

**CHENG SHIN RUBBER IND. CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2024 AND 2023**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR24000436

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

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Basis for Qualified Conclusion***

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets of NT\$33,614,533 thousand and NT\$36,417,724 thousand, constituting 24% and 25% of the consolidated total assets, and total liabilities of NT\$13,954,571 thousand and NT\$19,611,865 thousand, constituting 24% and 31% of the consolidated total liabilities as at March 31, 2024 and

2023, and total net operating revenues of NT\$7,313,705 thousand and NT\$6,978,266 thousand, constituting 31% and 30% of consolidated total net operating revenue, and total comprehensive income of NT\$308,462 thousand and NT\$559,410 thousand, constituting 9% and 30% of the consolidated total comprehensive income for the three-month periods then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

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Chou, Chien-Hung

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Wang, Yu-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

May13, 2024

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

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2024 and 2023 are reviewed, not audited)

			March 31, 2024		December 31, 2023		March 31, 2023	
Assets		Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 25,146,021	18	\$ 23,575,591	16	\$ 23,782,440	16
1120	Financial assets at fair value through other comprehensive income - current	6(2)	29,625	-	22,895	-	20,708	-
1136	Financial assets at amortised cost - current	6(3) and 8	1,821,204	1	2,073,637	2	803,095	-
1150	Notes receivable, net	6(4)	4,355,555	3	4,147,117	3	4,112,068	3
1170	Accounts receivable, net	6(4)	10,171,562	7	9,275,745	7	10,653,900	7
1180	Accounts receivable - related parties	7	51,439	-	66,401	-	68,454	-
130X	Inventories	6(5)	16,116,071	11	17,042,864	12	19,278,292	14
1410	Prepayments		963,624	1	732,017	-	869,723	1
1470	Other current assets		385,270	-	372,342	-	284,089	-
11XX	Current Assets		59,040,371	41	57,308,609	40	59,872,769	41
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	58,187	-	58,187	-	58,187	-
1535	Financial assets at amortised cost - non-current	6(3) and 8	9,183,142	7	9,160,974	7	3,325,766	3
1550	Investments accounted for under equity method	6(6)	177,085	-	179,373	-	203,764	-
1600	Property, plant and equipment, net	6(7)	66,023,703	47	66,977,367	48	74,072,542	52
1755	Right-of-use assets	6(8)	4,725,450	4	4,625,540	3	4,788,957	3
1760	Investment property, net	6(9)	669,730	-	673,845	-	517,883	-
1840	Deferred income tax assets	6(28)	1,960,103	1	2,303,446	2	1,881,230	1
1900	Other non-current assets	6(10)	298,362	-	298,577	-	422,838	-
15XX	Non-current assets		83,095,762	59	84,277,309	60	85,271,167	59
1XXX	Total assets		\$ 142,136,133	100	\$ 141,585,918	100	\$ 145,143,936	100

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2024 and 2023 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 2,364,147	2	\$ 3,011,371	2	\$ 2,261,758	2
2110	Short-term notes and bills payable	6(12)	-	-	300,000	-	1,500,000	1
2130	Current contract liabilities	6(22)	695,199	-	541,845	-	793,047	1
2150	Notes payable		148,700	-	150,408	-	244,521	-
2170	Accounts payable		6,490,883	5	7,182,403	5	7,191,327	5
2200	Other payables	6(13)	10,484,129	7	4,262,273	3	8,751,870	6
2230	Current income tax liabilities	6(28)	1,956,125	1	1,819,876	2	1,659,366	1
2280	Current lease liabilities	7	157,082	-	143,772	-	129,347	-
2320	Long-term liabilities, current portion	6(15)(16)	3,680,552	3	1,822,121	2	7,267,267	5
2399	Other current liabilities, others	6(14)	475,845	-	545,873	-	345,200	-
21XX	Current Liabilities		26,452,662	18	19,779,942	14	30,143,703	21
Non-current liabilities								
2530	Corporate bonds payable	6(15)	8,000,000	6	8,000,000	5	8,000,000	5
2540	Long-term borrowings	6(16)	20,555,447	14	23,750,894	17	21,394,507	15
2550	Provisions for liabilities - non-current		204,298	-	198,167	-	193,970	-
2570	Deferred income tax liabilities	6(28)	1,631,546	1	1,408,891	1	1,057,908	1
2580	Non-current lease liabilities	7	255,383	-	245,944	-	258,705	-
2600	Other non-current liabilities	6(17)	2,136,372	2	2,207,015	2	2,375,760	2
25XX	Non-current liabilities		32,783,046	23	35,810,911	25	33,280,850	23
2XXX	Total Liabilities		59,235,708	41	55,590,853	39	63,424,553	44
Equity								
Equity attributable to owners of parent								
	Share capital	6(18)						
3110	Share capital - common stock		32,414,155	23	32,414,155	23	32,414,155	22
	Capital surplus	6(19)						
3200	Capital surplus		70,841	-	70,044	-	67,756	-
	Retained earnings	6(20)						
3310	Legal reserve		17,172,449	12	17,172,449	12	16,665,921	12
3320	Special reserve		5,870,977	5	5,870,977	5	7,588,138	5
3350	Unappropriated retained earnings		32,563,479	23	36,826,502	26	29,991,516	21
	Other equity interest	6(21)						
3400	Other equity interest		( 5,766,053 )	( 4 )	( 6,921,572 )	( 5 )	( 5,585,281 )	( 4 )
31XX	Equity attributable to owners of the parent		82,325,848	59	85,432,555	61	81,142,205	56
36XX	Non-controlling interest		574,577	-	562,510	-	577,178	-
3XXX	Total equity		82,900,425	59	85,995,065	61	81,719,383	56
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 142,136,133	100	\$ 141,585,918	100	\$ 145,143,936	100

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except earnings per share)  
(UNAUDITED)

Items		Notes	Three-month periods ended March 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 23,622,354	100	\$ 23,528,645	100
5000	Operating costs	6(5)	( 17,673,635)	( 75)	( 18,503,968)	( 79)
5900	Net operating margin		5,948,719	25	5,024,677	21
	Operating expenses	7				
6100	Selling expenses		( 1,380,317)	( 6)	( 1,343,731)	( 6)
6200	General and administrative expenses		( 945,320)	( 4)	( 789,356)	( 3)
6300	Research and development expenses		( 909,924)	( 4)	( 946,282)	( 4)
6450	Expected credit gain (loss)	12(2)	22,929	-	( 57,702)	-
6000	Total operating expenses		( 3,212,632)	( 14)	( 3,137,071)	( 13)
6900	Operating profit		2,736,087	11	1,887,606	8
	Non-operating income and expenses					
7100	Interest income	6(23)	221,507	1	143,786	1
7010	Other income	6(24)	170,479	1	124,020	-
7020	Other gains and losses	6(25)	156,679	1	342,242	1
7050	Finance costs	6(26) and 7	( 242,462)	( 1)	( 302,182)	( 1)
7060	Share of (loss) profit of associates and joint ventures accounted for under equity method	6(6)	( 2,288)	-	4,138	-
7000	Total non-operating income and expenses		303,915	2	312,004	1
7900	<b>Profit before income tax</b>		3,040,002	13	2,199,610	9
7950	Income tax expense	6(28)	( 818,886)	( 4)	( 617,822)	( 2)
8200	<b>Profit for the period</b>		\$ 2,221,116	9	\$ 1,581,788	7

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except earnings per share)  
(UNAUDITED)

