
Other equipment	44,603	15,416
	<u>\$ 4,625,540</u>	<u>\$ 4,804,923</u>

	Year ended December 31, 2023	Year ended December 31, 2022
	Depreciation expense	Depreciation expense
Land	\$ 103,272	\$ 103,672
Buildings and structures	90,491	91,098
Machinery	2,919	2,774
Transportation equipment	51,270	69,542
Office equipment	1,652	1,787
Other equipment	12,338	10,684
	<u>\$ 261,942</u>	<u>\$ 279,557</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets amounted to \$143,239 thousand and \$36,110 thousand, respectively.

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

<u>Items affecting profit or loss</u>	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense on lease liabilities	\$ 11,600	\$ 12,246
Expense on short-term lease contracts	15,202	15,792
Expense on leases of low-value assets	3,092	2,981
Expense on variable lease payments	160,520	178,241
	<u>\$ 190,414</u>	<u>\$ 209,260</u>

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to \$366,222 thousand and \$398,180 thousand, respectively.

G. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 35.49% and 36.46% of lease payments are on the basis of variable payment terms for the years ended December 31, 2023 and 2022 and are accrued based on the stored amount of tires. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$1,605 thousand and \$1,782 thousand for the years ended December 31, 2023 and 2022, respectively.

(9) Investment property, net

Year ended December 31, 2023					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at December 31
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	465,245	-	466,408	(15,297)	916,356
	<u>\$ 801,666</u>	<u>\$ -</u>	<u>\$ 466,408</u>	<u>(\$ 15,297)</u>	<u>\$ 1,252,777</u>
Accumulated depreciation					
Buildings and structures	<u>(\$ 265,007)</u>	<u>(\$ 38,956)</u>	<u>(\$ 232,562)</u>	<u>\$ 8,631</u>	<u>(\$ 527,894)</u>
Accumulated impairment					
Land	<u>(\$ 51,038)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 51,038)</u>
	<u><u>\$ 485,621</u></u>				<u><u>\$ 673,845</u></u>
Year ended December 31, 2022					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at December 31
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	458,893	-	-	6,352	465,245
	<u>\$ 795,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,352</u>	<u>\$ 801,666</u>
Accumulated depreciation					
Buildings and structures	<u>(\$ 238,260)</u>	<u>(\$ 23,667)</u>	<u>\$ -</u>	<u>(\$ 3,080)</u>	<u>(\$ 265,007)</u>
Accumulated impairment					
Land	<u>(\$ 51,038)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 51,038)</u>
	<u><u>\$ 506,016</u></u>				<u><u>\$ 485,621</u></u>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Rental income from investment property	\$ 37,883	\$ 31,964
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 38,956	\$ 23,667

- B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was \$1,705,391 thousand and \$1,275,921 thousand, respectively, which were valued by independent appraisers. Valuations were made using the comparison method which is categorized within Level 3 in the fair value hierarchy.

- C. The Company acquired the land in Shangmei Section, Dacun Township, Changhua County which is farming and pasturable land. The land will be registered under the Company after the classification of the land is changed. Currently, the land is under the name of related party, Mr. /Ms. Chiu. The Company plans to use the land for operational expansion. The Company holds the original ownership certificate of such land and signed a land trust agreement, which requires the nominal holder not to transfer the ownership of the land to others.

(10) Other non-current assets

	December 31, 2023	December 31, 2022
Intangible assets	\$ 202,268	\$ 233,013
Others	96,309	224,127
	<u>\$ 298,577</u>	<u>\$ 457,140</u>

Movements in intangible assets:

Year ended December 31, 2023						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at December 31
Cost						
Computer software	\$ 741,268	\$ 50,891	(\$ 49,006)	\$ 10,449	(\$ 7,850)	\$ 745,752
Others	7,947	-	-	-	(146)	7,801
	<u>\$ 749,215</u>	<u>\$ 50,891</u>	<u>(\$ 49,006)</u>	<u>\$ 10,449</u>	<u>(\$ 7,996)</u>	<u>\$ 753,553</u>
Accumulated amortisation						
Computer software	(\$ 511,434)	(\$ 88,128)	\$ 49,006	\$ -	\$ 4,731	(\$ 545,825)
Others	(4,768)	(792)	-	-	100	(5,460)
	<u>(\$ 516,202)</u>	<u>(\$ 88,920)</u>	<u>\$ 49,006</u>	<u>\$ -</u>	<u>\$ 4,831</u>	<u>(\$ 551,285)</u>
	<u>\$ 233,013</u>					<u>\$ 202,268</u>
Year ended December 31, 2022						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at December 31
Cost						
Computer software	\$ 630,881	\$ 61,696	(\$ 13,243)	\$ 46,063	\$ 15,871	\$ 741,268
Others	7,832	-	-	-	115	7,947
	<u>\$ 638,713</u>	<u>\$ 61,696</u>	<u>(\$ 13,243)</u>	<u>\$ 46,063</u>	<u>\$ 15,986</u>	<u>\$ 749,215</u>
Accumulated amortisation						
Computer software	(\$ 412,128)	(\$ 95,471)	\$ 13,243	(\$ 4,168)	(\$ 12,910)	(\$ 511,434)
Others	(3,916)	(797)	-	-	(55)	(4,768)
	<u>(\$ 416,044)</u>	<u>(\$ 96,268)</u>	<u>\$ 13,243</u>	<u>(\$ 4,168)</u>	<u>(\$ 12,965)</u>	<u>(\$ 516,202)</u>
	<u>\$ 222,669</u>					<u>\$ 233,013</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Operating costs	\$ 7,129	\$ 9,570
Selling expenses	13,646	17,323
Administrative expenses	39,128	40,997
Research and development expenses	29,017	28,378
	<u>\$ 88,920</u>	<u>\$ 96,268</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 3,011,371</u>	1.61% ~ 6.25%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 4,694,746</u>	1.58% ~ 8.30%	None

