

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2024 AND 2023

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

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

For the year ended December 31, 2024, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24005232

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

Opinion

We have audited the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 financial statements are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of sales revenue recognition, please refer to Note 4(32). For the detail of sales revenue, please refer to Note 6(22). For the year ended December 31, 2024, the sales revenue amounted to NT\$96,247,057 thousand.

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

How our audit addressed the matter

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

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

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

Description

For the accounting policy on property, plant and equipment, please refer to Note 4(16). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2024, the unfinished construction and equipment under acceptance amounted to NT\$2,259,994 thousand.

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

How our audit addressed the matter

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

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

Other matter – Scope of the audit

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$18,264,123 thousand and NT\$13,151,533 thousand, constituting 12% and 9% of the consolidated total assets as of December 31, 2024 and 2023, respectively, and the total liabilities of NT\$6,115,594 thousand and NT\$2,183,742 thousand, constituting 11% and 4% of the consolidated total liabilities as of December 31, 2024 and 2023, respectively, and total operating revenues of NT\$15,970,983 thousand and NT\$14,340,257 thousand, constituting 17% and 15% of consolidated total net operating revenue for the years then ended, respectively.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Group as at and for the years ended December 31, 2024 and 2023.

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chou, Chien-Hung

Wang, Yu-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2025

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

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	26,609,220	18	\$	23,575,591	16
1120	Financial assets at fair value through other comprehensive income - current	6(2)		33,345	-		22,895	-
1136	Financial assets at amortised cost - current	6(3) and 8		4,557,523	3		2,073,637	2
1150	Notes receivable, net	6(4) and 8		2,522,756	2		4,147,117	3
1170	Accounts receivable, net	6(4)		9,021,802	6		9,275,745	7
1180	Accounts receivable - related parties	7		43,484	-		66,401	-
130X	Inventories	6(5)		18,695,388	13		17,042,864	12
1410	Prepayments			1,008,705	1		732,017	-
1470	Other current assets			527,526	-		218,883	-
11XX	Current Assets			63,019,749	43		57,155,150	40
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non- current	6(2)		58,187	-		58,187	-
1535	Financial assets at amortised cost - non-current	6(3) and 8		13,789,343	10		9,160,974	7
1550	Investments accounted for under equity method	6(6)		178,639	-		179,373	-
1600	Property, plant and equipment, net	6(7)		61,724,202	42		66,977,367	48
1755	Right-of-use assets	6(8)		4,604,945	3		4,625,540	3
1760	Investment property, net	6(9)		702,766	1		673,845	-
1840	Deferred income tax assets	6(28)		1,568,311	1		2,303,446	2
1900	Other non-current assets	6(10)		608,321	-		452,036	-
15XX	Non-current assets			83,234,714	57		84,430,768	60
1XXX	Total assets		\$	146,254,463	100	\$	141,585,918	100

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 3,467,624	2	\$ 3,011,371	2
2110	Short-term notes and bills payable	6(12)	-	-	300,000	-
2130	Current contract liabilities	6(22)	728,119	1	541,845	-
2150	Notes payable		90,160	-	150,408	-
2170	Accounts payable		7,552,862	5	7,182,403	5
2200	Other payables	6(13) and 8	4,082,321	3	4,262,273	3
2230	Current income tax liabilities	6(28)	753,117	1	1,819,876	2
2280	Current lease liabilities	7	162,135	-	143,772	-
2320	Long-term liabilities, current portion	6(15)(16)	7,948,269	5	1,822,121	2
2399	Other current liabilities, others	6(14)	652,862	-	545,873	-
21XX	Current Liabilities		25,437,469	17	19,779,942	14
Non-current liabilities						
2530	Corporate bonds payable	6(15)	4,000,000	3	8,000,000	5
2540	Long-term borrowings	6(16)	22,299,816	15	23,750,894	17
2550	Provisions for liabilities - non-current		213,181	-	198,167	-
2570	Deferred income tax liabilities	6(28)	1,790,095	1	1,408,891	1
2580	Non-current lease liabilities	7	165,326	-	245,944	-
2600	Other non-current liabilities	6(17)	1,972,231	2	2,207,015	2
25XX	Non-current liabilities		30,440,649	21	35,810,911	25
2XXX	Total Liabilities		55,878,118	38	55,590,853	39
Equity						
Equity attributable to owners of parent						
	Share capital	6(18)				
3110	Share capital - common stock		32,414,155	22	32,414,155	23
	Capital surplus	6(19)				
3200	Capital surplus		104,251	-	70,044	-
	Retained earnings	6(20)				
3310	Legal reserve		17,893,214	13	17,172,449	12
3320	Special reserve		6,921,572	5	5,870,977	5
3350	Unappropriated retained earnings		36,654,631	25	36,826,502	26
	Other equity interest	6(21)				
3400	Other equity interest		(4,182,315)	(3)	(6,921,572)	(5)
31XX	Equity attributable to owners of the parent		89,805,508	62	85,432,555	61
36XX	Non-controlling interest		570,837	-	562,510	-
3XXX	Total equity		90,376,345	62	85,995,065	61
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 146,254,463	100	\$ 141,585,918	100

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

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

Items		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 96,247,057	100	\$ 96,201,313	100
5000	Operating costs	6(5)	(73,003,134)	(76)	(72,812,628)	(76)
5900	Net operating margin		23,243,923	24	23,388,685	24
	Operating expenses	7				
6100	Selling expenses		(5,936,689)	(6)	(5,735,566)	(6)
6200	General and administrative expenses		(3,602,308)	(4)	(3,478,091)	(4)
6300	Research and development expenses		(3,705,004)	(4)	(3,783,394)	(4)
6450	Expected credit gain (loss)	12(2)	11,882	-	(33,828)	-
6000	Total operating expenses		(13,232,119)	(14)	(13,030,879)	(14)
6900	Operating profit		10,011,804	10	10,357,806	10
	Non-operating income and expenses					
7100	Interest income	6(23)	1,087,906	1	791,273	1
7010	Other income	6(24)	915,140	1	700,248	-
7020	Other gains and losses	6(25)	(331,448)	-	(145,533)	-
7050	Finance costs	6(26) and 7	(941,717)	(1)	(1,186,931)	(1)
7060	Share of profit (loss) of associates	6(6)				
	and joint ventures accounted for					
	under equity method		946	-	(10,253)	-
7000	Total non-operating revenue and expenses		730,827	1	148,804	-
7900	Profit before income tax		10,742,631	11	10,506,610	10
7950	Income tax expense	6(28)	(2,714,443)	(3)	(3,308,648)	(3)
8200	Profit for the year		\$ 8,028,188	8	\$ 7,197,962	7

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

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(17)	\$ 77,355	-	\$ 31,580	-
8316	Unrealized gain on valuation of equity instruments at fair value through profit or loss	6(2)(21)	10,450	-	5,057	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	3,320	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(15,471)	-	(6,316)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		75,654	-	30,321	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(21)	3,430,982	4	(1,330,318)	(1)
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)	(682,202)	(1)	263,913	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		2,748,780	3	(1,066,405)	(1)
8300	Other comprehensive income (loss) for the year		<u>\$ 2,824,434</u>	<u>3</u>	<u>(\$ 1,036,084)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 10,852,622</u>	<u>11</u>	<u>\$ 6,161,878</u>	<u>6</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 8,017,116	8	\$ 7,182,382	7
8620	Non-controlling interest		11,072	-	15,580	-
			<u>\$ 8,028,188</u>	<u>8</u>	<u>\$ 7,197,962</u>	<u>7</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 10,821,577	11	\$ 6,157,051	6
8720	Non-controlling interest		31,045	-	4,827	-
			<u>\$ 10,852,622</u>	<u>11</u>	<u>\$ 6,161,878</u>	<u>6</u>
	Basic earnings per share	6(29)				
9750	Basic earnings per share		<u>\$ 2.47</u>		<u>\$ 2.22</u>	
	Diluted earnings per share	6(29)				
9850	Diluted earnings per share		<u>\$ 2.47</u>		<u>\$ 2.21</u>	