Items	Notes	Three-month periods ended March 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316 Unrealized gain on valuation of entity instruments at fair value through profit or loss	6(2)(21)	\$ 6,730	-	\$ 2,870	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		6,730	-	2,870	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations	6(21)	1,446,745	6	356,599	1
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)	(287,197)	(1)	(70,706)	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		1,159,548	5	285,893	1
8300 <b>Other comprehensive income for the period</b>		\$ 1,166,278	5	\$ 288,763	1
8500 <b>Total comprehensive income for the period</b>		\$ 3,387,394	14	\$ 1,870,551	8
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 2,219,808	9	\$ 1,583,293	7
8620 Non-controlling interest		1,308	-	(1,505)	-
		\$ 2,221,116	9	\$ 1,581,788	7
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 3,375,327	14	\$ 1,868,989	8
8720 Non-controlling interest		12,067	-	1,562	-
		\$ 3,387,394	14	\$ 1,870,551	8
Earnings per share (in dollars)	6(29)				
9750 Basic earnings per share		\$ 0.68		\$ 0.49	
9850 Diluted earnings per share	6(29)	\$ 0.68		\$ 0.49	

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

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

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

**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Three-month periods ended March 31 2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 3,040,002	\$ 2,199,610
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(27)	2,378,860	2,660,993
Depreciation on right-of-use assets	6(8)(27)	61,331	67,417
Depreciation on investment property	6(9)(27)	11,234	5,942
Amortization expense	6(10)(27)	19,809	24,301
Expected credit (reversal of interest) impairment	12(2)	( 22,929 )	57,702
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(6)	2,288	( 4,138 )
(Gain) loss on disposal of property, plant and equipment	6(7)(25)	( 38,439 )	3,585
Interest expense	6(7)(26)	242,462	302,182
Interest income	6(23)	( 221,507 )	( 143,786 )
Deferred government grants revenue		( 48,129 )	( 47,819 )
Unrealized foreign exchange loss (gain) on foreign currency loans		128,773	( 423,139 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 208,438 )	( 675,921 )
Accounts receivable		( 873,708 )	( 1,171,703 )
Accounts receivable - related parties		14,962	4,081
Inventories		1,232,026	1,712,962
Prepayments		( 232,300 )	48,380
Other current assets		53,098	11,573
Other non-current assets		( 8,098 )	21,907
Changes in operating liabilities			
Contract liabilities - current		153,354	238,725
Notes payable		( 1,708 )	74,797
Accounts payable		( 691,520 )	27,669
Other payables		( 237,500 )	( 667,447 )
Other current liabilities		( 70,029 )	27,463
Accrued pension liabilities		( 33,165 )	744
Other non-current liabilities		( 13,691 )	( 1,549 )
Cash inflow generated from operations		4,637,038	4,354,531
Interest received		155,481	118,586
Interest paid		( 234,339 )	( 289,849 )
Income tax paid		( 405,548 )	( 249,040 )
Income tax refund received		-	139
Net cash flows from operating activities		4,152,632	3,934,367

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**CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Three-month periods ended March 31 2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at amortised cost		(\$ 1,076,360 )	(\$ 502,084 )
Proceeds from repayments of financial assets at amortised cost		1,506,576	217,114
Acquisition of property, plant and equipment	6(7)(30)	( 590,186 )	( 982,140 )
Payment for capitalized interests	6(7)(26)(30)	-	( 1,163 )
Proceeds from disposal of property, plant and equipment		62,063	37,279
Proceeds from disposal of right-of-use assets		10,550	-
Acquisition of intangible assets	6(10)	( 6,510 )	( 4,639 )
(Increase) decrease in refundable deposits		( 1,084 )	4,313
Net cash flows used in investing activities		( 94,951 )	( 1,231,320 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings	6(11)(31)	646,511	1,341,527
Decrease in short-term borrowings	6(11)(31)	( 1,414,875 )	( 3,768,612 )
Increase in short-term notes and bills payable	6(12)(31)	-	1,000,000
Decrease in short-term notes and bills payable	6(12)(31)	( 300,000 )	( 1,000,000 )
Proceeds in long-term borrowings	6(16)(31)	-	2,808,814
Repayments in long-term borrowings	6(16)(31)	( 1,680,341 )	( 2,671,380 )
Decrease in guarantee deposits received	6(31)	( 4,972 )	( 1,701 )
Repayments of principal portion of lease liabilities	6(8)(31)	( 51,350 )	( 56,052 )
Capital surplus arising from donated assets		806	-
Dividends extinguished by prescription claimed by shareholders		( 9 )	( 1 )
Net cash flows used in financing activities		( 2,804,230 )	( 2,347,405 )
Effect of exchange rate changes on cash and cash equivalents		316,979	85,557
Net increase in cash and cash equivalents		1,570,430	441,199
Cash and cash equivalents at beginning of period	6(1)	23,575,591	23,341,241
Cash and cash equivalents at end of period	6(1)	<u>\$ 25,146,021</u>	<u>\$ 23,782,440</u>

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(Reviewed, not audited)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 13, 2024.

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<sup>®</sup>”) 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 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.

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

None.

(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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation described below, the other significant accounting policies of the Group are in agreement with Note 4 in the consolidated financial statements for the year ended December 31, 2023. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim financial reporting" as endorsed by the FSC.

B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or

complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2024	December 31,2023	March 31,2023	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS International Co., Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CST Trading Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Trading Ltd.	Holding company	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	100	Note 5

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2024	December 31,2023	March 31,2023	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	20	Note 4 、 5
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2024	December 31,2023	March 31,2023	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	50	Note 6
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO.,LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	70	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	100	Note 5
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	95	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2024	December 31,2023	March 31,2023	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	49	Note 6
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 5
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	80	Note 4 、 5

Note 1: Cheng Shin International (HK) Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd. collectively hold 100% equity interest in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd.

Note 2: Maxxis International (HK) Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Rubber (Zhangzhou) Ind. Co., Ltd.

Note 3: Maxxis International Co., Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Petrel Tire (Xiamen) Co., Ltd.

Note 4: The Company and CHENG SHIN RUBBER USA, INC. collectively hold 100% equity interest in MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.

Note 5: The financial statements of the entity as of March 31, 2024 and 2023, were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary

Note 6: The entity was included in the consolidated financial statements since the Group had the

power to govern the financial and operating policies under the comprehensive assessment.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) 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 realised, 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 realised 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.

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) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income taxes

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

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

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

There have been no significant changes as of March 31, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 4,111	\$ 4,150	\$ 4,485
Checking deposits	751,813	1,928,180	1,728,986
Demand deposits	17,994,969	17,344,858	14,137,134
Time deposits	6,395,128	4,298,403	6,473,776
	<u>\$ 25,146,021</u>	<u>\$ 23,575,591</u>	<u>\$ 22,344,381</u>
Interest rate range			
Time deposits	<u>1.10%~6.30%</u>	<u>1.12%~6.30%</u>	<u>1.15%~5.75%</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

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	20,960	14,230	12,043
Total	<u>\$ 29,625</u>	<u>\$ 22,895</u>	<u>\$ 20,708</u>
Non-current items:			
Equity instruments			
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>	<u>\$ 58,187</u>

- A. The Group has elected to classify equity 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 \$87,812 thousand, \$81,082 thousand and \$78,895 thousand as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three-month period ended March 31, 2024</u>	<u>Three-month period ended March 31, 2023</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	<u>\$ 6,730</u>	<u>\$ 2,870</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	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Time deposits with maturity over three months	\$ 1,810,951	\$ 2,069,758	\$ 803,095
Pledged time deposits	10,253	3,879	-
	<u>\$ 1,821,204</u>	<u>\$ 2,073,637</u>	<u>\$ 803,095</u>
Non-current items:			
Time deposits with maturity over twelve months	\$ 9,146,600	\$ 9,108,335	\$ 3,278,940
Pledged time deposits	36,542	52,639	46,826
	<u>\$ 9,183,142</u>	<u>\$ 9,160,974</u>	<u>\$ 3,325,766</u>

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

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Interest income	\$ 82,012	\$ 34,416

