



CHENG SHIN RUBBER IND. CO., LTD.

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Annual Report 2023



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Company Website: <https://www.cst.com.tw>

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(V) Name of any exchange where the Company's securities are traded overseas, and the method by which to access information on the overseas securities: None

(VI) Company website : <http://www.cst.com.tw>

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2023 ushered in the post-pandemic era. Under the influence of rising interest rates and inflation, the company's annual revenue performance was slightly lower than that of the same period last year. However, under the management and leadership of Cheng Shin's management team, we have refined our product portfolio, reduced costs, and increased profits. The net profit for 2023 was NTD 7,197,962 thousand, a 44.18% growth compared to the same period last year.

The global auto market has regained growth momentum as the supply problem eased and continued to be driven by demand. Among them, the sales of electric vehicles are the most significant. Cheng Shin is not absent. In addition to being the original tire supplier to many OE automakers, RE aftermarket The Company has also continued to introduce tires for electric vehicles. The outstanding performance of these tires has been well-recognized by all walks of life, and has also won numerous international awards. The Company focuses on the R&D and manufacturing of tires, continues to provide innovative technology and high-quality tires to meet customers' needs, and successfully builds Taiwan's international brand "MAXXIS" to promote and sale products in more than 180 countries around the world.

We appreciate all shareholders, customers and employees for their support and trust in the Company. By upholding "Integrity and Innovation" as the Company's core value and "100% quality, 100% service, 100% trust" as its corporate culture, we fulfill the ESG commitment and work with all partners to grow together and create a better future and value.

I. 2023 Business Report

(I)Business Plan Implementation Outcomes

1. Production and sales:

Unit: Article thousand; %

Year Core Products	2023 production	2023 sales	2022 sales	Percentage of increase/decrease
Radial cover - car	30,036	30,560	29,091	5.05%
Radial cover - truck	3,202	3,203	2,845	12.60%
Motorcycle cover	43,610	44,220	44,587	-0.82%
Bicycle cover	71,651	73,681	82,957	-11.18%
Inner tube	76,367	79,246	121,274	-34.66%
Other tyres	15,052	14,239	16,823	-15.36%

2. Business overview:

Consolidated:

Unit: NT\$ thousand; %

Year Item	2023	2022	Percentage of increase (decrease)
Net Operation Income	96,201,313	98,622,877	-2.46%
Operating costs	72,812,628	77,639,710	-6.22%
Operating Expenses	13,030,879	13,608,989	-4.25%
Operating Profit	10,357,806	7,374,178	40.46%
Net Profit	7,197,962	4,992,260	44.18%

Parent-company-only:

Unit: NT\$ thousand; %

Item \ Year	2023	2022	Percentage of increase (decrease)
Net Operation Income	17,446,799	20,409,294	-14.52%
Operating costs	12,259,953	14,436,516	-15.08%
Operating Expenses	3,117,712	3,139,024	-0.68%
Operating Profit	2,020,789	2,861,112	-29.37%
Net Profit	7,182,382	4,961,369	44.77%

(II) Budget Execution Status

The Company's actual turnover in 2023 was NT\$96.2 billion, with the target achievement rate 87%.

(III) Analysis of Financial Income and Expenditure and Profitability

Consolidated:

Unit: NT\$ thousand; %

Year			2023	2022	Percentage of increase (decrease)
Item					
Financial Income and Expenditure	Operating Income		96,201,313	98,622,877	-2.46%
	Gross Operating Profit		23,388,685	20,983,167	11.46%
	Net Profit		7,197,962	4,992,260	44.18%
Analysis of Profitability	Return on Assets (ROA) (%)		5.67	3.80	49.21%
	Return on Equity (ROE) (%)		8.45	6.02	40.37%
	Ratio of Paid-in Capital (%)	Operating Profit	31.95	22.75	40.44%
		Pre-tax Profit	32.41	21.51	50.67%
	Net Profit Margin (%)		7.48	5.06	47.83%
	Earnings per share (EPS)(NT\$)		2.22	1.53	45.10%

Parent-company-only:

Unit: NT\$ thousand; %

Item \ Year		2023	2022	Percentage of increase (decrease)	
Financial Income and Expenditure	Operating Income		17,446,799	20,409,294	-14.52%
	Gross Operating Profit		5,186,846	5,972,778	-13.16%
	Net Profit		7,182,382	4,961,369	44.77%
Analysis of Profitability	Return on Assets (ROA) (%)		6.36	4.43	43.57%
	Return on Equity (ROE) (%)		8.49	6.02	41.03%
	Ratio of Paid-in Capital (%)	Operating Profit	6.23	8.83	-29.45%
		Pre-tax Profit	28.28	19.58	44.43%
	Net Profit Margin (%)		41.17	24.31	69.35%
	Earnings per share (EPS)(NT\$)		2.22	1.53	45.10%

(IV) Research and Development

Grand Touring A/S Product Development for Passenger Cars	Product Development for 4x4 Vehicles - All-Terrain & Rugged Terrain
Ultra High Performance Product Development for Passenger Cars - Summer Type & A/S Type	Ultra High Performance Summer Product Development for EV SUV
Racing Tire Product Development for Passenger Cars	Light Truck Product Development of OE for Commercial Vehicle
All-Season Product Development of Korean OE for MPV Vehicle	MCR 50/50 Adventure Product Development
ATV Non-steel belt Product Development	Second-Generation Gravel Tires Product Development
The new generation of Light Truck (19") All-Steel Product Development	Electric Bus Product Development
MC 50/50 Adventure Product Development	SYM Adventure Model Development
Product Development of RE for Light Bike	Product Development of RE for Big Scooter

II. Summary of the 2024 business plan

(I) Operating Policy

Promote an up-to-date culture and implement the ESG spirit - upholding integrity and innovation, adhering to core profession, practicing the principles of execution, acting in line with words, and enhancing compliance. With the diversified brand marketing strategy, we provide customers with better quality products. With respect, care, and gratitude, we pursue sustainable growth and strengthen management of the environment, safety, health, and energy. forge the growth engine of the Company in a systemic manner to achieve the operating objectives.

- Open up new markets and optimize existing channels, create new value for products, and increase sales and profit.
- Integrate SAP (speed, accountability, performance) to establish a systematic growth engine for the Company.
- Adhere to the commitment for safety as the first priority and follow the sustainable development policy

(II) Sales Volume Forecast and Basis

Below is the sales forecast of the Company for 2024:

Consolidated:

Unit: Thousand tires

Item \ Year	Estimated Quantity in 2024
	Quantity of Sale
Radial cover - car	29,746
Radial cover - truck	3,647
Motorcycle cover	80,412
Bicycle cover	52,822
Inner tube	75,103
Other tyres	18,956
Total	260,686

Parent-company-only:

Unit: Thousand tires

Item \ Year	Year	Estimated Quantity in 2024
		Quantity of Sale
Radial cover - car		3,685
Radial cover - truck		163
Motorcycle cover		4,025
Bicycle cover		4,872
Inner tube		2,619
Other tyres		5,043
Total		20,407

Based on the assessment result announced at the sales meeting (February 6, 2024) of the Company.

(III) Key Production and Distribution Policy

With the pursuit of “Customer Satisfaction, Quality First”, the company optimizes production processes and implements systematic management to improve overall capacity utilization to reduce production costs. Engage in customer-oriented sales activities, open up new markets and optimize existing channels, create new value for products, and increase sales and profit growth.

III. Future Development Strategy of the Company

Cheng Shin holds fast to the belief of the Founder & Chairman Luo, Jye when he started the business. Honesty and integrity are the most fundamental and most important concepts of the Company and also represent the supreme guiding principle that the Company has observed without change on the way to pursue a sustainable operation. In addition, we will also pursue the vision of a sustainable development oriented to three elements, including economy, environment, and society, with the center of the Maxxis Family and the foundation of safety first.

1. Implement corporate governance: We will hold fast to the philosophy of Integrity & Innovation, focus on the principal operation to embrace new opportunities and practice the corporate culture of honesty, integrity, and continuous innovation as one of the critical factors staking sustainable and sound development of the Company. Moreover, we will also urge related members of the Company to follow the good tradition of honesty and integrity and should the principal operation when they perform duties.
2. Develop a sustainable environment: Actively respond to the tide of environmental protection, develop and design “green and environment-friendly tires” and pursue “Safety, Oil Economy, Quietness and Environmental Performance”. Additionally, the Company has strived to realize energy saving and carbon emission reduction in the workshop and manufacturing process to contribute our wisdom and force to the earth's environment.
3. Safeguard employees’ rights: We have built a learning environment with heart and enhanced the concept of corporate ethics among employees.
4. Participate in social philanthropy: We are dedicated to enhancing social responsibility performance and realizing common harmony and prosperity within the society together with suppliers.

IV. Impacts from External Competition and Overall Operating Environment

During the COVID-19 pandemic, various countries released the QE monetary policy and increased fiscal expenditure. After the global economic recovery, the outbreak of Russia-Ukraine War caused the global inflation to remain high. If the war drags on for a long time, inflation will continue or even stall. In other words, economic stagnation will co-exist with severe inflation, thereby posing specific impact on the economic growth. At the same time, whether the economic sanctions imposed by Europe and the US on Russia

will trigger another wave of financial crisis is also a challenge that requires continuous attention in the next few years.

Thanks to close collaboration with suppliers and customers, leveraging its accumulated cooperative experience to mutually benefit and adapt to the rapidly changing market dynamics, expanding our market presence and revenue in the process. Cheng Shin has been closely monitoring the fluctuations in market supply and demand and keeping in touch with each regional distributor for the latest market information to timely announce the price adjustment. At the same time, Cheng Shin also continued the process of integrating new and previous products and replacing the product portfolio with products of high-added value to adapt to the ever-increasing market needs and the ever-changing severe challenges we face at the current time.

Facing the operational environment in 2024 and the next three to five years, we envisage even more drastic changes, therefore we must promptly strengthen our ability to adapt, our core capabilities, and our competitiveness. Only by possessing world-class capabilities and competitiveness will we be able to adapt to the complicated and highly changeable market from now on. Therefore, in the future, we will take advantage of our capabilities in technology, sales and distribution, manufacturing, and management to build our core operations, achieve “Glocalization”, and enhance the regional sales and technical support so that the global headquarters can work closely with different regions and utilize local manufacturing to strengthen ties.

V. Impacts from Legal and Regulatory Environment

Tires are the key safety features of all types of vehicles, and, therefore, the regulations in each country provide clear and strict rules regarding tire standards, specifications and requirements applicable to tire products. In distribution and marketing, tire manufacturers are also required to comply with relevant laws and regulations and are prohibited from engaging in activities in violation of competition and marketing laws.

Increasingly rigorous environmental regulations and standards, including Air Pollution Control Act and water pollution charges and more, will lead to additional business operating costs. While focusing on our core business value and developing new products, we also dedicate our efforts to environmental protection and research of green products. Our products have obtained the certifications required by the European Union and our customers and complied with the Restriction of Hazardous Substances Directive (RoHS) to ensure that our products would not cause lasting damage to the environment. We have also made great strides in our product development with increasing technical cooperation with multiple raw material suppliers, including Degussa and ExxonMobil. With the evolving of times and technology, we have included “durability and fuel efficiency”, “safety and comfort” and “low rolling resistance” as the main features of our products to reduce carbon emissions from vehicles.

Finally, we have implemented our core culture of “100% quality, 100% service, and 100% trust” in our work. We are people-oriented, uphold respect, care, and also gratitude. We also adhere to the commitment for safety as the first priority, implement ESG plans and follow the sustainable development policy.

Cheng Shin Rubber Ind., Co., Ltd.



Chairman Chen, Yun-Hwa



Two. Company Profile

I. Date of incorporation:

January 1, 1967

II. Company History

1967	The Company was established as a limited liability company with 178 employees and NT\$6,000,000 in the capital, specializing in the production of motorcycle and bicycle tires. All products were approved by the Bureau of Standards, Metrology and Inspection (BSMI) under the Ministry of Economic Affairs to use the CNS㊥ symbol.
1969	The Company became a company limited by shares on December 19, and began the collaboration of technology and business with a Japanese corporation, Kyowa Ltd. The capital of the Company was increased to NT\$24,000,000, and the export business was expanded.
1971	Our product quality was approved by the US Department of Transportation to use the DOT symbol. The Company also developed an excellent reputation in overseas markets. Employees increased to 600.
1972	Factory construction was completed at the current site at the time, and officially became part of the production process. The sales of the products went from domestic-oriented to export-oriented.
1973	The Company began planning and acquiring technical knowledge and adding equipment to manufacture automobile tires.
1974	The Company was awarded as the number one rubber exporter in the industry. The capital of the Company was increased to NT\$120,000,000. The Company began manufacturing and selling truck tires in June.
1975	The Company implemented strict product quality control and purchased the latest equipment for quality control. The office in Los Angeles, USA was set up. Employees increased to 1,200.
1976	The Company, in accordance with new CNS standards, obtained further approval from BSMI to use the ㊥ symbol for the outer tires of large trucks, small trucks, transport cars, agriculture vehicles, and motorcycles.
1977	The Taipei office, responsible for export business, was established in the Taipei World Trade Building. The capital of the Company was increased to NT\$220,000,000.
1980	The factory was awarded a product quality A rating by the Ministry of Economic Affairs. The capital of the Company was increased to NT\$420,000,000, and the employees of the Company were increased to 2,200.
1981	The Zhong Zhuang Plant was completed, which specializes in the production of high-quality bicycle tires. The capital of the Company increased to NT\$583,800,000.
1982	The Company signed a technical cooperation agreement with Toyo Tire & Rubber Co., Ltd., and established a factory for the latest radial tires for passenger cars. The capital of the Company increased to NT\$720,000,000.
1983	Total domestic and export sales reached NT\$2,708,000,000. The Company was awarded number one in the tire industry in Taiwan. Full efforts were made to research and develop passenger car radial tires. The capital of the Company increased to NT\$828,000,000.
1984	The Company received the Japanese government's approval to sue the Japanese Industrial Standard (JIS) Symbol for bicycle and motorcycle tires and tubes. The Company began producing and marketing passenger car radial tires and expanded its export market. The capital of the Company increased to NT\$910,800,000. The total domestic and export sales turnover was NT\$2,890,000,000.

1986	Total domestic and export sales turnover of the Company reached NT\$3,770,000,000. The bicycle tire sales volume reached 20,000,000 pcs. The Company invested in new mixing machines in order to increase production.
1987	The Xi Zhou Plant was built and scheduled to produce bicycle tires. The capital of the Company reached NT\$1,332,045,000. The Company and Toyo Rubber Co., Ltd. established Yang Industrial Co., Ltd. jointly to co-produce shock-proof rubber auto parts. The automobile tires and inner tubes, tires for industrial vehicles, and farming machinery manufactured by the Company received the Japanese Industrial Standards (JIS) Symbol. The Company was listed on the Taiwan Stock Exchange on December 7.
1988	The Xi Zhou Plant officially began production of bicycle tires. The Company's Main Plant added radial tire production capacity. The capital of the Company increased to NT\$1,625,094,900. The Company and Kyowa Ltd jointly established a tire sales corporation in Osaka to expand output in Japan. The Company also invested in domestic Pacific Securities Co., Ltd. to diversify investment avenues.
1989	The Main Plant continued to expand facilities for the production of radial tires. The capital of the Company increased to NT\$2,031,368,630. The Company invested in the establishment of Cheng Shin Rubber (Hong Kong) Limited.
1990	The Company's sales turnover exceeded NT\$5,100,000,000. The paid-in capital increased to NT\$2,437,640,000. The Company invested in the establishment of Cheng Shin Rubber USA, Inc. and San Yueh Textile Company.
1991	Cheng Shin Germany was established in March. On September 16, Cheng Shin Germany relocated to the Netherlands and was renamed Cheng Shin Rubber (Europe) Ltd. in order to expand trade in Europe. The paid-in capital of the Company increased to NT\$2,632,653,750. On October 17, the Ministry of Economic Affairs approved that the Company may increase its capital by US\$20,000,000 through Cheng Shin Rubber Company (Hong Kong) Limited, and indirectly invest in the establishment of Xiamen Cheng Shin Rubber Industry Co., Ltd.
1992	The sales turnover exceeded NT\$6,000,000,000. The paid-in capital of the Company increased to NT\$3,159,184,500. The Company was active in the production of the radial tires expansion plan. General Manager Chen, Yun-Hwa came on board on August 1. The business license of Cheng Shin Rubber (Europe) Limited was revoked.
1993	Paid-in capital increased to NT\$3,633,062,180. Automated storage was completed and in use in July. The radial tire expansion plan was completed and began testing and production. CST Trading Ltd. was approved by the Investment Commission and established in November to indirectly invest in mainland China to set up Cheng Shin Tire & Rubber (China) Co., Ltd. We received the international standard quality assurance system ISO 9001 certification in December as the first company in the tire industry to obtain this qualification in the Republic of China.
1994	Paid-in capital increased to NT\$4,214,352,130. In August, the Investment Commission approved the US\$15,000,000 investment in the capital increase of Cheng Shin Rubber (Xiamen) Ind. Ltd. The Ford F1 Quality Certification was awarded to the Company in November.
1995	Paid-in capital increased to NT\$5,015,079,030. The Investment Commission approved the US\$30,000,000 investment for increasing the equity capital of Cheng Shin Rubber (China) Co., Ltd in April.

1996	Paid-in capital increased to NT\$5,515,079,000. In January, Toyo Rubber Co., Ltd. invested in Cheng Shin Rubber (China) Co., Ltd., to enable a capital increase to US\$72,000,000, accounting for 30% of the equities. In August, the Investment Commission approved the US\$2,500,000 investment for the establishment of Cheng Shin-Toyo (Kunshan) Machinery Co., Ltd. with a capital of US\$5,000,000 which was jointly invested with Toyo Tire & Rubber Co., Ltd.; the Company's investment accounted for 50% of the equities. The second phase of Cheng Shin Rubber (Xiamen) Ind. Ltd. was completed and formally entered into production.
1997	Paid-in capital increased to NT\$6,068,245,620. On May 29, the QS9000 quality certification was obtained. The Cheng Shin Tire & Rubber (China) Co., Ltd. factory construction was completed and formally began production in July. Investment Commission approval was obtained in July to establish Maxxis International Co., Ltd. in the Cayman Islands to indirectly invest in Cheng Shin Rubber (Xiamen) Ind. Ltd.
1998	Paid-in capital increased to NT\$6,796,435,090. In October, the Investment Commission approved an indirect investment via its subsidiary, MAXXIS International Co., Ltd. in Tianjin Tafeng Rubber Ind. Co., Ltd.; the capital of which is US\$12,000,000. On October 20, the Company's Xizhou Plant was awarded as a first-class distinguished plant under Japan's Total Productive Maintenance (TPM).
1999	Paid-in capital increased to NT\$747607860. In November, a US technology center was set up by the US subsidiary.
2000	Paid-in capital increased to NT\$7,849,882,530. The Company won the ROC National Quality Award in October. In November, the Company received the National Industrial Waste Reduction Award from the Industrial Development Bureau, Ministry of Economic Affairs. In December, the Company was awarded the group gold medal by the ROC Proposal Association.
2001	Paid-in capital increased to NT\$8,360,124,890. The Xizhou Plant was awarded as the first-class distinguished plant under Japan's Total Productive Maintenance (TPM).
2002	On March 26, the Investment Commission approved an indirect investment in the capital increase of Cheng Shin Rubber (China) Co., Ltd. in the amount of US\$20,000,000 via the Company's subsidiary; CST Trading Ltd. MAXXIS tires won the Forbes Magazine 2002 Global Award for enterprise excellence. The Company's capital increased to NT\$8,861,732,380. On November 1, the Investment Commission approved the establishment of Cheng Shin Tire (Xiamen) Co., Ltd. through indirect investment in Xiamen Cheng Shin Swallow Tire Co., Ltd., and on December 31, approved the investment in establishing a new company, Maxxis International (Thailand) Co., Ltd.
2003	On March 6, Maxxis International (Thailand) Co., Ltd. officially started the construction of its plant. On September 23, the Company's MAXXIS brand was awarded by the Ministry of Economic Affairs and the international brand consultancy firm (INTERBRAND GROUP) as one of Taiwan's top twenty international brands, ranked fifth; the brand value was estimated at US\$256 million. In addition, the capital of the Company increased to NT\$9,570,670,970 by the end of 2003.
2004	Cheng Shin Tire (Xiamen) Co., Ltd. and Maxxis International (Thailand) Co., Ltd. had completed the trial production stage. On October 4, the Company's MAXXIS brand won the 2004 Taiwan top twenty international brands, which was ranked sixth with a brand value of US\$264 million.

	Furthermore, the Company's paid-in capital increased to NT\$10,489,455,380.
2005	Maxxis International (Thailand) Co., Ltd. completed its first phase of all-around production, with daily production of 6,000 passenger car tires. Cheng Shin Tire (Xiamen) Co., Ltd.'s daily production was 700 all-steel radial tires. The European technology center was established. The Company's MAXXIS brand continued to be in Taiwan's top twenty international brands in 2005, with a brand value of US\$264 million. In addition, the Company's paid-in capital increased to NT\$11,381,059,080.
2006	Cheng Shin Taiwan R&D center was completed and soon opened for operations. Maxxis International (Thailand) Co., Ltd. and the expansion of the production capacity of Cheng Shin Tire (Xiamen) Co., Ltd. were completed. Cheng Shin Rubber (Vietnam) Ind. Co., Ltd. began construction. The MAXXIS brand was once again awarded as Taiwan's Top Twenty International Brand in 2006, with a brand value of US\$271 million. The company's paid-in capital increased to NT\$12,177,733,220.
2007	The first phase of construction of Cheng Shin Rubber (Vietnam) Ind. Co., Ltd.'s factory was completed, and started trial production in March, which was projected to formally begin production in August. Xiamen Cheng Shin Enterprise Co., Ltd. began production in January. The Company's MAXXIS brand continued to be awarded as Taiwan's top twenty international brands in 2007, with a brand value of US\$309 million. The Company's paid-in capital increased to NT\$13,030,174,540.
2008	Construction of Plant B of Maxxis International (Thailand) Co., Ltd.; upgrade of production capacity of Cheng Shin Tire & Rubber (China) Co., Ltd. and Cheng Shin Tire (Xiamen) Co., Ltd.; Cheng Shin Rubber (Vietnam) Ind. Co., Ltd. was all-around operational. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2008, with a brand value of US\$346 million. The Company's paid-in capital increased to NT\$14,984,700,720.
2009	Maxxis International (Thailand) Co., Ltd. completed the first phase of the construction of its Plant B and started trial production in March, and formally began production in May. On November 13, the Investment Commission approved an indirect investment of US\$20,000,000 to establish CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD. via MAXXIS International Co., Ltd. On December 16, the Investment Commission approved the acquisition by the Company's subsidiary of 22.36% of the equity interest in CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. (which was held by Toyo Tire & Rubber Co., Ltd.). The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2009, with a brand value of US\$345 million. The Company's paid-in capital increased to NT\$16,483,170,790.
2010	On April 16, the Investment Commission approved the Company to indirectly invest US\$30,000,000 in the capital increase of CHENG SHIN RUBBER (XIAMEN) IND., LTD. via its subsidiary MAXXIS International Co., Ltd. On April 23, the Investment Commission approved an investment of US\$30,000,000 via the Company's subsidiary CST Trading Limited to establish CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD., which began construction in June. In October, the Douliu Plant and Xiamen Jimei plant began construction. On November 30, the Investment Commission approved the Company to participate in the capital increase of CHENG SHIN RUBBER (XIAMEN) IND., LTD. via its subsidiary, MAXXIS International Co., Ltd. in the amount of US\$45,000,000. The Company's MAXXIS brand continues to

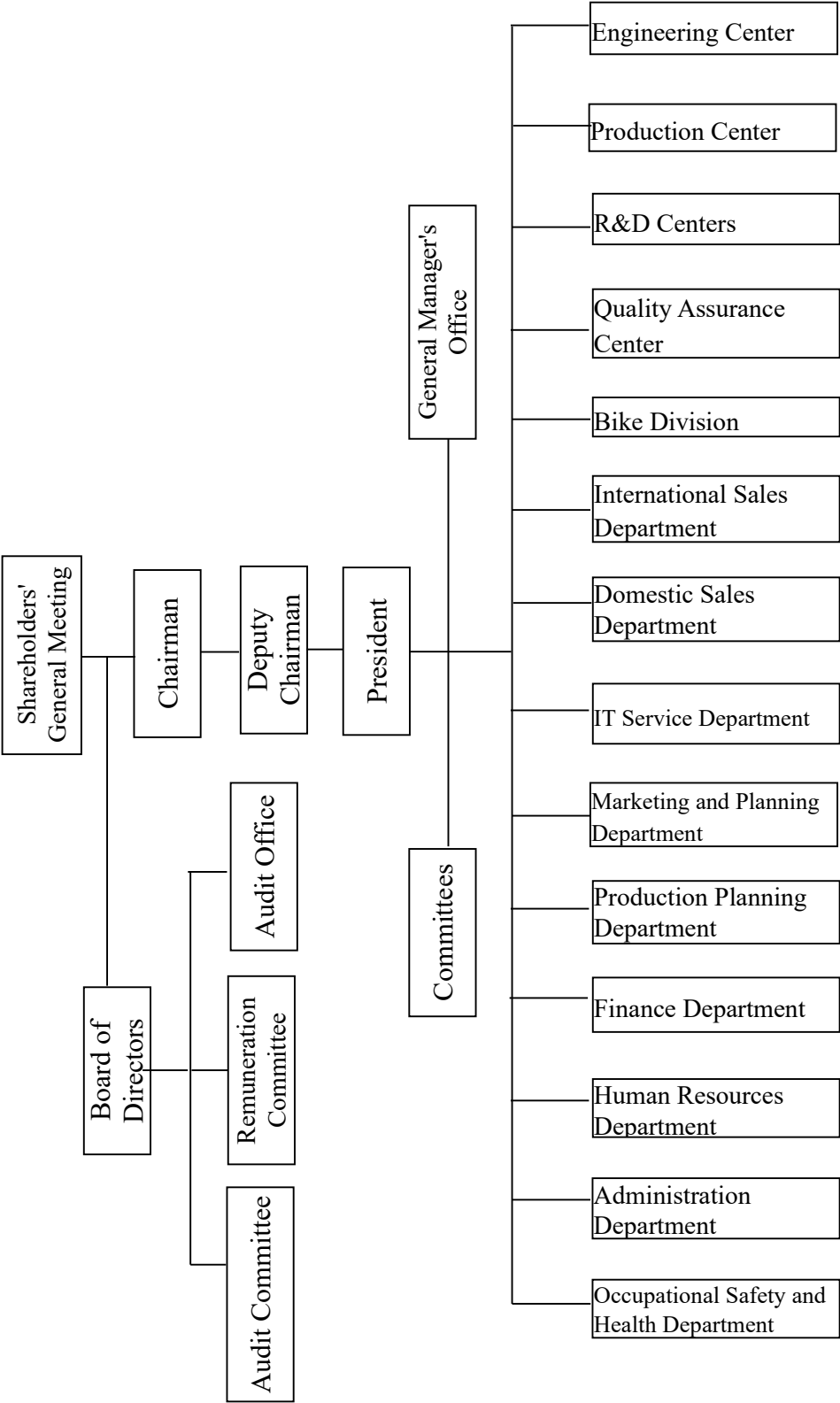
	be one of Taiwan's top twenty international brands in 2010, with a brand value of US\$391 million. The Company's paid-in capital increased to NT\$20,603,963,490.
2011	<p>On February 17, the Board of Directors approved an investment in the amount of US\$50,000,000 via the subsidiary CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. to participate in the capital increase of CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD. On August 11, the Investment Commission approved the Company's investment of US\$18,000,000 in the capital increase of the CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. via its subsidiary, MAXXIS International Co., Ltd. On July 19, the Board of Directors approved the establishment of the Remuneration Committee of the Company. On October 20, the Investment Commission approved the Company's indirect investment in the amount of RMB17,000,000 in CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD. via subsidiary MAXXIS International (HK) Ltd. On December 6, the Board of Directors approved a capital increase of US\$15,000,000 in Cheng Shin Rubber (Vietnam) IND. Co., Ltd. via subsidiary MAXXIS Trading Ltd.</p> <p>The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2011, with a brand value of US\$335 million. The Company's paid-in capital increased to NT\$24,724,756,190.</p>
2012	<p>On March 1, the Board of Directors approved the investment of US\$20,000,000 in the capital increase of CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD. through the Company's subsidiary CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. tire testing plant began operations in November 2012. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2012, with a brand value of US\$331 million. The Company's paid-in capital increased to NT\$28,186,222,060.</p>
2013	<p>On October 15, the Board approved the resolution to make an additional investment in Indonesia. On November 26, the Investment Commission approved the investment of RMB75,000,000 in the capital increase of CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD. via its subsidiary MAXXIS International (HK) Ltd.</p> <p>The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2013, with a brand value of US\$ 370 million. The Company was named the top 50 best listed companies in 2013 by Forbes Magazine. The Company's paid-in capital increased to NT\$32,414,155,360.</p>
2014	<p>On May 13, the Board approved the acquisition of the right to use lands in Indonesia's Greenland International Industrial Center. On November 11, the Board approved the increase in investment in India. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2014, with a brand value of US\$367 million.</p>
2015	The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2015, with a brand value of US\$348 million.
2016	On November 9, the Board of Directors approved the establishment of PT. MAXXIS TRADING INDONESIA. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2016, with a brand value of US\$317 million.
2017	On June 15, the Company established its first Audit Committee. On July 6, the Board approved the proposal to participate in the capital increase of