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital surplus			Retained earnings			Other equity interest					
									Unrealised gains from financial assets measured at fair value through other comprehensive income				
									Financial statements translation differences of foreign operations				
Notes	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			Total	Non-controlling interest	Total equity	
Year ended December 31, 2023													
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,181	\$ 16,665,921	\$ 7,588,138	\$ 32,946,205	(\$ 5,880,150)	\$ 9,173	\$ 83,811,199	\$ 575,616	\$ 84,386,815	
	-	-	-	-	-	-	7,182,382	-	-	7,182,382	15,580	7,197,962	
6(21)	-	-	-	-	-	-	25,264	(1,055,652)	5,057	(1,025,331)	(10,753)	(1,036,084)	
	-	-	-	-	-	-	7,207,646	(1,055,652)	5,057	6,157,051	4,827	6,161,878	
Appropriation and distribution of 2022 earnings:													
	-	-	-	-	506,528	-	(506,528)	-	-	-	-	-	
	-	-	-	-	-	(1,717,161)	1,717,161	-	-	-	-	-	
6(20)	-	-	-	-	-	-	(4,537,982)	-	-	(4,537,982)	-	(4,537,982)	
	-	-	-	-	-	-	-	-	-	-	(17,933)	(17,933)	
	-	-	-	2,306	-	-	-	-	-	2,306	-	2,306	
	-	-	-	(19)	-	-	-	-	-	(19)	-	(19)	
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 17,468	\$ 17,172,449	\$ 5,870,977	\$ 36,826,502	(\$ 6,935,802)	\$ 14,230	\$ 85,432,555	\$ 562,510	\$ 85,995,065	
Year ended December 31, 2024													
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 17,468	\$ 17,172,449	\$ 5,870,977	\$ 36,826,502	(\$ 6,935,802)	\$ 14,230	\$ 85,432,555	\$ 562,510	\$ 85,995,065	
	-	-	-	-	-	-	8,017,116	-	-	8,017,116	11,072	8,028,188	
6(21)	-	-	-	-	-	-	65,204	2,728,807	10,450	2,804,461	19,973	2,824,434	
	-	-	-	-	-	-	8,082,320	2,728,807	10,450	10,821,577	31,045	10,852,622	
Appropriation and distribution of 2023 earnings:													
	-	-	-	-	720,765	-	(720,765)	-	-	-	-	-	
	-	-	-	-	-	1,050,595	(1,050,595)	-	-	-	-	-	
6(20)	-	-	-	-	-	-	(6,482,831)	-	-	(6,482,831)	-	(6,482,831)	
	-	-	-	-	-	-	-	-	-	-	(22,718)	(22,718)	
	-	-	-	36,105	-	-	-	-	-	36,105	-	36,105	
	-	-	-	(1,898)	-	-	-	-	-	(1,898)	-	(1,898)	
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 51,675	\$ 17,893,214	\$ 6,921,572	\$ 36,654,631	(\$ 4,206,995)	\$ 24,680	\$ 89,805,508	\$ 570,837	\$ 90,376,345	

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 10,742,631	\$ 10,506,610
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(27)	9,448,246	10,310,056
Depreciation on right-of-use assets	6(8)(27)	245,014	261,942
Depreciation on investment property	6(9)(27)	46,823	38,956
Amortization expense	6(10)(27)	75,843	88,920
Expected credit (gain) loss	12(2)	(11,882)	33,828
Share of (profit) loss of associates and joint ventures accounted for using equity method	6(6)	(946)	10,253
Loss on disposal of property, plant and equipment	6(7)(25)	141,009	183,152
Interest expense	6(7)(26)	941,717	1,186,931
Interest income	6(23)	(1,087,906)	(791,273)
Deferred government grants revenue		(198,204)	(190,120)
Impairment loss on non-financial assets	6(7)(25)	6,752	-
Unrealized foreign exchange loss (gain) on foreign currency loans		19,790	(602,116)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		1,624,361	(710,970)
Accounts receivable		263,412	231,180
Accounts receivable - related parties		22,917	6,134
Inventories	(	( 1,074,381)	3,726,574
Prepayments	(	( 278,513)	184,781
Other current assets		58,375	120,733
Other non-current assets	(	( 176,339)	8,864
Changes in operating liabilities			
Contract liabilities - current		186,274	(12,477)
Notes payable	(	( 60,248)	(19,316)
Accounts payable		370,459	18,745
Other payables	(	( 100,128)	(536,492)
Other current liabilities		106,989	228,135
Accrued pension liabilities	(	( 15,052)	(7,097)
Other non-current liabilities	(	( 18,755)	16,353
Cash inflow generated from operations		21,278,258	24,292,286
Interest received		720,888	672,000
Dividends received		5,000	10,000
Interest paid	(	( 957,166)	(1,209,832)
Income tax paid	(	( 3,369,411)	(2,678,154)
Income tax refund received		16,994	123,998
Net cash flows from operating activities		17,694,563	21,210,298

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(\$ 8,804,059)	(\$ 8,386,789)
Proceeds from repayments of financial assets at amortised cost		2,082,601	907,422
Acquisition of property, plant and equipment	6(7)(30)	(2,684,858)	(3,164,535)
Payment for capitalized interests	6(7)(26)(30)	-	(2,714)
Proceeds from disposal of property, plant and equipment		130,867	137,327
Proceeds from disposal of right-of-use assets		10,763	-
Acquisition of intangible assets	6(10)	(51,484)	(50,891)
Decrease in refundable deposits		3,794	2,731
Decrease in other non-current liabilities		21,141	38,152
Net cash flows used in investing activities		(9,291,235)	(10,519,297)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(11)(31)	4,047,461	5,163,051
Decrease in short-term borrowings	6(11)(31)	(3,732,503)	(6,869,044)
Increase in short-term notes and bills payable	6(12)(31)	-	3,850,000
Decrease in short-term notes and bills payable	6(12)(31)	(300,000)	(5,050,000)
Repayments of corporate bonds	6(15)(31)	-	(2,500,000)
Proceeds in long-term borrowings	6(16)(31)	8,219,811	13,365,349
Repayments in long-term borrowings	6(16)(31)	(7,840,773)	(13,553,024)
Decrease in guarantee deposits received	6(31)	(651)	(7,570)
Repayments of principal portion of lease liabilities	6(8)(31)	(165,030)	(175,808)
Cash dividends paid	6(20)(31)	(6,482,831)	(4,537,982)
Cash dividends paid to non-controlling interests	6(31)	(22,718)	(17,933)
Capital surplus arising from donated assets		36,105	2,306
Dividends extinguished by prescription claimed by shareholders		(1,898)	(19)
Net cash flows used in financing activities		(6,243,027)	(10,330,674)
Effect of exchange rate changes on cash and cash equivalents		873,328	(125,977)
Net increase in cash and cash equivalents		3,033,629	234,350
Cash and cash equivalents at beginning of year	6(1)	23,575,591	23,341,241
Cash and cash equivalents at end of year	6(1)	<u>\$ 26,609,220</u>	<u>\$ 23,575,591</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
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
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 MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (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 IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS International Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CST Trading Ltd.	Holding company	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Trading Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	Note 4

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	Note 5
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	Note 5

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

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

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

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

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

Note 5: The entity was included in the consolidated financial statements since the Group had the power to govern the financial and operating policies under the comprehensive assessment.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

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

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

- (a) Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be 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.

(6) Cash equivalents

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

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

(14) Inventories

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

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

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

(16) Property, plant and equipment

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

- (a) Buildings and structures: 5 ~ 60 years
- (b) Machinery and equipment: 5 ~ 30 years
- (c) Test equipment: 5 ~ 15 years
- (d) Transportation equipment: 5 ~ 10 years
- (e) Office equipment: 3 ~ 10 years
- (f) Other equipment: 3 ~ 20 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

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

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

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

(18) Investment property

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

(19) Intangible assets

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

(20) Impairment of non-financial assets

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

(21) Borrowings

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

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Bonds payable

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

(25) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

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

(27) Non-hedging derivatives

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

(28) Provisions

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

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

C. Employees' and directors' remuneration

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

(30) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(31) Dividends

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

(32) Revenue recognition

A. Sales of goods:

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

B. Property development and resale

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

(b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred.

(33) Government grants

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

(34) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. There is no critical accounting judgement, estimates and assumptions uncertainty for the year ended December 31, 2024.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	\$ 3,848	\$ 4,150
Checking deposits	1,747,491	1,928,180
Demand deposits	11,003,675	17,344,858
Time deposits	13,854,206	4,298,403
	<u>\$ 26,609,220</u>	<u>\$ 23,575,591</u>
Interest rate range		
Time deposits	<u>1.45%~5.80%</u>	<u>1.12%~6.30%</u>

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

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

Items	December 31, 2024	December 31, 2023
Current items:		
Equity instruments		
Listed stocks	\$ 8,665	\$ 8,665
Valuation adjustment	24,680	14,230
Total	<u>\$ 33,345</u>	<u>\$ 22,895</u>
Non-current items:		
Equity instruments		
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>

- A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$91,532 thousand and \$81,082 thousand as at December 31, 2024 and 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:

	Year ended December 31, 2024	Year ended December 31, 2023
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 10,450	\$ 5,057

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

(3) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits	\$ 4,557,523	\$ 2,069,758
Pledged time deposits	-	3,879
	<u>\$ 4,557,523</u>	<u>\$ 2,073,637</u>
Non-current items:		
Time deposits	\$ 13,757,460	\$ 9,108,335
Pledged time deposits	31,883	52,639
	<u>\$ 13,789,343</u>	<u>\$ 9,160,974</u>

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

	Year ended December 31, 2024	Year ended December 31, 2023
Interest income	\$ 403,351	\$ 210,316

- B. As at December 31, 2024 and 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 \$18,346,866 thousand and \$11,234,611 thousand, respectively.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 12(2).
- D. The Group invests time deposits with financial institutions with sound reputation, and therefore do not expect the financial assets at amortized cost to breach.
- E. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(4) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 3,926,687	\$ 5,209,793
Less: Discounted notes receivable	(1,403,931)	(1,062,676)
	<u>\$ 2,522,756</u>	<u>\$ 4,147,117</u>
Accounts receivable	\$ 9,079,641	\$ 9,348,922
Less: Loss allowance	(57,839)	(73,177)
	<u>\$ 9,021,802</u>	<u>\$ 9,275,745</u>