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$11,004,346, \$11,234,611 and \$4,128,861, 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

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 4,836,568	\$ 5,209,793	\$ 4,121,345
Less: Discounted notes receivable	( 481,013)	( 1,062,676)	-
Less: Loss allowance	-	-	( 9,277)
	<u>\$ 4,355,555</u>	<u>\$ 4,147,117</u>	<u>\$ 4,112,068</u>
Accounts receivable	\$ 10,221,288	\$ 9,348,922	\$ 10,749,961
Less: Loss allowance	( 49,726)	( 73,177)	( 96,061)
	<u>\$ 10,171,562</u>	<u>\$ 9,275,745</u>	<u>\$ 10,653,900</u>

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

	March 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 8,779,138	\$ 4,355,555	\$ 7,764,728	\$ 4,147,117
Up to 30 days	973,405	-	959,556	-
31 to 90 days	272,981	-	371,069	-
91 to 180 days	66,717	-	82,213	-
Over 180 days	129,047	-	171,356	-
	<u>\$ 10,221,288</u>	<u>\$ 4,355,555</u>	<u>\$ 9,348,922</u>	<u>\$ 4,147,117</u>
	March 31, 2023			
	Accounts receivable	Notes receivable		
Without past due	\$ 9,238,919	\$ 4,121,345		
Up to 30 days	1,060,525	-		
31 to 90 days	237,142	-		
91 to 180 days	167,382	-		
Over 180 days	45,993	-		
	<u>\$ 10,749,961</u>	<u>\$ 4,121,345</u>		

The above ageing analysis was based on past due date.

- B. As at March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2023, the balance of receivables from contracts with customers amounted to \$13,048,576 thousand.
- C. As at March 31, 2024 and December 31, 2023, the Group had outstanding discounted notes receivable amounting to \$481,013 and \$1,062,676 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, the Group had outstanding discounted notes receivable amounting to \$49,761 thousand, wherein the Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as other payables.
- E. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$4,355,555 thousand and \$10,171,562 thousand; \$4,147,117 thousand and \$9,275,745 thousand; \$4,112,068 thousand and \$10,653,900 thousand, respectively.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

March 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,071,874	(\$ 2,604)	\$ 5,069,270
Work in progress	2,324,876	-	2,324,876
Finished goods	6,765,183	( 103,602)	6,661,581
Buildings and land held for sale	2,035,715	-	2,035,715
Inventory in transit	24,629	-	24,629
	<u>\$ 16,222,277</u>	<u>(\$ 106,206)</u>	<u>\$ 16,116,071</u>
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>
March 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,631,282	(\$ 6,166)	\$ 6,625,116
Work in progress	2,465,458	-	2,465,458
Finished goods	8,199,638	( 138,352)	8,061,286
Buildings and land held for sale	2,049,929	-	2,049,929
Inventory in transit	76,503	-	76,503
	<u>\$ 19,422,810</u>	<u>(\$ 144,518)</u>	<u>\$ 19,278,292</u>

The cost of inventories recognized as expense for the period:

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Cost of goods sold	\$ 17,641,481	\$ 18,526,980
Unallocated overheads	45,114	42,182
Others	( 12,960)	( 65,194)
	<u>\$ 17,673,635</u>	<u>\$ 18,503,968</u>

For the three-month periods ended March 31, 2024 and 2023, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold due to the sale of scrap or inventories which were previously provided with allowance.

(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 March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of the Group's individually immaterial joint ventures amounted to \$177,085 thousand, \$179,373 thousand and \$203,764 thousand, respectively.

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(\$ 2,288)	\$ 4,138
Total comprehensive (loss) income	(\$ 2,288)	\$ 4,138

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

(7) Property, plant and equipment, net

Three-month period March 31, 2024

	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,555,782	\$ -	\$ -	\$ -	(\$ 4,301)	\$ 4,551,481
Buildings and structures	50,920,979	14,982	( 28,172)	72,881	773,056	51,753,726
Machinery	107,053,947	34,269	( 179,228)	256,031	1,217,338	108,382,357
Testing equipment	4,239,333	3,497	( 4,496)	7,132	34,653	4,280,119
Transportation equipment	1,400,703	4,627	( 7,782)	2,400	23,167	1,423,115
Office equipment	1,098,747	891	( 916)	( 2,821)	19,263	1,115,164
Other facilities	33,932,740	245,638	( 2,740,913)	92,901	258,504	31,788,870
Unfinished construction and equipment under acceptance	2,696,828	255,801	-	( 428,524)	16,615	2,540,720
	<u>\$ 205,899,059</u>	<u>\$ 559,705</u>	<u>(\$ 2,961,507)</u>	<u>\$ -</u>	<u>\$ 2,338,295</u>	<u>\$ 205,835,552</u>
Accumulated depreciation						
Buildings and structures	(\$ 26,121,916)	(\$ 495,023)	\$ 17,957	\$ -	(\$ 394,724)	(\$ 26,993,706)
Machinery	( 76,424,701)	( 1,358,281)	167,023	( 2,493)	( 789,387)	( 78,407,839)
Testing equipment	( 3,745,268)	( 49,594)	4,496	560	( 29,722)	( 3,819,528)
Transportation equipment	( 1,245,727)	( 14,903)	7,369	( 560)	( 20,479)	( 1,274,300)
Office equipment	( 1,030,220)	( 8,946)	908	2,493	( 18,045)	( 1,053,810)
Other facilities	( 30,171,719)	( 452,113)	2,734,768	-	( 193,738)	( 28,082,802)
	<u>(\$ 138,739,551)</u>	<u>(\$ 2,378,860)</u>	<u>\$ 2,932,521</u>	<u>\$ -</u>	<u>(\$ 1,446,095)</u>	<u>(\$ 139,631,985)</u>
Accumulated impairment						
Machinery	(\$ 165,459)	\$ -	\$ 519	\$ -	(\$ 2,856)	(\$ 167,796)
Testing equipment	( 21)	-	-	-	-	( 21)
Transportation equipment	( 1,948)	-	343	-	( 33)	( 1,638)
Office equipment	( 45)	-	-	-	( 1)	( 46)
Other facilities	( 14,668)	-	4,500	-	( 195)	( 10,363)
	<u>(\$ 182,141)</u>	<u>\$ -</u>	<u>\$ 5,362</u>	<u>\$ -</u>	<u>(\$ 3,085)</u>	<u>(\$ 179,864)</u>
	<u>\$ 66,977,367</u>					<u>\$ 66,023,703</u>

Three-month period March 31, 2023

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

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:

As at March 31, 2024, the Group had no capitalization of interest.

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

(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 99 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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 4,401,508	\$ 4,270,849	\$ 4,439,932
Buildings and structures	202,027	215,447	269,706
Machinery	2,896	8,136	10,279
Transportation equipment	74,849	83,928	52,890
Office equipment	2,175	2,577	3,218
Other equipment	41,995	44,603	12,932
	<u>\$ 4,725,450</u>	<u>\$ 4,625,540</u>	<u>\$ 4,788,957</u>
	<u>Three-month period ended March 31, 2024</u>	<u>Three-month period ended March 31, 2023</u>	
	<u>Depreciation expense</u>	<u>Depreciation expense</u>	
Land	\$ 25,399	\$ 25,801	
Buildings and structures	20,517	23,073	
Machinery	286	730	
Transportation equipment	11,306	14,798	
Office equipment	410	353	
Other equipment	3,413	2,662	
	<u>\$ 61,331</u>	<u>\$ 67,417</u>	

D. For the three-month periods ended March 31, 2024 and 2023, the additions to right-of-use assets amounted to \$69,543 thousand and \$17,742 thousand, respectively.