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

(12) Short-term notes and bills payable

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term notes and bills payable	\$ 300,000	\$ 1,500,000
Interest rate range	1.56%	1.50%~1.64%

(13) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	\$ 1,390,784	\$ 1,421,871
Payable on machinery and equipment	294,103	432,843
Employee compensation payable	357,753	291,858
Compensation due to directors	150,392	115,266
Other accrued expenses	2,069,241	2,711,197
	<u>\$ 4,262,273</u>	<u>\$ 4,973,035</u>

(14) Other current liabilities

	December 31, 2023	December 31, 2022
Advance receipts	\$ 74,444	\$ 7,683
Refund liabilities	318,628	164,871
Others	152,801	145,184
	<u>\$ 545,873</u>	<u>\$ 317,738</u>

(15) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable -issued in 2018	\$ -	\$ 2,500,000
Bonds payable -issued in 2021	8,000,000	8,000,000
	8,000,000	10,500,000
Less: Current portion	-	(2,500,000)
	<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

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31,2023
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2030.	1.25% ~ 6.19%	None	\$ 25,573,015
Less: Current portion				(1,822,121)
				<u>\$ 23,750,894</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31,2022
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2030.	1.41% ~ 5.73%	None	\$ 26,218,912
Less: Current portion				(5,450,172)
				<u>\$ 20,768,740</u>

A. According to the borrowing contract, the Group shall calculate the financial ratios based on the audited 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, 2023.

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	December 31,2023	December 31,2022
USD	\$ 7,453,639	\$ 13,308,179

(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) The amounts recognised in the balance sheet are as follows:

	December 31,2023	December 31,2022
Present value of defined benefit obligations	\$ 966,996	\$ 1,027,038
Fair value of plan assets	(649,325)	(678,484)
Net defined benefit liability	<u>\$ 317,671</u>	<u>\$ 348,554</u>

(c) Movements in net defined benefit liabilities are as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 1,027,038	(\$ 678,484)	\$ 348,554
Current service cost	7,968	-	7,968
Interest expense (income)	13,351	(8,820)	4,531
	<u>1,048,357</u>	<u>(687,304)</u>	<u>361,053</u>
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	7,614	-	7,614
Experience adjustments	(35,889)	-	(35,889)
Return on plan asset (excluding amounts included in interest income or expense)	-	(3,305)	(3,305)
	<u>(28,275)</u>	<u>(3,305)</u>	<u>(31,580)</u>
Pension fund contribution	-	(11,802)	(11,802)
Paid pension	(53,086)	53,086	-
Balance at December 31	<u>\$ 966,996</u>	<u>(\$ 649,325)</u>	<u>\$ 317,671</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 1,170,562	(\$ 678,036)	\$ 492,526
Current service cost	10,519	-	10,519
Interest expense (income)	8,194	(4,746)	3,448
	<u>1,189,275</u>	<u>(682,782)</u>	<u>506,493</u>
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	(52,716)	-	(52,716)
Experience adjustments	(20,929)	-	(20,929)
Return on plan asset (excluding amounts included in interest income or expense)	-	(52,686)	(52,686)
	<u>(73,645)</u>	<u>(52,686)</u>	<u>(126,331)</u>
Pension fund contribution	-	(31,608)	(31,608)
Paid pension	(88,592)	88,592	-
Balance at December 31	<u>\$ 1,027,038</u>	<u>(\$ 678,484)</u>	<u>\$ 348,554</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

For the years ended December 31, 2023 and 2022, the actual return on plan assets was \$12,125 thousand and \$57,432 thousand, respectively.

- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	<u>1.20%</u>	<u>1.30%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2023 and 2022, assumptions regarding future mortality experience are set based on the 6th empirical life table estimation in Taiwan life insurance industry, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 18,855)	\$ 19,465	\$ 16,764	(\$ 16,346)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 20,750)	\$ 21,451	\$ 18,629	(\$ 18,141)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$11,136 thousand.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the weighted average duration of the future pension payment was as follows:

Within 1 year	\$	129,638
2-5 years		275,378
Over 6 years		278,017
	\$	683,033

- 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 years ended December 31, 2023 and 2022 were \$123,258 thousand and \$136,225 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 years ended December 31, 2023 and 2022 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$567,537 thousand and \$600,156 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 years ended December 31, 2023 and 2022 were \$49,754 thousand and \$57,798 thousand, respectively.

(18) Share capital

As at December 31, 2023, the Company's authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.
- B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' 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-1090150022, dated March 31, 2021, 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 (\$1.4 (in dollars) per share) for the years ended December 31, 2023 and 2022. On March 13, 2024, the Board of Directors that total dividends for the distribution of earnings for the year of 2023 was \$6,482,831 thousand at \$2 (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	-	5,057	5,057
Currency translation differences:			
– Group	(1,319,565)	-	(1,319,565)
– Tax on Group	263,913	-	263,913
At December 31	<u>(\$ 6,935,802)</u>	<u>\$ 14,230</u>	<u>(\$ 6,921,572)</u>
	2022		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 7,602,556)	\$ 14,418	(\$ 7,588,138)
Valuation adjustment – Group	-	(5,245)	(\$ 5,245)
Currency translation differences:			
– Group	2,153,007	-	2,153,007
– Tax on Group	(430,601)	-	(430,601)
At December 31	<u>(\$ 5,880,150)</u>	<u>\$ 9,173</u>	<u>(\$ 5,870,977)</u>

(22) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers	<u>\$ 96,201,313</u>	<u>\$ 98,622,877</u>

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2023				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	<u>\$ 6,253,547</u>	<u>\$ 44,705,394</u>	<u>\$ 9,996,690</u>	<u>\$ 35,245,682</u>	<u>\$ 96,201,313</u>
	Year ended December 31, 2022				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	<u>\$ 6,944,440</u>	<u>\$ 41,173,521</u>	<u>\$ 11,166,092</u>	<u>\$ 39,338,824</u>	<u>\$ 98,622,877</u>

B. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Advance sales receipts	\$ 521,460	\$ 527,661	\$ 1,024,767
Customer loyalty programmes	20,385	26,661	22,807
Total	<u>\$ 541,845</u>	<u>\$ 554,322</u>	<u>\$ 1,047,574</u>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Advance sales receipts	\$ 327,215	\$ 871,204
Customer loyalty programmes	26,661	22,807
	<u>\$ 353,876</u>	<u>\$ 894,011</u>

(23) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	\$ 580,957	\$ 304,689
Interest income from financial assets at amortised cost	210,316	70,715
	<u>\$ 791,273</u>	<u>\$ 375,404</u>

(24) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Grant revenue	\$ 281,840	\$ 339,869
Other income	418,408	344,738
	<u>\$ 700,248</u>	<u>\$ 684,607</u>

(25) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Net currency exchange gain (loss)	\$ 161,351	(\$ 765,393)
Loss on disposal of property, plant and equipment	(183,152)	(96,069)
Net gain on financial assets and liabilities at fair value through profit or loss	-	244,478
Miscellaneous disbursement	(123,732)	(92,903)
	<u>(\$ 145,533)</u>	<u>(\$ 709,887)</u>

(26) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense:		
Bank borrowings	\$ 1,105,799	\$ 660,074
Corporate bonds	60,216	103,793
Provisions-discount	12,030	11,657
Lease liability-interest expense	11,600	12,246
	1,189,645	787,770
Less: Capitalisation of qualifying assets	(2,714)	(7,782)
	<u>\$ 1,186,931</u>	<u>\$ 779,988</u>

(27) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense		
Wages and salaries	\$ 10,243,937	\$ 10,782,327
Labour and health insurance fees	753,550	691,425
Pension costs	753,048	808,146
Directors' remuneration	149,012	118,271
Other personnel expenses	730,757	787,745
	<u>\$ 12,630,304</u>	<u>\$ 13,187,914</u>
Raw materials and supplies used	<u>\$ 46,044,656</u>	<u>\$ 49,535,896</u>
Depreciation expense on property, plant and equipment	<u>\$ 10,310,056</u>	<u>\$ 10,322,422</u>
Depreciation expense on right-of-use assets	<u>\$ 261,942</u>	<u>\$ 279,557</u>
Depreciation expense on investment property	<u>\$ 38,956</u>	<u>\$ 23,667</u>
Amortisation expense on intangible assets	<u>\$ 88,920</u>	<u>\$ 96,268</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 years ended December 31, 2023 and 2022, employees' compensation was accrued at \$189,803 thousand and \$131,549 thousand, respectively; while directors' remuneration was accrued at \$135,235 thousand and \$98,662 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 years ended December 31, 2023 and 2022, respectively.

Employees' compensation for 2022 amounting to \$131,549 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements; Directors' remuneration for 2022, the difference of \$4,933 thousand between the amount (resolved at 1.425%) resolved at the Board meeting and the amount of \$98,662 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 March 13, 2024, 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:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the period	\$ 2,428,454	\$ 2,263,908
Additional 5% tax on undistributed earnings	86,897	-
Prior year income tax underestimation	355,285	23,626
Total current tax	2,870,636	2,287,534
Deferred tax:		
Origination and reversal of temporary differences	438,012	(309,118)
Total current tax	438,012	(309,118)
Income tax expense	<u>\$ 3,308,648</u>	<u>\$ 1,978,416</u>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Generated during the period :		
Currency translation differences	\$ 263,913	(\$ 430,601)
Remeasurement of defined benefit obligations	(6,316)	(25,266)
Total generated during the period	<u>(\$ 257,597)</u>	<u>\$ 455,867</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 3,435,252	\$ 1,959,149
Effect from items disallowed by tax regulation	44,444	91,444
Income from investing overseas subsidiaries not recognized as deferred tax liabilities	(641,847)	(496,652)
Temporary differences not recognized as deferred tax regulation	285,693	524,342
Tax exempt income by tax regulation	(257,076)	(123,493)
Prior year income tax underestimation	355,285	23,626
Additional 5% tax on undistributed earnings	86,897	-
Income tax expense	<u>\$ 3,308,648</u>	<u>\$ 1,978,416</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gain on inter				
-affiliated accounts	\$ 113,939	\$ 17,421	\$ -	\$ 131,360
Remeasurement of defined				
benefit obligations	123,941	-	(6,316)	117,625
Exchange differences on				
translation of foreign				
financial statements	948,720	-	263,913	1,212,633
Deferred government grant				
revenue	255,953	(27,145)	-	228,808
Unrealised exchange loss	10,222	26,246	-	36,468
Others	490,431	86,121	-	576,552
Subtotal	<u>\$ 1,943,206</u>	<u>\$ 102,643</u>	<u>\$ 257,597</u>	<u>\$ 2,303,446</u>
-Deferred tax liabilities:				
Gain on foreign long-term				
investments	(\$ 266,438)	(\$ 523,929)	\$ -	(\$ 790,367)
Adjustment of land value				
increment tax	(514,733)	-	-	(514,733)
Others	(87,065)	(16,726)	-	(103,791)
Subtotal	<u>(\$ 868,236)</u>	<u>(\$ 540,655)</u>	<u>\$ -</u>	<u>(\$ 1,408,891)</u>
Total	<u>\$ 1,074,970</u>	<u>(\$ 438,012)</u>	<u>\$ 257,597</u>	<u>\$ 894,555</u>