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

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 7,390,098	\$ 2,522,756	\$ 7,764,728	\$ 4,147,117
Up to 30 days	1,153,919	-	959,556	-
31 to 90 days	372,230	-	371,069	-
91 to 180 days	46,735	-	82,213	-
Over 180 days	116,659	-	171,356	-
	<u>\$ 9,079,641</u>	<u>\$ 2,522,756</u>	<u>\$ 9,348,922</u>	<u>\$ 4,147,117</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2024 and 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. The bills receivable transferred by the Group are all bank acceptance bills given by the customer. According to a FAQ issued by Secrtities and Futures Bureau on December 26, 2018, “Whether the transfer of notes receivable in Mainland China can be derecognised”, assess the credit rating of the accepting bank that received the banker’s acceptance. Banker’s acceptance with a higher credit rating of the accepting bank usually have less credit risk and late payment risk. The main risk associated with a banker’s acceptance is interest rate risk, and interest rate risk has been transferred with an endorsement of notes. It is able to judge that almost all risks and rewards of owership of banker’s acceptance have been transferred. Therefore, the endorsement of the banker’s acceptance transferred to the supplier is eligible for derecognition. The discounted and transferred notes are reported as a deduction for notes receivable.

	December 31, 2024	December 31, 2023
Written-off amount	<u>\$ 1,403,931</u>	<u>\$ 1,062,676</u>

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 December 31, 2024 and 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 \$2,522,756 thousand and \$9,021,802 thousand; \$4,147,117 thousand and \$9,275,745 thousand, respectively.

F. Details of Group’s notes receivable pledged to others as collateral are provided in Note 8.

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

(5) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,409,435	(\$ 4,015)	\$ 6,405,420
Work in progress	2,223,519	-	2,223,519
Finished goods	7,680,140	(62,428)	7,617,712
Buildings and land held for sale	2,005,524	-	2,005,524
Inventory in transit	443,213	-	443,213
	<u>\$ 18,761,831</u>	<u>(\$ 66,443)</u>	<u>\$ 18,695,388</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>

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2024	Year ended December 31, 2023
Cost of goods sold	\$ 72,954,368	\$ 72,876,573
Unallocated overheads	181,943	119,641
Others	(133,177)	(183,586)
	<u>\$ 73,003,134</u>	<u>\$ 72,812,628</u>

For the years ended December 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 December 31, 2024 and 2023, the carrying amount of the Group's individually immaterial joint ventures amounted to \$178,639 thousand and \$179,373 thousand, respectively.

	Year ended December 31, 2024	Year ended December 31, 2023
Share of profit (loss) of associates and joint ventures accounted for using the equity method	\$ 946	(\$ 10,253)
Other comprehensive income- net of tax	3,320	-
Total comprehensive income (loss)	<u>\$ 4,266</u>	<u>(\$ 10,253)</u>

The recognition of gain on investments accounted for using the equity method was based on financial statements prepared by joint ventures.

(7) Property, plant and equipment, net

Year ended December 31, 2024						
	Opening balance	Additions	Disposals	Transfers	Exchange rate differences	Closing balance
Cost						
Land	\$ 4,555,782	\$ 303	\$ -	\$ -	\$ 40,889	\$ 4,596,974
Buildings and structures	50,920,979	79,893	(28,743)	120,772	1,596,569	52,689,470
Machinery	107,053,947	288,645	(1,155,988)	950,795	3,700,935	110,838,334
Testing equipment	4,239,333	20,633	(36,282)	26,068	117,987	4,367,739
Transportation equipment	1,400,703	31,961	(90,715)	18,343	42,642	1,402,934
Office equipment	1,098,747	28,002	(25,537)	(2,517)	35,701	1,134,396
Other facilities	33,932,740	1,112,267	(3,106,386)	439,925	1,176,478	33,555,024
Unfinished construction and equipment under acceptance	2,696,828	1,068,487	(4,938)	(1,552,215)	51,832	2,259,994
	<u>\$ 205,899,059</u>	<u>\$ 2,630,191</u>	<u>(\$ 4,448,589)</u>	<u>\$ 1,171</u>	<u>\$ 6,763,033</u>	<u>\$ 210,844,865</u>
Accumulated depreciation						
Buildings and structures	(\$ 26,121,916)	(\$ 2,013,953)	\$ 18,321	\$ 159	(\$ 875,045)	(\$ 28,992,434)
Machinery	(76,424,701)	(5,335,648)	924,697	(159)	(2,818,936)	(83,654,747)
Testing equipment	(3,745,268)	(179,377)	32,275	560	(101,914)	(3,993,724)
Transportation equipment	(1,245,727)	(55,532)	82,420	(560)	(37,749)	(1,257,148)
Office equipment	(1,030,220)	(30,117)	23,683	351	(30,816)	(1,067,119)
Other facilities	(30,171,719)	(1,833,619)	3,088,879	(25)	(1,050,398)	(29,966,882)
	<u>(\$ 138,739,551)</u>	<u>(\$ 9,448,246)</u>	<u>\$ 4,170,275</u>	<u>\$ 326</u>	<u>(\$ 4,914,858)</u>	<u>(\$ 148,932,054)</u>
Accumulated impairment						
Machinery	(\$ 165,459)	(\$ 6,050)	\$ 1,223	\$ -	(\$ 5,631)	(\$ 175,917)
Testing equipment	(21)	(10)	-	-	(1)	(32)
Transportation equipment	(1,948)	-	624	-	(65)	(1,389)
Office equipment	(45)	-	-	-	(2)	(47)
Other facilities	(14,668)	(692)	4,591	-	(455)	(11,224)
	<u>(\$ 182,141)</u>	<u>(\$ 6,752)</u>	<u>\$ 6,438</u>	<u>\$ -</u>	<u>(\$ 6,154)</u>	<u>(\$ 188,609)</u>
	<u>\$ 66,977,367</u>					<u>\$ 61,724,202</u>

Year ended December 31, 2023

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

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 December 31, 2024, the Group had no capitalization of interest.

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

(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:

	December 31, 2024	December 31, 2023
	Book value	Book value
Land	\$ 4,359,438	\$ 4,270,849
Buildings and structures	143,222	215,447
Machinery	2,221	8,136
Transportation equipment	61,260	83,928
Office equipment	1,083	2,577
Other equipment	37,721	44,603
	<u>\$ 4,604,945</u>	<u>\$ 4,625,540</u>
	Year ended December 31, 2024	Year ended December 31, 2023
	Depreciation expense	Depreciation expense
Land	\$ 101,792	\$ 103,272
Buildings and structures	84,153	90,491
Machinery	1,183	2,919
Transportation equipment	42,341	51,270
Office equipment	1,507	1,652
Other equipment	14,038	12,338
	<u>\$ 245,014</u>	<u>\$ 261,942</u>

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets amounted to \$94,804 thousand and \$143,239 thousand, respectively.

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

<u>Items affecting profit or loss</u>	Year ended	Year ended
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Interest expense on lease liabilities	\$ 10,542	\$ 11,600
Expense on short-term lease contracts	38,435	15,202
Expense on leases of low-value assets	3,164	3,092
Expense on variable lease payments	129,324	160,520
	<u>\$ 181,465</u>	<u>\$ 190,414</u>

F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases amounted to \$346,495 thousand and \$366,222 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 30.32% and 35.49% of lease payments are on the basis of variable payment terms for the years ended December 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 \$1,293 thousand and \$1,605 thousand for the years ended December 31, 2024 and 2023, respectively.

(9) Investment property, net

<u>Year ended December 31, 2024</u>					
	<u>Opening balance</u>	<u>Additions</u>	<u>Transfer</u>	<u>Exchange rate differences</u>	<u>Closing balance</u>
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	916,356	-	62,188	31,339	1,009,883
	<u>\$ 1,252,777</u>	<u>\$ -</u>	<u>\$ 62,188</u>	<u>\$ 31,339</u>	<u>\$ 1,346,304</u>
Accumulated depreciation					
Buildings and structures	<u>(\$ 527,894)</u>	<u>(\$ 46,823)</u>	<u>\$ -</u>	<u>(\$ 17,783)</u>	<u>(\$ 592,500)</u>
Accumulated impairment					
Land	<u>(\$ 51,038)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 51,038)</u>
	<u>\$ 673,845</u>				<u>\$ 702,766</u>

Year ended December 31, 2023					
	Opening balance	Additions	Transfer	Exchange rate differences	Closing balance
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	465,245	-	466,408	(15,297)	916,356
	<u>\$ 801,666</u>	<u>\$ -</u>	<u>\$ 466,408</u>	<u>(\$ 15,297)</u>	<u>\$ 1,252,777</u>
Accumulated depreciation					
Buildings and structures	(\$ 265,007)	(\$ 38,956)	(\$ 232,562)	\$ 8,631	(\$ 527,894)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 485,621</u>				<u>\$ 673,845</u>

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

	Year ended December 31, 2024	Year ended December 31, 2023
Rental income from investment property	<u>\$ 46,349</u>	<u>\$ 37,883</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 46,823</u>	<u>\$ 38,956</u>

B. The fair value of the investment property held by the Group as at December 31, 2024 and 2023 was \$1,781,068 thousand and \$1,705,391 thousand, respectively, which were valued by independent appraisers. Valuations were made using the comparison method which is categorized within Level 3 in the fair value hierarchy.