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

Items affecting profit or loss	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Interest expense on lease liabilities	\$ 2,923	\$ 2,622
Expense on short-term lease	8,564	4,566
Expense on leases of low-value assets	755	733
Expense on variable lease payments	27,795	55,090
	<u>\$ 40,037</u>	<u>\$ 63,011</u>

F. For the three-month periods ended March 31, 2024 and 2023, the Group's total cash outflow for leases amounted to \$91,387 thousand and \$119,063 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 27.42% and 42.24% of lease payments are on the basis of variable payment terms for the three-month periods ended March 31, 2024 and 2023 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 \$278 thousand and \$551 thousand for the three-month periods ended March 31, 2024 and 2023, respectively.

(9) Investment property, net

Three-month period ended March 31, 2024					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	916,356	-	-	16,634	932,990
	<u>\$ 1,252,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,634</u>	<u>\$ 1,269,411</u>
Accumulated depreciation					
Buildings and structures	(\$ 527,894)	(\$ 11,234)	\$ -	(\$ 9,515)	(\$ 548,643)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 673,845</u>				<u>\$ 669,730</u>
Three-month period ended March 31, 2023					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	465,245	-	37,245	2,199	504,689
	<u>\$ 801,666</u>	<u>\$ -</u>	<u>\$ 37,245</u>	<u>\$ 2,199</u>	<u>\$ 841,110</u>
Accumulated depreciation					
Buildings and structures	(\$ 265,007)	(\$ 5,942)	\$ -	(\$ 1,240)	(\$ 272,189)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 485,621</u>				<u>\$ 517,883</u>

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

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Rental income from investment property	\$ 11,160	\$ 8,797
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 11,234	\$ 5,942

- B. The fair value of the investment property held by the Group as at March 31, 2024, December 31, 2023 and March 31, 2023 was \$1,723,496 thousand, \$1,705,391 thousand and \$1,278,726 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

	March 31, 2024	December 31, 2023	March 31, 2023
Intangible assets	\$ 192,870	\$ 202,268	\$ 224,931
Others	105,492	96,309	197,907
	<u>\$ 298,362</u>	<u>\$ 298,577</u>	<u>\$ 422,838</u>

Movements in intangible assets:

	Three-month period ended March 31, 2024					
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost						
Computer software	\$ 745,752	\$ 6,510	(\$ 263)	\$ 693	\$ 12,618	\$ 765,310
Others	7,801	-	-	-	146	7,947
	<u>\$ 753,553</u>	<u>\$ 6,510</u>	<u>(\$ 263)</u>	<u>\$ 693</u>	<u>\$ 12,764</u>	<u>\$ 773,257</u>
Accumulated amortisation						
Computer software	(\$ 545,825)	(\$ 19,612)	\$ 263	\$ -	(\$ 9,451)	(\$ 574,625)
Others	( 5,460)	( 197)	-	-	( 105)	( 5,762)
	<u>(\$ 551,285)</u>	<u>(\$ 19,809)</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>(\$ 9,556)</u>	<u>(\$ 580,387)</u>
	<u>\$ 202,268</u>					<u>\$ 192,870</u>

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

Details of amortisation on intangible assets are as follows:

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Operating costs	\$ 1,710	\$ 2,053
Selling expenses	2,520	4,186
Administrative expenses	7,870	11,140
Research and development expenses	7,709	6,922
	<u>\$ 19,809</u>	<u>\$ 24,301</u>

(11) Short-term borrowings

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 2,364,147</u>	2.51% ~ 6.10%	None

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	March 31, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 2,261,758</u>	2.38% ~ 8.30%	None

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

(12) Short-term notes and bills payable

As at March 31, 2024, the Group had no short-term notes and bills payable.

	December 31, 2023	March 31, 2023
Short-term notes and bills payable	<u>\$ 300,000</u>	<u>\$ 1,500,000</u>
Interest rate range	<u>1.56%</u>	<u>1.38%~1.48%</u>

(13) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Dividend payable	\$ 6,482,831	\$ -	\$ 4,537,992
Wages and salaries payable	1,058,748	1,390,784	1,075,869
Payable on machinery and equipment	263,622	294,103	331,191
Employee compensation payable	279,676	357,753	201,205
Compensation due to directors	191,903	150,392	142,998
Other accrued expenses	2,207,349	2,069,241	2,462,615
	<u>\$ 10,484,129</u>	<u>\$ 4,262,273</u>	<u>\$ 8,751,870</u>

(14) Other current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Advance receipts	\$ 15,645	\$ 74,444	\$ 12,140
Refund liabilities	289,873	318,628	170,088
Others	170,327	152,801	162,972
	<u>\$ 475,845</u>	<u>\$ 545,873</u>	<u>\$ 345,200</u>

(15) Bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
Bonds payable -issued in 2018	\$ -	\$ -	\$ 2,500,000
Bonds payable -issued in 2021	8,000,000	8,000,000	8,000,000
	<u>8,000,000</u>	<u>8,000,000</u>	<u>10,500,000</u>
Less: Current portion	-	-	( 2,500,000)
	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>

A. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on July 27, 2021 and completed on August 5, 2021. The bonds were fully issued and total issuance amount was \$8 billion with a coupon rate of 0.60%. The issuance period of the bonds is 5 years, which is from August 5, 2021 to August 5, 2026. The terms are as follows:

(a) Interest accrued/paid:

The interest is accrued/ paid at a single rate annually from the issue date.

(b) Redemption:

The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.

B. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on July 16, 2018 and completed on July 25, 2018. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.87%. The issuance period of the bonds was 5 years, which is from July 25, 2018 to July 25, 2023. The terms are as follows:

(a) Interest accrued/paid:

The interest is accrued/ paid at a single rate annually from the issue date.

(b) Redemption:

The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2024
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2030.	1.38% ~ 6.13%	None	\$ 24,235,999
Less: Current portion				( 3,680,552)
				<u>\$ 20,555,447</u>

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	March 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2030.	1.53% ~ 6.09%	None	\$ 26,161,774
Less: Current portion				( 4,767,267)
				<u>\$ 21,394,507</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.

B The currencies and carrying amounts (in thousands of New Taiwan dollars) of the Group's long-term borrowings (including current portion) denominated in foreign currencies are as follows:

Currency	March 31, 2024	December 31, 2023	March 31, 2023
USD	\$ 7,331,200	\$ 7,453,639	\$ 12,586,508

(17) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' including commissioned managers service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standard Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$2,650 thousand and \$3,125 thousand for the three-month periods ended March 31, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$11,136 thousand.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company and MAXXIS (Taiwan) Trading Co., Ltd. for the three-month periods ended March 31, 2024 and 2023 were \$30,934 thousand and \$31,485 thousand, respectively.
- C. (a) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month periods ended March 31, 2024 and 2023 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2024 and 2023, were \$139,748 thousand and \$149,676 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the three-month periods ended March 31, 2024 and 2023 were \$13,321 thousand and \$12,248 thousand, respectively.