	MAXXIS Rubber India Private Limited in the amount of INR 1,799,985,410 using its own capital, which officially began production in August 2017. And PT MAXXIS International Indonesia began production in October 2017. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2017, with a brand value of US\$324 million.
2018	On January 24, the Board approved the proposal to participate in the capital increase of Maxxis Rubber India Private Limited in the amount of INR 999,991,890 and PT MAXXIS International Indonesia in the amount of US\$29,998,875 using its own capital. On March 20, the Board of Directors approved the establishment of the MAXXIS Tech Center Europe B.V. On November 8, the Board of Directors approved the establishment of a MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2018, with a brand value of US\$299 million.
2019	On July 3, the Board of Directors approved the establishment of a MAXXIS RUBBER JAPAN CO., LTD. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2019, with a brand value of US\$288 million.
2020	On August 11, the Board approved the proposal to participate in the capital increase of Maxxis Rubber India Private Limited in the amount of INR 2,249,981,760, and on November 12, the Board approved the proposal to participate in the capital increase of PT MAXXIS International Indonesia in the amount of US\$29,998,875 using its own capital. The Company was successively included in the component stocks of the FTSE4Good TIP Taiwan ESG Index. The Company won the Taiwan Excellence Award. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2020, with a brand value of US\$285 million.
2021	On January 28, the Board approved the construction plan for the ATV tire plant at Douliu Plant No. 3, and on November 10, the Board approved the construction plan for the BC tire plant at Douliu Plant No. 3. The Company was successively included in the component stocks of the FTSE4Good TIP Taiwan ESG Index. The Company won the Taiwan Excellence Award. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2021, with a brand value of US\$264 million.
2022	On May 11, The Board approved the proposal to participate in the capital increase of MAXXIS Rubber India Private Limited in the amount of INR 2,309,981,270 using its own capital. On November 10, the Board of Directors approved the proposal to increase the capital of PT MAXXIS Internaitonal Indonesia by US\$29,998,875 with its own funds . The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2022, with a brand value of US\$250 million.
2023	On March 14, the Board of Directors approved the proposal for establishment of the Mexico Office, the cash capital increase of PT MAXXIS Internaitonal Indonesia by US\$29,998,875 and of Maxxis Rubber India Private Limited by INR5,809,952,940. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2023, with a brand value of US\$253 million.

Three. Corporate Governance Report

I. Organizational Structure

(1) Organizational Structure Chart



(II) Major Department Functions

Department	Scope of Operations
General Manager's Office	Plan the medium and long-term development strategies of the Company and the procurement of raw materials
Audit Office	Audit and evaluate the performance of departmental operating functions and the implementation of internal control policies.
Occupational Safety and Health Department	Plan and supervise the risk management of labor safety and health and environmental measures of all departments.
Administration Department	Responsible for the management of the Company's general affairs, assets, and operating and maintenance supplies
Human Resources Department	Responsible for short, medium and long-term human resources planning, personnel compensation, welfare and training.
Finance Department	Manage the working capital as well as matters pertaining to accounting and shares.
Production Planning Department	Manage manufacturing and sales planning and coordinate purchase orders of the Group.
Marketing and Planning Department	Responsible for the Company brand and product promotion projects, implementation of external public welfare activities, publicity materials, and corporate culture promotion, and acting as the dedicated unit for promoting ESG sustainable development tasks.
IT Service Department	Implement the company computerization, and control computer data and computer software security.
Domestic Sales Department	Determine domestic sales strategies and goals.
International Sales Department	Implement and manage global sales policy (excluding Taiwan) and promotion planning.
Bike Division	Develop new customers and manage sales and services related to the OE factories and repair market of bike tires around the world
Quality Assurance Center	Plan, implement and manage quality assurance policy, quality enhancement and standardization of the whole Company.
R&D Centers	Coordinate the research and development strategies for the development of product and formulation of each tire class
Production Center	Plan and implement production schedules, manufacturing, delivery date, and quality affair pertaining to internal and external tires and rubber materials of the Company
Engineering Center	Design graphics for the development of mechanical devices and manage production.

II.Information about Directors, Independent Directors, General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

(I) Information of Directors

1. Information of Directors (I)

February 29, 2024

Position Name	Gender Age	Nationality/Place of Registration	Date of Election (Inauguration) <Date of Initial Election>	Tenure (Years)	Number of Shares Held at the Time of Election		Current Number of Shares Held		Shares Held By Spouse and Minor Children		Shares Held in Other's Name		Main Experience (Education)	Current Posts in Cheng Shin and Other Companies	Executives, Directors, or Supervisors who are spouses or within the second degree of kinship			Note
					Number of Shares	Share-holding ratio	Number of Shares	Share-holding ratio	Number of Shares	Share-holding ratio	Number of Shares	Share-holding ratio			Position	Name	Relation	
Chairman Representative of Jiu Shun Investment Co., Ltd.: Chen, Yun-Hwa	-	Taipei City	2023.05.31 <2017.06.15>	3 years	13,391,000	0.41%	13,391,000	0.41%	0	0%	0	0%	N/A	N/A		N/A		
	Male 73	ROC	2023.05.31 <2023.05.31>		120,570,531	3.72%	179,952,531	5.56%	21,874,443	0.67%	13,391,000	0.41%	Honorary Doctor of Management, National Yunlin University of Science & Technology	Chairman, Maxxis Trading Co., Ltd.	Directors	Chen, Hsiu-Hsiung Lo, Tsai-Jen	Second degree of kinship	
Deputy Chairman Representative of Luo Jie Memorial Co., Ltd.: Lo Tsai-Jen	-	Changhua County	2023.05.31 <2023.05.31>	3 years	324,430,630	10.01%	324,430,630	10.01%	0	0%	0	0%	N/A	N/A		N/A		
	Male 70	ROC	2023.05.31 <2023.05.31>		91,662,430	8.74%	91,662,430	2.83%	27,829,793	0.86%	0	0%	Department of Marketing and Materials Management, Newmark College of Engineering	Chairman, Cheng Shin Rubber (China) Co., Ltd.	Directors	Chen, Yun-Hwa Chen, Hsiu-Hsiung Lo, Yuan-Long	Second degree of kinship	
Directors Representative of Jiu Shun Investment Co., Ltd.: Chen, Hsiung-Hstung	-	Taipei City	2023.05.31 <2017.06.15>	3 years	15,580,000	0.48%	15,580,000	0.48%	0	0%	0	0%	N/A	N/A		N/A		

	Male 83	ROC	2023.05.31 <2023.05.31>		67,819,456	2.09%	62,945,516	1.94%	31,280,000	0.97%	College of Chemical Industry, Shizuoka University	President of the Company, Chairman of Xiamen Cheng Shin Group	Directors	Chen, Yun- Hwa Lo, Tsai- Jen Chen, Han- Chi	Second degree of kinship
Directors Tseng, Shung-Chu	Male 66	ROC	2023.05.31 <2017.06.15>	3 years	21,993,000	0.68%	0	0%	0	0%	13th Entrepreneurship Program Class, Graduate Institute of Business Administration (GIBA), National Chengchi University (NCCU)	Chairman, MERIDA INDUSTRY CO., LTD.	None	None	None
Directors Representative of Hong Jing Investment Co., Ltd.: Li Chin- Chang	-	Changhua County	2023.05.31 <2017.06.15>	3 years	33,331,000	1.03%	0	0%	0	0%	N/A	N/A	None	None	N/A
	Male 63	ROC	2023.05.31 <2020.06.16>		24,874	0%	5,725	0%	0	0%	Master of International Business Management Institute of Da- Yeh University	The Company President	None	None	None
Directors Representative of Luo Jie Memorial Co., Ltd.: Luo Yuan-Lung	-	Changhua County	2023.05.31 <2023.05.31>	3 years	324,430,630	10.01%	0	0%	0	0%	N/A	N/A	None	N/A	N/A
	Male 37	ROC	2023.05.31 <2023.05.31>		61,064,766	1.88%	3,000	0%	0	0%	PhD in Physics, University of Washington	Assistant Vice President of the Company	Directors	Lo, Tsai- Jen	First degree of kinship
Directors Representative of Min Hsing Investment Co., Ltd.: Chen, Han- Chi	-	Taipei City	2023.05.31 <2017.06.15>	3 years	6,425,000	0.20%	0	0%	0	0%	N/A	N/A	N/A		N/A

	Female 52	ROC	2023.05.31 <2017.06.15>		5,244,806	0.16%		15,000	0%	0	0%	0	0%	0%	0%	Master of Accounting Science, University of Illinois at Urbana- Champaign	None	Directors	Chen, Hsiu- Hsiung	First degree of kinship
Directors Jiu Shun Investment Corporation, represented by Wu, Hsuan-Miao	-	Taipei City	2023.05.31 <2017.06.15>	3 years	13,391,000	0.41%	13,391,000	0	0%	0	0%	0	0%	0%	0%	N/A	N/A	N/A	N/A	N/A
	Male 75	ROC	2023.05.31 <2020.06.16>		0	0%	0	0	0%	0	0%	0	0%	0	0%	Department of Public Finance, Feng Chia University	Consultant of the Company			
Independent Director Wu Chung-Shu	Male 65	ROC	2023.05.31 <2023.05.31>	3 years	0	0%	0	0	0%	0	0%	0	0%	0%	0%	PhD, Economics, Northwestern University	Independent Director, PHIHONG TECHNOLOG Y CO., LTD.	None	None	None
Independent Director Chu, Po-Young	Male 68	ROC	2023.05.31 <2023.05.31>	3 years	0	0%	0	0	0%	0	0%	0	0%	0%	0%	Doctor of Business Administration, Purdue University	1. Independent director of E INK HOLDINGS INC. 2. Independent director of POLYTRONIC S TECHNOLOG Y CORP. 3. Independent director of Hsin Kuang Steel Co., Ltd.	None	None	None

Table 1. Substantial Shareholders of Corporate Shareholders

Name of corporate shareholder	Major shareholders of corporate shareholders
Hsieh Shuen Investment Co., Ltd.	Chen, Han-Hsin (0.52%); Chen, Po-Chia (1.05%); Chen, Han-Chi (0.52%)
Jiu Shun Investment Corporation	Chen, Li-Chen (0.33%); Chen, Chi-Ying (0.32%); Chen, Ping-Hao (0.72%)
Hong Jing Investment Corporation	Chiu, Li-Ching (47.38%); Lo, Yuan-Yu (44.95%)
Min Hsing Investment Co., Ltd.	Chen, Han-Chi (87.6%)
Luo Jie Memorial Co., Ltd	Lo, Tsai-Jen (57.66); Chiu, Li-Ching (2.75%)

2. Information of Directors (II)

(1) Disclosure of professional qualifications of directors and independence of independent directors:

Name	Condition	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Representative of Jiu Shun Investment Co., Ltd.: Chen, Yun-Hwa		1. Experiences: Served as a Deputy Manager of the Sales Department, Manager of the Planning Department, Assistant Manager of the General Manager's Office, and the General Manager of the Company. 2. Circumstances stated in Article 30 of the Company Act: None.	As a natural person substantial shareholder of the Company, therefore the criteria of independence is not met.	0
Representative of Luo Jie Memorial Co., Ltd.: Lo Tsai-Jen		1. Experiences: Deputy General Manager of Cheng Shin Rubber (Xiamen) Ind., Ltd., General Manager and Chairman of Cheng Shin Rubber (China) Co., Ltd.; Deputy Chairman and Chairman of Cheng Shin. 2. Circumstances stated in Article 30 of the Company Act: None.	As a second-degree family member of Director Chen, Yun-Hwa and Director Chen, Hsiu-Hsiun and therefore the criteria of independence is not met.	0

Representative of Xie Shun Investment Co., Ltd.: Chen Hsiu- Hsiung	<ol style="list-style-type: none"> Experiences: General Manager and Chairman of Cheng Shin Rubber (Xiamen) Ind., Ltd. Received Outstanding Constructor Award on the 30th Anniversary of the Xiamen Special Economic Zone. Circumstances stated in Article 30 of the Company Act: None. 	Concurrently serves as President of the Company and a natural person substantial shareholder of the Company as well as a second-degree family member of Director Chen, Yun-Hwa and Director Lo, Tsai-Jen; therefore the criteria of independence is not met.	0
Tseng, Shung-Chu	<ol style="list-style-type: none"> Experience: The 13th Entrepreneurship Program Class, Graduate Institute of Business Administration (GIBA), National Chengchi University (NCCU), and the Chairman of the Taiwan Bicycle Exporters Association. Experience: Business management experience and professional knowledge and skills required by the Company's business. Circumstances stated in Article 30 of the Company Act: None. 	Was not an employee of the Company or its affiliate but a specific company that has engaged in financial transactions with the Company; therefore the criteria of independence is not met.	0
Hong Jing Zi Investment Corporation, represented by Lee, Chin-Chang	<ol style="list-style-type: none"> Experiences: Served as Manager of the Manufacturing Department, Assistant Manager of the General Manager's Office, and Deputy General Manager and General Manager of the Company. Circumstances stated in Article 30 of the Company Act: None. 	Has been the general manager of the company two years before he was elected to the present, and a representative of an institutional director; therefore the criteria of independence is not met.	0
Representative of Luo Jie Memorial Co., Ltd.: Lo Yuan-Lung	<ol style="list-style-type: none"> Experience: Assistant Vice President of President's Office and Senior Engineer of President's Office of the Company. Circumstances stated in Article 30 of the Company Act: None. 	Was an employee of the Company from two years before being elected until now, but a relative by blood of 1st degree of kinship of Director Lo Tsai-Jen and, therefore, not meet the criteria of independence.	0

Min Hsing Investment Co., Ltd. (Representative: Cheng, Han-Chi)	<ol style="list-style-type: none"> Professional qualifications: <ol style="list-style-type: none"> Obtained a U.S. CPA certificate Obtained Internal Auditor certificate of Taiwan International Internal Auditor certificate Experiences: Former Deputy Manager of the Finance Department of the Company. Circumstances stated in Article 30 of the Company Act: None. 	Was not an employee of the Company or its affiliate from two years before being elected to this current day, but a first-degree family member of Director Chen, Hsiu-Hsiung; therefore the criteria of independence is not met.	0
Representative of Jiu Shun Investment Corporation: Wu, Hsuan-Miao	<ol style="list-style-type: none"> Experiences: Former Manager of the Financial Department, Assistant Vice President, and Vice President of the Company Circumstances stated in Article 30 of the Company Act: None. 	Was not an employee of the Company or its affiliate from two years before being elected to this current day, but a representative of an institutional director; therefore the criteria of independence are not met.	0
Independent Director and Audit Committee Member: Wu Chung-Shu	<ol style="list-style-type: none"> Professional Qualifications: <ol style="list-style-type: none"> An instructor or above in a department of commerce, finance, accounting, or other academic department related to business needs in a public or private junior college, college, or university. Experience: <ol style="list-style-type: none"> Adjunct Professor, Department of Economics, National Taiwan University Chairman, Asia Pacific Industrial Analysis Association Chairman, Taiwan Academy of Banking and Finance Chairman, Taiwan Economic Association Chung-Hua Institution for Economic Research, President Taiwan Stock Exchange, Resident Supervisor Taiwan Life, Independent Director Circumstances listed in Article 30 of the Company Act: None. 	<ol style="list-style-type: none"> No conditions stipulated in Items 1 through 9, Paragraph 1, Article 3 in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies have occurred two years prior to the appointment and during the term of service. Compensations received for providing commercial, legal, financial, accounting or related services to the Company, or any affiliate of the Company in the past 2 years: None. All three Independent Directors have met the criteria for independence. 	1

<p>Independent Director and Member of the Audit Committee: Chu, Po-Young</p>	<p>1. Professional Qualifications: (1) An instructor or above in a department of commerce, finance, accounting, or other academic department related to business needs in a public or private junior college, college, or university.</p> <p>2. Experience: (1) Full-time Professor, Department of Management Science, National Yang Ming Chiao Tung University. (2) Managing Director, Spring Foundation of National Chiao-Tung University (NCTU) (3) Independent Director, Shin Foong Specialty&Applied Materials Co Ltd .</p> <p>3. Circumstances listed in Article 30 of the Company Act: None.</p>		<p>3</p>
<p>Independent Director and Member of the Audit Committee: Chen, Shuei-Jin</p>	<p>1. Professional Qualifications: (1) Obtained CPA certification. (2) A lecturer in commerce, finance, or accounting related department at junior college level or higher. (3) Professional experience in commerce, finance and accounting, and currently employed by the Yuan Sheng Accounting Firm.</p> <p>2. Experience: (1) CPA, Deloitte Taiwan (2) CPA, Deloitte Taiwan (3) Adjunct Lecturer, Department of Industrial Management, Nan Kai University of Technology.</p> <p>3. Circumstances listed in Article 30 of the Company Act: None.</p>		<p>3</p>

(2) Diversity and Independence of the Composition of the Board:

* Diversity of the Board of Directors:

The Corporate Governance Best Practice Principles of the Company require that the Board composition should follow the diversity policy, focus on divisiveness and gender equality, and the members of the Board shall be generally equipped with sufficient knowledge, skills, and competency to perform their duties. All Directors are required to engage in continuing studies courses each year and achieve the required number of hours

of study. Currently, among the 11 directors serving on the Board, two of whom, or 18%, are concurrent employees of the Company, and one of them is female, which takes up 9%. Three of the directors serve as independent directors (27%), and the term of office of the independent directors is less than seven years. Three of the directors are over 71 years old, five are 61 to 70 years old, and three are under 60 years old. All of the Board members are the R.O.C. nationals. All Directors are from Taiwan, R.O.C. The Directors are separately equipped with expertise from manufacturing, commerce, finance, industry, law, and accounting fields. The Company pays attention to the diversified structure of the directors and expects to appoint Directors with expertise other than the aforementioned as well as female Directors in the next election.

*** Independence of the Composition of the Board:**

The Company has set up three seats of Independent Directors, accounting for 27% of all Directors.

Four of the Directors have spousal and second degree of kinship relations with one another, accounting for 45% of all Directors; therefore, no violation of the matters stipulated by Paragraph 3, Article 26-3 of the Securities and Exchange Act is found, and the independence qualifications considered met.

*** Implementation of Diversity Policy by Individual Directors:**

Diversified Core Competences Directors Name	Basic Composition							Industrial knowledge and professional expertise								
	Gender	Professional background	Serve concurrently as employees of the Company	Age		Longevity of Independent Director			Operation judgment	Business Administration	Crisis management	Industrial Knowledge analysis	Accounting and financial	Global market viewpoint	Leadership skills	Capability to make decisions
				Below 60	61 to 70	Above 71	Less than 3 years	3-9 years									More than 9 years
Chen, Yun-Hwa	Male	Business Management				V			V	V	V	V	V	V	V	V
Lo, Tsai-Jen	Male	R&D			V				V	V	V	V		V	V	V
Chen, Hsiu-Hsiung	Male	Chemical				V			V	V	V	V	V	V	V	V
Tseng, Shung-Chu	Male	Business Management			V				V	V	V	V	V	V	V	V
Lee, Chin-Chang	Male	Business Management	V		V				V	V	V	V		V	V	V
Lo, Yuan-Long	Male	R&D	V	V					V	V	V	V		V	V	V
Chen, Han-Chi	Female	Finance and Accounting		V					V	V	V	V	V	V	V	V
Wu, Hsuan-Miao	Male	Finance and Accounting				V			V		V	V	V	V		
Wu Chung-Shu	Male	Technology Industry's Finance			V		V		V	V	V	V	V	V	V	V
Chu, Po-Young	Male	Commercial Industry's Finance			V		V		V	V	V	V	V	V	V	V
Chen, Shuei-Jin	Male	Finance and Accounting		V				V	V	V	V	V	V	V	V	V

(II) Information on President, Vice President, Assistant Vice Presidents, and Heads of Departments and Branches

February 29, 2024

Position	Name	Gender	Nationality	Election Date	Number of Shares Held		Shares Held By Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Other Companies	Managers who are Spouses or Within the second degree of Kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
President	Lee, Chin-Chang	Male	ROC	2020.04.01	24,874	0%	5,725	0%	0	0%	Master of International Business Management Institute of Da-Yeh University	None	None	None	None	
President	Hsu, Chih-Ming	Male	ROC	2020.04.01	300,844	0%	24,224,294	0.75%	0	0%	PhD, Electrical Engineering, National Tsing Hua University	None	Assistant Manager	Chen, Han-Hsin	Spouse	
Deputy General Manager	Peng, Wen-Hsing	Male	ROC	2007.02.01	4,326	0%	0	0%	0	0%	Department of Mechanical Engineering, Lunghwa Junior College	None	None	None	None	
Deputy General Manager	Huang, Chieh-Hsiang	Male	ROC	2008.07.01	233,322	0%	0	0%	0	0%	Deputy General Manager of Cheng Shin Rubber (Xiamen) Ind., Ltd.	None	None	None	None	
Deputy General Manager	Lin, Yu-Yu	Male	ROC	2012.08.01	2,242	0%	2,793	0%	0	0%	Department of Industrial Engineering, National Taipei Junior College	None	None	None	None	
Deputy General Manager	Liao, Cheng-Yao	Male	ROC	2013.08.01	400	0%	0	0%	0	0%	Department of English Studies, National Taichung Business College	None	None	None	None	
Deputy General Manager	Lee, Hung-Ko	Male	ROC	2016.07.01	0	0%	0	0%	0	0%	Department of Mechanical Engineering, National Chin Yi Junior College	None	None	None	None	
Deputy General Manager	Liu, Chao-Sheng	Male	ROC	2016.07.01	4,326	0%	0	0%	0	0%	MBA, National Yunlin University of Science & Technology	None	None	None	None	
Deputy General Manager	Lai, Kuo-Ti	Male	ROC	2016.07.01	2,438	0%	0	0%	0	0%	Department of Accounting Statistics, Tamsui Institute of Business Administration	None	None	None	None	
Deputy General Manager	Lo, Yung-Li	Male	ROC	2018.09.01	0	0%	0	0%	0	0%	Department of Public Finance, Feng Chia University	None	None	None	None	
Deputy General Manager	Chen, Shu-Yu	Male	ROC	2020.12.01	0	0%	0	0%	0	0%	Master, Food & Chemical Engineering, Da-Yeh University	None	None	None	None	
Deputy General Manager	Ho, Chin-Fang	Male	ROC	2021.08.01	0	0%	0	0%	0	0%	Department of Chemical Engineering Technolity, National Taipei Institute of Technology	None	None	None	None	

Deputy General Manager	Chang, Ghi-Jung	Male	ROC	2021.08.01	0	0%	0	0%	0	0%	0	0%	0%	Department of Mechanical Engineering, Feng Chia University	None	None	None	None
Deputy General Manager	Liu, Ching-Chung	Male	ROC	2021.08.01	0	0%	396	0%	0	0%	0	0%	0%	Department of Industrial Engineering, Feng Chia University	None	None	None	None
Deputy General Manager	Lo, Chen-Jung	Male	ROC	2021.08.01	189	0%	0	0%	0	0%	0	0%	0%	Department of Electrical Engineering, Chienkuo Junior College	None	None	None	None
Assistant Manager	Lin, Chin-Chuan	Male	ROC	2010.05.01	0	0%	0	0%	0	0%	0	0%	0%	Master of Mechanical Engineering, National Chiao Tung University	None	None	None	None
Assistant Manager	Chang, Chuan-Shun	Male	ROC	2010.05.01	0	0%	0	0%	0	0%	0	0%	0%	Department of Industrial Management, National Chin Yi Junior College	None	None	None	None
Assistant Manager	Chiang, Kui-Yung	Male	ROC	2016.07.01	0	0%	0	0%	0	0%	0	0%	0%	Department of Mechanical Engineering, National United University	None	None	None	None
Assistant Manager	Hu, Ming-Te	Male	ROC	2016.07.01	10,000	0%	4,320	0%	0	0%	0	0%	0%	Graduated from Department of Electrical Engineering, Zen Del Senior High School	None	None	None	None
Assistant Manager	Ting, Tso-Lin	Male	ROC	2018.09.01	0	0%	0	0%	0	0%	0	0%	0%	Graduated from Department of Spanish, Tamkang University	None	None	None	None
Assistant Manager	Chen, Jin-Long	Male	ROC	2019.12.01	0	0%	0	0%	0	0%	0	0%	0%	Graduated from Department of Textile Engineering, Nanya Institute of Technology	None	None	None	None
Assistant Manager	Yang, Jin-Cheng	Male	ROC	2019.12.01	0	0%	25,177	0%	0	0%	0	0%	0%	National Chin-Yi University of Technology Department of Mechanical Engineering Graduated	None	None	None	None
Assistant Manager	Lo, Yuan-Long	Male	ROC	2020.04.01	61,064,766	1.88%	3,000	0%	0	0%	0	0%	0%	PhD in Physics, University of Washington	None	None	None	None
Assistant Manager	Chen, Po-Chia	Male	ROC	2020.04.01	35,603,449	1.098%	0	0%	0	0%	0	0%	0%	Master in Electrical Engineering, National Cheng Kung University	None	None	None	None
Assistant Manager	Lai Ming-Han	Male	ROC	2021.02.01	0	0%	115,936	0%	0	0%	0	0%	0%	Department of Lughwa University of Science and Technology Graduation	None	None	None	None
Assistant Manager	Chiang, Chih-Wei	Male	ROC	2021.08.01	0	0%	0	0%	0	0%	0	0%	0%	Bachelor in Civil Engineering, Chung Yuan Christian University	None	None	None	None
Assistant Manager	Chen, Han-Hsin	Female	ROC	2021.08.01	24,224,294	0.75%	300,844	0%	0	0%	0	0%	0%	Master's in Accounting, University of Illinois, USA	None	President	Hsu, Chih-Ming	Spouse
Assistant Manager	Chen, Chih-Hsien	Male	ROC	2021.08.01	80	0%	0	0%	0	0%	0	0%	0%	Department of International Business, Shih Chien University	None	None	None	None

III. Remuneration of Directors (including Independent Directors), General Managers, and Deputy General Managers

(I) Remuneration to general directors and independent directors December 31, 2023 Unit: NTD thousand

Position	Name	Remuneration of Directors				The sum of A, B, C, and D as a percentage of net income	Relevant Remuneration Received by Directors Who are Also Employees				Total Compensation (A+B+C+D+E+F+G) to Net Income After Tax Ratio (%)	Compensation from any Invested
		Base Compensation (A)	Pension (B)	Directors (C)	Business Expense Allowances (D)		Salary, Bonuses, and Allowances (E)	Pension (F)	Profit Sharing- Employee Bonus (G)			
									The Company	Companies in the financial statements		
Chairman	Representative of Jiu Shun Investment Corporation Chen, Yun-Hwa	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	None
Deputy Chairman	Luo Jie Memorial Co., Ltd.: Lo, Tsai-Jen	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	
President	Representative of Hsieh shuen Investment Corporation: Chen, Hsiu-Hsiung	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	
Directors	Tseng, Shung-Chu	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	
Directors	Representative of Hong Jing Investment Corporation: Lee, Chin-Chang	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	
Directors	Luo Jie Memorial Co., Ltd.: Lo, Yuan-Long	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	
Directors	Representative of Min Hsing Investment Co., Ltd.: Chen, Han-Chi	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	
Directors	Representative of Jiu Shun Investment Corporation: Wu, Hsuan-Miao	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	
Chairman (Before re-	Chen, Yun-Hwa	0	0	135,235	352	135,587 (1.89%)	12,499	43,344	178	0	191,608 (2.67%)	

[illegible]

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time.