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

(10) Other non-current assets

	December 31, 2024	December 31, 2023
Intangible assets	\$ 186,009	\$ 202,268
Others	422,312	249,768
	<u>\$ 608,321</u>	<u>\$ 452,036</u>

Movements in intangible assets:

Year ended December 31, 2024						
	Opening balance	Additions	Reductions	Transfer	Exchange rate differences	Closing balance
Cost						
Computer software	\$ 745,752	\$ 51,484	(\$ 28,805)	\$ 2,420	\$ 24,731	\$ 795,582
Others	7,801	-	-	-	273	8,074
	<u>\$ 753,553</u>	<u>\$ 51,484</u>	<u>(\$ 28,805)</u>	<u>\$ 2,420</u>	<u>\$ 25,004</u>	<u>\$ 803,656</u>
Accumulated amortisation						
Computer software	(\$ 545,825)	(\$ 75,040)	\$ 28,805	(\$ 326)	(\$ 18,802)	(\$ 611,188)
Others	(5,460)	(803)	-	-	(196)	(6,459)
	<u>(\$ 551,285)</u>	<u>(\$ 75,843)</u>	<u>\$ 28,805</u>	<u>(\$ 326)</u>	<u>(\$ 18,998)</u>	<u>(\$ 617,647)</u>
	<u>\$ 202,268</u>					<u>\$ 186,009</u>
Year ended December 31, 2023						
	Opening balance	Additions	Reductions	Transfer	Exchange rate differences	Closing balance
Cost						
Computer software	\$ 741,268	\$ 50,891	(\$ 49,006)	\$ 10,449	(\$ 7,850)	\$ 745,752
Others	7,947	-	-	-	(146)	7,801
	<u>\$ 749,215</u>	<u>\$ 50,891</u>	<u>(\$ 49,006)</u>	<u>\$ 10,449</u>	<u>(\$ 7,996)</u>	<u>\$ 753,553</u>
Accumulated amortisation						
Computer software	(\$ 511,434)	(\$ 88,128)	\$ 49,006	\$ -	\$ 4,731	(\$ 545,825)
Others	(4,768)	(792)	-	-	100	(5,460)
	<u>(\$ 516,202)</u>	<u>(\$ 88,920)</u>	<u>\$ 49,006</u>	<u>\$ -</u>	<u>\$ 4,831</u>	<u>(\$ 551,285)</u>
	<u>\$ 233,013</u>					<u>\$ 202,268</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Operating costs	\$ 9,540	\$ 7,129
Selling expenses	9,993	13,646
Administrative expenses	29,129	39,128
Research and development expenses	27,181	29,017
	<u>\$ 75,843</u>	<u>\$ 88,920</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 3,467,624</u>	1.50% ~ 5.30%	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

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

(12) Short-term notes and bills payable

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

	December 31, 2023
Short-term notes and bills payable	\$ 300,000
Interest rate range	1.56%

(13) Other payables

	December 31, 2024	December 31, 2023
Wages and salaries payable	\$ 1,448,420	\$ 1,390,784
Payable on machinery and equipment	239,436	294,103
Employee compensation payable	389,470	357,753
Compensation due to directors	146,155	150,392
Other accrued expenses	1,858,840	2,069,241
	<u>\$ 4,082,321</u>	<u>\$ 4,262,273</u>

(14) Other current liabilities

	December 31, 2024	December 31, 2023
Advance receipts	\$ 39,333	\$ 74,444
Refund liabilities	441,816	317,502
Others	171,713	153,927
	<u>\$ 652,862</u>	<u>\$ 545,873</u>

(15) Bonds payable

	December 31, 2024	December 31, 2023
Bonds payable -issued in 2021	\$ 8,000,000	8,000,000
Less: Current portion	(4,000,000)	-
	<u>\$ 4,000,000</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	December 31, 2024
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2030.	1.38% ~ 5.70%	None	\$ 26,248,085
Less: Current portion				(3,948,269)
				<u>\$ 22,299,816</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 January 2030.	1.25% ~ 6.19%	None	\$ 25,573,015
Less: Current portion				(1,822,121)
				<u>\$ 23,750,894</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, 2024 and 2023, respectively.

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	December 31, 2024	December 31, 2023
USD	\$ 4,426,008	\$ 7,453,639

(17) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' including commissioned managers service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standard Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 935,309	\$ 966,996
Fair value of plan assets	(728,165)	(649,325)
Net defined benefit liability	<u>\$ 207,144</u>	<u>\$ 317,671</u>

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

Year ended December 31, 2024			
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 966,996	(\$ 649,325)	\$ 317,671
Current service cost	6,787	-	6,787
Interest expense (income)	11,604	(7,792)	3,812
	<u>985,387</u>	<u>(657,117)</u>	<u>328,270</u>
Remeasurements:			
Change in financial assumptions	(27,597)	-	(27,597)
Experience adjustments	9,358	-	9,358
Return on plan asset (excluding amounts included in interest income or expense)	-	(59,116)	(59,116)
	<u>(18,239)</u>	<u>(59,116)</u>	<u>(77,355)</u>
Pension fund contribution	-	(43,771)	(43,771)
Paid pension	(31,839)	31,839	-
Balance at December 31	<u>\$ 935,309</u>	<u>(\$ 728,165)</u>	<u>\$ 207,144</u>
Year ended December 31, 2023			
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 1,027,038	(\$ 678,484)	\$ 348,554
Current service cost	7,968	-	7,968
Interest expense (income)	13,351	(8,820)	4,531
	<u>1,048,357</u>	<u>(687,304)</u>	<u>361,053</u>
Remeasurements:			
Change in financial assumptions	7,614	-	7,614
Experience adjustments	(35,889)	-	(35,889)
Return on plan asset (excluding amounts included in interest income or expense)	-	(3,305)	(3,305)
	<u>(28,275)</u>	<u>(3,305)</u>	<u>(31,580)</u>
Pension fund contribution	-	(11,802)	(11,802)
Paid pension	(53,086)	53,086	-
Balance at December 31	<u>\$ 966,996</u>	<u>(\$ 649,325)</u>	<u>\$ 317,671</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

For the years ended December 31, 2024 and 2023, the actual return on plan assets was \$66,908 thousand and \$12,125 thousand, respectively.

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

	Year ended December 31, 2024	Year ended December 31, 2023
Discount rate	1.60%	1.20%
Future salary increases	3.00%	3.00%

For the years ended December 31, 2024 and 2023, assumptions regarding future mortality experience are set based on the 6th empirical life table estimation in Taiwan life insurance industry, respectively.

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

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 16,585)	\$ 17,091	\$ 14,634	(\$ 14,293)
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 18,855)	\$ 19,465	\$ 16,764	(\$ 16,346)

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

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2025 amount to \$9,285 thousand.

- (g) As of December 31, 2024, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the weighted average duration of the future pension payment was as follows:

Within 1 year	\$	149,737
2-5 years		281,067
Over 6 years		281,107
	\$	<u>711,911</u>

- B. (a) Effective July 1, 2005, the Company and MAXXIS (Taiwan) Trading Co., Ltd. have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company and MAXXIS (Taiwan) Trading Co., Ltd. for the years ended December 31, 2024 and 2023 were \$123,096 thousand and \$123,258 thousand, respectively.
- C. (a) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 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 years ended December 31, 2024 and 2023, were \$571,964 thousand and \$567,537 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2024 and 2023 were \$70,597 thousand and \$49,754 thousand, respectively.

(18) Share capital

As at December 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 one 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 \$6,482,831 thousand and \$4,537,982 thousand (\$2 (in dollars) per share and \$1.4 (in dollars) per share) for the years ended December 31, 2024 and 2023. On March 12, 2025, the Board of Directors of the Company resolved that total dividends for the distribution of earnings for the year of 2024 was \$7,779,397 thousand at \$2.4 (in dollars) per share.