(18) Share capital

As at March 31, 2024, 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' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of the Board of Directors and approval of over the half of the attendees. The resolution of the 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 and \$3,889,699 thousand (\$1.4 (in dollars) per share and \$1.2 (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

2024			
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,935,802)	\$ 14,230	(\$ 6,921,572)
Valuation adjustment – Group	-	6,730	6,730
Currency translation differences:			
– Group	1,435,986	-	1,435,986
– Tax on Group	( 287,197)	-	( 287,197)
At March 31	<u>(\$ 5,787,013)</u>	<u>\$ 20,960</u>	<u>(\$ 5,766,053)</u>
2023			
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 5,880,150)	\$ 9,173	(\$ 5,870,977)
Valuation adjustment – Group	-	2,870	2,870
Currency translation differences:			
– Group	353,532	-	353,532
– Tax on Group	( 70,706)	-	( 70,706)
At March 31	<u>(\$ 5,597,324)</u>	<u>\$ 12,043</u>	<u>(\$ 5,585,281)</u>

(22) Operating revenue

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Revenue from contracts with customers	<u>\$ 23,622,354</u>	<u>\$ 23,528,645</u>

A. Disaggregation of revenue from contracts with customers

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

Three-month period ended March 31, 2024					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	<u>\$ 1,374,444</u>	<u>\$ 10,271,527</u>	<u>\$ 2,594,905</u>	<u>\$ 9,381,478</u>	<u>\$ 23,622,354</u>
Three-month period ended March 31, 2023					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	<u>\$ 1,622,447</u>	<u>\$ 10,579,759</u>	<u>\$ 2,394,308</u>	<u>\$ 8,932,131</u>	<u>\$ 23,528,645</u>

## B. Contract liabilities

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

	March 31, 2024	December 31, 2023
Contract liabilities:		
Advance sales receipts	\$ 695,199	\$ 521,460
Customer loyalty programmes	-	20,385
Total	<u>\$ 695,199</u>	<u>\$ 541,845</u>
	March 31, 2023	January 1, 2023
Contract liabilities:		
Advance sales receipts	\$ 786,575	\$ 527,661
Customer loyalty programmes	6,472	26,661
Total	<u>\$ 793,047</u>	<u>\$ 554,322</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Advance sales receipts	\$ 351,593	\$ 302,509
Customer loyalty programmes	20,385	26,661
	<u>\$ 371,978</u>	<u>\$ 329,170</u>

### (23) Interest income

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Interest income from bank deposits	\$ 139,495	\$ 109,370
Interest income from financial assets at amortised cost	82,012	34,416
	<u>\$ 221,507</u>	<u>\$ 143,786</u>

### (24) Other income

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Grant revenue	\$ 63,784	\$ 81,262
Other income	106,695	42,758
	<u>\$ 170,479</u>	<u>\$ 124,020</u>

### (25) Other gains and losses

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Net currency exchange gain	\$ 150,533	\$ 362,459
Gain (loss) on disposal of property, plant and equipment	38,439	( 3,585)
Miscellaneous disbursement	( 32,293)	( 16,632)
	<u>\$ 156,679</u>	<u>\$ 342,242</u>

(26) Finance costs

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Interest expense:		
Bank borrowings	\$ 224,765	\$ 280,563
Corporate bonds	11,836	17,199
Provisions-discount	2,938	2,961
Lease liability-interest expense	2,923	2,622
	<u>\$ 242,462</u>	<u>\$ 303,345</u>
Less: Capitalisation of qualifying assets	-	( 1,163)
	<u>\$ 242,462</u>	<u>\$ 302,182</u>

(27) Expenses by nature

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Employee benefit expense		
Wages and salaries	\$ 2,719,640	\$ 2,465,375
Labour and health insurance fees	182,796	202,840
Pension costs	186,653	196,534
Directors' remuneration	42,615	28,596
Other personnel expenses	177,688	176,840
	<u>\$ 3,309,392</u>	<u>\$ 3,070,185</u>
Raw materials and supplies used	<u>\$ 10,785,465</u>	<u>\$ 11,753,590</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,378,860</u>	<u>\$ 2,660,993</u>
Depreciation expense on right-of-use assets	<u>\$ 61,331</u>	<u>\$ 67,417</u>
Depreciation expense on investment property	<u>\$ 11,234</u>	<u>\$ 5,942</u>
Amortisation expense on intangible assets	<u>\$ 19,809</u>	<u>\$ 24,301</u>

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

B. For the three-month periods ended March 31, 2024 and 2023, employees' compensation was accrued at \$54,265 thousand and \$39,804 thousand, respectively; while directors' remuneration was accrued at \$38,664 thousand and \$28,360 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% of distributable profit of current year for the three-month periods ended March 31, 2024 and 2023, respectively.

Employees' compensation and directors' remuneration for 2023 amounting to \$189,803 thousand and \$135,235 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. The employees' compensation for 2023 will be distributed in the form of cash. As of May 13, 2024, the employees' compensation for 2023 has not been distributed.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Current tax:		
Current tax on profits for the period	\$ 540,085	\$ 383,028
Prior year income tax underestimation	-	53,852
Total current tax	540,085	436,880
Deferred tax:		
Origination and reversal of temporary differences	278,801	180,942
Total current tax	278,801	180,942
Income tax expense	\$ 818,886	\$ 617,822

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

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Generated during the period :		
Currency translation differences	(\$ 287,197)	(\$ 70,706)

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Three-month period ended March 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,219,808	3,241,416	\$ 0.68
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,219,808	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,473	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,219,808	3,245,889	\$ 0.68

Three-month period ended March 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,583,293	3,241,416	\$ 0.49
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,583,293	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,268	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,583,293	3,245,684	\$ 0.49

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Purchase of property, plant and equipment	\$ 559,705	\$ 881,651
Add: Opening balance of payable on equipment	294,103	432,843
Less: Ending balance of payable on equipment	( 263,622)	( 331,191)
Cash paid during the period	\$ 590,186	\$ 983,303

(31) Changes in liabilities from financing activities

	2024							
	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	\$ 3,011,371	\$ 300,000	\$ 25,573,015	\$ 8,000,000	\$ -	\$ 389,716	\$ 263,020	\$ 37,537,122
Changes in cash flow from financing activities	( 768,364)	( 300,000)	( 1,680,341)	-	-	( 51,350)	( 4,972)	( 2,805,027)
Interest paid	-	-	-	-	-	( 2,293)	-	( 2,293)
Additions	-	-	-	-	6,482,831	63,970	-	6,546,801
Amortisation of interest expense	-	-	-	-	-	2,293	-	2,293
Impact of changes in foreign exchange rate	121,140	-	343,325	-	-	10,129	-	474,594
At March 31	\$ 2,364,147	\$ -	\$ 24,235,999	\$ 8,000,000	\$ 6,482,831	\$ 412,465	\$ 258,048	\$ 41,753,490

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	( 2,427,085)	-	137,434	-	-	( 56,052)	( 1,701)	( 2,347,404)
Interest paid	-	-	-	-	-	( 2,622)	-	( 2,622)
Additions	-	-	-	-	4,537,982	12,176	-	4,550,158
Amortisation of interest expense	-	-	-	-	-	2,622	-	2,622
Impact of changes in foreign exchange rate	( 5,903)	-	( 194,572)	-	-	( 1,977)	-	( 202,452)
At March 31	\$ 2,261,758	\$ 1,500,000	\$ 26,161,774	\$ 10,500,000	\$ 4,537,992	\$ 388,052	\$ 268,889	\$ 45,618,465

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

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

### (2) Significant related party transactions

#### A. Operating revenue

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Sales of goods:		
-Other related parties	\$ 65,266	\$ 80,464

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

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable:			
-Other related parties	\$ 51,439	\$ 66,401	\$ 68,454

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 5 years. Rents are prepaid at the beginning of the year.

(b) Lease liabilities

i. Outstanding balance

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Key management personnel	\$ <u>53,951</u>	\$ <u>-</u>	\$ <u>-</u>

ii. Interest expense

	<u>Three-month period ended March 31, 2024</u>	<u>Three-month period ended March 31, 2023</u>
Key management personnel	\$ <u>215</u>	\$ <u>-</u>

(32) Key management compensation

	<u>Three-month period ended March 31, 2024</u>	<u>Three-month period ended March 31, 2023</u>
Short-term employee benefits	\$ <u>83,447</u>	\$ <u>126,768</u>
Post-employment benefits	<u>488</u>	<u>580</u>
	\$ <u>83,935</u>	\$ <u>127,348</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2023</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	
Time deposits (shown as 'Financial assets at amortised cost - current')	\$ <u>10,253</u>	\$ <u>3,879</u>	\$ <u>-</u>	Customs guarantees
Time deposits (shown as 'Financial assets at amortised cost - non-current')	<u>36,542</u>	<u>52,639</u>	<u>46,826</u>	Customs guarantees, Performance guarantees and Import credit limit
	\$ <u>46,795</u>	\$ <u>56,518</u>	\$ <u>46,826</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company's former distributor, Khalid Saeed Al Hajri Company Ltd., claimed that the termination of its agency contract was in dispute and filed a claim for arbitration. On March 31, 2024, the arbitral tribunal decided, through the unanimous decision of the three arbitrators, to appoint an independent accountant mutually agreed upon by both parties to review the relevant documents regarding this dispute and to make inquiries on both parties, including calculating the amount of damages (if any). The independent accountant is required to submit a report to the arbitral tribunal within 90 days of being appointed. The examination costs are to be shared equally between both parties.