* The Board of Directors is authorized to determine the remuneration to the Company's independent directors, subject to their participation in and contribution to the Company's operations and the pay level among peers in the industry Distribution of remuneration. Except the fixed remuneration and transportation allowance for attending meetings receivable on a monthly basis, the independent directors receive no other remuneration and are not allowed to participate in the Company's distribution of remuneration to directors.

* In 2023, eight Board meetings and four Audit Committee meetings were held. All Independent Directors participated actively, with attendance rates of 98% and 100%, respectively.

* The Company re-elected directors on May 31, 2023. The remuneration to directors are included in the name list of directors before and after the re-election.

2. Other than the disclosure in the above table, remuneration for directors received for providing services to all companies included in the financial statements in the most recent year (e.g. serving as a consultant to the parent company/all companies included in the financial statements/serving as an advisor in a non-employee capacity):

* The remuneration received by the Company's Directors for serving as advisors in a non-employee capacity totaled NT\$12.07 million.

Table of Range of Remuneration

Range of Remuneration paid to Directors of the Company	Directors Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statement H	The Company	All companies included in the consolidated financial statements I
Less than NT\$ 1,000,000	Chen Yun-Hwa, Chen Hsiu-Hsiung, Tseng Song-Ling, Hsu En-De, Chen Tzu-Tsen, Wu Chung-Shu, Chu Po-Yong	Chen Yun-Hwa, Chen Hsiu-Hsiung, Tseng Song-Ling, Hsu En-De, Chen Tzu-Tsen, Wu Chung-Shu, Chu Po-Yong	Chen Yun-Hwa, Tseng Song-Ling, Hsu En-De, Chen Tzu-Tsen, Wu Chung-Shu, Chu Po-Yong	Chen Yun-Hwa, Tseng Song-Ling, Hsu En-De, Chen Tzu-Tsen, Wu Chung-Shu, Chu Po-Yong
NT\$1,000,000 (inclusive) ~ NT\$2,000,000	Chen, Shuei-Jin	Chen, Shuei-Jin	Chen, Shuei-Jin	Chen, Shuei-Jin
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	-	-	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000	-	-	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	Tseng Song-Chu Hong Jing Investment Co., Ltd., Min Hsing Investment Co., Ltd.	Tseng Song-Chu Hong Jing Investment Co., Ltd., Min Hsing Investment Co., Ltd.	Tseng Song-Chu Hong Jing Investment Co., Ltd., Min Hsing Investment Co., Ltd.	Tseng Song-Chu Hong Jing Investment Co., Ltd., Min Hsing Investment Co., Ltd.
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000	-	-	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000	Jiu Shun Investment Corporation Hsieh Shuen Investment Corporation Jye Luo Memory Co., Ltd.	Jiu Shun Investment Corporation Hsieh Shuen Investment Corporation Jye Luo Memory Co., Ltd.	Chen Hsiu-Hsiung Jiu Shun Investment Corporation Hsieh Shuen Investment Corporation Jye Luo Memory Co., Ltd.	Chen Hsiu-Hsiung Jiu Shun Investment Corporation Hsieh Shuen Investment Corporation Jye Luo Memory Co., Ltd.
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	-	-	-	-
NT\$100,000,000 or more	-	-	-	-
Total	14 persons	14 persons	14 persons	14 persons

*The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purposes.

(II) Remuneration to the President and Vice Presidents December 31, 2023 Unit: NTD thousand

Position	Name	Salary(A)		Pension (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)			Total amount of A, B, C and D and ratio to after-tax net income (%)	Compensation from any Invested Company Other Than the Company's Subsidiary
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	Stock Amount		
President (Note)	Chen, Yun-Hwa											
President (Note)	Chen, Hsiu-Hsiung											
President	Hsu, Chih-Ming											
President	Lee, Chin-Chang											
Deputy General Manager	Huang, Chieh-Hsiang											
Deputy General Manager	Peng, Wen-Hsing											
Deputy General Manager	Lin, Yu-Yu											
Deputy General Manager	Liao, Cheng-Yao											
Deputy General Manager	Lee, Hung-Ko	27,917	27,917	43,344	43,344	46,886	46,886	0	1,334	0	119,481 (1.66%)	None
Deputy General Manager	Liu, Chao-Sheng											
Deputy General Manager	Lai, Kuo-Ti											
Deputy General Manager	Lo, Yung-Li											
Deputy General Manager	Chen, Shu-Yu											
Deputy General Manager	Ho, Chin-Fang											
Deputy General Manager	Chang, Ghi-Jung											
Deputy General Manager	Liu, Ching-Chung											
Deputy General Manager	Lo, Chen-Jung											

Note: President Chen Hsiu-Hsiung retired on April 1, 2023. President Chen Yun-Hwa was discharged on July 5, 2023.

Table of Range of Remuneration

Range of remunerations paid to General Managers and Deputy General Managers of the Company	Name of General Manager and Deputy General Manager	
	The Company	Companies in the consolidated financial statements E
Less than NT\$ 1,000,000	Chen, Yun-Hwa	Chen, Yun-Hwa
NT\$1,000,000 (inclusive) ~ NT\$2,000,000	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000	Hsu, Chih-Ming, Peng, Wen-Hsing, Huang, Chieh-Hsiang, Lin, Yu-Yu, Liao, Cheng-Yao, Chen, Shu-Yu Lee, Hung-Ko, Liu, Chao-Sheng, Lai, Kuo-Ti, Lo, Yung-Li, Chang, Ghi-Jung, Liu, Ching-Chung, Ho, Chin-Fang, Lo, Chen-Jung	Hsu, Chih-Ming, Peng, Wen-Hsing, Huang, Chieh-Hsiang, Lin, Yu-Yu, Liao, Cheng-Yao, Chen, Shu-Yu Lee, Hung-Ko, Liu, Chao-Sheng, Lai, Kuo-Ti, Lo, Yung-Li, Chang, Ghi-Jung, Liu, Ching-Chung, Ho, Chin-Fang, Lo, Chen-Jung
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	Lee, Chin-Chang	Lee, Chin-Chang
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000	Chen, Hsiu-Hsiung	Chen, Hsiu-Hsiung
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	-	-
NT\$100,000,000 or more	-	-
Total	17 persons	17 persons

*The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purposes.

(III) Manager's Name and the Distribution of Employee Bonus

December 31, 2023 Unit: NTD thousand

	Position	Name	Stock Amount	Cash Amount	Total	The proportion of the total amount to after-tax net income (%)
Managerial Officer	President (Note)	Chen, Yun-Hwa	0	3,378	3,378	0.047%
	President (Note)	Chen, Hsiu-Hsiung				
	President	Hsu, Chih-Ming				
	President	Lee, Chin-Chang				
	Deputy General Manager	Huang, Chieh-Hsiang				
	Deputy General Manager	Lin, Yu-Yu				
	Deputy General Manager	Lee, Hung-Ko				
	Deputy General Manager	Liao, Cheng-Yao				
	Deputy General Manager	Liu, Ching-Chung				
	Deputy General Manager	Peng, Wen-Hsing				
	Deputy General Manager	Lai, Kuo-Ti				
	Deputy General Manager	Liu, Chao-Sheng				
	Deputy General Manager	Ho, Chin-Fang				
	Deputy General Manager	Lo, Chen-Jung				
	Deputy General Manager	Chen, Shu-Yu				
	Deputy General Manager	Lo, Yung-Li				
	Deputy General Manager	Chang, Ghi-Jung				
	Assistant Manager	Lin, Chin-Chuan				
	Assistant Manager	Chang, Chuan-Shun				
	Assistant Vice President (Note)	Huang, Yang-Hsun				
	Assistant Manager	Chiang, Kui-Yung				
	Assistant Manager	Hu, Ming-Te				
	Assistant Manager	Ting, Tso-Lin				
	Assistant Manager	Chen, Jin-Long				
	Assistant Manager	Yang, Jin-Cheng				
	Assistant Manager	Lo, Yuan-Long				
	Assistant Manager	Chen, Po-Chia				
	Assistant Manager	Lai Ming-Han				
	Assistant Manager	Chen, Han-Hsin				
	Assistant Vice President (Note)	Huang, Yung Nan				
	Assistant Manager	Chen, Chih Hsien				
	Assistant Manager	Chiang, Chih-Wei				
	Assistant Manager	Chi Ching-Yong				
	Assistant Manager	Yao Yi-Cheng				
	Assistant Manager	Ke Hung-Te				
	Assistant Manager	Chang Chui-He				
	Assistant Manager	Chen Ming-Pin				

Assistant Manager	Tseng Yao-Te			
Assistant Manager	Huang Chih-Chung			
Assistant Manager	Yang Ti-Wei			
Assistant Manager	Lai Chung-Hsin			
Financial Officer	Lo, Yung-Li			
Accounting Officer	Yu, Ching-Tang			

Note: President Hsiu-Hsiung Chen retired on April 1, 2023. President Chen Yun-Hwa was discharged on July 5, 2023. Assistant Vice President Huang Yang-Hsun retired on January 26, 2023. Assistant Vice President Huang Yung-Nan retired on September 8, 2023.

(IV) Remuneration paid by the Company and by all companies included in the consolidated financial statements to Directors, General Managers and Deputy General Managers in the Most Recent Two Fiscal Years to after-tax net profit ratio; and Remuneration Policy, Standards, Portfolios for The Payment of The Remuneration, and Procedure for Determining Remuneration, and their Connection with Business Performance and Future Risks.

1. Analysis of the total remuneration to the Company's directors, presidents and vice presidents as a percentage of net income

Unit: NT\$ Thousand; %

Year/Item	Net Income After Tax	Total remuneration of Directors, General Managers and Deputy General Managers to net profit after tax ratio
The Company in 2023	7,182,382	3.60%
2023 Consolidated Financial Statements	7,197,962	3.59%
The Company in 2022	4,961,369	3.91%
2022 Consolidated Financial Statements	4,992,260	3.89%

2. The policies, standards and components of remuneration, the procedures for determining remuneration, and their linkage to operating performance and future risks:

To the extent that the Company has profit in the year, the Company shall set aside at least 2% of such profit as employee compensation and no more than 3% of such profit as director compensation, provided that the Company shall first offset the cumulative losses, if any. The independent directors may not participate in the distribution of the Company's director remuneration and are only paid a fixed compensation and honorarium for attending meetings. The policy of directors' remuneration is based on the Company's "Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees," and also includes suggestions that either point out the Company's problems or offer constructive criticism, assisting the Company in problem-solving through substantial actions, drafting and receiving support for proposals at the Board meetings, and material benefits generated from such proposals, level of participation in the Company's operations and attendance at the Board meetings, and reasonable compensations are given upon review from the Remuneration Committee and upon resolution from the Board of Directors.

The compensation policy for managers is determined by the Remuneration Committee of the Company in accordance with the market average of each position's academic background and experiences, the duties and responsibilities of such position, as well as personal contribution to the Company's operation target. Besides taking the overall operating performance of the Company into consideration, personal achievements and contributions made to business operations, which includes achievement status of the Group's management performance, internationalization and Group-centered performance, talent development, achievement of strategic and target objectives, whether the person serves in concurrent positions, are also evaluated during the remuneration determination process. The Audit Committee and the Board of Directors would then approve a remuneration that is fair and reasonable.

IV. Corporate Governance of the Company

(I) Implementation of Board Meetings

1. The Board of Directors held 8 meetings (A) in 2023 (as of December 31, 2023). The attendance of directors (including independent directors) is stated as follows:

Position	Name (Note 1)	Actual Attendance (B)	Attendance by Proxy	Ratio of Actual Attendance (%) 【B/A】 (Note 2)	Note
Chairman	Chen, Yun-Hwa	4	0	100%	Dismissed on May 31, 2023 Required attendance: 4 times
Chairman	Representative of Jiu Shun Investment Co., Ltd.: Chen, Yun-Hwa	4	0	100%	Newly elected on May 31, 2023 Required attendance: 4 times
Deputy Chairman	Chen, Hsiu-Hsiung	4	0	100%	Dismissed on May 31, 2023 Required attendance: 4 times
Deputy Chairman	Representative of Luo Jie Memorial Co., Ltd.: Lo Tsai-Jen	4	0	100%	Newly elected on May 31, 2023 Required attendance: 4 times
Directors	Representative of Xie Shun Investment Co., Ltd.: Chen Hsiu-Hsiung	4	0	100%	Newly elected on May 31, 2023 Required attendance: 4 times
Directors	Tseng, Shung-Chu	4	0	100%	Newly elected on May 31, 2023 Required attendance: 4 times
Directors	Representative of Luo Jie Memorial Co., Ltd.: Lo Yuan-Lung	3	1	75%	Newly elected on May 31, 2023 Required attendance: 4 times
Directors	Min Hsing Investment Co., Ltd. (Representative: Cheng, Han-Chi)	8	0	100%	Re-elected May 31, 2023
Directors	Hsieh shuen Investment Corporation, represented by Huang, Chung-Jen	4	0	100%	Dismissed on May 31, 2023 Required attendance: 4 times
Directors	Representative of Jiu Shun Investment Corporation: Wu, Hsuan-Miao	8	0	100%	Re-elected May 31, 2023
Directors	Hong Jing Investment Corporation, represented by Lo, Tsai-Jen	4	0	100%	Dismissed on May 31, 2023 Required attendance: 4 times
Directors	Tseng, Sung-Ling	4	0	100%	Dismissed on May 31, 2023 Required attendance: 4 times
Directors	Hong Jing Zi Investment Corporation, represented by Lee, Chin-Chang	8	0	100%	Re-elected May 31, 2023
Independent Director	Hsu, En-De	3	0	75%	Dismissed on May 31, 2023 Required attendance: 4 times

Independent Director	Chen, Tzu-Chen	4	0	100%	Dismissed on May 31, 2023 Required attendance: 4 times
Independent Director	Wu Chung-Shu	4	0	100%	Newly elected on May 31, 2023 Required attendance: 4 times
Independent Director	Chu, Po-Young	4	0	100%	Newly elected on May 31, 2023 Required attendance: 4 times
Independent Director	Chen, Shuei-Jin	8	0	100%	Re-elected May 31, 2023

Other Required Disclosures:

- I. I. The date, session number of the Board meeting, proposal contents, opinions of all Independent Directors, and the Company's reactions towards Independent Director's opinions shall be recorded in case the following Board operation occurs:
- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: as follows
 - (2) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing: as follows

Date	Proposal Contents	Independent Director's Opinion	Company's Reaction towards Independent Director's Opinions
January 12, 2023 (18th meeting of 11th term)	(1) Proposal for the Company's plan of distributing managers' year-end bonus and remuneration. (2) The Company's personnel appointments and dismissals. (3) Proposal for the Company's loan line.	None	N/A
March 14, 2023 (19th meeting of 11th term)	(1) Determination of the time, place, and reasons for convening the 2023 annual general meeting of the Company. (2) Acceptance of shareholders' proposals by the Company's 2023 annual general meeting and matters related to the right of nomination (3) Proposal for the 2022 performance evaluation of the Board of Directors and functional committees subordinated to the Board. (4) Proposal for the distribution of directors' and employees' 2022 remuneration. (5) Proposal to discuss the Company's 2022 business report, consolidated financial statements and parent company only financial statements. (6) The Company's 2022 earnings distribution proposal. (7) Proposal for the Review of Effectiveness of Internal Control System and the Statement of Internal Control System of the Company for 2022. (8) Proposal for independent evaluation of the Company's CPAs. (9) Proposal for the appointment and compensation of the Company's CPAs. (10) The Company's personnel appointments and dismissals. (11) The Company's personnel promotions. (12) Proposal to appoint a manager for pension payments. (13) Proposal for amendment to the Company's Articles of Incorporation. (14) Proposal for amendment to amendments of the Company's Operational Procedures for Making Endorsements/Guarantees and Loaning Funds to Others.	None	N/A

		<p>(15) Proposal for amendment to the Company's Procedures for the Acquisition and Disposal of Assets.</p> <p>(16) Proposal for amendment to the Company's Procedures for Preventing Insider Trading.</p> <p>(17) Amendment to the Company's Sustainable Development Best Practice Principles</p> <p>(18) Amendment to the Company's Corporate Governance Best Practice Principles</p> <p>(19) Establishment of the Company's "Ethical Management Team."</p> <p>(20) Adoption of the Company's "Integrity Management Procedures and Code of Conduct."</p> <p>(21) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries.</p> <p>(22) PT. Proposal for the Maxxis International Indonesia capital increase.</p> <p>(23) Proposal for the Maxxis Rubber India Private Limited capital increase project.</p> <p>(24) Proposal to establish a new representative office of Cheng Shin (Mexico).</p> <p>(25) Liquidation of Cheng Shin (Mexico).</p> <p>(26) Proposal for the Company's loan line.</p> <p>(27) Proposal for the Company's endorsements/guarantees.</p>		
	April 18, 2023 (20th meeting of 11th term)	<p>(1) Review on the name list of candidates for directors (including independent directors).</p> <p>(2) Election of directors (including independent directors)</p> <p>(3) Lifting of the non-compete clauses against newly elected directors.</p> <p>(4) Proposal to fix the ex-dividend base date.</p>	None	N/A
	May 11, 2023 (21st meeting of 11th term)	<p>(1) Acknowledgement of the Company's 2023 Q1 consolidated financial statements.</p> <p>(2) Proposal for 2022 directors' remuneration distribution.</p> <p>(3) Proposal to appoint a manager for pension payments.</p> <p>(4) Proposal for the establishment of the Company's "Regulations Governing Financial Affairs and Business-related Matters Between the Related Parties."</p> <p>(5) Proposal for the Company's loan line.</p> <p>(6) Proposal for the Company's endorsements/guarantees.</p>	None	N/A
	May 31, 2023 (1st meeting of 12th term)	<p>(1) Election of the Chairman.</p> <p>(2) Election of Vice Chairman.</p>	None	N/A
	July 5, 2023 (2nd meeting of 12th term)	<p>(1) Appointment of the new President of the Company.</p> <p>(2) Appointment of Director Chen Hsiu-Hsiung as the Group President.</p> <p>(3) Appointment of the Company's Remuneration Committee members.</p> <p>(4) Proposal for the Company's loan line.</p>	None	N/A
	August 10, 2023 (3rd meeting of 12th term)	<p>(1) Acknowledgement of the Company's 2023 Q2 consolidated financial statements.</p> <p>(2) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries.</p> <p>(3) Approval of the Company's audit report.</p> <p>(4) Review on the remuneration to the independent directors of the Company.</p> <p>(5) Adjustment of transportation allowances for the Company's directors (including independent directors).</p> <p>(6) Proposal for the Company's loan line.</p> <p>(7) Proposal for the Company's endorsements/guarantees.</p> <p>(8) The Company's loaning of funds to others.</p>	None	N/A

November 9, 2023 (4th meeting of 12th term)	(1) Acknowledgement of the Company's 2023 Q3 consolidated financial statements. (2) Formulation of the Company's 2024 annual audit plan. (3) Retroactive approval of personnel appointments and dismissals by the Company. (4) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries. (5) Proposal for the Company's loan line. (6) Proposal for the Company's endorsements/guarantees.	None	N/A
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II. In regards to the recusal of directors due to conflict of interests, the name of the directors, proposal contents, the reasons for recusal due to conflict of interests and voting result:

- On May 11, 2023, for the payment of pension fund to the Company's delegated managers, the manager, Mr. Chen Hsiu-Hsiung, should be recused due to conflict of interest. Therefore, he did not participate in the discussion and voting. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors.
- On July 5, 2023, for the appointment of the Company's new president, the director, Mr. Li Chin-Chang, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors.
- On July 5, 2023, for the appointment of Director Chen Hsiu-Hsiung as the Group President, the director, Mr. Chen Hsiu-Hsiung, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors.
- On July 5, 2023, for the appointment of the Remuneration Committee members, the independent directors, Mr. Chu Po-Yong and Mr. Chen, Shui-Chin, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors.
- On August 10, 2023, for the review on remuneration to the Company's independent directors, the independent directors, Mr. Chu Po-Yong, Mr. Wu Chung-Shu and Mr. Chen Shui-Chin, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors.
- On August 10, 2023, for the adjustment of transportation allowances for directors (including independent directors) of the Company, directors should be recused due to conflict of interest. Therefore, the proposal should be resolved in accordance with the recusal system, and discussed and voted in two steps.
 - The three independent directors should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors.
 - Further, eight general directors should be recused due to conflict of interest. The chair appointed Independent Director Chu Po-Yong to act as the acting chair. The motion was approved by the other directors unanimously after the acting chair's inquiry with the other directors.

III. Information disclosure of the Company regarding the frequency and period, scope, method, and content of the Board's self-evaluation. Implementation of the evaluation on the Board of Directors: Please refer to the Implementation of the Evaluation on the Board of Directors on Pages 38~39.

IV. Evaluation of the measures taken to strengthen the functionality of the Board in the current and the latest year (e.g. establishing the Audit Committee, enhancing information transparency), and implementation status:

- The Company has independent directors on the Board and an audit committee in place, and holds Board meetings and Audit Committee meetings on a regular basis. We also invite accountants/auditors to sit in on the Board meetings to help the directors have a better understanding of the global market, industry trends, and financial, accounting, and tax regulations, thereby benefiting the management and operations of the Company.
- The Company has amended the Regulations Governing Election of Directors, Rules of Procedure for Board of Directors Meetings, and formulated corporate governance related regulations, which are disclosed on the Company's website and the Market Observation Post System.
- All of the Company's directors (including the independent directors) must meet the training hours requirement of the annual continuing education.
- The Company discloses directors' continuing education, attendance of the Board of Directors meetings and directors' remuneration on the Market Observation Post System. Financial information is announced earlier than the time limit required by law.
- Important resolutions of the Board of Directors, attendance status, resume of directors (including independent directors), and descriptions about the diversity and independence of the Board of Directors are available on the Company's website.

Note 1: The names of a corporate shareholder and its representative shall be disclosed if the director or supervisor is a juristic person.

Note 2: (1) If a director or supervisor resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column.
His or her attendance rate (%) will be calculated on the basis of the number of board meetings held during his or her tenure and the

number of such meetings attended.

(2) If a director or supervisor is re-elected before the end of the accounting year, the names of the current and previous director or supervisor shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of board meetings held during his or her tenure and the number of such meetings attended.

2. The Execution of the Board's Evaluation

The results of the performance evaluation on the Board of Directors and functional committees of the Company for 2023 are as follows:

*The results of the Company's 2023 performance evaluation of the Board of Directors and functional committees of functional committees were reviewed and evaluated by the Remuneration Committee on January 29, 2024, and approved per the resolution rendered by the Board of Directors on January 30, 2024.

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content	Evaluation Result
Once a year	Performance evaluation on the Board of Directors from January 1, 2023 to December 31, 2023	Board of Directors' performance evaluation	Chairman's overall evaluation	1. Level of participation in the Company's operations 2. Improvement of the Board's decision-making quality 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control	The weighted average score was 91.56. General comments: Directors may make more ESG suggestions.
Once a year	The Board members' self-evaluation on performance from January 1, 2023 to December 31, 2023.	Evaluation on the performance of Board members	Self-evaluation by the directors	1. Alignment of the Company's goals and missions 2. Awareness of the duties of a director 3. Procedures for participation in the Company's operations 4. Internal relationship management and communication 5. Directors' professionalism and continuing education 6. Internal control	The weighted average score was 93.36. Suggestions and improvements: The directors understand the Company's culture better. The competition in the tire industry is fierce. Therefore, the directors should accelerate the pace of improvement and suggest the Sustainability Committee's project planning. General comments: Regularly participating in meetings and performing successful division of work and communication as a responsible director benefits the Company's development.
Once a year	Evaluate the performance of the Remuneration Committee from January 1, 2023 to	Evaluation on the performance of the Remuneration	Self-evaluation by the Remuneration Committee	1. Procedures for participation in the Company's operations 2. Understanding of	The weighted average score was 95.79. Suggestions and improvements:

	December 31, 2023.	Committee	members	the Remuneration Committee's roles and responsibilities 3. Improvement the Remuneration Committee's decision-making quality 4. Composition of the Remuneration Committee and election of its members	Information on the distribution of year-end bonuses to managers should be provided to the Remuneration Committee for evaluation as soon as possible, in order to provide benchmarks with peers. General comments: The Committee is still operating well.
Once a year	Evaluate the performance of the Audit Committee from January 1, 2023 to December 31, 2023	Evaluation on the performance of the Audit Committee	Self-evaluation by the Audit Committee members	1. Level of participation in the Company's operations 2. Understanding of the Audit Committee's roles and responsibilities 3. Improvement of the Audit Committee's decision-making quality 4. Composition of the Audit Committee and election of its members 5. Internal control	The weighted average score was 97.88. General comments: The Audit Committee was able to fully express its opinions and communicate with each other to reach a consensus.