(21) Other equity items

	Year ended December 31, 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	-	10,450	10,450
Currency translation differences:			
– Group	3,411,009	-	3,411,009
– Tax on Group	(682,202)	-	(682,202)
At December 31	(\$ 4,206,995)	\$ 24,680	(\$ 4,182,315)

	Year ended December 31, 2023		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 5,880,150)	\$ 9,173	(\$ 5,870,977)
Valuation adjustment – Group	-	5,057	5,057
Currency translation differences:			
– Group	(1,319,565)	-	(1,319,565)
– Tax on Group	263,913	-	263,913
At December 31	(\$ 6,935,802)	\$ 14,230	(\$ 6,921,572)

(22) Operating revenue

	Year ended December 31, 2024	Year ended December 31, 2023
Revenue from contracts with customers	\$ 96,247,057	\$ 96,201,313

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:

	Year ended December 31, 2024				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 5,760,603	\$ 42,513,622	\$ 10,124,793	\$ 37,848,039	\$ 96,247,057

	Year ended December 31, 2023				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 6,253,547	\$ 44,705,394	\$ 9,996,690	\$ 35,245,682	\$ 96,201,313

B. Contract liabilities

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Advance sales receipts	\$ 728,119	\$ 521,460	\$ 527,661
Customer loyalty programmes	-	20,385	26,661
Total	\$ 728,119	\$ 541,845	\$ 554,322

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

	Year ended December 31, 2024	Year ended December 31, 2023
Advance sales receipts	\$ 372,433	\$ 327,215
Customer loyalty programmes	20,385	26,661
	\$ 392,818	\$ 353,876

(23) Interest income

	Year ended December 31, 2024	Year ended December 31, 2023
Interest income from bank deposits	\$ 684,555	\$ 580,957
Interest income from financial assets at amortised cost	403,351	210,316
	<u>\$ 1,087,906</u>	<u>\$ 791,273</u>

(24) Other income

	Year ended December 31, 2024	Year ended December 31, 2023
Grant revenue	\$ 271,494	\$ 281,840
Other income	643,646	418,408
	<u>\$ 915,140</u>	<u>\$ 700,248</u>

(25) Other gains and losses

	Year ended December 31, 2024	Year ended December 31, 2023
Net currency exchange (loss) gain	(\$ 37,931)	\$ 161,351
Loss on disposal of property, plant and equipment	(141,009)	(183,152)
Impairment loss on non-financial assets	(6,752)	-
Miscellaneous disbursement	(145,756)	(123,732)
	<u>(\$ 331,448)</u>	<u>(\$ 145,533)</u>

(26) Finance costs

	Year ended December 31, 2024	Year ended December 31, 2023
Interest expense:		
Bank borrowings	\$ 871,425	\$ 1,105,799
Corporate bonds	48,000	60,216
Provisions-discount	11,750	12,030
Lease liability-interest expense	10,542	11,600
	<u>\$ 941,717</u>	<u>\$ 1,189,645</u>
Less: Capitalisation of qualifying assets	-	(2,714)
	<u>\$ 941,717</u>	<u>\$ 1,186,931</u>

(27) Expenses by nature

	Year ended December 31, 2024	Year ended December 31, 2023
Employee benefit expense		
Wages and salaries	\$ 10,820,904	\$ 10,243,937
Labour and health insurance fees	758,719	753,550
Pension costs	776,256	753,048
Directors' remuneration	149,792	149,012
Other personnel expenses	778,147	730,757
	<u>\$ 13,283,818</u>	<u>\$ 12,630,304</u>
Raw materials and supplies used	<u>\$ 47,659,174</u>	<u>\$ 46,044,656</u>
Depreciation expense on property, plant and equipment	<u>\$ 9,448,246</u>	<u>\$ 10,310,056</u>
Depreciation expense on right-of-use assets	<u>\$ 245,014</u>	<u>\$ 261,942</u>
Depreciation expense on investment property	<u>\$ 46,823</u>	<u>\$ 38,956</u>
Amortisation expense on intangible assets	<u>\$ 75,843</u>	<u>\$ 88,920</u>

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

B. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$188,216 thousand and \$189,803 thousand, respectively; while directors' remuneration was accrued at \$134,104 thousand and \$135,235 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 years ended December 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 March 12, 2025, the employees' compensation for 2024 has not been distributed.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2024	Year ended December 31, 2023
Current tax:		
Current tax on profits for the year	\$ 2,406,979	\$ 2,428,454
Additional 5% tax on undistributed earnings	-	86,897
Prior year income tax (over) under estimation	(111,202)	355,285
Total current tax	<u>2,295,777</u>	<u>2,870,636</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>418,666</u>	<u>438,012</u>
Total current tax	<u>418,666</u>	<u>438,012</u>
Income tax expense	<u>\$ 2,714,443</u>	<u>\$ 3,308,648</u>

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

	Year ended December 31, 2024	Year ended December 31, 2023
Generated during the year :		
Currency translation differences	(\$ 682,202)	\$ 263,913
Remeasurement of defined benefit obligations	(15,471)	(6,316)
Total generated during the year	<u>\$ 697,673</u>	<u>(\$ 257,597)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2024	Year ended December 31, 2023
Tax calculated based on profit before tax and statutory tax rate	\$ 3,471,925	\$ 3,435,252
Effect from items disallowed by tax regulation	92,796	44,444
Income from investing overseas subsidiaries not recognized as deferred tax liabilities	(736,083)	(641,847)
Temporary differences not recognized as deferred tax regulation	229,903	285,693
Tax exempt income by tax regulation	(232,896)	(257,076)
Prior year income tax (over) under estimation	(111,202)	355,285
Additional 5% tax on undistributed earnings	-	86,897
Income tax expense	<u>\$ 2,714,443</u>	<u>\$ 3,308,648</u>

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

	Year ended December 31, 2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gain on inter-affiliated accounts	\$ 131,360	(\$ 11,185)	\$ -	\$ 120,175
Remeasurement of defined benefit obligations	117,625	-	(15,471)	102,154
Exchange differences on translation of foreign financial statements	1,212,633	-	(682,202)	530,431
Deferred government grant revenue	228,808	(18,717)	-	210,091
Unrealised exchange loss	36,468	(36,468)	-	-
Others	576,552	28,908	-	605,460
Subtotal	<u>\$ 2,303,446</u>	<u>(\$ 37,462)</u>	<u>(\$ 697,673)</u>	<u>\$ 1,568,311</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(\$ 790,367)	(\$ 344,660)	\$ -	(\$ 1,135,027)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Unrealised exchange gain	-	(9,629)	-	(9,629)
Others	(103,791)	(26,915)	-	(130,706)
Subtotal	<u>(\$ 1,408,891)</u>	<u>(\$ 381,204)</u>	<u>\$ -</u>	<u>(\$ 1,790,095)</u>
Total	<u>\$ 894,555</u>	<u>(\$ 418,666)</u>	<u>(\$ 697,673)</u>	<u>(\$ 221,784)</u>

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

D. (a) The China subsidiary that was consolidated in the financial statements was a productive foreign enterprise and established in People's Republic of China and is eligible for local tax incentives. In line with local tax law, the tax rate and applicable tax rate was 15% and 25%, respectively.

(b) For the years ended December 31, 2024 and 2023, the Company's subsidiary, Cheng Shin (Thailand) eligible to avail of the local tax incentives.

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences	<u>\$ 13,792,344</u>	<u>\$ 12,439,316</u>

F. The Company accrued deferred tax liabilities, taking into account operating result, degree of expansion and dividend policy of each overseas subsidiary. Based on the assessment, the amounts of temporary difference unrecognised as deferred tax liabilities as of December 31, 2024 and 2023 were \$62,984,458 thousand and \$51,070,249 thousand, respectively.

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

H. The Group has applied the exceptions relating to recognizing and disclosure information about deferred tax assets and liabilities related Pillar Two income taxes.

I. The Group's overseas subsidiaries, which are subject to the Pillar Two legislation that has come into effect in 2024, have been assessed, and the impact is immaterial; therefore, no income tax expense has been recognized for the current period.

J. The Group's exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). Pillar Two legislation was enacted in Hong Kong and Thailand, the jurisdiction in which certain subsidiaries are incorporated, and will come into effect from the fiscal year of 2025. Therefore, the Group has no related current tax exposure as of December 31, 2024.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

For 2024, the average effective tax rates calculated in accordance with IAS 12 for the Group's subsidiaries Cheng Shin International (HK) Ltd., MAXXIS International (HK) Ltd., and MAXXIS International (Thailand) Co., Ltd. operating in the Hong Kong and Thailand jurisdictions are 2.77%, 1.91%, and 19.76%, respectively. Their tax expenses are \$76,092,000, \$44,600,000, and \$131,417,000, respectively, and their accounting profits are \$2,748,903,000, \$2,330,702,000, and \$665,079,000, accounting for 25.59%, 21.70%, and 6.19% of the Group's total accounting profit.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates that for the Company's subsidiaries Cheng Shin International (HK) Ltd., MAXXIS International (HK) Ltd., and MAXXIS International (Thailand) Co., Ltd. operating in the Hong Kong and Thailand jurisdictions that the average effective tax rate based on accounting profit are 2.77%, 1.91%, and 19.76% for the year ended December 31, 2024. However, due to the complexities in applying the legislation and calculating GloBE income as well as the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist it with applying the legislation.