(2) Commitments

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	\$ <u>2,157,433</u>	\$ <u>2,061,794</u>	\$ <u>2,369,746</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Amount of letter of credit that has been issued but not yet used	\$ -	\$ -	\$ 49,617

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the three-month periods ended March 31, 2024, the Company's strategy was unchanged from 2023. The Company maintained the gearing ratios below 200%. The gearing ratios at March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total liabilities	\$ 59,235,708	\$ 55,590,853	\$ 63,424,553
Total equity	\$ 82,900,425	\$ 85,995,065	\$ 81,719,383
Less : Intangible assets	( 192,870)	( 202,268)	( 224,931)
Tangible equity	\$ 82,707,555	\$ 85,792,797	\$ 81,494,452
Debt-equity ratio	72%	65%	78%

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 87,812	\$ 81,082	\$ 78,895
Financial assets at amortised cost			
Cash and cash equivalents	\$ 25,146,021	\$ 23,575,591	\$ 23,782,440
Financial assets at amortised cost	11,004,346	11,234,611	4,128,861
Notes receivable, net	4,355,555	4,147,117	4,112,068
Accounts receivable (including related parties)	10,223,001	9,342,146	10,722,354
Guarantee deposits paid	77,522	76,438	74,856
	<u>\$ 50,806,445</u>	<u>\$ 48,375,903</u>	<u>\$ 42,820,579</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 2,364,147	\$ 3,011,371	\$ 2,261,758
Short-term notes and bills payable	-	300,000	1,500,000
Notes payable	148,700	150,408	244,521
Accounts payable	6,490,883	7,182,403	7,191,327
Other accounts payable	10,484,129	4,262,273	8,751,870
Corporate bonds payable (including current portion)	8,000,000	8,000,000	10,500,000
Long-term borrowings (including current portion)	24,235,999	25,573,015	26,161,774
Guarantee deposits received	258,048	263,020	268,889
	<u>\$ 51,981,906</u>	<u>\$ 48,742,490</u>	<u>\$ 56,880,139</u>
Lease liabilities (including current portion)	<u>\$ 412,465</u>	<u>\$ 389,716</u>	<u>\$ 388,052</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:

March 31, 2024

		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
<b>(Foreign currency: functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 108,182	\$ 32.000	\$ 3,461,824	1%	\$ 34,618	\$ -
RMB : TWD	28,964	4.408	127,673	1%	1,277	-
EUR : TWD	14,627	34.460	504,046	1%	5,040	-
JPY : TWD	1,007,905	0.212	213,676	1%	2,137	-
USD : RMB	150,254	7.260	4,808,441	1%	48,084	-
EUR : RMB	31,255	7.818	1,077,102	1%	10,771	-
GBP : RMB	4,009	9.163	161,926	1%	1,619	-
USD : THB	44,675	36.199	1,429,596	1%	14,296	-
EUR : THB	4,900	38.982	168,854	1%	1,689	-
USD : VND	14,626	25,196.850	468,032	1%	4,680	-
USD : CAD	27,669	1.355	885,549	1%	8,855	-
USD : IDR	8,676	15,763.547	277,632	1%	2,776	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 17,140	32.000	\$ 548,480	1%	\$ 5,485	\$ -
USD : RMB	16,527	7.260	528,898	1%	5,289	-
USD : THB	17,143	36.199	548,575	1%	5,486	-
USD : VND	10,148	25,196.850	324,736	1%	3,247	-
USD : CAD	6,457	1.355	206,657	1%	2,067	-
USD : IDR	252,566	15,763.547	8,082,112	1%	80,821	-
USD : INR	147,350	83.377	4,715,214	1%	47,152	-

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
<b>(Foreign currency: functional currency)</b>						
<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	-
<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	-

March 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)						
Financial assets						
Monetary items						
USD : TWD	\$ 181,913	30.450	\$ 5,539,251	1%	\$ 55,393	\$ -
RMB : TWD	87,684	4.431	388,528	1%	3,885	-
EUR : TWD	10,249	33.150	339,754	1%	3,398	-
JPY : TWD	677,114	0.229	155,059	1%	1,551	-
USD : RMB	105,056	6.872	3,198,938	1%	31,989	-
EUR : RMB	22,320	7.481	739,870	1%	7,399	-
GBP : RMB	4,020	8.501	151,425	1%	1,514	-
USD : THB	40,063	33.935	1,219,506	1%	12,195	-
USD : VND	10,415	23,789.063	317,137	1%	3,171	-
USD : CAD	16,629	1.355	597,641	1%	5,976	-
USD : IDR	9,800	15,000.000	298,410	1%	2,984	-
Financial liabilities						
Monetary items						
USD : TWD	\$ 17,853	30.450	\$ 543,624	1%	\$ 5,436	\$ -
USD : RMB	17,312	6.872	527,147	1%	5,271	-
USD : THB	21,744	33.935	661,881	1%	6,619	-
USD : VND	39,852	23,789.063	1,213,493	1%	12,135	-
USD : CAD	7,224	1.355	219,948	1%	2,199	-
USD : IDR	253,847	15,000.000	7,729,641	1%	77,296	-
USD : INR	194,235	82.253	5,914,468	1%	59,145	-

- iv. The exchange gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2024 and 2023 amounted to \$150,533 thousand and \$362,459 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the three-month periods ended March 31, 2024 and 2023 would have increased/decreased by \$878 thousand and \$789 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the three-month periods ended March 31, 2024 and 2023, the Group's borrowings at variable rate were denominated in the TWD, USD, RMB, 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 March 31, 2024 and 2023, if interest rates on TWD, USD, RMB, 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 three-month periods ended March 31, 2024 and 2023 would have been \$6,621 thousand and \$7,448 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
  - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
  - iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
  - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix is as follows:

<u>March 31, 2024</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 1.62%	\$ 13,134,693	\$ 10,508
Up to 30 days	0.01% ~ 5.73%	973,405	10,999
31 to 90 days	0.02% ~ 9.53%	272,981	3,631
91 to 180 days	0.62% ~ 41.56%	66,717	4,690
Over 180 days	0.64% ~100.00%	129,047	19,898
		<u>\$ 14,576,843</u>	<u>\$ 49,726</u>
<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>March 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 0.46%	\$ 13,360,264	\$ 18,629
Up to 30 days	0.01% ~ 3.71%	1,060,525	12,514
31 to 90 days	0.01% ~ 11.26%	237,142	8,158
91 to 180 days	0.01% ~ 38.95%	167,382	44,892
Over 180 days	0.01% ~100.00%	45,993	21,145
		<u>\$ 14,871,306</u>	<u>\$ 105,338</u>

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

	2024		
	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ 73,177	\$ 73,177
Reserve for impairment	- (	22,929)	( 22,929)
Write-offs	- (	1,342)	( 1,342)
Effect of exchange rate changes	-	820	820
At March 31	<u>\$ -</u>	<u>\$ 49,726</u>	<u>\$ 49,726</u>
	2023		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 9,277	\$ 38,364	\$ 47,641
Provision for impairment	-	57,702	57,702
Effect of exchange rate changes	- (	5)	( 5)
At March 31	<u>\$ 9,277</u>	<u>\$ 96,061</u>	<u>\$ 105,338</u>

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

	March 31, 2024			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 11,004,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,004,346</u>
	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>
	March 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 4,128,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,128,861</u>

Based on assessment, the default possibility of the Group's financial assets at amortised cost is remote, and thus loss allowances as of March 31, 2024, December 31, 2023 and March 31, 2023 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.