2022

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gain on inter-affiliated accounts	\$ 127,686	(\$ 13,747)	\$ -	\$ 113,939
Remeasurement of defined benefit obligations	149,207	-	(25,266)	123,941
Exchange differences on translation of foreign financial statements	1,379,321	-	(430,601)	948,720
Deferred government grant revenue	262,634	(6,681)	-	255,953
Unrealised exchange loss	26,562	(16,340)	-	10,222
Others	272,318	218,113	-	490,431
Subtotal	<u>\$ 2,217,728</u>	<u>\$ 181,345</u>	<u>(\$ 455,867)</u>	<u>\$ 1,943,206</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(\$ 334,075)	\$ 67,637	\$ -	(\$ 266,438)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Others	(147,201)	60,136	-	(87,065)
Subtotal	<u>(\$ 996,009)</u>	<u>\$ 127,773</u>	<u>\$ -</u>	<u>(\$ 868,236)</u>
Total	<u>\$ 1,221,719</u>	<u>\$ 309,118</u>	<u>(\$ 455,867)</u>	<u>\$ 1,074,970</u>

- D. (a) The China subsidiary that was consolidated in the financial statements was a productive foreign enterprise and established in People's Republic of China and is eligible for local tax incentives. In line with local tax law, the tax rate and applicable tax rate was 15% and 25%, respectively.
- (b) For the years ended December 31, 2023 and 2022, the Company's subsidiary, Cheng Shin (Thailand) eligible to avail of the local tax incentives.
- F. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 12,457,435</u>	<u>\$ 11,405,029</u>

- E. The Company accrued deferred tax liabilities, taking into account operating result, degree of expansion and dividend policy of each overseas subsidiary. Based on the assessment, the amounts of temporary difference unrecognised as deferred tax liabilities as of December 31, 2023 and 2022 were \$53,657,704 thousand and \$53,795,445 thousand, respectively.
- F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 7,182,382</u>	<u>3,241,416</u>	<u>\$ 2.22</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	7,182,382	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>5,208</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,182,382</u>	<u>3,246,624</u>	<u>\$ 2.21</u>
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 4,961,369</u>	<u>3,241,416</u>	<u>\$ 1.53</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	4,961,369	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>4,870</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,961,369</u>	<u>3,246,286</u>	<u>\$ 1.53</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 3,028,509	\$ 3,135,673
Add: Opening balance of payable on equipment	432,843	565,792
Less: Ending balance of payable on equipment	(294,103)	(432,843)
Cash paid during the year	<u>\$ 3,167,249</u>	<u>\$ 3,268,622</u>

(31) Changes in liabilities from financing activities

	2023							
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 4,694,746	\$ 1,500,000	\$ 26,218,912	\$ 10,500,000	\$ 10	\$ 433,905	\$ 270,590	\$ 43,618,163
Changes in cash flow from financing activities	(1,705,993)	(1,200,000)	(187,675)	(2,500,000)	(4,555,915)	(175,808)	(7,570)	(10,332,961)
Changes in other non-cash items	-	-	-	-	(10)	-	-	(10)
Interest paid	-	-	-	-	-	(11,600)	-	(11,600)
Additions	-	-	-	-	4,555,915	129,982	-	4,685,897
Amortisation of interest expense	-	-	-	-	-	11,600	-	11,600
Impact of changes in foreign exchange rate	22,618	-	(458,222)	-	-	1,637	-	(433,967)
At December 31	<u>\$ 3,011,371</u>	<u>\$ 300,000</u>	<u>\$ 25,573,015</u>	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 389,716</u>	<u>\$ 263,020</u>	<u>\$ 37,537,122</u>

	2022							
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 6,565,279	\$ 2,800,000	\$ 22,378,678	\$ 16,500,000	\$ 9	\$ 556,358	\$ 250,496	\$ 49,050,820
Changes in cash flow from financing activities	(1,831,708)	(1,300,000)	2,666,406	(6,000,000)	(3,912,252)	(188,920)	20,094	(10,546,380)
Interest paid	-	-	-	-	-	(12,246)	-	(12,246)
Additions	-	-	-	-	3,912,252	29,944	-	3,942,196
Amortisation of interest expense	-	-	-	-	-	12,246	-	12,246
Impact of changes in foreign exchange rate	(38,825)	-	1,173,828	-	1	36,523	-	1,171,527
At December 31	<u>\$ 4,694,746</u>	<u>\$ 1,500,000</u>	<u>\$ 26,218,912</u>	<u>\$ 10,500,000</u>	<u>\$ 10</u>	<u>\$ 433,905</u>	<u>\$ 270,590</u>	<u>\$ 43,618,163</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Toyo Tire & Rubber Co., Ltd.	Associate which invests in subsidiary by using the equity method
New Pacific IND. CD., LTD.	Investee accounted for using the equity method
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's president is the company's representative
Jye Luo Memory Co Ltd.	The Company's vice chairman is the company's representative
Lo, Ming-Ling	Spouse of the Company's president
Lo, Ming-I	Spouse of the Company's chairman
Lo, Tsai-Jen	The Company's vice chairman
Luo, Yuan-Yo	Relative of the Company's vice chairman within first degree of relationship
Lo, Yuan-Long	The Company's director
Chen, Po-Chia	Relative of the Company's president within first degree of relationship
Chen, Ping-Hao	Relative of the Company's chairman within first degree of relationship

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Sales of goods:		
-Other related parties	\$ 307,469	\$ 332,293

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

B. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
-Other related parties	\$ 66,401	\$ 72,535

C. 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

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

ii. Interest expense

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Key management personnel	\$ -	\$ 123

(32) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term employee benefits	\$ 315,830	\$ 259,646
Post-employment benefits	2,320	1,964
	<u>\$ 318,150</u>	<u>\$ 261,610</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as 'Financial assets at amortised cost - current')	\$ 3,879	\$ -	Customs guarantees
Time deposits (shown as 'Financial assets at amortised cost - non-current')	52,639	34,948	Customs guarantees, Performance guarantees and Import credit limit
	<u>\$ 56,518</u>	<u>\$ 34,948</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company's former distributor, Khalid Saeed AI 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. However, the arbitral tribunal delays the proceeding due to many public holidays in Saudi Arabia and the arbitration result is expected to be determined in 2024.