(29) Earnings per share

Year ended December 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	\$ 8,017,116	3,241,416	\$ 2.47
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	8,017,116	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,859	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 8,017,116	3,246,275	\$ 2.47
Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 7,182,382	3,241,416	\$ 2.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	7,182,382	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	5,208	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 7,182,382	3,246,624	\$ 2.21

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Year ended December 31, 2024	Year ended December 31, 2023
Purchase of property, plant and equipment	\$ 2,630,191	\$ 3,028,509
Add: Opening balance of payable on equipment	294,103	432,843
Less: Ending balance of payable on equipment	(239,436)	(294,103)
Cash paid during the year	\$ 2,684,858	\$ 3,167,249

(31) Changes in liabilities from financing activities

	Year ended December 31, 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	314,958	(300,000)	379,038	-	(6,505,549)	(165,030)	(651)	(6,277,234)
Interest paid	-	-	-	-	-	(10,542)	-	(10,542)
Additions	-	-	-	-	6,505,549	88,189	-	6,593,738
Amortisation of interest expense	-	-	-	-	-	10,542	-	10,542
Impact of changes in foreign exchange rate	141,295	-	296,032	-	-	14,586	-	451,913
At December 31	\$ 3,467,624	\$ -	\$ 26,248,085	\$ 8,000,000	\$ -	\$ 327,461	\$ 262,369	\$ 38,305,539

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Toyo Tire & Rubber Co., Ltd.	Associate which invests in subsidiary by using the equity method
New Pacific IND. CD., LTD.	Investee accounted for using the equity method
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's president is the company's representative
Jye Luo Memory Co Ltd.	The Company's vice chairman is the company's representative
Jiu Shun Investment Corporation	The Company's chairman within first degree of relationship is the company's representative
KE LI SI INVESTMENT CO., LTD.	The Company's chairman within first degree of relationship is the company's representative
JI CHENG Co., Ltd.	The Company's chairman within first degree of relationship is the company's representative
WAN LI SI INVESTMENT LTD.	The Company's chairman within first degree of relationship is the company's representative
ZERO COUNTER RACING CO., LTD.	The Company's chairman within first degree of relationship is the company's representative
Horning Yih Investment Corporation	The Company's 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 president within first degree of relationship
Chen, Li-Chen	Relative of the Company's president within first degree of relationship

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended</u> <u>December 31, 2024</u>	<u>Year ended</u> <u>December 31, 2023</u>
Sales of goods:		
-Other related parties	\$ <u>299,888</u>	\$ <u>307,469</u>
Prices and collection terms of abovementioned sales are the same with third parties, and the credit terms are between 60~90 days.		

B. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
-Other related parties	\$ <u>43,484</u>	\$ <u>66,401</u>

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>December 31, 2024</u>	<u>December 31, 2023</u>
Key management personnel	\$ 54,596	\$ -

ii. Interest expense

	<u>Year ended December 31, 2024</u>	<u>Year ended December 31, 2023</u>
Key management personnel	\$ 860	\$ -

(3) Key management compensation

	<u>Year ended December 31, 2024</u>	<u>Year ended December 31, 2023</u>
Short-term employee benefits	\$ 292,972	\$ 315,830
Post-employment benefits	1,952	2,320
	<u>\$ 294,924</u>	<u>\$ 318,150</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>December 31, 2024</u>	<u>December 31, 2023</u>	
Time deposits (shown as 'Financial assets at amortised cost - current')	\$ -	\$ 3,879	Customs guarantees
Time deposits (shown as 'Financial assets at amortised cost - non-current')	31,883	52,639	Customs guarantees and Import credit limit
Notes receivable	-	49,761	Discounted notes receivable
	<u>\$ 31,883</u>	<u>\$ 106,279</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 June 30, 2024, the arbitral tribunal decided, through the unanimous decision of the three arbitrators, to appoint an independent auditor 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 auditor 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. The expenses to be borne by the Company have been paid. On May 26, 2024, the arbitral tribunal appointed the independent auditor, who has provided a list of documents and requested the Company and the opposing party to prepare the relevant materials. All required documents from the Company have been delivered. The independent auditor has submitted the report to the arbitral tribunal, which, on February 17, 2025, requested both parties to submit their final claims to make a ruling on the case. As of the date of the audit report, the arbitration schedule has not been set.

(2) Commitments

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	\$ <u>1,716,717</u>	\$ <u>2,061,794</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Amount of letter of credit that has been issued but not yet used	\$ <u>10,965</u>	\$ <u>-</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total liabilities	\$ <u>55,878,118</u>	\$ <u>55,590,853</u>
Total equity	\$ <u>90,376,345</u>	\$ <u>85,995,065</u>
Less: Intangible assets	(<u>186,009</u>)	(<u>202,268</u>)
Tangible equity	\$ <u>90,190,336</u>	\$ <u>85,792,797</u>
Debt-equity ratio	<u>62%</u>	<u>65%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ <u>91,532</u>	\$ <u>81,082</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ <u>26,609,220</u>	\$ <u>23,575,591</u>
Financial assets at amortised cost	<u>18,346,866</u>	<u>11,234,611</u>
Notes receivable, net	<u>2,522,756</u>	<u>4,147,117</u>
Accounts receivable (including related parties)	<u>9,065,286</u>	<u>9,342,146</u>
Guarantee deposits paid	<u>72,644</u>	<u>76,438</u>
	\$ <u>56,616,772</u>	\$ <u>48,375,903</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,467,624	\$ 3,011,371
Short-term notes and bills payable	-	300,000
Notes payable	90,160	150,408
Accounts payable	7,552,862	7,182,403
Other accounts payable	4,082,321	4,262,273
Corporate bonds payable	8,000,000	8,000,000
(including current portion)		
Long-term borrowings	26,248,085	25,573,015
(including current portion)		
Guarantee deposits received	262,369	263,020
	<u>\$ 49,703,421</u>	<u>\$ 48,742,490</u>
Lease liabilities		
(including current portion)	<u>\$ 327,461</u>	<u>\$ 389,716</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2024							
(Foreign currency: functional currency)	Foreign currency amount (thousands)		Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
					Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : TWD	\$	126,985	32.785	\$ 4,163,203	1%	\$ 41,632	\$ -
RMB : TWD		252,245	4.478	1,129,553	1%	11,296	-
EUR : TWD		20,171	34.140	688,638	1%	6,886	-
JPY : TWD		1,181,186	0.210	248,049	1%	2,480	-
USD : RMB		277,604	7.321	9,100,814	1%	91,008	-
EUR : RMB		36,415	7.624	1,243,218	1%	12,432	-
JPY : RMB		551,662	0.047	116,106	1%	1,161	-
GBP : RMB		5,054	9.198	208,167	1%	2,082	-
USD : THB		132,207	34.069	4,333,002	1%	43,330	-
USD : VND		11,762	25,814.961	385,617	1%	3,856	-
USD : CAD		27,972	1.437	917,267	1%	9,173	-
USD : INR		7,558	16,150.246	247,789	1%	2,478	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : TWD	\$	12,847	32.785	\$ 421,189	1%	\$ 4,212	\$ -
USD : RMB		18,312	7.321	600,330	1%	6,003	-
USD : THB		10,205	34.069	334,463	1%	3,345	-
USD : VND		5,519	25,814.961	180,940	1%	1,809	-
USD : CAD		5,253	1.437	172,258	1%	1,723	-
USD : IDR		255,954	16,150.246	8,391,452	1%	83,915	-
USD : INR		95,001	85.578	3,114,601	1%	31,146	-

December 31, 2023

			Sensitivity analysis			
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
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	-
Financial liabilities						
Monetary items						
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	-

- iv. The exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023 amounted to (\$37,931) thousand and \$161,351 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the years ended December 31, 2024 and 2023 would have increased/decreased by \$915 thousand and \$811 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2024 and 2023, the Group's borrowings at variable rate were denominated in the TWD, USD and RMB.
 - ii. The Group's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at December 31, 2024 and 2023, if interest rates on TWD, USD and RMB denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2024 and 2023 would have been \$29,642 thousand and \$28,829 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
 - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
 - iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
 - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at December 31, 2024 and 2023, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of receivables (including notes and accounts receivable); accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at December 31, 2024 and 2023, the provision matrix is as follows:

<u>December 31, 2024</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 0.82%	\$ 9,912,854	\$ 8,097
Up to 30 days	0.01% ~ 1.11%	1,153,919	9,530
31 to 90 days	0.01% ~ 7.62%	372,230	3,921
91 to 180 days	0.01% ~ 25.36%	46,735	2,133
Over 180 days	0.02% ~ 100.00%	116,659	34,158
		<u>\$ 11,602,397</u>	<u>\$ 57,839</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>

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

	<u>Year ended December 31, 2024</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
At January 1	\$ -	\$ 73,177	\$ 73,177
Reversal of impairment	-	(11,882)	(11,882)
Write-offs	-	(10,515)	(10,515)
Others	-	4,646	4,646
Effect of exchange rate changes	-	2,413	2,413
At December 31	<u>\$ -</u>	<u>\$ 57,839</u>	<u>\$ 57,839</u>

	Year ended December 31, 2023		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 9,277	\$ 38,364	\$ 47,641
(Reversal of) Provision for impairment	(9,277)	43,105	33,828
Write-offs	-	(13,850)	(13,850)
Others	-	6,417	6,417
Effect of exchange rate changes	-	(859)	(859)
At December 31	<u>\$ -</u>	<u>\$ 73,177</u>	<u>\$ 73,177</u>