<u>March 31, 2024</u>					
<u>Non-derivative financial liabilities</u>	<u>Less than three months</u>	<u>Between three and six months</u>	<u>Between six months and 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term					
borrowings	\$1,435,588	\$ 68,052	\$ 904,693	\$ -	\$ 2,408,333
Notes and accounts					
payable	6,639,583	-	-	-	6,639,583
Other payables	9,997,804	166,665	195,929	123,731	10,484,129
Lease liability	39,768	38,238	88,287	263,632	429,925
Guarantee deposits					
received	4,104	11,399	4,708	237,837	258,048
Long-term					
borrowings	186,164	500,135	3,718,162	21,788,109	26,192,570
Bonds payable	-	48,000	-	8,072,000	8,120,000

<u>December 31, 2023</u>					
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
<u>March 31, 2023</u>					
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	\$1,667,872	\$ 8,986	\$ 617,964	\$ -	\$ 2,294,822
Short-term notes and bills payable	1,500,000	-	-	-	1,500,000
Notes and accounts payable	7,435,848	-	-	-	7,435,848
Other payables	3,839,554	4,678,038	131,648	102,630	8,751,870
Lease liability	39,846	34,855	63,015	267,688	405,404
Guarantee deposits received	315	279	11,693	256,602	268,889
Long-term borrowings	611,413	3,517,015	1,522,398	22,992,429	28,643,255
Bonds payable	-	2,569,750	-	8,120,000	10,689,750

(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.

March 31, 2024				
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 8,000,000	\$ -	\$ 8,027,974	\$ -
December 31, 2023				
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 8,000,000	\$ -	\$ 8,017,233	\$ -
March 31, 2023				
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,500,000	\$ -	\$ 10,541,523	\$ -

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

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

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

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

March 31, 2024				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 29,625	\$ -	\$ 58,187	\$ 87,812
December 31, 2023				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 22,895	\$ -	\$ 58,187	\$ 81,082
March 31, 2023				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 20,708	\$ -	\$ 58,187	\$ 78,895

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

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

E. For the three-month periods ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the three-month periods ended March 31, 2024 and 2023.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

#### (3) Information on investments in Mainland China

- A. Basic information: please refer to table 8.
- B. Ceiling on investments in Mainland China: please refer to table 8.
- 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 three-month period ended March 31, 2024: please refer to tables 4, 5 and 6.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 9.

### 14. SEGMENT INFORMATION

#### (1) General information

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

## (2) Measurement of segment information

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

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

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

Three-month period ended March 31, 2024						
	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	\$ 2,969,030	\$ 3,199,962	\$ 6,255,710	\$ 2,218,044	\$ 5,199,998	\$ 19,842,744
Revenue from inter-segment revenue	1,918,499	264,095	158,107	236,408	570,909	3,148,018
Total segment revenue	<u>\$ 4,887,529</u>	<u>\$ 3,464,057</u>	<u>\$ 6,413,817</u>	<u>\$ 2,454,452</u>	<u>\$ 5,770,907</u>	<u>\$ 22,990,762</u>
Geographical regions						
Taiwan	\$ 2,136,776	\$ 51,525	\$ 14,519	\$ 6,708	\$ 18,398	\$ 2,227,926
China	72,997	2,604,173	4,284,383	-	3,951,696	10,913,249
US	1,154,571	36,486	2,366	326,006	83,627	1,603,056
Others	1,523,185	771,873	2,112,549	2,121,738	1,717,186	8,246,531
Total	<u>\$ 4,887,529</u>	<u>\$ 3,464,057</u>	<u>\$ 6,413,817</u>	<u>\$ 2,454,452</u>	<u>\$ 5,770,907</u>	<u>\$ 22,990,762</u>
Segment income	<u>\$ 990,553</u>	<u>\$ 136,823</u>	<u>\$ 958,176</u>	<u>\$ 482,152</u>	<u>\$ 987,467</u>	<u>\$ 3,555,171</u>
Three-month period ended March 31, 2023						
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 3,226,892	\$ 3,298,114	\$ 6,137,827	\$ 2,025,458	\$ 5,202,571	\$ 19,890,862
Revenue from inter-segment revenue	1,899,437	346,513	115,684	159,302	677,546	3,198,482
Total segment revenue	<u>\$ 5,126,329</u>	<u>\$ 3,644,627</u>	<u>\$ 6,253,511</u>	<u>\$ 2,184,760</u>	<u>\$ 5,880,117</u>	<u>\$ 23,089,344</u>
Geographical regions						
Taiwan	\$ 2,288,514	\$ 50,218	\$ 34,612	\$ 9,540	\$ 22,239	\$ 2,405,123
China	54,644	2,609,769	4,636,416	2,254	4,103,154	11,406,237
US	1,024,154	54,202	1,310	208,405	67,739	1,355,810
Others	1,759,017	930,438	1,581,173	1,964,561	1,686,985	7,922,174
Total	<u>\$ 5,126,329</u>	<u>\$ 3,644,627</u>	<u>\$ 6,253,511</u>	<u>\$ 2,184,760</u>	<u>\$ 5,880,117</u>	<u>\$ 23,089,344</u>
Segment income	<u>\$ 816,130</u>	<u>\$ 6,338</u>	<u>\$ 300,310</u>	<u>\$ 92,773</u>	<u>\$ 696,984</u>	<u>\$ 1,912,535</u>

(4) Reconciliation for segment income

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

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Adjusted revenue from reportable segments	\$ 22,990,762	\$ 23,089,344
Adjusted revenue from other operating segments	4,141,884	4,033,521
Total operating segments	27,132,646	27,122,865
Elimination of inter-segment revenue	( 3,510,292)	( 3,594,220)
Total consolidated operating revenue	<u>\$ 23,622,354</u>	<u>\$ 23,528,645</u>
Geographical regions		
Geographical regions from reportable segments	\$ 22,990,762	\$ 23,089,344
Geographical regions from other operating segments		
Taiwan	68,340	78,566
China	328,606	333,561
US	2,232,232	2,156,143
Others	1,512,706	1,465,251
Total geographical regions	27,132,646	27,122,865
Elimination of inter-segment revenue	( 3,510,292)	( 3,594,220)
Total consolidated operating revenue	<u>\$ 23,622,354</u>	<u>\$ 23,528,645</u>

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

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Adjusted income from reportable segments before income tax	\$ 3,555,171	\$ 1,912,535
Adjusted loss from other operating segments before income tax	( 460,683)	267,593
Total operating segments	3,094,488	2,180,128
Loss from elimination of inter-segment revenue	( 54,486)	19,482
Income from continuing operations before income tax	<u>\$ 3,040,002</u>	<u>\$ 2,199,610</u>

CHENG SHIN RUBBER IND. CO., LTD.  
Loans to others  
Three-month period ended March 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. ( Note 1 )	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month period ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party ( Note 2, 3, 4 )	Ceiling on total loans granted ( Note 5, 6, 7 )	Footnote
					March 31, 2024	March 31, 2024 ( Note 9 )							Item	Value			
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	\$ 1,600,000	\$ 1,600,000	\$ 1,424,000	5.43057%	Note 8	\$ -	Operating capital	\$ -	None	\$ -	\$ 8,232,585	\$ 32,930,339	Note 10
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	565,760	-	-	-	Note 8	-	Operating capital	-	None	-	5,032,709	8,387,848	Note 10
2	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	881,600	881,600	738,781	2.60%	Note 8	-	Operating capital	-	None	-	6,713,523	11,189,205	Note 10
3	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	1,600,000	1,600,000	1,440,000	3.81959%-3.83352%	Note 8	-	Operating capital	-	None	-	3,311,835	4,967,753	Note 10

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 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 MAXXIS International (Thailand) Co., Ltd.to a single party is 40% 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 PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to others is 100% of above Companies' net assets.