(2) Commitments

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 2,061,794</u>	<u>\$ 2,656,182</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 year ended December 31, 2023, the Company's strategy was unchanged from 2022. The company maintained the gearing ratios below 200%. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 55,590,853	\$ 61,496,804
Total equity	\$ 85,995,065	\$ 84,386,815
Less : Intangible assets	(202,268)	(233,013)
Tangible equity	\$ 85,792,797	\$ 84,153,802
Debt-equity ratio	65%	73%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 81,082	\$ 76,025
Financial assets at amortised cost		
Cash and cash equivalents	\$ 23,575,591	\$ 23,341,241
Financial assets at amortised cost	11,234,611	3,835,698
Notes receivable, net	4,147,117	3,436,147
Accounts receivable (including related parties)	9,342,146	9,612,429
Guarantee deposits paid	76,438	79,169
	<u>\$ 48,375,903</u>	<u>\$ 40,304,684</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,011,371	\$ 4,694,746
Short-term notes and bills payable	300,000	1,500,000
Notes payable	150,408	169,724
Accounts payable	7,182,403	7,163,658
Other accounts payable	4,262,273	4,973,035
Corporate bonds payable	8,000,000	10,500,000
(including current portion)		
Long-term borrowings	25,573,015	26,218,912
(including current portion)		
Guarantee deposits received	263,020	270,590
	<u>\$ 48,742,490</u>	<u>\$ 55,490,665</u>
Lease liabilities (including current portion)	<u>\$ 389,716</u>	<u>\$ 433,905</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:

December 31, 2023

		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)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 222,877	30.705	\$ 6,843,438	1%	\$ 68,434	\$ -
RMB : TWD	30,675	4.327	132,731	1%	1,327	-
EUR : TWD	6,897	33.980	234,360	1%	2,344	-
JPY : TWD	954,270	0.217	207,077	1%	2,071	-
USD : RMB	140,452	7.096	4,312,493	1%	43,125	-
EUR : RMB	20,992	7.853	713,307	1%	7,133	-
GBP : RMB	3,737	9.048	146,306	1%	1,463	-
USD : THB	50,485	34.052	1,550,642	1%	15,506	-
EUR : THB	3,582	37.684	121,756	1%	1,218	-
USD : VND	7,031	24,564.000	215,887	1%	2,159	-
USD : CAD	26,224	1.323	804,909	1%	8,049	-
USD : IDR	11,196	15,507.576	343,773	1%	3,438	-
(Foreign currency: functional currency)						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 19,695	30.705	\$ 604,735	1%	\$ 6,047	\$ -
USD : RMB	25,901	7.096	795,274	1%	7,953	-
USD : THB	15,854	34.052	486,954	1%	4,870	-
USD : VND	10,229	24,564.000	314,081	1%	3,141	-
USD : CAD	7,638	1.323	234,438	1%	2,344	-
USD : IDR	256,894	15,507.576	7,887,930	1%	78,879	-
USD : INR	147,350	83.121	4,524,367	1%	45,244	-

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	-
(Foreign currency:functional currency)							
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	-

- 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 years ended December 31, 2023 and 2022 amounted to \$161,351 thousand and (\$765,393) 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 years ended December 31, 2023 and 2022 would have increased/decreased by \$811 thousand and \$760 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 years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in the TWD, USD, THB 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 December 31, 2023 and 2022, if interest rates on TWD, USD, THB and INR denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have been \$28,829 thousand and \$32,169 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 December 31, 2023 and 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 December 31, 2023 and 2022, the provision matrix is as follows:

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 1.12%	\$ 11,911,845	\$ 10,721
Up to 30 days	0.01% ~ 2.45%	959,556	11,612
31 to 90 days	0.01% ~ 9.43%	371,069	5,455
91 to 180 days	0.01% ~ 53.04%	82,213	4,398
Over 180 days	0.02% ~100.00%	171,356	40,991
		<u>\$ 13,496,039</u>	<u>\$ 73,177</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>

- 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
(Reversal of) Provision for impairment (	9,277)	43,105	33,828
Write-offs	- (	13,850)	(13,850)
Others	-	6,417	6,417
Effect of exchange rate changes	- (	859)	(859)
At December 31	<u>\$ -</u>	<u>\$ 73,177</u>	<u>\$ 73,177</u>
	2022		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 9,277	\$ 64,705	\$ 73,982
Provision for impairment	-	18,961	18,961
Write-offs	- (	46,775)	(46,775)
Effect of exchange rate changes	-	1,473	1,473
At December 31	<u>\$ 9,277</u>	<u>\$ 38,364</u>	<u>\$ 47,641</u>

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

	December 31, 2023			
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 11,234,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,234,611</u>
	December 31, 2022			
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 3,835,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,835,698</u>

Based on assessment, the default possibility of the Group's financial assets at amortised cost is remote, and thus loss allowances as of December 31, 2023 and 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.

December 31, 2023

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$2,390,736	\$ 36,223	\$ 628,938	\$ -	\$3,055,897
Short-term notes and bills payable	300,000	-	-	-	300,000
Notes and accounts payable	7,332,806	5	-	-	7,332,811
Other payables	3,871,015	15,130	186,212	189,916	4,262,273
Lease liability	39,935	39,004	74,099	254,636	407,674
Guarantee deposits received	10,843	584	12,508	239,085	263,020
Long-term borrowings	440,185	188,848	1,945,872	25,099,330	27,674,235
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	\$3,237,844	\$ 875,549	\$ 638,669	\$ -	\$4,752,062
Short-term notes and bills payable	1,500,000	-	-	-	1,500,000
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	59,114	39,050	65,325	289,598	453,087
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

(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(9).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, 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.

December 31, 2023				
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 8,000,000	\$ -	\$ 8,017,233	\$ -

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

(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:

	December 31, 2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 22,895</u>	<u>\$ -</u>	<u>\$ 58,187</u>	<u>\$ 81,082</u>
	December 31, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 17,838	\$ -	\$ 58,187	\$ 76,025

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

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

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the years ended December 31, 2023 and 2022.

13. SUPPLEMENTARY DISCLOSURES

(3) 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(25) and 12(2), 12(3).