Note: Executed in line with the Company's "Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees."

(II) Implementation of Audit Committee Operations

1. The Company appoints 3 independent audit committee members aiming to assist the Board to supervise the Company's performance quality and credibility in accounting, audit, financial reporting process and financial control. For information on the professional qualifications and experience of the audit committee members, please refer to the professional qualifications of directors and information disclosure on the independence of independent directors (Pages 18~22 of the annual report).
2. The key tasks of the Audit Committee in 2023 include:
Financial reports, audit and accounting policy and procedures, policy and procedures related to the internal control system, significant asset or derivatives transactions, significant endorsements and guarantees and loaning of funds, subsidiaries capital increase projects, qualifications and independency evaluation of the independent auditor, the delegation of the independent auditor, Performance Self-Evaluation of the Audit Committee, and legal and regulatory compliance.
3. The Audit Committee held 4 meetings (A) in 2023. The attendance status of independent directors is stated as follows:

Position	Name	Actual Attendance (B)	Attendance by Proxy	Actual attendance rate (%) (B/A) (Note)	Note
Independent Director	Chu, Po-Young	2	0	100%	Newly elected on May 31, 2023 Required attendance: 2 times
Independent Director	Wu Chung-Shu	2	0	100%	Newly elected on May 31, 2023 Required attendance: 2 times
Independent Director	Chen, Shuei-Jin	4	0	100%	Re-elected May 31, 2023
Independent Director	Hsu, En-De	2	0	100%	Dismissed on May 31, 2023 Required attendance: 2 times
Independent Director	Chen, Tzu-Chen	2	0	100%	Dismissed on May 31, 2023 Required attendance: 2 times

Other Required Disclosures:

- I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, any independent director's opinions expressing objections or reservations or important suggestions, Audit Committee's resolution and the Company's resolution of Audit Committee's opinions.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act 2023 Operation status

Date of the Audit Committee meeting	Proposal Contents	The independent director's dissenting opinion, reserved opinion, or major suggestions	Resolution made by Audit Committee	The Company's reactions towards Audit Committee's opinions
March 14, 2023 (12th meeting of	(1) Proposal to discuss the Company's 2022 business report, consolidated financial statements and parent company only financial statements.	None.	Unanimously approved by all the Audit Committee	Unanimously approved by all the directors present at 19th

2nd term)	<p>(2)The Company's 2022 earnings distribution proposal.</p> <p>(3)Proposal for the Review of Effectiveness of Internal Control System and the Statement of Internal Control System of the Company for 2022.</p> <p>(4)Proposal for independent evaluation of the Company's CPAs.</p> <p>(5)Proposal for the appointment and compensation of the Company's CPAs.</p> <p>(6)Proposal for amendment to the Company's Articles of Incorporation.</p> <p>(7)Proposal for amendment to amendments of the Company's Operational Procedures for Making Endorsements/Guarantees and Loaning Funds to Others.</p> <p>(8)Proposal for amendment to the Company's Procedures for the Acquisition and Disposal of Assets.</p> <p>(9)Proposal for amendment to the Company's Procedures for Preventing Insider Trading.</p> <p>(10)Amendment to the Company's Sustainable Development Best Practice Principles</p> <p>(11)Amendment to the Company's Corporate Governance Best Practice Principles</p> <p>(12)Adoption of the Company's "Integrity Management Procedures and Code of Conduct."</p> <p>(13)Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries.</p> <p>(14)PT. Proposal for the Maxxis International Indonesia capital increase.</p> <p>(15)Proposal for the Maxxis Rubber India Private Limited capital increase project.</p> <p>(16)Proposal to establish a new representative office of Cheng Shin (Mexico).</p> <p>(17)Liquidation of Cheng Shin (Mexico).</p> <p>(18)Proposal for the Company's endorsements/guarantees.</p>		members present.	meeting of 11th term of the Board of Directors on March 14, 2023.
May 11, 2023 (13th meeting of 2nd term)	<p>(1) Acknowledgement of the Company's 2023 Q1 consolidated financial statements.</p> <p>(2) Proposal for the establishment of the Company's "Regulations Governing Financial Affairs and Business-related Matters Between the Related Parties."</p> <p>(3) Proposal for the Company's endorsements/guarantees.</p>	None.	Unanimously approved by all the Audit Committee members present.	Unanimously approved by all the directors present at 21st meeting of 21st term of the Board of Directors on May 11, 2023.
August 10, 2023 (1st meeting)	(1) Acknowledgement of the Company's 2023 Q2 consolidated financial statements.	None.	Unanimously approved by all the Audit	Unanimously approved by all the directors

of 3rd term)	(2) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries. (3) Prudential assessment on the Company's derivatives. (4) Approval of the Company's audit report. (5) Proposal for the Company's endorsements/guarantees. (6) The Company's loaning of funds to others.		Committee members present.	present at 3rd meeting of 12th term of the Board of Directors on August 10, 2023.
November 9, 2023 (2nd meeting of 3rd term)	(1) Acknowledgement of the Company's 2023 Q3 consolidated financial statements. (2) Formulation of the Company's 2024 annual audit plan. (3) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries. (4) Proposal for the Company's endorsements/guarantees.	None.	Unanimously approved by all the Audit Committee members present.	Unanimously approved by all the directors present at 4th meeting of 12th term of the Board of Directors on November 9, 2023.
(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.				
II. For the implementation and state of independent directors' recusal for conflicts of interest, the independent directors' name, contents of the motion, reasons for the required recusal and participation in the voting process: None.				
III. Communication between independent directors and chief internal audit officer/CPAs (including important matters on the Company's finance and business to be resolved, and resolution methods and results).				
1. Summary of independent communication between independent directors and internal auditing officers in 2023				
Meeting Date	Attendees	Discussion Points		Results
March 14, 2023 Audit Committee	Independent Director - Hsu, En-De (Video) Independent Director - Chen, Shuei-Jin Independent Director - Chen, Tzu-Chen Chief Audit Officer- Liu, Chao-Sheng CPA- Chou, Chien-Hung CPA- Wu, Yu-Long CPA- Wang, Yu-Chuan	Presentation 1. Reporting on internal audit activities. (1) Implementation of routine audits (2) Matters required to be reported according to laws and regulations (3) Report on Deficiency and Tracking Result of Audit (4) Contingency Report 2. Proposal for the Review of Effectiveness of Internal Control System and the "Statement of Internal Control System" of the Company for 2022.		Report acknowledged. No further opinions were given.
May 11, 2023 Audit Committee	Independent Director - Hsu, En-De (Video) Independent Director - Chen, Shuei-Jin Independent Director - Chen, Tzu-Chen (Video) Chief Audit Officer- Liu, Chao-Sheng CPA- Chou, Chien-Hung CPA- Wu, Yu-Long CPA- Wang, Yu-Chuan	Presentation Report of internal audit findings (1) Implementation of routine audits (2) Matters required to be reported according to laws and regulations (3) Report on Deficiency and Tracking Result of Audit (4) Contingency Report (5)		Report acknowledged. No further opinions were given.

August 10, 2023 Audit Committee	Independent Director - Chu, Po-Yong Independent Director - Wu, Chung-Shu (video teleconference) Independent Director - Chen, Shuei-Jin Chief Audit Officer - Liu, Chao-Sheng CPA- Chou, Chien-Hung CPA- Wu, Yu-Long	Presentation Reporting on internal audit activities. (1) Implementation of routine audits (2) Report on Deficiency and Tracking Result of Annual Audit (1) Contingency Report	Report acknowledged. No further opinions were given.
November 9, 2023 Audit Committee	Independent Director - Chu, Po-Yong Independent Director - Wu, Chung-Shu (video teleconference) Independent Director - Chen, Shuei-Jin Chief Audit Officer - Liu, Chao-Sheng CPA- Chou, Chien-Hung CPA- Wu, Yu-Long CPA- Wang, Yu-Chuan	Presentation 1. Reporting on internal audit activities. (1) Implementation of routine audits (2) Report on Deficiency and Tracking Result of Annual Audit (3) Contingency Report 2. Report of the audit plan 2024	Report acknowledged. No further opinions were given.

2. Summary of independent communication between independent directors and CPAs in 2023

Meeting Date	Attendees	Communication and interaction methods and key points	Results
March 14, 2023 Communication meeting between governance unit and CPAs	Independent Director - Hsu, En-De (Video) Independent Director - Chen, Shuei-Jin Independent Director - Chen, Tzu-Chen CPA- Wu, Yu-Long CPA- Wang, Yu-Chuan	1.Communication with the governance unit as well as the basis and opinion of the financial report audit 2.Audit Scope and Materiality 3.Key audit matters 4.Material findings during the review 5.CPA independence 6.Audit Quality Index (AQI)	Report acknowledged. No further opinions were given.
November 9, 2023 Communication meeting between governance unit and CPAs	Independent Director - Chu, Po-Yong Independent Director - Wu, Chung-Shu (video teleconference) Independent Director - Chen, Shuei-Jin CPA- Chou, Chien-Hung CPA- Wu, Yu-Long CPA- Wang, Yu-Chuan	1.CPA independence. 2.Communication Plan 3.Quality Management System for CPA Firms 4.Updates on laws and regulations	Report acknowledged. No further opinions were given.

Note:

- (1) If an independent director resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held during his or her tenure and the number of such meetings attended.
- (2) If any independent director is re-elected before the end of the accounting year, the names of current and previous independent directors shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held during his or her tenure and the number of such meetings attended.

(III) Corporate Governance Implementation Status, Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations	
	Yes	No		
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles according to Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established Corporate Governance Best Practice Principles, which are disclosed on the Market Observation Post System and our corporate website, in accordance with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.	None
II. Shareholding structure & shareholders' interests				
(I) Does the Company establish an internal operating procedure to handle shareholders' suggestions, inquiries, disputes, and litigations and implement these procedures?	V		(I) (In order to ensure the rights and interests of shareholders, the Company has established a dedicated unit in charge of shareholder services to handle shareholders' suggestions, questions and disputes.)	None
(II) Does the Company possess the list of its major shareholders as well as the ultimate beneficial owners of those shares?	V		(II) The Company provides a shareholder list via a shareholder service agency and monitors the declaration system of shareholding changes of insiders.	
(III) Does the Company establish and execute the risk management and firewall mechanism between affiliated companies?	V		(III) The personnel, assets, and financial management responsibilities of the Company and its affiliated companies are clearly separated. In addition to the subsidiary oversight procedures established and adopted by the Company, the internal auditors regularly monitor the implementation of such procedures.	
(IV) Does the Company establish internal rules against insiders trading on undisclosed information?	V		(IV) The Company has established the “Operating Procedures for Preventing Insider Trading” and disclose it on the Company's website.	



Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
<p>III. Composition and duties of the Board of Directors</p> <p>(I) Does the Board of Directors have a diversity policy, specific management objectives and implementation for the composition of the Board?</p>	V		(I) None
<p>(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(III) Does the Company establish a standard to measure the performance of the Board and perform the evaluation annually? And report the evaluation results to the Board of Directors, and use them as a reference for individual compensation</p>	V		<p>(II) The Company will establish other functional committees depending on future operation situations, scale, and demand.</p> <p>(III) None.</p>

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
and nomination for reappointment?			members, Audit Committee and Remuneration Committee, and was conducted in the form of a self-evaluation. The evaluation result of 2023 was submitted to the Remuneration Committee for review on January 29, 2024, and was then reported to the Board for discussion on January 30, 2024, as the reference for individual remuneration and nomination for the next term. Please refer to pages 38-39 of the Annual Report for the results of the evaluation of the performance of the Board of Directors and its functional committees.
(IV) Does the Company regularly evaluate the independence of CPAs?	V		(IV) The Company's Audit Committee and the Board of Directors conduct regular assessment and demand the independent auditors to submit the "Statement of Independence" and "AQIs," and confirm their competence and independence in terms of the five aspects, including professionalism, quality control, independence, innovation capability, and supervision. They confirm that the CPAs and their firms have above-average audit experience and training hours compared to others in the industry. Additionally, they continue to implement digital audit tools to improve audit quality. After discussion by the Audit Committee and the Board of Directors on March 13, 2024, the following initiatives were approved: 1. The CPAs of the Company have not worked in the Company during the two years before providing audit services. 2. The CPAs of the Company do not hold any shares of the Company. 3. The CPAs of the Company and the Company have no loan relationship. 4. The CPAs of the Company and the Company do not have any joint investments or profit sharing. 5. The CPAs of the Company do not hold any concurrent position in the Company nor receive any fixed salary.
			(IV) None.

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
			<p>6. The CPAs of the Company do not participate in the decision-making process in a management function of the Company.</p> <p>7. The CPAs of the Company do not have spouses, lineal relatives by blood or by marriage, or collateral relatives by blood within the fourth degree of relationship with the management level of the Company.</p> <p>8. The CPAs of the Company do not receive any business-related commissions from the Company.</p> <p>9. The CPAs of the Company have signed the payment amount and method of the service fees in advance.</p> <p>10. The CPAs of the Company do not charge fees on the condition that certain findings or results are achieved.</p> <p>11. A statement from the CPAs certifying their independence has been obtained.</p>
IV. Has the TWSE/TPEX listed company established a department or position which is responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with the information necessary to carry out their duties, coordinating board meetings and shareholders' meetings pursuant to proper legal procedures, company registration and request for change of registration information and preparing minutes of the board meetings and shareholders' meetings)?	V		<p>The Company has established a department to handle corporate governance-related matters, and appointed Deputy General Manager Lo, Yung-Li from the Finance Department as the chief corporate governance officer and two other officers on March 21, 2019. Deputy General Manager Lo, Yung-Li had over three years of experience in the managerial roles of financial operations of public companies.</p> <p>(I) The duties are stated as follows:</p> <p>1. Inquire the opinions of the directors prior to a board meeting for the purpose of planning and drafting the meeting agenda, and notify all the directors of the meeting at least 7 days before the meeting and provide them with appropriate information regarding the meeting so that the directors may be aware of the proposals. If any of the proposals involve stakeholders that require recusal, a reminder shall be given to such persons prior to the meeting.</p> <p>2. Arrange the annual continuing education for the directors and share</p> <p>None</p>

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
			<p>the internal legal and regulatory compliance matters with the directors quarterly and inform them of the amendments of the relevant laws and regulations on an ad hoc frequency.</p> <p>3. Register the date of the shareholders annually as required by the law, prepare and file meeting notices, handbooks, and minutes within the prescribed period, and file for a change of information when the Articles of Incorporation is amended or after the re-election of directors.</p> <p>4. Promote the quality of corporate governance practices for the sustainable development of the Company by formulating guidelines based on the indicators provided by the corporate governance evaluation system, thereby building a culture of corporate governance.</p> <p>5. Arrange a communication meeting between independent directors and the internal chief audit officer or CPAs.</p> <p>6. Legal compliance review during Independent Director's nomination, appointment and tenure period.</p> <p>(II) The execution of business in 2023 is stated as follows:</p> <p>1. Assisted the directors in business management and provided the information requested by the directors.</p> <p>2. Assisted the Board and the shareholder meeting in legal and regulatory compliance resolution matters and made filing for change to the competent authority within the time limit.</p> <p>3. Assist the directors in arranging the 2023 continuing education courses for directors, and communicate with the directors from time to time, so that the directors can understand the Company's business overview.</p> <p>4. Completed the renewal of the directors' and important staff's liability insurance.</p> <p>None</p>

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No Summary	
		<p>5. Sought each director's opinion to draft the agenda before the Board meeting and completed the Board meeting minutes and delivered them to the directors in accordance with the regulation.</p> <p>6. Filed for registration of the shareholder meeting date, the Annual Report, the notification of the shareholder meeting, the agenda handbook, and the meeting minutes in accordance with the regulations.</p> <p>7. Handle the matters related to the change of directors, and report to the Board of Directors the results of the review on whether the qualifications of independent directors at the time of nomination, election and during the term of office comply with the relevant laws and regulations.</p> <p>8. Conduct performance evaluations on the Board of Directors and various functional committees, and submit to the Board of Directors for approval.</p> <p>(III) 2023 annual continuing education is stated as follows:</p> <p>1. On January 12, 2023, participate in the "Research and Analysis of the Latest Tax Regulations and Practical Trends" organized by the Taiwan Corporate Governance Association for a total of 3 hours.</p> <p>2. On May 23, 2023, participate in the "Sustainable Development Action Plan Promotion Conference for TWSE/TPEX Listed Companies" organized by TWSE and TPEX for 3 hours.</p> <p>3. On July 18, 2023, participate in the "2023 Finance and Sustainability Disclosure Seminar" organized by the Accounting Research and Development Foundation for a total of 3 hours.</p> <p>4. On August 10, 2023, participate in the "Taiwan Green Power Trading System and Procurement Practices" organized by Taiwan Corporate Governance Association for a total of 3 hours.</p> <p>5.</p>	

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
V. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) or created a stakeholders section on its corporate website? Does the Company promptly respond to the concerns of stakeholders regarding important corporate social responsibility issues?	V	<p>The Company has a “Corporate Sustainability” section and a “Stakeholders” section on our corporate website and has been publishing and filing the corporate sustainability report (formerly known as the Corporate Social Responsibility Report before 2020) annually as required by regulations. Moreover, we also post activities related to corporate sustainability on our Facebook Page and YOUTUBE, in order to encourage communication and interactions with stakeholders.</p>   <p>E-mail accounts have been created on the website for banks that we have regular transactions with, as well as other creditors, employees, customers, and suppliers; we maintain open communication channels and respect their lawful rights.</p> <p>At the same time, during the routine operation, the Company communicates with the said stakeholders through different communication channels and platforms, and the results of the communication are submitted to the Board of Directors at least once a year, on May 11, 2023, to the Board of Directors.</p>	None
VI. Does the Company appoint a professional shareholder service agency to handle shareholder affairs?	V		None
VII. Information Disclosure (I) Does the Company have a corporate website to disclose information on	V	(I) The Company has set up a corporate website, which is maintained and updated by designated staff members and discloses information	(I) None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
financial standing, business, and the status of corporate governance? (II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)? (III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	V	V	(II) None. (III) The Company will further improve the annual financial statement announcement process to improve information transparency and to give earlier notice to shareholders.
VIII. Does the Company have other important information that is helpful to understand the implementation of corporate governance (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors and supervisors, risk management policies and risk measurement standards, the	V	(I) Employee benefits and care: (1) The Employee Welfare Committee meets regularly and adopts and implements benefits and allowance programs. It is our commitment to look after the welfare of our employees. We also partner with various stores near our offices to provide special offers or employee discounts. Furthermore, we have set up a Food Committee to help our employees maintain a healthy lifestyle and to enhance our food safety management. (2) We also offer a variety of welfare programs to our employees, including: Mandatory insurance coverage; Regular physical	None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No Summary	
implementation of customer policies, and the purchase of liability insurance for directors and supervisors, etc.)?		<p>examinations, health education and tips, and consolation payment to hospitalized employees; Recreation and fitness facilities and sports events; Convenience stores in the factories, company uniforms, free parking, and employee housing. Our overseas offices also offer free meals, pre-paid round-trip plane tickets to Taiwan, and rides to and from the airport.</p> <p>(3) On-site medical consultation: Once a month, we have doctors and nurses on-site to provide employees with health and medical services.</p> <p>(II) Investor relations: The Company maintains positive interactions with investors and communicates with them via email, on-site visits, and phone interviews. To maintain good communications and interactions with the investors, suggestions, and opinions from investors are also provided to senior management and relevant units for consideration and the proper response is also given on a timely basis.</p> <p>(III) Supplier relations: The Company has always managed relations with raw material suppliers by treating them as partners. We pursue a close-knit, long-term partnership with suppliers based on the concept of teamwork, and have set up stringent review procedures, including product verifications, qualification reviews, and on-site plant visits and audits, on the suppliers as the basis for supplier review and approval.</p> <p>(IV) Rights and interests of shareholders: To formulate fair channels of communication with stakeholders, the Company has set up a Stakeholder page on its corporate website and is committed to topics of stakeholders' concern. We undertake stakeholder engagement and communications via different channels and platforms with the seven major stakeholder groups of Cheng Shin, including customers, shareholders, employees, the community, government institutions, suppliers, and transacting financial institutions.</p>	None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
			<p>(V) Directors' continuing education: Please refer to Pages 84~86 of the annual report.</p> <p>(VI) Implementation status of the risk management policy and risk evaluation standard: For the operational risks the Company may face, we implement thoroughly at the system level, and design emergency response mechanisms for specific situations. For details, please refer to Pages 319~323 of the annual report.</p> <p>(VII) Implementation status of customer policy: The Company has set up post-sale service and customer service sections on our website (website: http://www.cst.com.tw). The Company's distributors nationwide also provide consumers with consultation and complaint channels.</p> <p>(VIII) Directors' liability insurance and social responsibilities: The Company has added a clause to the Articles of Incorporation in accordance with Articles 39 and 50 of Corporate Governance Practice Principles which provides that the Company shall purchase liability insurance to cover the liabilities incurred by the directors under the law while they perform relevant duties during their tenures. The relevant implementation is also reported to the Board of Directors. The liability insurance for the directors in 2024 has been covered and reported to the Board of Directors on January 30, 2024.</p> <p>(IX) The Company's social responsibilities: In addition to focusing on business development, the Company has also made a long-term investment in corporate social responsibilities such as consumer rights and public interest, and gives back to society as it sees fit.</p>
<p>IX. Improvements were made in the most recent fiscal year in response to the results of the corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.</p> <p>The Company's score in the 10th corporate governance evaluation, which was announced in April 2024, was 87.26 points (first 21%-35% percentile among listed companies). In terms of our main achievements, we obtained external verification of the overall greenhouse gas emissions data, continued</p>			

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
	Summary		
to obtain the disclosure of tips A-level certification, strengthened the operation of the Board of Directors and increased the implementation of sustainable development. Under our corporate governance blueprint, we will continue working towards strengthening the following two areas: “Improving Information Transparency” and “Enhancing Board Composition and Function” in order to enhance the overall level of our corporate governance.			

(IV) Composition, Responsibilities, and Operations of the Remuneration Committee

1. Roles and responsibilities of the Remuneration Committee Review directors and managers' annual and long-term performance targets and the policies, systems, standards, and compositions of salary and bonus on a regular basis in line with the “Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees”; regularly evaluate the implementation status regarding directors and managers' performance targets, and determine individual contents and amount of salary and bonus.
2. Composition of the Remuneration Committee: The Remuneration Committee of the Company was established on July 19, 2011. As of February 29, 2024, information on the Remuneration Committee members are as follows:

ID	Criteria	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
	Name			
Independent Director (Remuneration Committee: Convener)	Chen, Shuei-Jin	<p>Professional Qualifications:</p> <ol style="list-style-type: none"> 1. Obtained CPA certification. 2. Professional experience in commerce, finance and accounting, and currently employed by the Yuan Sheng Accounting Firm. <p>Experience:</p> <ol style="list-style-type: none"> 1. CPA, Deloitte Taiwan 2. CPA, Deloitte Taiwan 3. Adjunct Lecturer, Department of Industrial Management, Nan Kai University of Technology. 4. Independent director of MERIDA INDUSTRY CO., LTD. 5. Independent director of Sanneng Group Holding Co., Ltd. 6. Independent director of Acelon chemicals & Fiber Corporation. 7. 6. Director of TAIWAN PAIHO LIMITED 	<p>None of the Company's independent directors are involved in any of the matters listed below and all have met the criteria for independence:</p> <ol style="list-style-type: none"> 1. None of the circumstances stated in Article 30 of the Company Act. 2. Pursuant to the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange,” the person is not involved in any condition stipulated in Clauses 5 to 8 of Article 6-1 two years prior to his/her appointment and during his/her term of service. 3. Compensations received for providing commercial, legal, financial, accounting or related services to the Company, or any affiliate of the Company in the past 2 years: None. 	3
Independent Director	Chu, Po-Young	<p>Professional Qualifications:</p> <ol style="list-style-type: none"> 1. A lecturer or higher position in commerce, law, finance, accounting, or any subject relevant to the company's operations at junior college level or higher. <p>Currently Part-time Professor, Department of Management Science, National Yang Ming Chiao Tung University.</p> <p>Experience:</p> <ol style="list-style-type: none"> 1. Chairman of China Solar Energy Co., Ltd. 2. Director of Alliance Top International Co., Ltd., British Cayman Islands. 3. Independent director of E INK HOLDINGS INC. 4. Independent director of POLYTRONICS TECHNOLOGY CORP. 5. Independent director of Hsin Kuang Steel Co., Ltd. 		3
Others	Lin, Chieh-Chung	<p>Professional Qualifications:</p> <ol style="list-style-type: none"> 1. Professional and qualified physician <p>Currently employed by Taichung Veterans General Hospital.</p> <p>Experience:</p> <ol style="list-style-type: none"> 1. 6th term of President of Taiwan Society of Pediatric Gastroenterology, Hepatology and Nutrition. 2. Director, Taiwan Pediatric Association. 3. Attending Physician, Department of Pediatrics, Taichung Veterans General Hospital. 4. Chief Secretary of China Medical University Children's Hospital. 5. Attending Physician, Department of Hepatobiliary Gastroenterology, China Medical University Children's Hospital. 6. Chief of Hepatobiliary Gastroenterology Clinic, Department of Pediatrics, Taichung Veterans General Hospital. 7. Resident physician, Department of Pediatrics, Taichung Veterans General Hospital. 8. Deputy Director, Liver Transplant Center, Taichung Veterans General Hospital. 9. Clinical Professor, National Defense Medical University 		0

3. Information on the operation of the Remuneration Committee:

The Remuneration Committee of the Company has a total of 3 members. The tenure of the current Remuneration Committee members is from July 5, 2023 to May 30, 2026. A total of 4 (A) Remuneration Committee meetings were held in 2023. The qualifications and attendance records of the Remuneration Committee members were as follows:

Position	Name	Actual Attendance (B)	Attendance by Proxy	Actual attendance rate (%) (B/A) (Note)	Note
Convener	Chen, Shuei-Jin	4	0	100%	Re-elected on July 5, 2023
Committee Member	Lin, Chieh-Chung	4	0	100%	Re-elected on July 5, 2023
Committee Member	Chu, Po-Young	1	0	100%	Newly elected on July 5, 2023 Required attendance: 1 time
Committee Member	Chen, Tzu-Chen	3	0	100%	Dismissed on June 15, 2023 Required attendance: 3 times

Other Required Disclosures:

- I. If the Board of Directors declines to adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, proposal contents, details of the resolutions by the Board of Directors, and the Company's response to the opinions of the Remuneration Committee shall be specified:

2023 Operation status

Remuneration Committee	Proposal Contents	Resolution result of the Remuneration Committee	The Company's Response to the opinions of the Remuneration Committee
January 11, 2023 (9th meeting of 4th term)	(1) Proposal for the Company's plan of distributing managers' year-end bonus and remuneration.	Unanimously approved by all the Audit Committee members present	Unanimously approved by all the directors present at 18th meeting of 11th term of the Board of Directors on January 12, 2023
March 13, 2023 (10th meeting of 4th term)	(1) Proposal for 2022 performance evaluation on the Board of Directors and the Audit Committee of the Company. (2) Proposal for the Company's 2022 distribution of directors' and employees' remuneration. (3) The proposal for transfer of the Company's delegated managers in 2023. (4) Proposal for payment of pension fund to the Company's manager, Huang Yang-Hsun.	Unanimously approved by all the Audit Committee members present	Unanimously approved by all the directors present at 19th meeting of 11th term of the Board of Directors on March 14, 2023.
May 8, 2023 (11th meeting of 4th term)	(1) Proposal for 2022 directors' remuneration distribution. (2) Proposal for payment of pension fund to the Company's manager, Chen, Hsiu-Hsiung.	Unanimously approved by all the Audit Committee members present	Motion No. 1 was unanimously approved by all the directors present at 21st meeting of 21st term of the Board of Directors on May 11, 2023. For Motion No. 2, the manager, Mr. Chen Hsiu-Hsiung, should be recused due to conflict of interest. Therefore, he did not participate in the discussion and voting. The motion was approved by the other directors unanimously after the chair's inquiry with the

				other directors.
August 9, 2023 (1st meeting of 5th term)	(1) Review on the suggested remuneration to the independent directors of the Company. (2) Adjustment of transportation allowances for the Company’s directors (including independent directors).	Motion No. 1: 1. Discussion on Independent Director Wu, Chung-Shu was unanimously approved by all the Audit Committee members presenting at the meeting. 2. For the discussion concerning Independent Director Chu, Po-Yong, Chu, Po-Yong recused himself from the discussion and voting due to conflict of interest and the proposal was approved by the other two committee members unanimously. 3. For the discussion concerning Independent Director Chen, Shui-Chin, Chen, Shui-Chin recused himself from the discussion and voting due to conflict of interest and the proposal was approved by the other two committee members unanimously. Motion No. 2: Unanimously approved by all the Audit Committee members present	The 3rd meeting of 12th term of the Board of Directors on August 10, 2023 resolved as follows: For Motion No. 1, the independent directors, Mr. Chu Po-Yong, Mr. Wu Chung-Shu and Mr. Chen Shui-Chin, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair’s inquiry with the other directors. Fro Motion No. 2, directors should be recused due to conflict of interest involved in the adjustment of transportation allowance. Therefore, the proposal should be resolved in accordance with the recusal system, and discussed and voted in two steps. (1) The three independent directors should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair’s inquiry with the other directors. (2) Further, eight general directors should be recused due to conflict of interest. The chair appointed Independent Director Chu Po-Yong to act as the acting chair. The motion was approved by the other directors unanimously after the acting chair’s inquiry with the other directors.	
II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, the content of the motion, all members’ opinions, and the response to members’ opinion shall be specified: None.				