Note 6: Limit on loans granted by MAXXIS International (Thailand) Co., Ltd. to others is 60% of above Companies' net assets.

Note 7: Limit on loans granted by the Company to others is 40% of its net assets.

Note 8: Fill in purpose of loan when nature of loan is for short-term financing.

Note 9: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

Note 10: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Provision of endorsements and guarantees to others

Three-month period ended March 31, 2024

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2024	Outstanding endorsement/ guarantee amount at March 31, 2024	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	\$ 41,162,924	\$ 6,737,080	\$ 6,737,080	\$ 4,716,195	\$ -	8.18	\$ 57,628,094	Y	N	N	Note 2, 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	41,162,924	6,369,686	6,169,600	4,934,957	-	7.49	57,628,094	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.

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

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

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at March 31, 2024.

\$ 57,628,094

\$ 16,465,170

\$ 41,162,924

CHENG SHIN RUBBER IND. CO., LTD.

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

March 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities		As of March 31, 2024				Footnote
				Number of shares/ units	Book value	Ownership (%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	issuer	- Current financial assets at fair value through other comprehensive income	-	\$ 29,625	-	\$ 29,625	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.  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
Three-month period ended March 31, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions (Note 1)				
			Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 966,036)	( 24.57)	Collect within 90 days after shipment of goods	Same	Same	\$ 1,000,775	39.92	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	( 122,810)	( 3.12)	Collect within 90 days after shipment of goods	Same	Same	144,371	5.76	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	( 793,334)	( 20.18)	Collect within 30 days	Same	Same	311,334	12.42	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	( 140,065)	( 4. 04)	Collect within 60~90 days after shipment of goods	Same	Same	222,326	12.57	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	( 171,457)	( 24.93)	Collect within 60~90 days after shipment of goods	Same	Same	163,916	30.82	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	( 109,272)	( 4.27)	Collect within 60~90 days after shipment of goods	Same	Same	98,389	15.28	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	( 202,894)	( 8.27)	Collect within 90 days after shipment of goods	Same	Same	207,308	11.15	Note 3

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
March 31, 2024

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024	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)	\$ 1,000,775	0.84	\$ -	-	\$ 355,340	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	144,371	0.71	-	-	44,770	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 4)	116,582	Note 2	-	-	18,409	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	312,996	Note 3	-	-	312,020	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	222,326	0.53	-	-	53,189	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	133,079	Note 3	-	-	48,276	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	164,006	Note 3	-	-	61,454	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent (Note 4)	151,476	0.72	-	-	10,875	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	207,308	0.92	-	-	89,388	-

Note 1: Subsequent collection is the amount collected as of May 6, 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  
Three-month period ended March 31, 2024

Table 6

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)
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 966,036	Collect within 90 days after shipment of goods	4.09
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,000,775	Collect within 90 days after shipment of goods	0.70
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	793,334	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	311,334	The term is 30 days after monthly billing	0.22
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	1	Other receivables	1,424,000	Pay interest quarterly	1.00
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	222,326	Collect within 60~90 days after shipment of goods	0.16
2	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	738,781	Pay interest quarterly	0.52
3	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	202,894	Collect within 90 days after shipment of goods	0.86
3	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	207,308	Collect within 90 days after shipment of goods	0.15
3	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	3	Other receivables	1,440,000	Pay interest quarterly	1.01

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

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

Table 7

CHENG SHIN RUBBER IND. CO., LTD.  
Information on investees  
Three-month period ended March 31, 2024

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three-month period ended March 31, 2024	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2024 (Note 1)	Footnote
				Balance as at March 31, 2024	Balance as at December 31, 2023	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	\$ 43,800,726	\$ 540,511	\$ 534,570	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	31,150,809	914,403	901,323	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	12,329,522	708,209	669,474	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	3,298,941	( 24,885)	( 24,900)	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	851,588	10,608	10,608	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	177,085	( 4,577)	( 2,288)	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	78,278	( 18,929)	( 18,929)	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	6,103,279	199,992,500	100.00	311,812	( 268,557)	( 268,557)	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	7,055,387	1,686,986,327	100.00	-	( 156,008)	( 155,651)	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	738,331	71,248	71,248	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	41,702	( 533)	( 533)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	66,110	66,110	2,000,000	100.00	60,579	366	366	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	10,795	( 97)	( 97)	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	671	673	135	Note 3,Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees  
Three-month period ended March 31, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three-month period ended March 31, 2024	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2024	Footnote
				Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 36,417,500	\$ 475,571	\$ 475,571	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	30,974,481	907,453	907,453	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	12,663,683	708,144	708,144	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	8,279,588	402,994	366,514	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	4,380,981	305,004	302,749	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	2,560	2,456	-	80.00	2,685	673	538	Note 3,Note 4

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

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

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

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

Note 5: The Company continusly provides financial support the investee accounted for using the equity method, and transferred the credit balance fo long-term investments to 'other non-current liabilities.'

The transaction was eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China  
Three-month period ended March 31, 2024

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income of investee as of March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three- month period ended March 31, 2024, (Note 2)	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Footnote
				as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan							
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,600,000	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 319,750	100.00	\$ 320,486	\$ 25,998,272	\$ 20,191,877	(Note 3,5,7)
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	7,200,000	2	2,385,506	-	-	2,385,506	881,013	100.00	871,440	28,835,102	25,034,437	(Note 4,7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	272,000	2	68,602	-	-	68,602	( 3,336)	50.00	( 1,668)	320,535	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	3,200,000	2	-	-	-	-	81,097	100.00	80,517	6,016,421	1,548,045	(Note 4,7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	22,040	2	-	-	-	-	1,270	100.00	1,270	56,049	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	576,000	2	-	-	-	-	43,928	100.00	43,928	619,117	757,407	(Note 7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	4,160,000	2	-	-	-	-	27,336	100.00	27,434	11,200,800	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	1,440,000	2	-	-	-	-	95,505	100.00	88,730	8,387,848	7,259,056	(Note 7)

## CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China  
Three-month period ended March 31, 2024

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income of investee as of March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three- month period ended March 31, 2024, (Note 2)	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products	\$ 640,000	2	\$ -	\$ -	\$ -	\$ -	(\$ 18,731)	100.00	(\$ 18,731)	\$ -	\$ -	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	B. Management of racing tracks Distribution of rubber and components of tires	154,280	2	-	-	-	-	( 2,462)	95.00	( 2,339)	85,061	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	63,528	2	-	-	-	-	6,077	49.00	2,978	140,097	-	(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	4,187,600	2	-	-	-	-	316,169	100.00	316,169	9,041,932	1,014,708	(Note 5, 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,675,040	2	-	-	-	-	( 3,841)	100.00	( 3,841)	2,114,594	-	(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 NTD32: USD 1 and NTD 4.408: RMB 1 prevailing on March 31, 2024.

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

CHENG SHIN RUBBER IND. CO., LTD.  
 Ceiling on investments in Mainland China  
 Three-month period ended March 31, 2024

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024 (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.	\$ 3,932,800	\$	21,532,800	\$	-

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024 was USD\$122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD\$672,900 thousand.

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

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

March 31, 2024

Table 9

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
Chen, Yun Hwa	179,952,531	5.55

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.