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

(4) Information on investees

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

(5) Information on investments in Mainland China

A. Basic information: please refer to table 9.

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

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

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the year ended December 31, 2023: please refer to tables 5, 6 and 7.

(6) 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:

Year ended December 31, 2023						
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 12,517,406	\$ 12,912,144	\$ 25,980,341	\$ 8,243,083	\$ 21,889,564	\$ 81,542,538
Revenue from inter-segment revenue	8,966,027	1,545,458	464,184	1,141,544	2,382,211	14,499,424
Total segment revenue	<u>\$ 21,483,433</u>	<u>\$ 14,457,602</u>	<u>\$ 26,444,525</u>	<u>\$ 9,384,627</u>	<u>\$ 24,271,775</u>	<u>\$ 96,041,962</u>
Geographical regions						
Taiwan	\$ 9,157,731	\$ 220,593	\$ 103,682	\$ 236,319	\$ 74,329	\$ 9,792,654
China	349,258	10,520,935	20,130,331	6,389	16,800,103	47,807,016
US	5,459,156	193,088	20,695	1,062,382	310,512	7,045,833
Others	6,517,288	3,522,986	6,189,817	8,079,537	7,086,831	31,396,459
Total	<u>\$ 21,483,433</u>	<u>\$ 14,457,602</u>	<u>\$ 26,444,525</u>	<u>\$ 9,384,627</u>	<u>\$ 24,271,775</u>	<u>\$ 96,041,962</u>
Segment income	<u>\$ 3,482,243</u>	<u>\$ 392,917</u>	<u>\$ 3,088,774</u>	<u>\$ 370,138</u>	<u>\$ 3,718,090</u>	<u>\$ 11,052,162</u>
Depreciation and amortisation	<u>\$ 1,442,472</u>	<u>\$ 1,632,878</u>	<u>\$ 2,852,226</u>	<u>\$ 1,435,708</u>	<u>\$ 2,400,081</u>	<u>\$ 9,763,365</u>
Interest income	<u>\$ 255,468</u>	<u>\$ 15,733</u>	<u>\$ 306,535</u>	<u>\$ 4,523</u>	<u>\$ 247,235</u>	<u>\$ 829,494</u>
Finance costs	<u>\$ 349,997</u>	<u>\$ 7,836</u>	<u>\$ 4,411</u>	<u>\$ 4,630</u>	<u>\$ 90,411</u>	<u>\$ 457,285</u>
Share of loss of associates and joint ventures accounted for under equity method	<u>(\$ 10,253)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 10,253)</u>

Year ended December 31, 2022						
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 15,459,214	\$ 15,228,649	\$ 22,174,136	\$ 9,515,011	\$ 20,595,352	\$ 82,972,362
Revenue from inter-segment revenue	9,214,033	1,604,267	444,596	1,347,502	4,014,623	16,625,021
Total segment revenue	<u>\$ 24,673,247</u>	<u>\$ 16,832,916</u>	<u>\$ 22,618,732</u>	<u>\$ 10,862,513</u>	<u>\$ 24,609,975</u>	<u>\$ 99,597,383</u>
Geographical regions						
Taiwan	\$ 10,064,488	\$ 232,746	\$ 115,167	\$ 30,629	\$ 171,047	\$ 10,614,077
China	308,649	11,780,702	17,781,129	4,529	15,653,230	45,528,239
US	5,982,879	364,378	5,957	1,095,256	466,715	7,915,185
Others	8,317,231	4,455,090	4,716,479	9,732,099	8,318,983	35,539,882
Total	<u>24,673,247</u>	<u>16,832,916</u>	<u>22,618,732</u>	<u>10,862,513</u>	<u>24,609,975</u>	<u>99,597,383</u>
Segment income	<u>\$ 5,212,380</u>	<u>\$ 118,006</u>	<u>\$ 51,417</u>	<u>\$ 963,973</u>	<u>\$ 2,460,450</u>	<u>\$ 8,806,226</u>
Depreciation and amortisation	<u>\$ 1,529,962</u>	<u>\$ 1,749,786</u>	<u>\$ 3,031,784</u>	<u>\$ 998,267</u>	<u>\$ 2,439,589</u>	<u>\$ 9,749,388</u>
Interest income	<u>\$ 63,770</u>	<u>\$ 7,202</u>	<u>\$ 210,319</u>	<u>\$ 532</u>	<u>\$ 265,233</u>	<u>\$ 547,056</u>
Finance costs	<u>\$ 237,668</u>	<u>\$ 51,180</u>	<u>\$ 4,632</u>	<u>\$ 25,949</u>	<u>\$ 170,466</u>	<u>\$ 489,895</u>
Share of profit of associates and joint ventures accounted for under equity method	<u>\$ 26,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,362</u>

(4) Reconciliation for segment income

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

	Year ended December 31, 2023	Year ended December 31, 2022
Adjusted revenue from reportable segments	\$ 96,041,962	\$ 99,597,383
Adjusted revenue from other operating segments	16,278,718	16,907,146
Total operating segments	112,320,680	116,504,529
Elimination of inter-segment revenue	(16,119,367)	(17,881,652)
Total consolidated operating revenue	<u>\$ 96,201,313</u>	<u>\$ 98,622,877</u>
Geographical regions		
Geographical regions from reportable segments	\$ 96,041,962	\$ 99,597,383
Geographical regions from other operating segments		
Taiwan	342,939	173,413
China	1,398,911	1,719,449
US	8,787,665	9,585,610
Others	5,749,203	5,428,674
Total geographical regions	112,320,680	116,504,529
Elimination of inter-segment revenue	(16,119,367)	(17,881,652)
Total consolidated operating revenue	<u>\$ 96,201,313</u>	<u>\$ 98,622,877</u>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Adjusted income from reportable segments before income tax	\$ 11,052,162	\$ 8,806,226
Adjusted loss from other operating segments before income tax	(589,589)	(1,821,743)
Total operating segments	10,462,573	6,984,483
Income (loss) from elimination of inter-segment revenue	44,037	(13,807)
Income from continuing operations before income tax	<u>\$ 10,506,610</u>	<u>\$ 6,970,676</u>