Note:

- (1) Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the "Remarks" Section. His/her actual attendance rate (%) to the committee meeting shall be calculated based on the number of meetings called and the actual number of meetings he/she attended, during his/her term of office.
- (2) If a Remuneration Committee member is re-elected before the end of the accounting year, the names of current and previous members shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Remuneration Committee meetings held during his or her tenure and the number of such meetings attended.

(V) Implementation of Sustainable Development and Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Implementation Item	Implementation Status		Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
I. Does the Company have a governance structure that promotes sustainable development, and set up dedicated (or ad-hoc) sustainable development units, with Board of Directors authorization for senior management which reports its supervisory status to the Board of Directors?	V		None
II. Does the Company follow the materiality principle to conduct a risk assessment for environmental, social and corporate	V		None

governance topics related to company operation, and establish risk management-related policy or strategy?			<p>materiality principle, the Company has conducted a risk assessment for relevant important topics and established various internal regulations based on the assessed risks. Based on the types of individual risk factors, the competent units within the Company have carried out risk management at different levels and developed various controls, and at the same time conduct these controls, in order to minimize the uncertainty of business operations. The Company has also paid attention to climate change, energy, resource and other relevant issues, and set goals and regularly reviewed the results of the implementation.</p> <p>Please find the relevant established policies and procedures of risk management on Pages 319-323.</p>	
<p>III. Environmental Issues</p> <p>(I) Has the Company set an environmental management system designed to industry characteristics?</p>	V		<p>1.The Company implements the ISO14001 Environmental Management System, in which the Safety and Health Department is responsible for implementing environmental management policies, assisting in promoting voluntary greenhouse gas reduction plans, establishing an enterprise environmental management system, committing to product designs that conform to environmental protection concepts, improving equipment and working environment to reduce exhaust gas, waste water, noise, waste generated in the process and save energy, properly proceeding with recycling, and strengthening industrial safety advocacy, and continuing the preventions and controls of various pollution. Additionally, each year, an external audit is conducted to ensure the effectiveness of our management system.</p> <p>2.Third-party management system assurance (Metal Industries Research & Development Centre) for ISO14001:2015 version update has been obtained on November 14, 2020 for the Company's Taiwan operations. External follow-up review has been carried out from September 26, 2023 to September 28, 2023 and from October 2, 2023 to October 4, 2023, and the certificate No. 5XWE001-09 is valid until November 13, 2026. Third-party</p>	None

			management system assurance (Hangzhou Wantai Certification Co., Ltd.) for ISO50001:2018 Energy Management System version update has been obtained on January 12, 2024 for the Company's China operations, and the certificate is valid until December 1, 2026. Energy Saving, Resources Recycling, Operation Safety, and Pollution Prevention are the Company's core principles. The Company also promotes the 5S management activities in every aspect and regularly examines the environmental performance of each department.	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		Since a tire's fuel efficiency is highly relevant to our environment, we use lightweight designs and implement material simplification to reduce the weight of tires and the amount of semi-finished materials when developing new products. These design methods not only enhance the fuel efficiency of tires but are also highly effective in reducing the waste produced during the manufacturing process. In light of these benefits, we have been promoting low-rolling resistance tires and increasing production efficiency in our product development, thereby making a contribution to environmental sustainability. The materials we use fully comply with EU regulations and the requirements of major car assembly factories on environmental protection, and all of our manufacturers are required to submit third-party testing reports from REACH and RoHS. In addition, we only use eco-friendly process oils with reduced aromatic hydrocarbons, and any raw material (e.g., process oil, liquid synthetic rubber and resin) used in the production process should be accompanied by a third-party-issued PAHs testing report.	None
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take relevant response measures?	V		To respond to the risks and impact posed by the extreme climate, the Company has asked the ESG Promotional Team to call on the responsible staff of each department to work in groups to identify the material climate risk issues related to the Company in accordance with the materiality principle and Task Force on Climate-Related Financial Disclosures (TCFD) and analyze the impact level and opportunities. Through the identification of the	None

			physics and transition risks, the matrix of climate change risks and opportunities is drawn and the climate change core actions and strategies aiming at the material risks are stipulated to take risk countermeasures, reinforce the Company's adaptability to the extreme climate and lower the risks. Meetings are held regularly to review the effectiveness of the mitigating measures to stipulate standardized procedures and shorten the response time of handling similar risks in the future.													
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V	<p>1. Both the Company's main plant and the Douliu plant have received the Energy Efficiency and Carbon Reduction Marks from the Environmental Protection Administration. In March 2017, Douliu 2nd plant became the 78th factory (and the first in the rubber product manufacturing industry) in Taiwan to have received the Clean Production Evaluation System Certification from the Industrial Development Bureau. In July 2018, we underwent a follow-up audit by the Industrial Development Bureau.</p> <p>2. According to the Regulations Governing the Inventory, Registration and Verification of Greenhouse Gas Emissions, the Company's head factory shall fall within the first batch of reportable objects (direct emission greater than 25,000 t-CO2e), and Xizhou Plant within the second batch of reportable objects (direct emission and indirect emission greater than 25,000 t-CO2e), both to undergo the greenhouse gas inventory and registration.</p> <p>3. The greenhouse gas statistics of all the Company's plants in Taiwan are as follows: In 2023, compared with 2022, the greenhouse gas emission was reduced by 16.73%.</p> <table><tr><th>Greenhouse Gas Emission (tCO2e)</th><th>2022</th><th>2023</th></tr><tr><td>Scope 1: Direct Emissions</td><td>56,656.489</td><td>42,651.280</td></tr><tr><td>Scope 2: Indirect GHG Emissions</td><td>89,791.780</td><td>79,291.638</td></tr><tr><td>Total</td><td>146,448.270</td><td>121,942.918</td></tr></table> <p>Note: The 2023 emission data are expected to be verified in April, and the data may be subject to change.</p>		Greenhouse Gas Emission (tCO2e)	2022	2023	Scope 1: Direct Emissions	56,656.489	42,651.280	Scope 2: Indirect GHG Emissions	89,791.780	79,291.638	Total	146,448.270	121,942.918	None
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			<p>4.The water use management policy is formulated in accordance with the ISO14001 Environmental Management System: The boilers use RO purified water, the residual water is used by the manufacturing process, and the water used by the manufacturing process is recycled, with the goal of regulatory compliance in mind to reduce the water used by the manufacturing process and wastewater discharge. The source of water includes running water and groundwater. The wells extracting groundwater have all obtained the certificates of water rights and their extraction follows the permitted volume. The total volume of water usage and waste water emission in 2023 were reduced by 12% and 16.7%, respectively, from 2022.</p> <table> <tr> <th colspan="2">Water Resources Usage (tons)</th><th>2022</th><th>2023</th></tr> <tr> <td colspan="2">Tap water</td><td>236,964</td><td>187,910</td></tr> <tr> <td colspan="2">Groundwater</td><td>517,786</td><td>474,850</td></tr> <tr> <td colspan="2">Total</td><td>754,750</td><td>662,760</td></tr> </table> <table> <tr> <th colspan="2">Wastewater Discharge Volume</th><th>2022</th><th>2023</th></tr> <tr> <td colspan="2">Mainly domestic wastewater and cooling wastewater</td><td>374,999</td><td>312,208</td></tr> </table> <p>Note: The wastewater volume of the plants in Taiwan is measured by the flow meter on the facilities. The flow meter is regulated by the environmental protection regulations in Taiwan and calibrated by a qualified verification third party once a year.</p> <p>5.The waste management policy made by the Company is in accordance with the “business waste disposal proposal” permitted by the local environmental protection authority. A qualified waste disposal company verified by the competent authority is commissioned to handle the Company's waste disposal. The employees' awareness of recycling has been raised so that the waste items and containers are recycled to the extent possible to reduce the waste disposal types and volume. The recycling system</p>	Water Resources Usage (tons)		2022	2023	Tap water		236,964	187,910	Groundwater		517,786	474,850	Total		754,750	662,760	Wastewater Discharge Volume		2022	2023	Mainly domestic wastewater and cooling wastewater		374,999	312,208
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	<p>has been properly set up. The recycling companies are commissioned according to categories defined by the public announcement to handle the Company's recyclable waste. The disposable tableware use has been reduced by giving the employees personal tableware and asking the restaurant to use reusable stainless tableware. All items are maintained regularly to extend their use and the environmentally friendly consumables and raw materials are introduced step by step. Total waste disposal in 2023 was 2.1% lower than that in 2022.</p> <table> <tr> <th>Waste type (tons)</th><th>2022</th><th>2023</th></tr> <tr> <td>Residential and commercial waste</td><td>161.9</td><td>118.84</td></tr> <tr> <td>General business waste</td><td>2,829.6</td><td>2,811.40</td></tr> <tr> <td>Hazardous business waste</td><td>1.34</td><td>0.24</td></tr> <tr> <td>Total</td><td>2,992.84</td><td>2,930.48</td></tr> </table> <p>6. The air pollutants in the tire industry mainly come from waste gas emissions during the manufacturing process and boiler use. With regard to the handling of VOCs and bad odor, we have added water cleansing towers and a photocatalyst system at the end of the mixture manufacturing process to effectively reduce the VOCs emission and the spread of odor, increased pipe end processing efficiency and conducted close monitoring and upgraded the waste gas processing facilities. The air pollutant emissions in the past two years are as follows:</p> <table> <tr> <th>Pollutant Type (tons)</th><th>2022</th><th>2023</th></tr> <tr> <td>Sulfur oxides</td><td>0</td><td>0</td></tr> <tr> <td>Nitrogen oxides</td><td>43.52</td><td>32.68</td></tr> <tr> <td>Volatile organic compounds</td><td>131.86</td><td>122.02</td></tr> <tr> <td>Particulates</td><td>1.10</td><td>0.896</td></tr> <tr> <td>Total</td><td>176.48</td><td>155.6</td></tr> </table> <p>7. Energy-saving goals: The Company has established an energy management organization to set energy conservation goals and action plans annually. Currently, the Company follows the energy-efficient settings recommended by the Ministry of Economic</p>	Waste type (tons)	2022	2023	Residential and commercial waste	161.9	118.84	General business waste	2,829.6	2,811.40	Hazardous business waste	1.34	0.24	Total	2,992.84	2,930.48	Pollutant Type (tons)	2022	2023	Sulfur oxides	0	0	Nitrogen oxides	43.52	32.68	Volatile organic compounds	131.86	122.02	Particulates	1.10	0.896	Total	176.48	155.6	
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			<p>Affairs, which aimed to reduce energy use by 1% from the previous year. The energy conservation measures taken by the Company include: Constructing solar power generation units, replacing old models of motors with energy-efficient motors, selecting energy-efficient light fixtures, recovering waste heat from the water heating system, replacing the AC systems, etc. Investments toward energy-conserving measures in 2023 amounted to NT\$55,841 thousand, and 3,496.44 thousand kWh of energy was conserved.</p>	
<p>IV. Social Issues</p> <p>(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	V		<p>1. The Company follows the International Bill of Human Rights. In accordance with the "Responsible Business Alliance Code of Conduct," the Company sets its "Responsible Business Alliance Code of Conduct regarding Labor Profile and Business Ethics" and prescribes the following procedures in its management policy: "Prohibition of Child Labor and Misuse Remedy Management Procedure", "Anti-Discipline, Anti-Forced Labor, Anti-Prisoner Management Procedure", "Student, Interns, and Part-Time Workers Management Procedure", "Anti-Discrimination Management Procedure", "Whistleblower Protection and Anti-Retaliation Management Procedure", "Privacy and Confidentiality Management Procedure", etc. The Company regularly reviews and assesses the relevant policies and procedures, and incorporates these policies and procedures into the 3-hour training programs for the new employees. The Company did not hire any underage workers, and we have not received any reports of child labor. Under the Labor Standards Act in Taiwan, forced labor is prohibited; the same applies to expatriate employees. One of the items under our annual raw material supplier audit also prohibit suppliers from hiring child labor, and their employee recruiting and hiring process should comply with the Labor Standards Act. In 2023, there were no violations by our suppliers.</p>	None

			<p>2.To elevate work efficiency, improve work conditions and strengthen harmony between employees and employers, the Company has set up a labor union in accordance with local regulations. The employees are all protected by the collective agreements signed by the overseas subsidiaries and labor union. As of December 31, 2023, a total of 2,336 employees, or 53.02% of the total employees, have joined the labor union. Although a trade union was established in Taiwan, no collective agreement has been signed. When there is any related issue to be discussed, the Company provides diversified communication channels and also adopts a positive communication method.</p>		
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the operating performance or results in the employee remuneration?	V		<p>The Company has established a reasonable salary remuneration policy and, subject to the annual business performance, granted remuneration based on the achievement rate of individual employee's performance and the employees' evaluation results of his or her contribution to the Company's performance, plus the employee stock ownership trust plan. The Company has regularly held educational training programs for the employees to enhance their understanding of corporate ethical values, in order to inspire employees to grow along with the Company and upgrade the employees' welfare. In October 2022, the Company officially launched the Employee Shareholding Trust Plan, which provides employee benefits that are superior to government regulations. Please refer to Pages 120~122 for more details.</p>	None	
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>1. The Company establishes the occupational safety and health management system for years, including personnel education and training, early risk assessment, the determination of the occupational safety and health management system goals and objectives, the documents issuance for the occupational safety and health management system, the verification and confirmation of the occupational safety and health management system performance (internal audit) and the external assessment and verification of the occupational safety and health</p>	None	

			<p>management system. The Company received a third-party management system certification (Metal Industry Research and Development Centre); certification information: ISO45001:2018/CNS45001:20185/TOSHMS, certification number: 514S001-02, expiration date: 2025/5/2. The previous follow-up inspection was conducted from 2023/5/22 to 2023/5/26.</p> <p>2. The safety devices of the machinery and equipment are inspected by the operators daily before operation. Dangerous machinery and equipment are routinely inspected each year. The health and safety officers perform an on-site inspection daily, conduct auditing from time to time, and issue a checklist for safety improvements in case of any violations. Every six months, the Company conducts an assessment of the operating environment.</p> <p>3. Each new employee is required to participate in general health and safety educational training; advanced training is also provided based on the type of machinery and equipment he/she will be operating once he/she arrives at the operating site. The Learning and Development Division under the HR Department arranges for training and seminars regarding health and safety from time to time for employees to participate in. Regulations related to health and safety, environmental protection, training information, and SDS downloads are also made available by the Safety & Health Department on the Company's intranet.</p> <p>4. Each year in July, we offer health checkups to our employees pursuant to the Labor Health Protection Act at selected hospitals. The health checkups are divided into general health checkups (for general employees) and special health checkups (for workers with special health hazards). In 2023, the number of employees who received specialized health checkups was 597. Employees with abnormality found in their chest X-ray, or cholesterol level, blood pressure or blood sugar level above</p>	None
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			<p>normal range will be notified for a follow-up appointment. In addition, the Company especially provides the logistics drivers with annual checkups for night vision, visual field, electrocardiogram, and heart-related functions, so as to prevent driving accidents caused by health factors.</p> <p>5. The Company has invited a contract physician to organize employee healthcare seminars, promote a smoke-free workplace, put up health promotional posters, promote health consultations, and more. In 2023, a total of 176 health consultation sessions were held across all plants, serving 958 participants. Further, 986 persons signed up for the Hepatitis C Screening Event in collaboration with Changhua Hospital, MOHW.</p> <p>6. In accordance with the published data on Frequency-Severity Indicator across all industries from the Occupational Safety and Health Administration, Ministry of Labor, for the rubber and plastics manufacturing industry for 2021 to 2023: Disabling Injury Frequency Rate (FR): 2.72; Disabling Injury Severity Rate (SR):77; Frequency-Severity Indicator (FSI):0.45. The Company had 3 incidents of occupational hazards that required employees to be away from work in 2023; the total number of employees involved in such incidents was 3 (accounting for 0.07% of the total number of employees as of December 31, 2023); and a Disabling Injury Frequency Rate (FR): 0.35; Disabling Injury Severity Rate (SR): 8; Frequency-Severity Indicator (FSD): 0.05, which was far lower than the industry average. In accordance with the Company's rules, the unit where the occupational hazard occurs is required to fill out an Occupational Hazard Investigation Form to research its cause and to draft improvement measures for review and follow-up. All occupational hazard incidents have been improved.</p> <p>7. There were no fire incidents in the Company in 2023; the number of casualties was 0, and the number of casualties</p>	None
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			accounted for 0% of the total number of employees. Relevant improvement measures in response to fires: Not applicable.	
(IV)Has the Company established effective career development training plans?	V		The Company is dedicated to creating a continuous and abundant learning environment. Each year, its employees participate in educational training regarding vocational development for enhancing their capabilities in respect of career development. Please refer to the relevant items of educational training and required hours on Page 122 of the Annual Report.	None
(V)Does the Company comply with relevant laws and international standards with regard to issues of customer health and safety, customer privacy, marketing and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the rights of the consumers or customers?	V		“Quality first, customers satisfied” is the Company's core competitive strategy for its products. With respect to the internal regulations on the products' qualities, the Company implements Total Quality Management (TQM) from Japan and acquires ISO9001 and IATF16949 certifications for quality management systems, and establishes the Quality Department to promote Company's quality management. Automotive markets around the world have tire labeling requirements in order to help consumers pick out tires that are suitable for their use. Our products are sold around the world and are in compliance with applicable product labeling regulations in the countries/regions of distribution. Due to environmental and safety considerations, each region and country have adopted tire labeling regulations, mainly governing rolling noise, wet grip capacity, and rolling resistance of the tires. For passenger cars, light trucks, and truck/bus tires, manufacturers must put a sticker on the tire tread that includes information on the tire's level of rolling noise, wet grip, and rolling resistance. Our tires sold to all regions and countries are in compliance with applicable regulations. The Company has disclosed its advertisement and labeling information of the products and services on the corporate website, and all the certifications and awards received for regulatory compliance can be found in the “About Maxxis” section (URL: http://www.cst.com.tw). The Company has a “Stakeholders” section as well as a post-sale service department and a customer service web page on our website (URL: http://www.cst.com.tw) and	None

			nationwide distributors that can provide consumer-related consultations and complaints.	
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		<p>1. The Company has a rigorous review process for its suppliers, which includes product verification, qualification review and on-site visits. The environmental aspect is 100% included in the rating during the supplier review stage, and 100% of the suppliers are required to pass and review. Meanwhile, some raw materials are implemented into the sustainable supply chain circular economy model, and the development and implementation of sustainable raw materials (renewable and recyclable) are promoted proactively. In the labor and human rights aspect, we pay close attention to suppliers' recruitment, training, safety and health, and comply with various international treaties and local Labor Standards Act from Responsible Business Alliance (RBA). In terms of ethical standards, we conduct reviews by focusing on prohibitions against conflict minerals, while in terms of social responsibilities, we adhere to and promote the Global Platform for Sustainable Natural Rubber (GPSNR) policy.</p> <p>2. We grade the supplier evaluation results into four tiers, namely A, B+, B, or C. Re-evaluation will be conducted on the approved suppliers based on their delivery quality and performance in a year, and a further re-evaluation will be conducted at least once every three years for all suppliers that receive A scores in each year. To ensure continuous improvement in the quality of suppliers, the re-evaluation process of existing suppliers is exactly the same as the new supplier approval process. In 2023, Cheng Shin has scheduled on-site assessments for 115 suppliers (including both new and existing suppliers). The results of these assessments indicated a</p>	None

			<p>100% qualification rate and a 100% achievement rate.</p> <p>3. In addition to supplier assessment and evaluation, Cheng Shin requires suppliers of raw materials to provide inspection reports from quality laboratories or third-party organizations for each shipment, and to conduct batch-by-batch or random inspections to ensure the quality of raw materials supplied. In addition to the quality control of Cheng Shin's own products, we also trace back to the upstream sources and demand the input of quality raw materials to ensure that we provide consumers with safer and more quality-assured products.</p> <p>4. The Company requires all suppliers to observe the Responsible Business Alliance (RBA) standards, abide by RBA, and sign the letter of commitment. The Company's internal employees should sign the Letter of Commitment on Clean Practice for Employees to prevent abuses and combat corruption.</p> <p>5. To ensure the timely raw material supply to production and operation, the Company has worked out the internal management procedure for the implementation of the Emergency Response Plan. Moreover, the Company decides on an emergency topic based on external climate change every year and organizes an emergency response drill. In 2023, each production unit conducted at least 2 drills, including emergency response drills for hazardous substance leakage, liquid nitrogen leakage, fire explosion emergency response, information security and extreme climate drills, etc..</p>	None
V. Does the Company refer to international reporting rules or guidelines to publish a Sustainable Development Report to disclose non-financial information about the Company? Has the said Report acquired third-party certification party verification or statement of assurance?	V		<p>1. The Company's Sustainability Report was compiled by various departments which the Sustainable Development Taskforce was responsible for coordinating, in accordance with the framework under the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD), and the standards and requirements of the Sustainability Accounting Standards Board (SASB).</p> <p>2. In order to ensure the quality of information disclosure, the</p>	None

			Company has commissioned Deloitte & Touche to issue a limited assurance report in accordance with TWSAE 3000 and will release it after the assurance .	
<p>VI. If the Company has established its Sustainable Development Code of Practice according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the policies and its practices:</p> <p>The Company establishes the “Sustainable Development Best Practice Principles,” which was approved by the Board of Directors, and implements the same. The relevant operations and principles have been reviewed and improved, and no discrepancies have been found.</p> <p>VII. Other important information which facilitates a better understanding of the Company's promotion of sustainable development practices:</p> <p>By upholding the concept of “Building A Better Society”, Cheng Shin is committed to charity and social philanthropy, and continues to integrate internal and external resources, and fulfills its corporate social responsibilities. We are involved in social philanthropy in multiple manners, through “Industry-academy cooperation”, “Sports Sponsorship”, “Arts and Cultural Promotion”, “Educational Support”, and “Community Feedback”, we actively participate in charity activities, caring for the community, and giving back to society.</p> <p>With regard to the care for the underprivileged, we provided free meal boxes for disadvantaged groups, poor families, and the elderly living alone. We donated the luggage trolleys at several airports and ports around Taiwan. As for education, we provided all kinds of scholarships and student aids to encourage students to realize their potential of continuing their educations. In addition, Cheng Shin's donation to the public can be seen on the community park benches and at blood donation events.</p> <p>Cheng Shin also continues to annually hold public welfare lectures and sponsor all types of sports events in Taiwan such as the national tennis group championships with First Financial Holding Company and the national table tennis championships with Taiwan Cooperative Financial Holding Company. Cheng Shin also promotes all types of cycling sports and sponsors the cycling events around Taiwan such as Changhua Classic 100.</p> <p>Key Performance -</p> <ul style="list-style-type: none"> • In 2023, the total amount of charitable donations in Taiwan by Cheng Shin Taiwan reached NT\$6,759,753. • The amount of the 2023 public welfare donation in the Mainland reached RMB1,360,075. <p>Donation</p> <p>Industry-Academia Cooperation</p> <ul style="list-style-type: none"> • As of December 31, 2023, a total of 12 students from Taiwan have participated in overseas internship programs. • In 2020-2023, the Company organized a total of 88 “MAXXIS University Recruitment Tours” in Kunshan District. • In 2023, 90 students participated in the “College Internship Program” launched in Kunshan District. • In 2023, Cheng Shin Rubber (Xiamen) participated in a total of 19 on-campus job fairs. 				