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

	December 31, 2024			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 18,346,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,346,866</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>

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

December 31, 2024

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	\$ 1,522,957	\$ 1,099,518	\$ 889,029	\$ -	\$ 3,511,504
Notes and accounts payable	7,643,022	-	-	-	7,643,022
Other payables	3,719,055	12,301	162,749	188,216	4,082,321
Lease liability	54,083	39,794	74,791	169,893	338,561
Guarantee deposits received	7,554	-	10,250	244,565	262,369
Long-term borrowings	2,097,554	145,026	2,279,826	22,996,644	27,519,050
Bonds payable	-	-	4,048,000	4,024,000	8,072,000

December 31, 2023

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$ 2,390,736	\$ 36,223	\$ 628,938	\$ -	\$ 3,055,897
Short-term notes and bills payable	300,000	-	-	-	300,000
Notes and accounts payable	7,332,806	5	-	-	7,332,811
Other payables	3,871,015	15,130	186,212	189,916	4,262,273
Lease liability	39,935	39,004	74,099	254,636	407,674
Guarantee deposits received	10,843	584	12,508	239,085	263,020
Long-term borrowings	440,185	188,848	1,945,872	25,099,330	27,674,235
Bonds payable	-	-	48,000	8,072,000	8,120,000

(3) Fair value information

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortised cost, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

December 31, 2024				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 8,000,000	\$ -	\$ 8,017,517	\$ -
December 31, 2023				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 8,000,000	\$ -	\$ 8,017,233	\$ -

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

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

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

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

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 33,345	\$ -	\$ 58,187	\$ 91,532

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

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

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

E. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the years ended December 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: please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: please refer to table 9.

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

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

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the year ended December 31, 2024: please refer to tables 5, 6 and 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

Year ended December 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	\$ 12,637,404	\$ 13,616,160	\$ 24,183,250	\$ 8,296,050	\$ 22,322,371	\$ 81,055,235
Revenue from inter-segment revenue	8,092,259	1,251,186	669,561	1,529,253	2,445,196	13,987,455
Total segment revenue	<u>\$ 20,729,663</u>	<u>\$ 14,867,346</u>	<u>\$ 24,852,811</u>	<u>\$ 9,825,303</u>	<u>\$ 24,767,567</u>	<u>\$ 95,042,690</u>
Geographical regions						
Taiwan	\$ 8,785,229	\$ 241,895	\$ 89,047	\$ 49,111	\$ 99,304	\$ 9,264,586
China	419,105	10,777,695	17,273,639	4,800	16,870,527	45,345,766
US	4,858,360	175,654	14,204	1,645,877	435,926	7,130,021
Others	6,666,969	3,672,102	7,475,921	8,125,515	7,361,810	33,302,317
Total	<u>\$ 20,729,663</u>	<u>\$ 14,867,346</u>	<u>\$ 24,852,811</u>	<u>\$ 9,825,303</u>	<u>\$ 24,767,567</u>	<u>\$ 95,042,690</u>
Segment income	<u>\$ 3,277,428</u>	<u>\$ 557,825</u>	<u>\$ 3,076,480</u>	<u>\$ 665,079</u>	<u>\$ 3,750,963</u>	<u>\$ 11,327,775</u>
Depreciation and amortisation	<u>\$ 1,363,170</u>	<u>\$ 1,514,048</u>	<u>\$ 2,556,216</u>	<u>\$ 1,118,773</u>	<u>\$ 2,349,330</u>	<u>\$ 8,901,537</u>
Interest income	<u>\$ 164,460</u>	<u>\$ 56,865</u>	<u>\$ 480,422</u>	<u>\$ 67,112</u>	<u>\$ 330,997</u>	<u>\$ 1,099,856</u>
Finance costs	<u>\$ 385,890</u>	<u>\$ 5,147</u>	<u>\$ 6,705</u>	<u>\$ 448</u>	<u>\$ 13,621</u>	<u>\$ 411,811</u>
Share of loss of associates and joint ventures accounted for under equity method	<u>\$ 946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946</u>

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

(4) Reconciliation for segment income

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

	Year ended December 31, 2024	Year ended December 31, 2023
Adjusted revenue from reportable segments	\$ 95,042,690	\$ 96,041,962
Adjusted revenue from other operating segments	16,988,207	16,278,718
Total operating segments	112,030,897	112,320,680
Elimination of inter-segment revenue	(15,783,840)	(16,119,367)
Total consolidated operating revenue	<u>\$ 96,247,057</u>	<u>\$ 96,201,313</u>
Geographical regions		
Geographical regions from reportable segments	\$ 95,042,690	\$ 96,041,962
Geographical regions from other operating segments		
Taiwan	358,644	342,939
China	1,445,293	1,398,911
US	8,607,723	8,787,665
Others	6,576,547	5,749,203
Total geographical regions	112,030,897	112,320,680
Elimination of inter-segment revenue	(15,783,840)	(16,119,367)
Total consolidated operating revenue	<u>\$ 96,247,057</u>	<u>\$ 96,201,313</u>

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

	Year ended December 31, 2024	Year ended December 31, 2023
Adjusted income from reportable segments before income tax	\$ 11,327,775	\$ 11,052,162
Adjusted loss from other operating segments before income tax	(522,761)	(589,589)
Total operating segments	10,805,014	10,462,573
(Loss) income from elimination of inter-segment revenue	(62,383)	44,037
Income from continuing operations before income tax	<u>\$ 10,742,631</u>	<u>\$ 10,506,610</u>

(5) Information on products and services

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

	Year ended December 31, 2024	Year ended December 31, 2023
Sales revenue	\$ 95,969,190	\$ 95,964,469
Others	277,867	236,844
	<u>\$ 96,247,057</u>	<u>\$ 96,201,313</u>

(6) Geographical information

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

A. The geographical information for the Group's revenue is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
China	\$ 42,513,622	\$ 44,705,394
USA	10,124,793	9,996,690
Taiwan	5,760,603	6,253,547
Others	37,848,039	35,245,682
	<u>\$ 96,247,057</u>	<u>\$ 96,201,313</u>

B. The geographical information for the Group's non-current assets is as follows:

	December 31, 2024	December 31, 2023
China	\$ 36,090,665	\$ 39,164,603
USA	458,884	529,848
Taiwan	14,116,931	14,899,424
Others	16,973,754	18,134,913
	<u>\$ 67,640,234</u>	<u>\$ 72,728,788</u>

(7) Major customer information

None of the revenue from any single customer has exceeded 10% of the revenue in the consolidated statement of comprehensive income for the years ended December 31, 2024 and 2023.

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Year ended December 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 year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2,3,4)	Ceiling on total loans granted	Footnote	
					December 31, 2024	December 31, (Note 9)							Item	Value		(Note 5,6,7)		
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	\$ 3,283,500	\$ 1,639,250	\$ 1,639,250	2.82346%	Note 8	\$ -	-	Operating capital	\$ -	None	\$ -	\$ 8,980,551	\$ 35,922,203	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	-	5,333,674	8,889,456	Note 10
2	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	909,000	895,600	774,470	2.60%	Note 8	-	-	Operating capital	-	None	-	6,777,443	11,295,738	Note 10
3	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	2,955,150	2,950,650	2,360,520	2.53731%-2.72346%	Note 8	-	-	Operating capital	-	None	-	3,654,568	5,481,853	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
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 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	\$ 44,902,754	\$ 6,850,426	\$ 4,858,166	\$ 3,115,601	\$ -	5.41	\$ 62,863,856	Y	N	N	Note 2, 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	44,902,754	6,369,686	4,481,710	4,166,490	-	4.99	62,863,856	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.

\$ 62,863,856

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

\$ 17,961,102

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

\$ 44,902,754

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

CHENG SHIN RUBBER IND. CO., LTD.

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

December 31, 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 December 31, 2024				Footnote
				Number of shares/ units	Book value	Ownership (%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 33,345	-	\$ 33,345	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187	Note 2

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

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

CHENG SHIN RUBBER IND. CO., LTD.