(5) Information on products and services

Revenue from external customers is mainly from processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products. Details of revenue is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales revenue	\$ 95,964,469	\$ 97,956,849
Others	236,844	666,028
	<u>\$ 96,201,313</u>	<u>\$ 98,622,877</u>

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 44,705,394	\$ 39,011,144	\$ 41,173,521	\$ 44,865,608
USA	9,996,690	529,848	11,166,092	624,560
Taiwan	6,253,547	14,899,424	6,944,440	15,438,065
Others	35,245,682	18,134,913	39,338,824	20,336,637
	<u>\$ 96,201,313</u>	<u>\$ 72,575,329</u>	<u>\$ 98,622,877</u>	<u>\$ 81,264,870</u>

The Company's geographical revenue is calculated based on the countries where sales occur. Non-current assets refer to property, plant and equipment, right-of-use assets, investment property, intangible assets (shown as other non-current assets) and guarantee deposits paid (shown as other non-current assets), but exclude financial instruments and deferred income tax assets.

(7) Major customer information

None of the revenue from any single customer has exceeded 10% of the revenue in the consolidated statement of comprehensive income for the years ended December 31, 2023 and 2022.

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2,3,4)	Ceiling on total loans granted (Note 5,6)	Footnote
													Item	Value			
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	\$ 1,621,250	\$ 1,535,250	\$ 1,366,373	5.47968%	Note 7	\$ -	Operating capital	\$ -	None	\$ -	\$ 8,543,256	\$ 34,173,022	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2,222,500	-	-	-	Note 7	-	Operating capital	-	None	-	4,883,437	8,139,061	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	-	4,883,437	8,139,061	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	577,850	562,510	-	-	Note 7	-	Operating capital	-	None	-	4,883,437	8,139,061	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	-	5,486,335	10,972,670	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	884,400	865,400	714,388	3.45%-3.65%	Note 7	-	Operating capital	-	None	-	6,573,902	10,956,503	Note 9
4	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	1,228,200	1,228,200	859,740	3.87106%-3.89021%	Note 7	-	Operating capital	-	None	-	1,607,142	3,214,284	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. and MAXXIS International (Thailand) 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 a single party is 100% of above Companies' net assets.

Note 6: Limit on loans granted by Cheng Shin Rubber Ind. Co., Ltd., CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and MAXXIS International (Thailand) 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
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	\$ 42,716,278	\$ 8,655,932	\$ 6,542,609	\$ 4,525,340	\$ -	7.66	\$ 59,802,789	Y	N	N	Note 2, 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	42,716,278	13,367,025	7,114,349	5,354,952	-	8.33	59,802,789	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.

\$ 59,802,789

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

\$ 17,086,511

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

\$ 42,716,278

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

CHENG SHIN RUBBER IND. CO., LTD.

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

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares/ units	Book value	Ownership (%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares		- Current financial assets at fair value through other comprehensive income	-	\$ 22,895	-	\$ 22,895	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares		- Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187	Note 2

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

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

CHENG SHIN RUBBER IND. CO., LTD.

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

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at December 31, 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 Limited	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.

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)		Transaction		Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			(sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 4,861,489)	(27.86)	Collect within 90 days after shipment of goods	Same	Same	\$ 1,311,698	46.85	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(700,242)	(4.01)	Collect within 90 days after shipment of goods	Same	Same	202,785	7.24	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(3,229,544)	(18.51)	Collect within 30 days	Same	Same	322,028	11.50	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(980,294)	(6.78)	Collect within 60~90 days after shipment of goods	Same	Same	304,696	17.06	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(373,049)	(2.58)	Collect within 60~90 days after shipment of goods	Same	Same	73,986	4.14	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	MERIDA INDUSTRY CO., LTD.	Associates	(sales)	(147,668)	(1.02)	Collect within 60~90 days after shipment of goods	Same	Same	26,634	1.49	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(673,454)	(24.51)	Collect within 60~90 days after shipment of goods	Same	Same	277,069	48.55	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(300,032)	(10.92)	Collect within 60~90 days after shipment of goods	Same	Same	54,583	9.56	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(146,638)	(5.34)	Collect within 60~90 days after shipment of goods	Same	Same	31,238	5.47	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(531,565)	(4.84)	Collect within 60~90 days after shipment of goods	Same	Same	157,843	24.59	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(299,430)	(29.04)	Collect within 60~90 days after shipment of goods	Same	Same	32,674	21.68	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(309,687)	(30.03)	Collect within 60~90 days after shipment of goods	Same	Same	52,593	34.90	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(184,157)	(17.86)	Collect within 60~90 days after shipment of goods	Same	Same	28,080	18.63	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent	(sales)	(242,327)	(1.27)	Collect within 60~90 days after shipment of goods	Same	Same	116,499	1.96	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(164,752)	(3.97)	Collect within 60~90 days after shipment of goods	Same	Same	11,469	1.02	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD	Same ultimate parent	(sales)	(166,505)	(4.02)	Collect within 60~90 days after shipment of goods	Same	Same	29,465	2.62	Note 3
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(152,527)	(2.39)	Collect within 90 days after shipment of goods	Same	Same	61,529	13.00	Note 3
MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(sales)	(229,947)	(2.45)	Collect within 30~60 days after shipment of goods	Same	Same	27,852	1.86	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(725,913)	(7.74)	Collect within 90 days after shipment of goods	Same	Same	235,699	15.78	Note 3
PT MAXXIS International Indonesia	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(sales)	(168,455)	(6.02)	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)	(284,395)	(19.59)	Collect within 60~90 days after shipment of goods	Same	Same	29,135	23.02	Note 3

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary (Note 4)	\$ 1,311,766	Note 3	\$ -	-	\$ 825,163	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	202,785	4.59	-	-	127,455	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 4)	177,059	Note 2	-	-	43,286	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	323,997	Note 3	-	-	317,836	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	304,696	2.45	-	-	153,289	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	167,926	Note 3	-	-	154,559	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	277,092	Note 3	-	-	163,104	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	157,913	Note 3	-	-	108,143	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent (Note 4)	116,499	2.25	-	-	43,891	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	235,699	2.51	-	-	139,658	-

Note 1: Subsequent collection is the amount collected as of March 7, 2024.