(VI) Climate-related information for TWSE/TPEX-listed companies

1. Implementation of climate-related information

Items and implementation status				
<p>1. Description of the Board of Directors' and management's oversight and management of climate-related risks and opportunities. Implementation status: In response to climate change and the energy usage crisis, the Company's Board of Directors conducts the monitoring, and the Sustainability Development Task Force works with various department personnel to assess the "likelihood of impacts" and "degree of impacts" of various risks based on materiality criteria. Eight climate change risks and opportunities have been identified, integrating Cheng Hsin's development with policies and solutions related to economic growth, environmental protection, and sustainable development. They also establish short, medium, and long-term objectives to continuously enhance climate resilience and foster an environmentally sustainable culture.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the Company (short, medium and long term). Implementation status:</p>				
CATEGORY	Potential Risks and Opportunities	Point of Impact	Financial impact on the Company	Response Measures
Transitional Risk	Policy and regulatory impacts	Short-term	In response to government enforced environmental regulations, it is necessary to promptly comprehend and assess compliance within the Company. This facilitates alignment with governmental policies and regulations, but it also leads to increased expenditure on manpower costs.	Self-inspect the pollution prevention status and the pollution prevention equipment capability on a regular basis through the internal audit of the effective environmental management system. Establish regulations on the identification and management of environmental safety and health-related laws and regulations and collects regulations updated by relevant competent authorities every month to identify and implement them accordingly. Conduct compliance assessment once a year to comply with statutory provisions.
	Customer behavioral change	Mid-term	Increasing concern on environmental issues: In order to improve environmental protection and driving safety, with the expectation on the tire industry to provide consumers with better tire quality, stricter standards of EU Labeling/Marking Requirements have been put forward to implement in stages (2017~2030). Purchase of all-season tires: In some European countries, there is only light and light snow all year round, and although the temperature is cold, there are no extreme cold conditions, so for the sake of	Continue to carry out market and customer demand surveys so as to provide the new generation of all-season tire products in line with the market and customer demand.

			convenience, consumers are starting to buy all-season tires. In response to new trends, new product positioning and new R&D directions are planned, resulting in increased labor costs.		
	Collection of greenhouse gas emission carbon fee	Long-term	The Company's head factory and Xizhou Plant are subject to a carbon tax on the greenhouse gas emissions in 2024, resulting in an increase in operating costs.		Participate in industrial associations; negotiate with the government on greenhouse gas caps. Promote greenhouse gas reduction efforts proactively and continue to enhance the efficiency of equipment.
	Heavy rainfall events	Short-term	The waterways in the plant are not easily drained and swell, causing water to accumulate on the roads and making it difficult for vehicles to pass, and the expenses are increased by assigning manpower and purchasing additional equipment to resolve the waterlogging situation.		Remove the silt in the waterway and increase water load. Add and purchase new equipment to increase the number of drainage motors in the plant to promote drainage efficiency.
	Droughts	Mid-term	The government's water restriction policy has affected the water required for the Company's operations, resulting in increased costs.		Continuously monitor government policies related to water use restrictions to prevent unanticipated policies from affecting the Company's production capacity.
Physical risks	Disaster events	Long-term	Disasters cause interruptions in operations and damages to equipment, resulting in loss of revenue.		Contingency shall be dealt with in accordance with the "Disaster and Accident Handling Management Methods". For example: Emergency Response Plan Operation Process, Emergency Response Contact System, and Disaster Response Management, etc. Implement in accordance with the Technical Guidelines on Emergency Response Measures and follow the Taiwan Occupational health and safety management systems (TOSHMS) guidelines and the five related technical guidelines (risk assessment, procurement management, contracting management, change management, and emergency response measures) issued by the Ministry of Labor.
	Expanding new business opportunities	Mid-term	Climate anomalies can cause a change in customer demand. If we can predict the market demand and develop new products, we are likely to enter new markets and increase our revenue.		Develop new products based on customer performance requirements. Segmenting markets and finding new niches.
Opportunities	Research and development of innovative products or services	Mid-term	Anti-closing 3DSipe technology ensures that tires maintain excellent performance. Maintain product quality and enhance market competitiveness and sales volume. High wet grip 4S white smoke tread formula technology, optimize the product wet grip, enhance market competitiveness and sales volume.		Development of new generation products for each tire category.

3. Describe the financial impact of extreme climate events and transformational actions.
Implementation status:

CATEGORY	Potential Risks and Opportunities	Point of Impact	Financial impact on the Company	Response Measures
Transformation action	Policy and regulatory impacts	Short-term	In response to government enforced environmental regulations, it is necessary to promptly comprehend and assess compliance within the Company. This facilitates alignment with governmental policies and regulations, but it also leads to increased expenditure on manpower costs.	Self-inspect the pollution prevention status and the pollution prevention equipment capability on a regular basis through the internal audit of the effective environmental management system. Establish regulations on the identification and management of environmental safety and health-related laws and regulations and collects regulations updated by relevant competent authorities every month to identify and implement them accordingly. Conduct compliance assessment once a year to comply with statutory provisions.
	Customer behavioral change	Mid-term	Increasing concern on environmental issues: In order to improve environmental protection and driving safety, with the expectation on the tire industry to provide consumers with better tire quality, stricter standards of EU Labeling/Marking Requirements have been put forward to implement in stages (2017~2030). Purchase of all-season tires: In some European countries, there is only light and light snow all year round, and although the temperature is cold, there are no extreme cold conditions, so for the sake of convenience, consumers are starting to buy all-season tires. In response to new trends, new product positioning and new R&D directions are planned, resulting in increased labor costs.	Continue to carry out market and customer demand surveys so as to provide the new generation of all-season tire products in line with the market and customer demand.
	Collection of greenhouse gas emission carbon fee	Long-term	The Company's head factory and Xizhou Plant are subject to a carbon tax on the greenhouse gas emissions in 2024, resulting in an increase in operating costs.	Participate in industrial associations; negotiate with the government on greenhouse gas caps. Promote greenhouse gas reduction efforts proactively and continue to enhance the efficiency of equipment.
	Heavy rainfall events	Short-term	The waterways in the plant are not easily drained and swell, causing water to accumulate on the roads and making it difficult for vehicles to pass, and the expenses are increased	Remove the silt in the waterway and increase water load. Add and purchase new equipment to increase the number of drainage motors in the plant to promote drainage efficiency.

			by assigning manpower and purchasing additional equipment to resolve the waterlogging situation.	
Droughts	Mid-term		The government's water restriction policy has affected the water required for the Company's operations, resulting in increased costs.	Continuously monitor government policies related to water use restrictions to prevent unanticipated policies from affecting the Company's production capacity.
Disaster events	Long-term		Disasters cause interruptions in operations and damages to equipment, resulting in loss of revenue.	Contingency shall be dealt with in accordance with the "Disaster and Accident Handling Management Methods". For example: Emergency Response Plan Operation Process, Emergency Response Contact System, and Disaster Response Management, etc. Implement in accordance with the Technical Guidelines on Emergency Response Measures and follow the Taiwan Occupational health and safety management systems (TOSHMS) guidelines and the five related technical guidelines (risk assessment, procurement management, contracting management, change management, and emergency response measures) issued by the Ministry of Labor.

4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.
Implementation status:
(1) Convene the Sustainable Development Task Force and divide groups with relevant department's responsible persons → (2) Identify and list the main risks and opportunities of Cheng Shin, and discuss their relevance to Cheng Shin → (3) Assess the urgency and incidence of the risks and opportunities → (4) Assess the intensity of the impact posed by climate change risks to Cheng Shin → (5) Draw climate risk and opportunity matrix → (6) Formulate climate risk response measures and assess whether the cost is correspondent to effects to carry out mitigation measures → (7) Regularly review the effectiveness of the mitigation measures. If the improvement is not satisfactory, reduce the level of impact through a second discussion or risk transfer → (8) Review the process and formulate standardized procedures for future related impacts, in order to reduce the response time to risk treatment in the future.
5. If scenario analysis is used to assess the resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.
Implementation status: The Company selects material climate risks and opportunities each year for scenario analysis and management, and discloses them in the Sustainability Report and CDP questionnaire.
The Company selected and analyzed the financial impact posed by the carbon fee levied by the government agency for the Company's specific operating locations under different scenarios with reference to the trend of domestic law and regulation and the public information of international peers;

For the parameters, assumptions, analysis factors and main financial impact used in the aforementioned scenario analysis, please refer to the Company's 2023 Sustainability Report.

6. If there is a transition plan for managing climate-related risks, describe the plan, as well as the metrics and targets used to identify and manage physical risks and transition risks.
Implementation status: The Company has no transformation plan in response to climate-related risk management for the time being.
7. If internal carbon pricing is used as a planning tool, elaborate on the basis for setting the price.
Implementation status: The Company does not use internal carbon pricing as a planning tool.
8. If climate-related targets have been set, please provide information about the covered activities, scope of greenhouse gas emissions, planning schedule, progress achieved each year, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, please explain the source and quantity of the offset carbon emissions or the number of RECs used for the purpose.
Implementation: The Company has set 2019 as the base year for greenhouse gas reduction, and the reduction target is to reduce the emission by 22% by 2030 compared with the base year; covering the tire production activities of each plant, the scope of greenhouse gas emissions: Scope 1: direct emissions from burning fossil fuels, and Scope 2: Indirect emissions from energy use. Carbon offset and renewable energy certificates have not yet been used.
9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately).

1-1 GHG inventory and assurance in the last 2 years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (metric tCO₂e), intensity (metric tCO₂e/NTD million), and data coverage for the most recent two years.

Greenhouse Gas Emission (tCO ₂ e)	2022	2023
Scope 1 Direct emissions	56,656.489	42,651.280
Scope 2 Indirect emissions	89,791.780	79,291.638
Total	146,448.270	121,942.918

Scope of data: All plants in Taiwan (including Head Plant, Plant Nos. 2 and 3, Zhongzhuang, Xizhou, Douliou Plant Nos. 1, 2 and 5)

The 2023 annual emission data will undergo the inventory and external verification based on the ISO14064-1:2018 version. After the verification is completed, the data might be revised. The complete assurance information will be disclosed in the 2023 Sustainability Report.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the assurance scope, assurance institution, assurance criteria, and assurance opinions.

The 2022 greenhouse gas emission data are inspected based on ISO14064-1:2006, while there was no external verification.

The 2023 annual emission data will undergo the inventory and external verification based on the ISO14064-1:2018 version. After the verification

<p>is completed, the data might be revised.</p> <p>Assurance scope: All plants in Taiwan (including Main Plant, Plants 2, 3, Zhongzhuang, Xizhou, Douliou 1, Plants 2, and 5)</p> <p>Assurance institution: The external verification is entrusted to AFNOR Asia Ltd..</p> <p>The verification is expected to be completed in April 2024, and the complete assurance information will be disclosed in the 2023 Sustainability Report.</p>	<p>1-2 Greenhouse gas reduction goals, strategies and concrete action plans</p>
<p>Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.</p> <p>The Energy Conservation and Carbon Reduction Committee was established in 2023 accordingly. The Company set 2019 as the base year for greenhouse gas reduction, and the reduction goal is to reduce the emission by 22% by 2030 compared to the base year.</p> <p>Reduction actions will be divided into three major aspects: A. Update and replacement of equipment; B. Improvement of equipment (energy leakage, etc.); C. improvement of process.</p> <p>As of the date of publication of the annual report, the statistics on the reduction performance for 2023 are still under progress. The complete information will be disclosed in the 2023 Sustainability Report.</p>	

(VII) Implementation of Ethical Corporate Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
I. Establishment of Ethical Management Policy and Programs			
(I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Ethical Corporate Management Best Practice Principles and Procedures for Preventing Insider Trading have been adopted by the Company, which provide guidelines on business conduct for the Board and management to implement ethical corporate management.
(II) Has the Company established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(II) The Company believes that a culture of ethical corporate management is one of the keys to the Company's sustainability and success. It establishes Ethical Corporate Management Best Practice Principles and other internal rules providing guidelines for the conduct of directors, managers, and employees of the Company, which is aimed to urge personnel of the Company to act with the highest integrity and ethical standards when they perform their duties. Related rules are stipulated by clauses 6 to 13 of the Ethical Corporate Management Best Practice Principles.
(III) Has the Company established relevant policies that are duly enforced to prevent unethical conduct, provided	V		(III) The Company has incorporated the rules, in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, into its

None

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof		
	Yes	No		Summary	
implementation procedures, guidelines consequences of violation and complaint procedures, and periodically reviewed and revised such policies?			Rules and Procedures for Board Meetings, Employee Work Regulations, Related Party Transactions, Establishment of Commercial Contracts, Accounting Policies, and Internal Control System, which stipulates the prohibition of conflicts of interest, accepting gifts and gratuities and other unethical business practices, as well as its commitment to ethical corporate management.		
II. Implementation of Ethical Management					
(I) Does the Company evaluate the ethical records of business counterparties and include clauses stipulating ethical conduct in business contracts?	V		(I) The Company has included clauses related to ethical conduct in the contractual agreements with its business counterparties, which allow the Company to terminate agreements and claim damages or terminate partnerships due to the counterparties' violations of the clauses.		
(II) Does the Company establish a dedicated (concurrent) unit under the Board of Directors to promote ethical corporate management and regularly report to the Board of Directors on its implementation status (at least for once per year)?	V		(II) On March 14, 2023, the Company established the Ethical Management Group, consisting of the President Office's Legal Affairs Office. and formulated the “Integrity Management Procedures and Code of Conduct” which stipulates that the Company shall report to the Board of Directors at least once a year on its performance. On April 18, 2023, the Company submitted the operation and supervision report to the Board of Directors as follows: <table><tr><td>Education and Training</td><td>1. The number of ethical management education and training hours for new employees in 2022 is 370 hours. 2. Directors participated in a 3-hour course</td></tr></table>	Education and Training	1. The number of ethical management education and training hours for new employees in 2022 is 370 hours. 2. Directors participated in a 3-hour course
Education and Training	1. The number of ethical management education and training hours for new employees in 2022 is 370 hours. 2. Directors participated in a 3-hour course				

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>on insider trading prevention.</p> <p>3. Directors participated in the 9-hour course on Ethical Corporate Management Best Practice Principles and How to Avoid Missteps the Red Line of Responsibilities of Directors and Supervisors.</p> <p>4. Directors participated in a 33-hour course on the non-competition of trade secrets.</p> <p>Commitments</p> <p>All personnel involved in procurement, quotation, inquiry and contact with suppliers, sales personnel, personnel at the managerial level (including director) and above, and personnel stationed in overseas plants shall sign the "Letter of Commitment for the Code of Ethical Conduct for Employees" and submit the same to the Human Resources Department. The same procedure applies to new employees and staff who are transferred. Contractors are required to sign the "Letter of Commitment for Integrity and Confidentiality," and review the contract together with the legal affairs unit. The same procedure applies to new partners.</p> <p>Promotion</p> <p>1. E-mails are delivered to directors (including independent directors) and managers on "Reducing Violations in Insider Share Transfer", "Insider Trading Prevention Regulations" and "Corporate Governance Best Practice Principles" on a quarterly basis.</p>	

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	
<p>(III) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels, and implemented the policies?</p> <p>(IV) Has the Company established an effective accounting system and internal control system to facilitate ethical corporate management, which is audited by either internal auditors or certified public accountants on a regular basis?</p> <p>(IV) Does the Company regularly hold internal and external training on business ethics?</p>	V		(III) None
	V		(IV) None
	V		(V) None
Summary		<p>2. The Company informs directors, via email, that they may not trade shares during the book-closure period before the date of the announcement of the financial report to avoid accidental violation of this requirement.</p> <p>3. The relevant procedures of ethical management are posted on the Company's intranet for employees to query and understand.</p>	
		<p>(III) Set up a stakeholder section on the Company's website to provide an appropriate communication channel and implement it.</p> <p>(IV) The Company's internal auditors have stipulated the ethical management operation as one of the audit items in the annual audit plan, and duly implemented it in accordance with the internal control system. The audit report is submitted to the Audit Committee and the Board of Directors on a regular basis.</p> <p>(V) The Company provides 0.5-hour ethical management training for new employees on their onboard date. Meanwhile, the Company also provides education on ethics and responsible behavior standards for existing employees, and explain and promote the behaviors to be followed and to be avoided by the employees in the employee service rules. The Company provided the ethical management</p>	

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No Summary	
		education and training for 2,741 hours in 2023, including promotion and testing, and its performance was included in the annual performance appraisal.	
III. Implementation Status of the Company's Whistle-blowing System			
(I) Has the Company established a grievance and rewards system and a reporting hotline? Can the employees with alleged violations be reached by an appropriate contact person for a follow-up?	V	(I) The Company has established a grievance system and whistleblowing procedures both on its intranet and on its website providing a channel for its employees and relevant personnel to report unethical business behaviors or improper conduct. The investigation of reported or suspected violations will be undertaken by a responsible unit assigned by the Company.	None
(II) Has the Company established standard operating procedures and confidentiality measures for the investigation of reported incidents?	V	(II) The Company's Workplace Rules stipulate whistleblowing procedures and confidentiality measures, which enhance its code of conduct and ethics.	
(III) Does the Company have proper measures in place to protect whistleblowers from reprisals?	V	(III) The Company takes protective measures and maintains the anonymity of whistleblowers to prevent reprisals. Any employee in violation of the Company's ethical standards will be subject to disciplinary actions according to the Company's rewards and disciplinary system.	
IV. Enhancing Information Disclosure Has the company disclosed its ethical corporate management policies and results of implementation on the company's website and the Market Observation Post	V	The Company has made available its Ethical Corporate Management Best Practice Principles, corporate culture, missions and values, and other information on its website and	None

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
		Yes	No	
	Summary			
System?	the Market Observation Post System.			
V. If the Company has established its own ethical management best practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the current practices and any deviations from the Principles: The Company has adopted the “Ethical Corporate Management Best Practice Principles,” “Integrity Management Procedures and Code of Conduct.” There is no discrepancy between our practices and the Best Practice Principles.				
VI. Other important information which facilitates a better understanding of the Company's ethical management practices: The Company has made available on its website the “Ethical Corporate Management Best Practice Principles,” “Integrity Management Procedures and Code of Conduct,” “Rules, and Procedures for Board Meetings,” “Management Procedures for Preventing Insider Trading,” and a “Stakeholders Section.” With a vision for sustainable business, we seek to implement ethical corporate management and comply with applicable laws and regulations as the fundamental principles of our business				

(VIII) If the Company established the Corporate Governance Guidelines and Rules, it should disclose the way of inquiry:

The Company has formulated the Corporate Governance Best Practice Principles and relevant rules and have made these rules available on its corporate website (<http://www.cst.com.tw>). The rules can be found via the following path: Home page > Investor Information > Corporate Governance > Important Internal Rules.

(IX) Other important information regarding corporate governance that should be also disclosed together:

1. The Company has formulated the “Operating Procedures for Preventing Insider Trading” and set up key management controls as well as specified management tasks in handling internal material information and in preventing insider trading. The aforementioned mechanisms are used as management mechanisms to prevent insider trading, prevent improper disclosure of Company information, and ensure the timeliness and accuracy of externally published information.
2. Directors' continuing education and training:

Position	Name	Period of training		Organizer	Course Name	Hours from	Total continuing education hours in 2023
		From	Until				
Representative of Corporate Director	Chen, Yun-Hwa	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	6
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	
Representative of Corporate Director	Chen, Hsiu-Hsiung	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	6
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	
Representative of Corporate Director	Lo, Tsai-Jen	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	6
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	
Directors	Tseng, Shung-Chu	November 9, 2023	November 9, 2023	Taiwan Corporate Governance Association	What investors are thinking - ESG investment and financing discuss the sustainable transformation of enterprises	3	6
		November 9, 2023	November 9, 2023	Taiwan Corporate Governance Association	Plan ahead and talk about business continuity management	3	
Representative of Corporate Director	Lee, Chin-Chang	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	6
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	

Representative of Corporate Director	Lo, Yuan-Long	August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	12
		September 22, 2023	September 22, 2023	Taiwan Corporate Governance Association	Net Zero Sustainable Talent Incubation Class - Carbon Sink, Carbon Rights and Carbon Trading	9	
Representative of Corporate Director	Chen, Han-Chi	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	6
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	
Representative of Corporate Director	Wu, Hsuan-Miao	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	6
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	
Independent Director	Wu Chung-Shu	July 4, 2023	July 4, 2023	Taiwan Stock Exchange Corporation	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	3	12
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	
		August 31, 2023	August 31, 2023	Taiwan Corporate Governance Association	How to design governance and management so that corporate succession is no longer an barrier to sustainable operations	3	
		September 1, 2023	September 1, 2023	Taiwan Corporate Governance Association	Practice and development of corporate governance and compliance	3	
Independent Director	Chu, Po-Young	May 9, 2023	May 9, 2023	Taiwan Corporate Governance Association	Corporate ESG sustainability and risk management-related performance evaluation practices	3	15
		August 7, 2023	August 7, 2023	Taiwan Corporate Governance Association	Board Governance under ESG	3	
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	
		August 21, 2023	August 21, 2023	Taiwan Corporate Governance Association	Opportunities in Taiwan's AI industry; Acceleration of digital transformation and smart manufacturing with generative AI	3	
		August 21, 2023	August 21, 2023	Taiwan Corporate Governance	Net-zero emission trend and	3	

				Association	corresponding strategies of the paper industry; carbon right management and net zero support		
Independent Director	Chen, Shuei-Jin	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	24
		April 19, 2023	April 19, 2023	Taiwan Corporate Governance Association	Operational Practice of Enterprise Performance Management and Reward Mechanism	3	
		June 16, 2023	June 16, 2023	Taiwan Corporate Governance Association	How the board of directors monitors ESG risks and builds sustainable competitiveness	3	
		September 23, 2023	September 23, 2023	Securities & Futures Institute	Sustainable Development Practice Seminar	3	
		November 9, 2023	November 9, 2023	Taiwan Corporate Governance Association	Plan ahead and talk about business continuity management	3	
		November 9, 2023	November 9, 2023	Taiwan Corporate Governance Association	What investors are thinking - ESG investment and financing discuss the sustainable transformation of enterprises	3	
		November 11, 2023	November 11, 2023	Taiwan Corporate Governance Association	Countermeasures against Profit-Making Businesses and Individuals under the CFC storm	3	
		November 11, 2023	November 11, 2023	Taiwan Corporate Governance Association	Introduction to IFRS Sustainability Disclosure	3	

3. Managers' participation in corporate governance-related continuing education and training

Position	Name	Period of training		Organizer	Course Name	Hours from	Total continuing education hours in 2023
		From	Until				
Accounting Officer	Yu, Ching-Tang	April 20, 2023	April 21, 2023	Taiwan Accounting Research and Development Foundation	Continuing Education Training for Chief Accounting Officers of Issuers, Securities Firms, and the Securities Exchange	12	12
Chief Corporate Governance Officer	Lo, Yung-Li	January 12, 2023	January 12, 2023	Taiwan Corporate Governance Association	Research and Analysis of the Latest Tax Regulations and Practical Trends	3	12
		May 23, 2023	May 23, 2023	Taiwan Stock Exchange, Taipei	Promotion Conference for Sustainability	3	

				Exchange	Initiative for TWSE/TPEX-listed Companies		
		July 18, 2023	July 18, 2023	Taiwan Accounting Research and Development Foundation	2023 Financial Transformation and Sustainability Disclosure Seminar	3	
		August 10, 2023	August 10, 2023	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3	

(X)Disclosure matters of the status of Internal Control:

1. Statement of Internal Control System

Cheng Shin Rubber Ind., Co., Ltd.
Statement of Internal Control System

Date: March 13, 2024

The following declaration is made based on the 2023 self-appraisal on the Company's internal control policies:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has been implemented within the Company. The Company has established an effective internal control system that aims to reasonably assure the operational results and effectiveness (including profitability, performance, assets security, etc.), the reliability, timeliness, and transparency of its report, and compliance with applicable laws and regulations.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the Company has set up a self-monitoring mechanism on the internal control system, which allows the Company to take corrective actions as soon as any error or inadequacy is identified.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria listed in the Framework divide the internal control system into five components based on the management control process. The five components are i) Control environment, ii) Risk assessment, iii) Control activities, iv) Information and communication, and v) Monitoring. Each component comprises several elements. For more information, please refer to the Framework.
- IV. The Company has adopted said criteria to assess the effectiveness of its internal control system design and implementation thereof.
- V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management on subsidiaries) as of December 31, 2023, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of said goals.
- VI. The Statement will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any false or fraudulent representations and concealment of information in this statement shall be subject to the legal liabilities prescribed by Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Statement was passed unanimously without objection by all 11 directors present at the Board meeting dated March 13, 2024.

Cheng Shin Rubber Ind., Co., Ltd.



Chairman: Chen, Yun-Hwa



President: Li, Chin-Chang



2. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: Not applicable.

(XI) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions were taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the Annual Report, as well as details of the sanctions, major deficiencies, and subsequent improvements: None.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings within the current fiscal year and as at the date of the Annual Report

1. Status of Resolutions Made by Shareholders' Meetings and Implementation Status

Year	Date	Proposal	Resolution	Implementation status
2023 Annual General Meeting	May 31, 2023	Acknowledgment of 2022 business report and financial statements	The proposal was approved by votes of the shareholders (including e-voting), Number of votes cast for the proposal: 2,425,477,479, accounted for 96.04% of the total voting shares; Number of votes cast against the proposal: 1,855,659; Number of votes abstaining/non-voting: 97,935,156; Invalid votes: 0, this proposal has been acknowledged as it is.	Completed in accordance with the shareholders' meeting resolution announcement.
		Acknowledgment of 2022 earnings distribution proposal	The proposal was approved by votes of the shareholders (including e-voting), Number of votes cast for the proposal: 2,428,511,065 accounted for 96.16% of the total voting shares; Number of votes cast against the proposal: 634,959; Number of votes abstaining/non-voting: 96,122,270 ; Invalid votes: 0, this proposal has been acknowledged as it is.	The cash dividend was NT\$1.4 and distributed on July 7, 2023.
		Discuss the Amendment to Articles of Incorporation.	The proposal was approved by votes of the shareholders (including e-voting), Number of votes in favor: 2,423,820,690 , representing 95.98 % of the total number of votes in attendance; Number of objections: 3,391,1730 ; Number of votes abstaining/non-voting: 98,058,731; Invalid votes: 0, this proposal has been acknowledged as it is.	The Company amended the Articles of Incorporation as per the resolution made by the Shareholders' Meeting and completed the registration of change with the MOEA on June 9, 2023.
		Discuss the Amendment to the Procedures for the Acquisition and Disposal of Assets.	The proposal was approved by votes of the shareholders (including e-voting), Number of votes in favor: 2,423,819,818 , accounting for 95.98 % of the total number of participants; Number of objections: 3,399,399 ; Number of votes abstaining/non-voting: 98,051,377; Invalid votes: 0, this proposal has been acknowledged as it is.	Amended as per the resolution announcement of the Shareholders' Meeting.
		Discuss the Amendment to Procedures for Endorsement/Guarantee and Lending Funds to Other Parties.	The proposal was approved by votes of the shareholders (including e-voting), Number of votes in favor: 2,359,943,892 , or 93.45 % of the total number of votes in attendance; Number of objections: 66,980,446 ; Number of votes abstaining/non-voting:	Amended as per the resolution announcement of the Shareholders' Meeting.

			98,346,256; Invalid votes: 0, this proposal has been acknowledged as it is.	
		Proposal	Election results (extract)	Implementation status
		Elect the Directors (Including Independent Directors).	List of elected directors: Representative of Jiu Shun Investment Co., Ltd.: Chen, Yun-Hwa Representative of Jiu Shun Investment Co., Ltd.: Chen, Hsiu-Hsiung Representative of Luo Jie Memorial Co., Ltd.: Lo Tsai-Jen Tseng, Shung-Chu Representative of Hong Jing Investment Co., Ltd.: Li, Chin-Chang Representative of Luo Jie Memorial Co., Ltd.: Luo, Yuan-Lung Representative of Min Xin Investment Co., Ltd.: Chen, Han-Chi Representative of Jiu Shun Investment Co., Ltd.: Wu, Hsuan-Miao List of elected independent directors: Wu, Chung-Shu, Chu, Po-Yong, Chen, Shui-Chin List of unelected candidates: Representative of Xie Shun Investment Co., Ltd.: Huang Chong-Jen	The current Board of Directors was inaugurated on May 31, 2023 and a special Board of Directors meeting was held on the same day to elect the Chairman and Vice Chairman. All directors unanimously elected Director Chen, Yun-Hwa as the Chairman. All directors unanimously elected director Luo, Tsai-Jen as the Vice Chairman.
		Proposal	Resolution	Implementation status
		Lifting of the non-compete clauses against newly elected directors.	The proposal was approved by votes of the shareholders (including e-voting), Number of votes in favor: 2,140,270,693 , or 84.75 % of the total number of votes in attendance; Number of objections: 226,761,877 ; Number of votes abstained/non-voting votes: 158,238,024 ; Invalid votes: 0, this proposal has been acknowledged as it is.	The announcement was made public upon the resolution of the shareholders' meeting.