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

Year ended December 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2024		Addition (Note 3)		Number of shares	Disposal (Note 3)			Gain (loss) on disposal	Balance as at December 31, 2024	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value			Number of shares	Amount
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Rubber India Private Limited	Investments accounted for using the equity method	MAXXIS Rubber India Private Limited	Subsidiary	1,686,986,327	\$ 7,055,387	335,997,278	\$ 1,288,066	-	\$ -	\$ -	\$ -	\$ -	2,022,983,605	\$ 8,343,453

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Differences in transaction terms compared to third party transactions (Note 1)											
Notes/accounts receivable (payable)											
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
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 4,109,863)	(24.49)	Collect within 90 days after shipment of goods	Same	Same	\$ 891,545	36.20	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(520,986)	(3.10)	Collect within 90 days after shipment of goods	Same	Same	142,945	5.80	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(3,294,274)	(19.63)	Collect within 30 days	Same	Same	295,108	11.98	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(641,414)	(4.31)	Collect within 60~90 days after shipment of goods	Same	Same	265,086	16.34	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(460,990)	(3.10)	Collect within 60~90 days after shipment of goods	Same	Same	111,539	6.88	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	MERIDA INDUSTRY CO., LTD.	Associates	(sales)	(161,007)	(1.08)	Collect within 60~90 days after shipment of goods	Same	Same	12,874	0.79	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(741,500)	(24.85)	Collect within 60~90 days after shipment of goods	Same	Same	161,367	30.19	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(239,964)	(8.04)	Collect within 60~90 days after shipment of goods	Same	Same	36,881	6.90	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(148,647)	(4.98)	Collect within 60~90 days after shipment of goods	Same	Same	35,885	6.71	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(537,714)	(4.50)	Collect within 60~90 days after shipment of goods	Same	Same	117,086	16.82	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(297,409)	(27.56)	Collect within 60~90 days after shipment of goods	Same	Same	30,098	20.84	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(331,950)	(30.76)	Collect within 60~90 days after shipment of goods	Same	Same	51,638	35.76	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(160,549)	(14.88)	Collect within 60~90 days after shipment of goods	Same	Same	17,457	12.09	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent	(sales)	(353,193)	(1.98)	Collect within 60~90 days after shipment of goods	Same	Same	225,266	5.17	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD	Same ultimate parent	(sales)	(108,433)	(3.38)	Collect within 60~90 days after shipment of goods	Same	Same	23,037	5.22	Note 3
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(280,376)	(4.23)	Collect within 90 days after shipment of goods	Same	Same	84,097	14.06	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(1,169,704)	(11.91)	Collect within 90 days after shipment of goods	Same	Same	442,830	23.42	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Same ultimate parent	(sales)	(102,042)	(1.04)	Collect within 90 days after shipment of goods	Same	Same	25,830	1.37	Note 3
MAXXIS International (Thailand) Co., Ltd.	Maxxis Rubber India Private Limited	Same ultimate parent	(sales)	(191,516)	(1.95)	Collect within 60~90 days after shipment of goods	Same	Same	193,959	10.26	Note 3
PT MAXXIS International Indonesia	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(sales)	(235,473)	(6.99)	Advance collection	Same	Same	-	-	Note 2, 3
Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(sales)	(401,864)	(21.08)	Collect within 60~90 days after shipment of goods	Same	Same	-	-	Note 3
MAXXIS Tech Center Europe B.V.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(117,091)	(75.93)	Collect within 60~90 days after shipment of goods	Same	Same	21,231	87.54	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: The transaction terms are to be determined through negotiation between both parties.

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

CHENG SHIN RUBBER IND. CO., LTD.

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 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)	\$ 891,976	Note 3	\$ -	-	\$ 524,284	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	142,945	3.01	-	-	86,580	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 4)	136,175	Note 2	-	-	84,491	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	298,980	Note 3	-	-	291,047	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	310,051	Note 3	-	-	177,760	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	206,598	Note 3	-	-	154,687	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	161,424	Note 3	-	-	49,376	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	125,972	Note 3	-	-	31,112	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent (Note 4)	225,266	2.07	-	-	74,981	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	442,830	3.45	-	-	275,730	-
MAXXIS International (Thailand) Co., Ltd.	Maxxis Rubber India Private Limited	Same ultimate parent (Note 4)	193,959	1.45	-	-	14,985	-

Note 1: Subsequent collection is the amount collected as of March 4, 2025.

Note 2: The amount comprises accounts receivable, commission receivable, endorsements/guarantees receivable, patent royalties receivable, royalties receivable for trademark and other receivables and thus, the turnover rate is not calculated.

Note 3: The amount comprises accounts receivable and other receivables and thus, the turnover rate is not calculated.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets(%) (Note 3)
				General ledger account	Amount (Note 4)	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 4,109,863	Collect within 90 days after shipment of goods 4.27
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	891,545	Collect within 90 days after shipment of goods 0.61
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	520,986	Collect within 90 days after shipment of goods 0.54
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	3,294,274	The term is 30 days after monthly billing 3.42
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	295,108	The term is 30 days after monthly billing 0.20
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	1	Other receivables	1,639,250	Pay interest quarterly 1.12
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	641,414	Collect within 60~90 days after shipment of goods 0.67
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	265,086	Collect within 60~90 days after shipment of goods 0.18
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	460,990	Collect within 60~90 days after shipment of goods 0.48
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	741,500	Collect within 60~90 days after shipment of goods 0.77
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	239,964	Collect within 60~90 days after shipment of goods 0.25
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	774,470	Pay interest quarterly 0.53
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	537,714	Collect within 60~90 days after shipment of goods 0.56
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	297,409	Collect within 60~90 days after shipment of goods 0.31
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	331,950	Collect within 60~90 days after shipment of goods 0.34

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets(%) (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	3	Sales	\$ 353,193	Collect within 60~90 days after shipment of goods	0.37
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	3	Accounts receivable	225,266	Collect within 60~90 days after shipment of goods	0.15
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	1,169,704	Collect within 90 days after shipment of goods	1.22
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	442,830	Collect within 90 days after shipment of goods	0.30
7	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	3	Other receivables	2,360,520	Pay interest quarterly	1.61
8	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	280,376	Collect within 90 days after shipment of goods	0.29
9	PT MAXXIS International Indonesia	Cheng Shin Rubber Ind. Co., Ltd.	2	Sales	235,473	Advance collection	0.24
10	Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	3	Sales	401,864	Collect within 60~90 days after shipment of goods	0.42

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

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

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the Year ended December 31, 2024	Investment income(loss) recognised by the Company for the Year ended December 31, 2024 (Note 1)	Footnote
				Balance as at December 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	\$ 45,838,228	\$ 2,283,756	\$ 2,278,086	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	32,713,289	2,684,684	2,670,853	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	13,956,032	1,616,723	1,565,059	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	3,690,850	212,322	212,327	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	901,974	84,109	84,109	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	178,639	1,892	946	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	104,853	8,529	8,529	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	144,979 (	447,449) (	447,449)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	8,343,453	7,055,387	2,022,983,605	100.00	465,167 (	477,596) (	477,596)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	626,794	305,283	305,283	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	40,094 (	1,962) (	1,962)	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	55,784 (	4,679) (	4,679)	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	10,995	188	188	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	373 (	328) (	66)	Note 3,Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the Year ended December 31, 2024	Investment income(loss) recognised by the Company for the Year ended December 31, 2024 (Note 1)	Footnote
				Balance as at December 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	\$ 38,403,315	\$ 2,286,102	\$ 2,286,102	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	32,538,322	2,672,811	2,672,811	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	14,304,832	1,616,953	1,616,953	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	9,136,421	533,662	488,305	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	5,165,259	1,083,107	1,076,800	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	2,623	2,456	-	80.00	1,492	(328)	(262)	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.

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended December 31, 2024			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2024 (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024		Footnote
				Accumulated amount of remittance from Taiwan to Mainland China 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	\$ 5,737,375	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 1,568,768	100.00	\$ 1,569,830	\$ 27,212,470	\$ 20,593,277		(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	7,376,625	2	2,385,506	-	-	2,385,506	2,719,518	100.00	2,713,993	30,362,724	25,719,265		(Note 4,7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	278,673	2	68,602	-	-	68,602	(3,686)	50.00	(1,843)	325,483	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	3,278,500	2	-	-	-	-	70,270	100.00	70,742	6,099,426	1,548,045		(Note 4,7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	22,390	2	-	-	-	-	3,108	100.00	3,108	58,761	-		(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	590,130	2	-	-	-	-	15,654	100.00	15,654	599,630	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	4,262,050	2	-	-	-	-	(42,888)	100.00	(42,832)	11,307,333	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	1,475,325	2	-	-	-	-	463,900	100.00	457,110	8,889,456	7,259,056		(Note 7)

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2024		Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan				Company for the Year ended December 31, 2024 (Note 2)				
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	\$ 655,700	2	\$ -	\$ -	\$ -	\$ -	(\$ 73,334)	100.00	(\$ 73,334)	\$ -	\$ -		
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	201,510	2	-	-	-	-	(3,639)	95.00	(3,457)	85,335	-	(Note 7)	
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	64,536	2	-	-	-	-	25,681	49.00	12,584	129,976	-	(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	4,254,100	2	-	-	-	-	1,485,441	100.00	1,485,441	10,354,563	1,014,708	(Note 5, 7)	
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,701,640	2	-	-	-	-	(14,015)	100.00	(14,015)	2,138,023	-	(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 NTD32.785: USD 1 and NTD 4.478: RMB 1 prevailing on December 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
Year ended December 31, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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.	\$ 4,029,277	\$	22,061,027	\$	-

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

December 31, 2024

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Luo, Ming-Han	370,176,378	11.42
Luo Jye Memory Co Ltd.	324,430,630	10.00
Taishin International Bank Co., Ltd. is entrusted with the custody of the Cathay Sustainability High Dividend ETF	198,885,000	6.13
Chen, Yun Hwa	179,358,531	5.53
Yuanta/P-shares Taiwan Dividend Plus ETF	172,763,023	5.32

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.