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
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets(%) (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 4,861,489	Collect within 90 days after shipment of goods	5.05
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,311,698	Collect within 90 days after shipment of goods	0.93
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	700,242	Collect within 90 days after shipment of goods	0.73
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Accounts receivable	202,785	Collect within 90 days after shipment of goods	0.14
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	3,229,544	The term is 30 days after monthly billing	3.36
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	322,028	The term is 30 days after monthly billing	0.23
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	1	Other receivables	1,366,373	Pay interest quarterly	0.97
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	980,294	Collect within 60~90 days after shipment of goods	1.02
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	304,696	Collect within 60~90 days after shipment of goods	0.22
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	373,049	Collect within 60~90 days after shipment of goods	0.39
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	673,454	Collect within 60~90 days after shipment of goods	0.70
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	300,032	Collect within 60~90 days after shipment of goods	0.31
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	714,388	Pay interest quarterly	0.50
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	531,565	Collect within 60~90 days after shipment of goods	0.55
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	299,430	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	309,687	Collect within 60~90 days after shipment of goods	0.32
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	3	Sales	242,327	Collect within 60~90 days after shipment of goods	0.25

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

							Expressed in thousands of NTD (Except as otherwise indicated)
Transaction							
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets(%) (Note 3)
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	\$ 725,913	Collect within 60~90 days after shipment of goods	0.75
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	235,699	Collect within 90 days after shipment of goods	0.17
7	MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	2	Sales	229,947	Collect within 90 days after shipment of goods	0.24
7	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	3	Other receivables	859,740	Pay interest quarterly	0.61
8	Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	3	Sales	284,395	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.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the Year ended December 31, 2023	Investment income(loss) recognised by the Company for the Year ended December 31, 2023(Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	100.00	\$ 42,468,182	\$ 1,892,396	\$ 1,903,126	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	29,694,310	3,245,252	3,231,565	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	11,755,019	1,273,572	1,309,373	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	3,196,193	264,573	264,579	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	814,816	68,383	68,383	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	179,373 (	20,506) (	10,253)	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	96,019	6,505	6,505	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	563,538 (	280,701) (	280,701)	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	- (	736,699) (	737,216)	Subsidiary Note 3, Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	667,083	383,957	383,957	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	41,101 (	1,700) (	1,700)	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	62,106	15,162	15,162	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	11,185	267	267	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	496 (	2,292) (	458)	Note 3, Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the Year ended December 31, 2023	Investment income(loss) recognised by the Company for the Year ended December 31, 2023(Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 35,276,966	\$ 2,067,644	\$ 2,067,644	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	29,505,759	3,243,871	3,243,871	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	12,048,082	1,273,707	1,273,707	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	8,035,709	321,756	372,347	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	4,009,405	1,008,387	993,597	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	2,456	2,457	-	80.00	1,988	(2,292)	(1,834)	Note 3, Note 4

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

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

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

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

Note 5: The Company continuously provides financial support the investee accounted for using the equity method, and transferred the credit balance to 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
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2023, (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	of December 31, 2023					December 31, 2023	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,373,375	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 1,414,370	100.00	\$ 1,415,763	\$ 25,203,631	\$ 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	6,908,625	2	2,385,506	-	-	2,385,506	3,143,258	100.00	3,140,861	27,431,675	25,034,437	(Note 4,7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	260,993	2	68,602	-	-	68,602	3,700	50.00	1,850	316,298	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	3,070,500	2	-	-	-	-	289,939	100.00	290,354	5,825,490	1,548,045	(Note 4,7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,635	2	-	-	-	-	3,089	100.00	3,089	53,761	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	552,690	2	-	-	-	- (	33,312)	100.00 (	33,312)	564,203	757,407	(Note 7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	3,991,650	2	-	-	-	- (	237,824)	100.00 (	237,940)	10,968,098	4,245,663	(Note 3,7)
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	1,381,725	2	-	-	-	-	365,920	100.00	375,373	8,139,061	7,259,056	(Note 7)

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	of December 31, 2023			(loss) recognised by the Company for the Year ended December 31, 2023, (Note 2)		December 31, 2023	
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products	\$ 614,100	2	\$ -	\$ -	\$ -	\$ -	(\$ 80,566)	100.00	(\$ 80,566)	\$ -	\$ -	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	B. Management of racing tracks Distribution of rubber and components of tires	151,445	2	-	-	-	-	(5,398)	95.00	(5,128)	85,816	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	62,360	2	-	-	-	-	27,450	49.00	13,450	134,572	-	(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	4,110,650	2	-	-	-	-	1,472,136	100.00	1,472,136	8,562,425	1,014,708	(Note 5 , 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,644,260	2	-	-	-	-	(7,778)	100.00	(7,778)	2,079,543	-	(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 NTD30.705: USD 1 and NTD 4.327: RMB 1 prevailing on December 31, 2023.

Note 7: Investment income (loss) was recognised based on the financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

CHENG SHIN RUBBER IND. CO., LTD.
Ceiling on investments in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 1)		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)	
Cheng Shin Rubber Ind. Co., Ltd.	\$	3,773,645	\$	20,661,395	\$	-

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 was USD\$122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD\$672,900 thousand.

Note 2: According to 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area', the Company acquired the operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C. and thus, the investments amount in Mainland China is unlimited.

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Luo, Ming-Han	370,176,378	11.42
Luo Jye Memory Co Ltd.	324,430,630	10.00

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were held by registered and the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.