2. Major Resolutions of the Board of Directors

Meeting Date	Major resolutions of the Board of Directors	Resolution Results
January 12, 2023 (18th meeting of 11th term)	(1) Proposal for the Company's plan of distributing managers' year-end bonus and remuneration. (2) The Company's personnel appointments and dismissals. (3) Proposal for the Company's loan line.	Unanimously approved by all the directors present.
March 14, 2023 (19th meeting of 11th term)	(1) Determination of the time, place, and reasons for convening the 2023 annual general meeting of the Company. (2) Acceptance of shareholders' proposals by the Company's 2023 annual general meeting and matters related to the right of nomination (3) Proposal for the 2022 performance evaluation of the Board of Directors and functional committees subordinated to the Board. (4) Proposal for the distribution of directors' and employees' 2022 remuneration. (5) Proposal to discuss the Company's 2022 business report, consolidated financial statements and parent company only financial statements. (6) The Company's 2022 earnings distribution proposal. (7) Proposal for the Review of Effectiveness of Internal Control System and the Statement of Internal Control System of the Company for 2022.	Unanimously approved by all the directors present.

	<p>(8) Proposal for independent evaluation of the Company's CPAs.</p> <p>(9) Proposal for the appointment and compensation of the Company's CPAs.</p> <p>(10) The Company's personnel appointments and dismissals.</p> <p>(11) The Company's personnel promotions.</p> <p>(12) Proposal to appoint a manager for pension payments.</p> <p>(13) Proposal for amendment to the Company's Articles of Incorporation.</p> <p>(14) Proposal for amendment to amendments of the Company's Operational Procedures for Making Endorsements/Guarantees and Loaning Funds to Others.</p> <p>(15) Proposal for amendment to the Company's Procedures for the Acquisition and Disposal of Assets.</p> <p>(16) Proposal for amendment to the Company's Procedures for Preventing Insider Trading.</p> <p>(17) Amendment to the Company's Sustainable Development Best Practice Principles</p> <p>(18) Amendment to the Company's Corporate Governance Best Practice Principles</p> <p>(19) Establishment of the Company's "Ethical Management Team."</p> <p>(20) Adoption of the Company's "Integrity Management Procedures and Code of Conduct."</p> <p>(21) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries.</p> <p>(22) PT. Proposal for the Maxxis International Indonesia capital increase.</p> <p>(23) Proposal for the Maxxis Rubber India Private Limited capital increase project.</p> <p>(24) Proposal to establish a new representative office of Cheng Shin (Mexico).</p> <p>(25) Liquidation of Cheng Shin (Mexico).</p> <p>(26) Proposal for the Company's loan line.</p> <p>(27) Proposal for the Company's endorsements/guarantees.</p>	
<p>April 18, 2023</p> <p>(20th meeting of 11th term)</p>	<p>(1) Review on the name list of candidates for directors (including independent directors).</p> <p>(2) Election of directors (including independent directors)</p> <p>(3) Lifting of the non-compete clauses against newly elected directors.</p> <p>(4) Proposal to fix the ex-dividend base date.</p>	<p>Unanimously approved by all the directors present.</p>
<p>May 11, 2023</p> <p>(21st meeting of 11th term)</p>	<p>(1) Acknowledgement of the Company's 2023 Q1 consolidated financial statements.</p> <p>(2) Proposal for 2022 directors' remuneration distribution.</p> <p>(3) Proposal to appoint a manager for pension payments.</p> <p>(4) Proposal for the establishment of the Company's "Regulations Governing Financial Affairs and Business-related Matters Between the Related Parties."</p> <p>(5) Proposal for the Company's loan line.</p> <p>(6) Proposal for the Company's endorsements/guarantees.</p>	<p>Motion No. 3: The manager, Mr. Chen Hsiu-Hsiung, should be sidestepped from discussion and voting due to conflict of interest. Passed unanimously with the remaining directors upon the chairperson's inquiry.</p> <p>The other motions were unanimously approved by all attending directors.</p>
<p>May 31, 2023</p> <p>(1st meeting of 12th term)</p>	<p>(1) Election of the Chairman.</p> <p>(2) Election of Vice Chairman.</p>	<p>Motion No. 1: All directors unanimously elected Director Chen, Yun-Hwa as the Chairman.</p> <p>Motion No. 2: All directors unanimously elected director Luo, Tsai-Jen as the Vice Chairman.</p>
<p>July 5, 2023</p> <p>(2nd meeting of 12th term)</p>	<p>(1) Appointment of the new President of the Company.</p> <p>(2) Appointment of Director Chen Hsiu-Hsiung as the Group President.</p> <p>(3) Appointment of the Company's Remuneration Committee members.</p> <p>(4) Proposal for the Company's loan line.</p>	<p>Motion No. 1: The director, Mr. Li Chin-Chang, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors.</p> <p>Motion No. 2: The director, Mr.</p>

		Chen Hsiu-Hsiung, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors. Motion No. 3: The independent directors, Mr. Chu, Po-Yong, Mr. Wu, Chung-Shu and Mr. Chen, Shui-Chin, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors. Motion No. 4: Approved by all present directors unanimously
August 10, 2023 (3rd meeting of 12th term)	<ul style="list-style-type: none"> (1) Acknowledgement of the Company's 2023 Q2 consolidated financial statements. (2) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries. (3) Approval of the Company's audit report. (4) Review on the remuneration to the independent directors of the Company. (5) Adjustment of transportation allowances for the Company's directors (including independent directors). (6) Proposal for the Company's loan line. (7) Proposal for the Company's endorsements/guarantees. (8) The Company's loaning of funds to others. 	<p>Motion No. 4: The independent directors, Mr. Chu, Po-Yong, Mr. Wu, Chung-Shu and Mr. Chen, Shui-Chin, should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors. Motion No. 5: Directors should be recused due to conflict of interest involved in the adjustment of transportation allowance. Therefore, the proposal should be resolved in accordance with the recusal system, and discussed and voted in two steps.</p> <ul style="list-style-type: none"> (1) The three independent directors should be recused due to conflict of interest. The motion was approved by the other directors unanimously after the chair's inquiry with the other directors. (2) Further, eight general directors should be recused due to conflict of interest. The chair appointed Independent Director Chu Po-Yong to act as the acting chair. The motion was approved by the other directors unanimously after the acting chair's inquiry with the other directors. <p>The other motions were unanimously approved by all attending directors.</p>
November 9, 2023 (4th meeting of 12th term)	<ul style="list-style-type: none"> (1) Acknowledgement of the Company's 2023 Q3 consolidated financial statements. (2) Formulation of the Company's 2024 annual audit plan. (3) Retroactive approval of personnel appointments and dismissals by the Company. 	Unanimously approved by all the directors present.

	(4) Approval of the provision of non-assurance services by CPAs, their firms and their affiliates to the Company and subsidiaries. (5) Proposal for the Company's loan line. (6) Proposal for the Company's endorsements/guarantees.	
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(XIII) Major issues of record or written statements made by any director or supervisor dissenting to major resolutions passed by the Board during the current fiscal year and as of the date of the Annual Report: None.

(XIV) Summary of resignation and removal of key individuals involved in the financial reporting of the Company, including Chairman, General Manager, Head of Accounting, Head of Finance, Chief Internal Auditor, and Head of Research and Development departments, during the current fiscal year and as of the date of the Annual Report:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Termination
President	Chen, Hsiu-Hsiung	1997.04.01	April 1, 2023	Retirement
President	Chen, Yun-Hwa	2020.07.07	July 5, 2023	Dismissed

V.CPA Service Fee Information

(I) CPA Service Fee Information Unit: NTD Thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Note
PricewaterhouseCoopers, Taiwan	Wu, Yu-Long Chou, Chien-Hung	January 1, 2023~ 2023.12.31	5,500	3,011	8,511	Information on Non-audit Fees: Profit-seeking enterprise income tax audit and certification, reading and consideration of other information, official fees for transfer pricing report and country-by-country report, official fees for audit of the dual-operation business entity's direct deduction method, official fees for translation of financial statements, review of non-permanent full-time employees Salary information fee, and cash capital increase in Cheng Shin (India), (Indonesia) and (Europe).

Note: If there has been a change of certified public accountants or independent public accounting firm during the current fiscal year, the Company shall disclose the information regarding the audit period covered by the predecessor auditor and successor auditor, the reasons for the change of auditors in the commentary column, as well as to disclose audit and non-audit fees paid. For non-audit fees, the Company shall describe the content of such services.

- (II) Disclosure of the amount and reasons for the decrease in audit fees where there has been a change of auditors and the audit fees are lower than the previous fiscal year: N/A.
- (III) If the audit remuneration is reduced by more than 10% from the previous year, the amount, percentage and reason of the reduction should be disclosed: The Company's audit remuneration for 2023 and 2022 have no difference.

VI.Information on Changes in CPA

- (I) Regarding the Previous CPA: N/A
- (II) Regarding the Succeeding CPA: N/A
- (III) The former CPA's written response regarding the disclosures the Company is making pursuant to Sections 1, 2, and 3, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: N/A.

VII.Disclosure of any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the external auditor's firm or any of its affiliated company in the most recent year: None.
None.

VIII. Transfer or Pledge of Shares by Directors, Managers, and Shareholders who hold 10% of the Company's shares or more during the current fiscal year and as of the date of the Annual Report
(I) Changes in Share Ownership of Directors, Managers, and Substantial Shareholders

Position	Directors or major shareholders	Changes in shareholding in 2023		As of February 29, 2024	
		Number of Shares Held Increase (decrease)	Number of pledged shares Increase (decrease)	Number of Shares Held Increase (decrease)	Number of pledged shares Increase (decrease)
Chairman	Jiu Shun Investment Corporation	0	0	0	0
Representative of the Chairman	Chen, Yun-Hwa	0	0	59,382,000	0
Deputy Chairman	Luo Jie Memorial Co., Ltd.	0	0	0	0
Representative of Vice Chairman	Lo, Tsai-Jen	0	0	0	0
Directors	Hsieh Shuen Investment Co., Ltd.	0	0	0	0
Director Representative and President concurrently	Chen, Hsiu-Hsiung	0	0	0	0
Directors	Tseng, Shung-Chu	(100,000)	0	0	0
Directors	Min Hsing Investment Co., Ltd.	0	0	0	0
Director Representative	Chen, Han-Chi	(195,000)	0	0	0
Directors	Jiu Shun Investment Corporation	0	0	0	0
Director Representative	Wu, Hsuan-Miao	0	0	0	0
Directors	Luo Jie Memorial Co., Ltd.	0	0	0	0
Director Representative	Lo, Yuan-Long	0	0	0	0
Directors	Hong Jing Investment Co., Ltd.	0	0	0	0
Director Representative and President concurrently	Lee, Chin-Chang	0	0	0	0
Independent Director	Chen, Tzu-Chen	0	0	0	0
Independent Director	Hsu, En-De	0	0	0	0
Independent Director	Chen, Shuei-Jin	0	0	0	0
President	Hsu, Chih-Ming	0	0	0	0
Deputy General Manager	Peng, Wen-Hsing	0	0	0	0
Deputy General Manager	Huang, Chieh-Hsiang	0	0	0	0
Deputy General Manager	Lin, Yu-Yu	0	0	0	0
Deputy General Manager	Liao, Cheng-Yao	0	0	0	0
Deputy General Manager	Lee, Hung-Ko	0	0	0	0
Deputy General Manager	Lai, Kuo-Ti	0	0	0	0

Deputy General Manager	Liu, Chao-Sheng	0	0	0	0
Deputy General Manager (Chief Financial Officer)	Lo, Yung-Li	0	0	0	0
Deputy General Manager	Chen, Shu-Yu	0	0	0	0
Deputy General Manager	Ho, Chin-Fang	0	0	0	0
Deputy General Manager	Lo, Chen-Jung	0	0	0	0
Deputy General Manager	Chang, Ghi-Jung	0	0	0	0
Deputy General Manager	Liu, Ching-Chung	0	0	0	0
Assistant Manager	Lin, Chin-Chuan	0	0	0	0
Assistant Manager	Chang, Chuan-Shun	0	0	0	0
Assistant Manager	Chiang, Kui-Yung	0	0	0	0
Assistant Manager	Hu, Ming-Te	0	0	0	0
Assistant Manager	Ting, Tso-Lin	0	0	0	0
Assistant Manager	Chen, Jin-Long	0	0	0	0
Assistant Manager	Yang, Jin-Cheng	0	0	0	0
Assistant Manager	Lo, Yuan-Long	0	0	0	0
Assistant Manager	Chen, Po-Chia	0	0	0	0
Assistant Manager	Lai Ming-Han	0	0	0	0
Assistant Manager	Chen, Chih Hsien	0	0	0	0
Assistant Manager	Huang, Yung Nan	0	0	0	0
Assistant Manager	Chen, Han-Hsin	0	0	0	0
Assistant Manager	Chiang, Chih-Wei	0	0	0	0
Accounting Officer	Yu, Ching-Tang	0	0	0	0
Major Shareholder	Lo, Ming-Han	0	0	0	0
Major Shareholder	Jye Luo Memory Co., Ltd.	0	0	0	0

(II) Information about Equity Transfer

Name (Note 1)	Reason for Equity Transfer (Note 2)	Transaction Date	Transaction Counterparty	Relationship Between the Transaction Counterparty and the Company, Directors, Supervisors, and Shareholders Who Hold More Than 10% of the Company's Shares	Number of Shares	Transaction Price
Chen, Yun-Hwa	As a gift	February 1, 2024	Chen, Bing-Hao Chen, Li-Chen Chen, Chi-Ying	Adult children Adult children Adult children	206,000 206,000 206,000	44.85
Lo, Ming-I	As a gift	February 1, 2024	Chen, Yun-Hwa Chen, Bing-Hao Chen, Li-Chen Chen, Chi-Ying	Spouse Adult children Adult children Adult children	60,000,000 206,000 206,000 206,000	44.85

Note 1: List the names of the Company's directors, supervisors, managers, and shareholders holding more than 10% of the shares.

Note 2: List out as acquired or disposed of.

(III) Information about Equity Pledged Under Lien
Shares pledged to related parties: None

IX. Information of the Top Ten Largest Shareholders who are Related Parties or have a Spousal or Familiar Relationship within the Second Degree of Kinship:

Related party information among the top ten shareholders as of June 4, 2023 (Note 2)

Name (Note 1)	Share Ownership		Shares Held By Spouse and Minor Children		Shares Held in Other's Name		Top Ten Largest Shareholders who are Related Parties or have a Spousal or Familial Relationship within the Second Degree of Kinship		Not e
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name	Relation	-
Lo, Ming-Han	370,176,378	11.42%	0	0%	0	0%	Chen, Shiu-Hsiung, Lo, Tsai-Jen, Lo, Min-Ling, Lo, Ming-I, Chen, Yun-Hwa	In second degree relatives	-
Jye Luo Memory Co., Ltd. Representative: Lo, Tsai-Jen	324,430,630	10.01%	0	0%	0	0%	Lo, Min-Ling, Chen, Hsiu-Hsiung, Lo, Ming-Han, Lo, Ming-I, Chen, Yun-Hwa	In second degree relatives	-
Chen, Yun-Hwa	120,570,531	3.72%	82,492,443	2.54%	13,391,000	0.41%	Lo, Min-Ling, Chen, Hsiu-Hsiung, Lo, Ming-Han, Lo, Ming-I, Lo, Tsai-Jen, Chen, Bing-Hao	In second degree relatives	-
Lo, Tsai-Jen	91,662,430	2.83%	27,829,793	0.86%	0	0%	Lo, Min-Ling, Chen, Hsiu-Hsiung, Lo, Ming-Han, Lo, Ming-I, Chen, Yun-Hwa, Lo, Yuan-Yu, Lo, Yuan-Long	In second degree relatives	-
Lo, Ming-I	82,492,443	2.54%	120,570,531	3.72%	0	0%	Lo, Min-Ling, Chen, Hsiu-Hsiung, Lo, Ming-Han, Chen, Yun-Hwa, Lo, Tsai-Jen, Chen, Bing-Hao	In second degree relatives	-
Lo, Yuan-Yu	72,222,216	2.23%	0	0%	0	0%	Lo, Tsai-Jen, Lo, Yuan-Long	In second degree relatives	-

Chen, Hsiu- Hsiung	67,819,456	2.09%	62,945,516	1.94%	31,280,000	0.97%	Lo, Min-Ling, Lo, Tsai-Jen Lo, Ming-Han, Lo, Ming-I Chen, Yun- Hwa	In second degree relatives	-
Lo, Ming- Ling	62,945,516	1.94%	67,819,456	2.09%	0	0%	Lo, Tsai-Jen, Chen, Shiu- Hsiung, Lo, Ming-Han, Lo, Ming-I Chen, Yun- Hwa	In second degree relatives	-
Lo, Yuan- Long	61,064,766	1.88%	3,000	0%	0	0%	Lo, Yuan-Yu, Lo, Tsai-Jen	In second degree relatives	-
Chen, Bing-Hao	53,496,139	1.65%	0	0%	0	0%	Lo, Ming-I, Chen, Yun- Hwa	In first degree relatives	-

Note 1: The names of the shareholders shall be listed individually (corporate shareholders shall include both the company name and the name of the representative)

Note 2: The latest book closure date.

Note 3: Percentage in share ownership shall be the total shares held whether in the names of the individual, his/her spouse, or children who are minors or under nominee accounts.

Note 4: Relationships between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X.The number of shares held by the Company, directors, supervisors, managers, and entities directly or indirectly controlled by the Company in the reinvestment business as well as the consolidated shareholding ratio

Affiliated Companies (Note)	Ownership by the Company		Ownership by Directors, Supervisors, Managers, and Entities Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio
MAXXIS International Co., Ltd.	35,050,000	100%	0	0%	35,050,000	100%
CST Trading Ltd.	72,900,000	100%	0	0%	72,900,000	100%
Cheng Shin Rubber USA, Inc.	1,800,000	100%	0	0%	1,800,000	100%
MAXXIS TRADING LTD.	237,811,720	100%	0	0%	237,811,720	100%
New Pacific Industry Company Limited	5,000,000	50%	0	0%	5,000,000	50%
Cheng Shin Rubber Canada, Inc.	1,000,000	100%	0	0%	1,000,000	100%
MAXXIS Tech Center Europe B.V.	1,000,000	100%	0	0%	1,000,000	100%
PT MAXXIS International Indonesia	199,992,500	99.99625%	7,500	0.00375%	200,000,000	100%
Maxxis Rubber India Private Limited	1,686,986,327	99.99919%	13,673	0.00081%	1,687,000,000	100%
Maxxis Trading Company Limited	10,000,000	100%	0	0%	10,000,000	100%
PT. MAXXIS TRADING INDONESIA	9,990	99.9%	10	0.1%	10,000	100%
Maxxis Europe B.V.	2,000,000	100%	0	0%	2,000,000	100%
MAXXIS RUBBER JAPAN CO., LTD.	5,000	100%	0	0%	5,000	100%

Note: (1) Investments of the Company are accounted for using the equity method.

(2) Up to 2023.

Four.Financing

I. Recordable items in capital and share

(I) Sources of Capital

Year/month	Issuing price	Authorized share capital		Paid-in capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Increase by Assets Other Than Cash	Others
August 1988	10	162,509,490	1,625,094,900	162,509,490	1,625,094,900	Capital increase from retained earnings	None	-
August 1989	10	203,136,863	2,031,368,630	203,136,863	2,031,368,630	Capital increase from retained earnings	None	-
August 1990	10	243,764,236	2,437,642,360	243,764,236	2,437,642,360	Capital increase from retained earnings	None	-
May 1991	10	263,265,375	2,632,653,750	263,265,375	2,632,653,750	Capital increase from retained earnings	None	Jing (80) Shang No.118965 dated September 7, 1991
July 1992	10	315,918,450	3,159,184,500	315,918,450	3,159,184,500	Capital increase from retained earnings	None	Jing (81) Shang No.118426 dated August 31, 1992
July 1993	10	363,306,218	3,633,062,180	363,306,218	3,633,062,180	Capital increase from retained earnings	None	Jing (82) Shang No.115285 dated August 13, 1993
July 1994	10	421,435,213	4,214,352,130	421,435,213	4,214,352,130	Capital increase from retained earnings	None	Jing (83) Shang No.112989 dated September 2, 1994
August 1995	10	501,507,903	5,015,079,030	501,507,903	5,015,079,030	Capital increase from retained earnings	None	Jing (84) Shang No.111207 dated August 16, 1995
August 1996	10	551,658,693	5,516,586,930	551,658,693	5,516,586,930	Capital increase from retained earnings	None	Jing (85) Shang Zi No. 111479 dated August 12, 1996
July 1997	10	606,824,562	6,068,245,620	606,824,562	6,068,245,620	Capital increase from retained earnings	None	Jing (86) Shang Zi No.111867 dated July 18, 1997
December 1998	10	679,643,509	6,796,435,090	679,643,509	6,796,435,090	Capital increase from retained earnings	None	Jing (87) Shang Zi No. 087142412 dated December 29, 1998
August 1999	10	747,607,860	7,476,078,600	747,607,860	7,476,078,600	Capital increase from retained earnings	None	Jing (88) Shang Zi No. 088127496 dated August 4, 1999
August 2000	10	784,988,253	7,849,882,530	784,988,253	7,849,882,530	Capital increase from retained earnings	None	Jing (89) Shang Zi No. 089127105 dated August 1, 2000
August 2001	10	836,012,489	8,360,124,890	836,012,489	8,360,124,890	Capital increase from retained earnings	None	Jing (90) Shang Zi No.09001288800 dated August 22, 2001
August 2002	10	886,173,238	8,861,732,380	886,173,238	8,861,732,380	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 09101319120 dated August 15, 2002
August 2003	10	957,067,097	9,570,670,970	957,067,097	9,570,670,970	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 09201240400 dated August 8, 2003
August 2004	10	1,048,945,538	10,489,455,380	1,048,945,538	10,489,455,380	Capital increase from	None	Jing Shou Shang Zi No. 09301149390 dated August 18, 2004

						retained earnings		
September 2005	10	1,138,105,908	11,381,059,080	1,138,105,908	11,381,059,080	Capital increase from retained earnings	None	Jing Shou Shang Zi No.09401168800 dated September 5, 2005
September 2006	10	1,217,773,322	12,177,733,220	1,217,773,322	12,177,733,220	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 09501191430 dated August 30, 2006
September 2007	10	1,303,017,454	13,030,174,540	1,303,017,454	13,030,174,540	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 09601224190 dated September 14, 2007
September 2008	10	1,498,470,072	14,984,700,720	1,498,470,072	14,984,700,720	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 09701236220 dated September 15, 2008
September 2009	10	1,648,317,079	16,483,170,790	1,648,317,079	16,483,170,790	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 09801202660 dated September 4, 2009
August 2010	10	2,060,396,349	20,603,963,490	2,060,396,349	20,603,963,490	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 09901193360 dated August 25, 2010
August 2011	10	2,472,475,619	24,724,756,190	2,472,475,619	24,724,756,190	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 10001194070 dated August 22, 2011
August 2012	10	2,818,622,206	28,186,222,060	2,818,622,206	28,186,222,060	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 10101174280 dated August 27, 2012
August 2013	10	3,241,415,536	32,414,155,360	3,241,415,536	32,414,155,360	Capital increase from retained earnings	None	Jing Shou Shang Zi No. 10201172870 dated August 29, 2013

February 29, 2024 Unit: share

Type of Shares	Authorized share capital			Note
	Outstanding Shares	Unissued Shares	Total	
TWSE Listed Common Stock	3,241,415,536	0	3,241,415,536	None

(II) Shareholder structure

June 4, 2023 (Note)

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other Juristic Persons	Foreign Institutions and Natural Persons	Individuals	Total
Number of people	7	21	314	665	93,087	94,094
Number of Shares Held	63,054,222	111,743,403	704,986,315	494,320,499	1,867,311,097	3,241,415,536
Share-holding Ratio	1.95%	3.45%	21.75%	15.25%	57.60%	100.00%

Note: The latest book closure date.

(III) Share Distribution

June 4, 2023 (Note)

Shareholding classification			Number of shareholders	Number of Shares Held	Share-holding Ratio
1	To	999	16,870	4,555,782	0.14%
1,000	To	5,000	53,777	119,712,693	3.69%
5,001	To	10,000	11,077	87,597,011	2.70%
10,001	To	15,000	3,894	49,814,448	1.54%
15,001	To	20,000	2,585	47,457,854	1.46%
20,001	To	30,000	2,064	52,675,963	1.63%
30,001	To	40,000	1,000	35,668,290	1.10%
40,001	To	50,000	635	29,455,586	0.91%
50,001	To	100,000	1,119	79,290,884	2.45%
100,001	To	200,000	496	69,479,130	2.14%
200,001	To	400,000	231	64,606,332	1.99%
400,001	To	600,000	81	39,789,083	1.23%
600,001	To	800,000	44	30,414,131	0.94%
800,001	To	1,000,000	27	24,213,048	0.75%
1,000,001	shares or above		194	2,506,685,301	77.33%
Total			94,094	3,241,415,536	100.00%

Note: The latest book closure date.

(IV) List of Major Shareholders

June 4, 2023 (Note)

Name of major shareholder	Shares	Number of Shares Held	Share-holding Ratio
Lo, Ming-Han		370,176,378	11.42%
Jye Luo Memory Co., Ltd.		324,430,630	10.01%
Chen, Yun-Hwa		120,570,531	3.72%
Lo, Tsai-Jen		91,662,430	2.83%
Lo, Ming-I		82,492,443	2.54%
Lo, Yuan-Yu		72,222,216	2.23%
Chen, Hsiu-Hsiung		67,819,456	2.09%
Lo, Ming-Ling		62,945,516	1.94%
Lo, Yuan-Long		61,064,766	1.88%
Chen, Bing-Hao		53,496,139	1.65%

Note: The latest book closure date.

(V) Information on the market price, net value, earnings, and dividends of each share in the latest two years

Unit: Share; NT\$

Item \ Year		2022	2023	For the current year up to February 29, 2024 (Note 8)
Earnings per share (Note 1)	Highest	39.85	47.90	42.20
	Lowest	31.8	33.35	46.95
	Average	34.9	39.69	44.77
Net value per share (Note 2)	Before distribution	25.86	26.36	-
	After distribution	25.86	26.36	-
Earnings per share	Weighted Average of Shares		3,241,415,536	3,241,415,536
	Earnings per Share (Note 3)	Before Adjustment	1.53	2.22
		After Adjustment	1.53	2.22
Dividends Per Share	Cash dividends		1.4	2.0
	Stock dividends	Paid out of Retained Earnings	-	-
		Paid out of Capital Surplus	-	-
	Accrued Unpaid Dividends (Note 4)		-	-
Return on Investment	P/E Ratio (Note 5)		22.81	17.88
	Price/Dividend Ratio (Note 6)		24.93	19.85
	Cash Dividend Yield (Note 7)		4.01%	5.04%

Note 1: List the highest and lowest market price in each fiscal year and calculate the average market price based on the trading value and volume.

Note 2: Please fill out the figures according to the number of outstanding shares at the end of the fiscal year and the resolution regarding distribution from the Board of Directors or by the shareholders' meeting the following year.

Note 3: Please fill out basic and diluted earnings per share if a retroactive adjustment is necessary due to stock dividend payout.

Note 4: If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5: $P/E \text{ Ratio} = \text{Average Market Price per Share} / \text{Earnings per Share}$.

Note 6: $\text{Price/Dividend Ratio} = \text{Average Market Price per Share} / \text{Cash Dividend per Share}$.

Note 7: $\text{Cash Dividend Yield} = \text{Cash Dividend per Share} / \text{Average Market Price per Share}$.

Note 8: As of the date of publication of the annual report, the audited financial information for 2024 Q1 was not available.

(VI) Dividend Policy and Implementation

Our dividend policy is as follows:

1. If the Company has pre-tax earnings for the fiscal year after the accounts are closed, the Company shall first set aside an amount to pay any business income tax due, offset the losses of previous years, and set aside ten percent (10%) of the residual amount as the legal reserve, and shall, pursuant to applicable laws and regulations, set aside a portion of the after-tax earnings for its special reserve. To the extent that there is any balance of the Company's after-tax earnings remaining, the total earnings available for distribution shall consist of the remainder of such balance and the retained earnings from the previous year. The Board of Directors may propose a profit distribution plan for approval at the shareholders' meeting.

The dividends to the shareholders under such a plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.

2. Proposed Dividend Payment by the Shareholders' Meeting

After the appropriation of legal reserve, the total after-tax earnings of the Company available for distribution, plus the retained earnings carried forward from the previous year(s), was NT\$35,055,143,493 in the 2023. It is proposed that NT\$6,482,831,072 be paid to the shareholders (at NT\$2 per share) as the dividends in accordance with the Articles of Incorporation of the Company.

3. Expected Material Changes in the Company's Dividends and Execution: None.

(VII) Impact of the proposed stock dividend payment by the shareholders' meeting on the business performance and earnings per share of the Company

The Company did not declare any stock dividend, and therefore no impact was expected on the business performance and earnings per share of the Company.

(VIII) Remuneration for Employees and Directors

1. Percentage or Range of Employees' and Directors' Remuneration under the Articles of Incorporation

To the extent that the Company has profit in the year, the Company shall set aside at least 2% of such profit as employee dividends and no more than 3% of such profit as director dividends, provided that the Company shall first offset the cumulative losses, if any.

Employee dividends shall be distributed in the form of shares or cash, and director dividends shall be distributed in the form of cash. The distribution of dividends shall be approved by more than one-half of the Directors present at the Board of Directors' meeting attended by at least two-thirds of all Directors, and shall be reported at the shareholders' meeting.

The recipients of employee dividends in the form of shares or cash in accordance with the preceding subparagraph may include the employees of the Company's subsidiaries who meet certain conditions; the terms of the distribution shall be decided by the Board of Directors.

2. The Basis of the Estimate of Compensation to Employees and Directors, the Basis of Calculating the Number of Shares where Stock Bonuses are Paid, as well as Accounting Treatment in Case of Deviation between the Amount of Actual Payment and the Estimate: The deviation will be recognized as profit or loss in the following fiscal year.

3. Status of Employee Compensation Appropriations as Approved by the Board of Directors:

- (1) Amount of the employees' remuneration to be distributed in cash or shares. If there is any difference with the estimated amount of the recognized expenses in the year, the difference, reason, and action should be disclosed:

The Company allocated NT\$189,803 thousand as cash compensation to employees and NT\$135,235 thousand as compensation to directors in 2023. Comparing the revenues and profitability of the Company in 2023 to those in 2022 and taking into account the amount of payout in 2022, the proposal was reviewed by the

Remuneration Committee and the Board has passed a resolution and recommends that NT\$189,803 thousand be paid out as cash remunerations to employees and NT\$135,235 thousand as remunerations to directors. There is no difference from the estimated amount.

- (2) Amount and ratio of employees' remunerations in shares on the after-tax earnings in the parent company only financial statements and total employees' remuneration in the year: None.
4. Employee Remuneration and Director and Supervisor Remuneration in the previous year: The following summarizes the employees' remuneration and directors' remuneration actually distributed in the previous year (2022):

Item	Approved Distribution (NT\$)	Deviation	Reason for Deviation
Employees' Remuneration	131,549,023	—	None
Directors' Remuneration	93,728,679	—	None

Note: The Board of Directors of the Company is authorized to determine the compensation of the directors based on director compensation of comparable companies in the industry; provided, however, independent directors may not participate in the distribution of compensation set forth in Article 36 of the Articles of Incorporation of the Company.

(IX) Repurchase of the Company's shares: None

II. Issuance of corporate bonds

Type of corporate bond		Cheng Shin Rubber Ind., Co., Ltd. First Offering of Unsecured Ordinary Bonds of 2021
Issuance Date		2021.08.05
Carrying amount		NT\$1 million
Location of Issuance and Transaction		N/A
Issuing price		At Par
Total amount		NT\$8 billion
Interest rate		0.60%
Term		5 Years Due Date: 2026.08.05
Guaranteeing institution		None
Trustee		Taipei Fubon Commercial Bank
Underwriting Institution		Yuanta Securities Co., Ltd.
Attorney-at-Law		N/A
Certified Public Accountant		PricewaterhouseCoopers, Taiwan CPA Wu, Yu-Long, CPA Chou, Chien-Hung
Repayment method		One-half of the principal is repaid at the fourth and fifth year since the issuance date.
Outstanding principal		NT\$8 billion
Redemption or early repayment terms and conditions		None
Restrictive clauses		None
Company's name, date, and corporate bonds of credit rating		Taiwan Ratings Rating Date: 2021/03/25 Corporate credit rating result twA
Other rights	Converted (exchange or subscription) common stock, depository receipts, or other prices of securities as of the Annual Report publish date.	N/A
	Regulations of Issuance and Conversion/Exchange/Subscription	N/A
Potential Dilutive Effects on other Shares and Impact on the Rights of Existing Shareholders due to Regulations of Issuance and Conversion/Exchange/Subscription or Terms of Issue		N/A
Name of Exchange		N/A

- III. Issuance of preferred shares: None
 IV. Issuance of overseas depository receipts: None
 V. Issuance of stock subscription warrants to employees and restriction on employee right to obtain new shares
 VI. Issuance of new shares in connection with the merger or acquisition of other companies: None
 VII. Recordable items of the implementation status of the capital utilization plan

(I) Plan Contents

First Offering of Unsecured Ordinary Bonds of 2021

- (1) Date of approval and approval document number: Zheng Gui Zhai Zi No. 11000075911 issued by the Taipei Exchange dated July 27, 2021.
 (2) Funds required for the project: NT\$8 billion.
 (3) Source of financing: First offering of unsecured common corporate bonds of NT\$8 billion.
 (4) Capital Utilization Plan Items and Utilization Progress

Unit: NT\$ thousand

Plan Item	Estimated Completion Date	Funds Required	Estimated Progress of Use	
			2021	
			Q3	Q4
Paying off Liabilities	Q3 2021	\$ 6,000,000	\$ 6,000,000	-
Strengthening the Operating Capital	Q3 2021	\$800,000	\$800,000	-
	Q4 2021	\$ 1,200,000	-	\$1,200,000
Total		\$ 8,000,000	\$ 6,800,000	\$1,200,000

(II) Implementation Status

Status of Funds Used and Implementation

First Offering of Unsecured Ordinary Bonds of 2021

Unit: NT\$ thousand

Plan Item	Implementation Status		110.12.31	Reasons and Improvement Plans for Leading or Behind the Project Schedule
Paying off Liabilities (improving financial structure)	Fund Used	Proposed	6,000,000	Plan Completed
		Actual	6,000,000	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	
Strengthening the Operating Capital	Fund Used	Proposed	2,000,000	Plan Completed
		Actual	2,000,000	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	

Five.Operation Overview

I. Business contents

(I) Business scope:

1. Major contents of business

(1) C801990 Other Chemical Materials Manufacturing. (2) C802160 Adhesive Tapes Manufacturing. (3) C804010 Tyres Manufacturing. (4) C804020 Industrial Rubber Products Manufacturing. (5) C804990 Other Rubber Products Manufacturing. (6) CB01010 Mechanical Equipment Manufacturing. (7) F112040 Wholesale of Petroleum Products. (8) F212050 Retail Sale of Petroleum Products. (9) F401010 International Trade. (10) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion in business

Below are the proportions of major products in the business of the Company in 2023:

Unit: NT\$ thousand

Major Products	2023	
	Amount	%
Radial cover - car	41,144,225	42.77%
Radial cover - truck	14,248,504	14.81%
Motorcycle cover	16,136,676	16.77%
Bicycle cover	10,530,388	10.95%
Inner tube	3,367,738	3.50%
Other tyres	10,608,114	11.03%
Other products	1,057,562	1.10%
Return, allowance, freight and insurance costs, and others	-891,894	-0.93%
Total	96,201,313	100%

3. The Company's current products include radial tires for automobiles, radial tires for trucks, motorcycles, bicycle tires, tubes, and other tires.

4. New Products in Development

Grand Touring A/S Product Development for Passenger Cars	Product Development for 4x4 Vehicles - All-Terrain & Rugged Terrain
Ultra High Performance Summer Product Development for EV SUV	Racing Tire Product Development for Passenger Cars
All-Season Product Development of Japanese OE for MPV Vehicle	All-Season Product Development of Korean OE for MPV Vehicle
Light Truck Product Development of OE for Electric Commercial Vehicle	New Product Development for Big Scooter
Motorcycle Product Development of OE for ICE & BEV	MCR sports tire product development
BC New DH Construction Tire Development	RAZR XT Europe Development
Off-Road Product Development for Commercial Truck	

(II) Industry Overview:

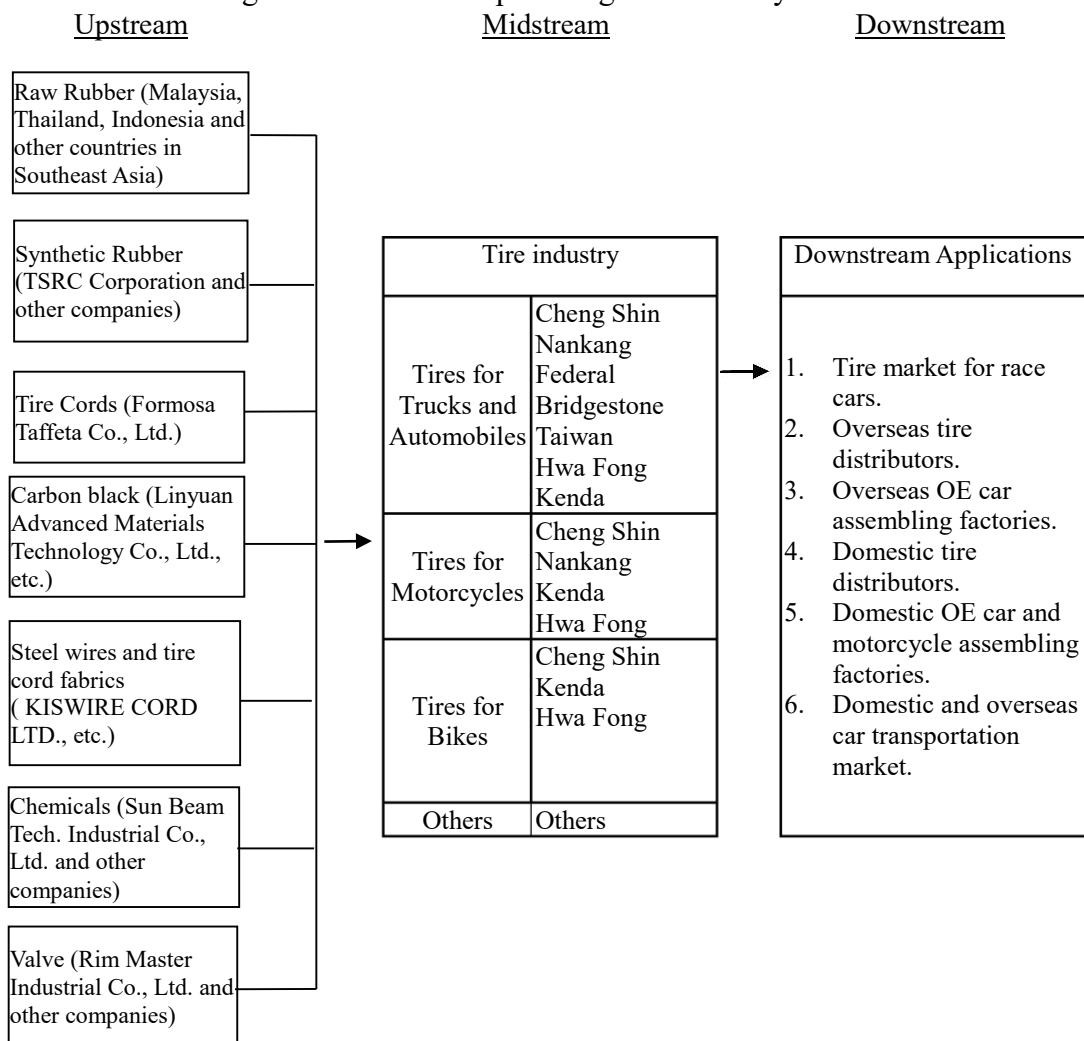
1. Industry Situation and Development

With the domestic rapid economic development and the continuous development and innovation of this industry, tire businesses are also flourishing, which improves the industrial technology for higher-level tires. The Company's main products are cover tires for automobiles and motorcycles. Due to the small market and limited road areas in Taiwan, as well as increasing importation after Taiwan's participation in the WTO, makes marketing and sales of tires even more difficult because Taiwan's domestic market is already saturated. In view of this, the Company will be dedicated to the development of tires with high performance, lightweight, low rolling resistance, safety, and intelligence, so that the Company will be able to develop its market by continuously providing more leading products.

2. Relationship Among the Supply Chain

After developing for decades, the rubber industry in Taiwan has formed a complete supply chain with upstream, midstream, and downstream, which is as follows: Upstream: capital-intensive raw material industry. Midstream: technology-intensive processing industry. Downstream: consisting of the applications in the tire market for race cars, domestic and overseas OE car assembling factories, domestic and overseas tire distributors, and the car transportation market. The diagram for upstream, midstream and downstream is as follows:

Diagram of Relationship Among Tire Industry in Taiwan



3. Product Development Trends and Competition Landscape

Information of The Development Trends And Competition of Products: For the entire market of tire products, the traditional cross-ply tires have been replaced gradually by radial tires and the main reason is that the radial tires are able to reduce the possibility of flat tires and would provide the effects of oil saving, abrasion resistance, and driving safety. Also, the development trend of tire products is the low aspect ratio and high-performance tires. Due to market needs and higher consumers' needs for environmental quality, the Company plans to manufacture and provide high performance tires, low rolling resistance tires, safety tires, intelligent tires, steel wire radial tires, and other new products. The Company would like to enhance its development power by improving its technology and increasing product diversity and would also like to develop and dominate the market by continuously expanding leading products.

(III) Overview of Technology, Research and Development

1. R&D expenses invested in the most recent year and up to the date of publication of the annual report Unit: NTD thousand

Item \ Year	2023	As of February 29, 2024 (Note)
Research and development expenses	3,783,394	612,456
Net Operation Income	96,201,313	14,881,593
Percentage of net operating income	3.93%	4.12%

Note: 2024 information comes from self-prepared financial data from the Company.

2. Technology and Products Successfully Developed

Highway Terrain Product Development for 4X4 Vehicles	Ultra High Performance A/S Product Development for Passenger Cars
Ultra High Performance Summer Product Development for EV Passenger Cars	Racing Tire Product Development for Passenger Cars
Gravel RT Product Development	MTB Downhill Product Development
Adventure Tire (BIAS) Product Development	Electric Vehicle Tire Product Development
Light Bike Sport Tire (BIAS) Product Development	MCR Hyper Sport Product Development
ATV EV Tire Product Development	Go-kart RC-1K 2nd Generation Product Development
Electric Bus Product Development	Light Truck (3.5T) All-Steel Product Development

(IV) Long-Term and Short-Term Business Development Plan

1. Short-term plans

- (1) Continuing to develop products from all lines and formulating different sales models tailored to local markets based on the existing business
- (2) Promoting production process rationalization and flexibility to harmonize production and distribution and to reach the most profitable business scale; implementing comprehensive quality management to achieve the goal of delivering top-quality products.

2. Long-term plan:

- (1) Optimizing quality and developing private-label products to increase market share and establish complete global distribution channels and brand management strategies.
- (2) Continuously conducting R&D activities to maintain a leading position in manufacturing technology in the market and to take full advantage of the economics of large-scale production.

II. Market, Production and Sales Overview

(I) Analysis of Market

1. Analysis of Market and Production and Marketing Situation

(1) Sales markets:

Distribution Regions: market analysis is made based on our distribution regions- North America, Central and South America, Europe, Middle East, and Africa, Asia, and Oceania.

(2) Market Share:

Our revenue has remained ranked first place in Taiwan and we are the largest tire manufacturer in the Chinese-speaking region. Both of the world-renowned tire magazines, Tyres & Accessories, and Tire Business, reported us as the 10th largest global tire manufacturer.

(3) Future Market Supply and Demand and Prospect:

In recent years, the Company has been actively exploring niche markets. It aimed at the Tesla EV tire replacement market, MAXXIS' first electric tire, VICTRA SPORT EV (VS-EV), received the "Taiwan Excellence Award" and the "Best Product Award" from SEMA in the U.S., as well as international design awards. The company won the "Paris Design Award," the "IDEA Design Award" and the "2023 Red Dot Product Design" in the U.S. with a history of more than 40 years. In 2024, it will be awarded the "Bronze IDA Award in the U.S." It is one of the largest and most influential design competitions in the world. Maxxis electric vehicle tire participated in the international design competition for the first time, and won the product design award with its outstanding design ability and product R&D. VS-EV is a tire designed specifically for electric vehicles, combining the latest technologies such as sound-absorbing foam technology, new-generation rubber formula, and high-strength steel wire to provide electric vehicle owners with a high level of balanced performance that is "swift and quiet, speedy as lightning". The corresponding target vehicle models for the first wave focus on the 18-inch and 19-inch sizes of the Tesla Model 3. Moreover, new tire sizes for various major electric vehicle brands have successively hit the market and have started selling in overseas markets. For the first time, kart tires entered the FIA, which is the top alliance in the field of motorsport. In addition to passing the review of a full series of certified tires this time, it was also selected as one of the only tires in the 2024-2026 European Karting Championship and World Karting -The Company has started supplying Junior, OK-N World Cup and Academy Cup products. For the 7th consecutive year, General Motors (GM) of the U.S.A. once again presented the "Best Supplier of the Year" at the 31st annual supplier award ceremony (2022 GM Supplier of the Year) held in Texas in 2023. The honor goes to Maxxis tires, in recognition of the stable high quality and reliable services of Maxxis tires. Meanwhile, Subaru of Indiana (SIA) has once again recognized the high standards of safety, quality, cost control, and on-time delivery of Maxxis tires. At the 2023 North American Supplier Conference, The "Best Supplier Award" was presented to Maxxis Tire for the 4th consecutive year, re-affirming Maxxis Tire as an excellent long-term business partner.

In 2023, the Company's products continued their excellent results in magazine tests over the years: In the UK benchmark Evo magazine tire test, the Maxxis Victra Sport VS5 ranked among the top three. In the camping tire evaluation of AutoBild in Germany, the Maxxis All-Season AP3 SUV also ranked in the top five.

The Company's bicycle tires are well-known internationally and continue to sponsor bicycle teams. In 2022, the world's top-ranking Israel-Premier Tech team sponsored by MAXXIS tires, New Zealand's Patrick Bevin, won the Tour of Turkey Stage 7 single championship and also won the event Ranked first in GC rankings. The victory was the team's first GC title of the season and Patrick Bevin's first career GC title (No. 1 overall). At the same time, the champion athletes of the races were

designated to use the MAXXIS HIGH ROAD SL super lightweight and ultra-speed tire, which again proved the excellent performance of MAXXIS bicycle tires in the races. In the 2021 Tokyo Olympics, the Company sponsored athletes from Australia, Switzerland and Columbia, which won one gold medal and two bronze medals. In that same year, athletes sponsored by MAXXIS were victorious at the UCI World Championship, winning two Gold, two Silver, and one Bronze medals in the XCO and DH Elite races, as well as the top 3 in Under-23 DH races for both men and women. Through actual verification by opinion leaders, the Company demonstrates to the world the invincible performance of MAXXIS tires again.

In terms of user experience, the world's mountain biking media Vital MTB's results of the 2023 consumer survey showed that the MAXXIS had won a resounding victory. Of the survey with over 100,000 respondents, more than 46% chose Maxxis as their choice tire brand, making it the true number one brand in the world. The MAXXIS electric mountaineering bicycle tire also won the first place in the E-MTB category of the 2023 E-MOUNTAIN BIKE MAGAZINE-EU. Enduro Mountainbike Magazine, an authoritative German cycling media in Europe, announced the most popular mountain bike tire brand in 2023. Following the 2020, 2021, and 2022, MAXXIS was once again voted as the 2023 Best Tire Brand by readers, and has won the world's best tire for four consecutive years brand. Our exceptional quality has translated to extremely high customer satisfaction, and coupled with world-class competition, the Company's tires for bikes brand has secured a No. 1 position worldwide, and sales orders are continuing to be filled until 2023. Just like the philosophy from Chairman of Cheng Shin MAXXIS, Mr. Chen, Yun-Hwa: We will always provide the best quality and opportunities to the hopeful new generations.

The Company has also made some breakthroughs in the development of our overseas market. In addition to continuing to deliver the CE 04 electric scooter and 1 series passenger cars to BMW in Germany, the Company also made new achievements in heavy-duty motorcycles. The Company has passed the rigorous BMW tests to obtain the qualification for the OEM tires for the heavy-duty motorcycle F 800 GS. The delivery has started at the end of 2023. The Company's MAXXIS tires are also used as supporting equipment for Volkswagen Crafter and Caddy5 in Germany. In recent years, Cheng Shin's efforts in the OE market have borne fruit, creating a domino effect on other automakers. It is expected that more manufacturers and models will choose to use the Company's tires as part of their offerings.

In terms of North American auto OEM expansion, after successfully supplying OE spare tires for Hyundai/Kai, with years of experience in the North American OE market and comprehensive services, the North American OEM market will be equipped with spare tires for its major models in 2023, and its share increased to nearly 80%. In addition, we have successfully obtained the OEM spare tires for Subaru in North America in the next two years, and the first large-size SUV equipped with a floor-mounted spare tire. Working with the parent company of Subaru based in Japan and the North American technical team, the Company has developed the tires successfully and the assembly share was upgraded as about 90%. The U.S.-based auto OEMs have also made gains. The Maxxis 18-inch floor-standing spare tire will be assembled on Ford's best-selling large SUV until 2030. The Company also undertook the supply of GM spare tires for the best-selling mid-size SUV in North America until 2029. Maxxis contracted the annual demand for 350,000 units of this model exclusively. In terms of the promotion of the North American race tires, with its outstanding performance, the Victra RC-1 swept the title of the national championship organized by the U.S. Motorsports Association. It was also the first time it entered the championship organized by the Canadian Motorsport Association, where it also won unanimous praise from the drivers, and helped them achieve outstanding rankings and grades. Meanwhile, it cooperated

with the Nissan NAT race car team of North America to install the Victra RC-1 and won an astonishing 40 trophies in the 2022 Gymkhana race season. Maxxis is also known as the leader in the ATV tire market in North America. In the ATV desert long march competition, which is the most competitive and harsh environment in the United States, drivers rely on the high-performance ATV steel belt tires developed by Maxxis to overcome the tires in the desert and all kinds of harsh terrains, and took the title of the first and second runner-up!

Products of Cheng Shin are sold in over 180 countries worldwide. In addition to our strategic mapping of the overseas repairs market, it expands our distribution channels and locations proactively. With the rapid growth of emerging markets and sustained economic recovery in the North American region, the global automotive industry is thriving and the demand for vehicle tires is boosting. Since the financial crisis, the automotive industry has been growing at a steady pace, further fueling the strong demands in certain markets, such as China, Southeast Asia, South Asia, Mexico, New Zealand, and Australia. As a result, major tire manufacturers around the world continue to invest in building new facilities to meet the anticipated demands in these markets.

Cheng Shin Tire Group's production line of race car tires in Taiwan has been put into production, and the third branch factory has officially started production in 2023, making Cheng Shin Group's global layout more complete, and the entire business, sales and internal resources can be improved. Efficiently carry out global strategic integration and distribution.

(4) Competitive Niches:

The Company will uphold the core value of “Integrity & Innovation”, “Honorable Brand” and “Safety First, Human First” advocated by Chairman Chen, Yun-Hwa as well as the operating concept of “Three One Hundred Percent” and aggregate suppliers, customers and employees again to call their cohesive force towards Cheng Shin grand family. We will follow the human resource concept based on talent, reinforce the strategic organization capacity with the effective capacity to integrate resources of the Group and enhance the technical force so that Cheng Shin will keep growing in the global tire industry.!

In 2023, Cheng Shin is once again recognized as one of the Top 10 Global Brands in Taiwan with a brand value of USD253 million, an honor sponsored by the Bureau of Foreign Trade of the Ministry of Economic Affairs, Taiwan External Trade Development Council and Interbrand, a global brand consultancy. Cheng Shin adopts a globally diversified brand-name strategy for its Cheng Shin, MAXXIS, and PRESA brand names with respect to different cultures. Marketed with English brand names and incorporate elements of Western cultures to cater to Western consumers. Not only has Cheng Shin been widely known as a tire brand in the Greater China region, but it also has been recognized as the best-selling brand under a well-known trademark in China. We aim to raise brand name recognition in the market in the future by routinely participating in auto shows in Taiwan and overseas and sponsoring major sports events to grow consumers' appreciation of our brand names with a multi-faceted platform strategy.

(5) Advantages and Disadvantages of Developmental and Action Plans

Advantages:

With the joint efforts of our factory building staff, our facilities in Indonesia and India began production in 2017. The additional production capacity will help us cater to the rising tire demand and increase Cheng Shin's market share. Under the CEPT (Common Effective Preferential Tariff) Scheme of ASEAN, regional growth strengthened. The geographic advantages of our facilities in Indonesia, Thailand, and Vietnam readily support the demand of the emerging markets and enable us to provide more competitive products to consumers manufacturing locally.

With collaborations with global automakers, we have made significant progress in promoting our tires for some of the best-selling car models around the world. Recently, we have successfully entered the supply chain of BMW in Europe. These are proofs of Cheng Shin's step-by-step progress toward increasing product exposure and market share in new markets. °

Amid the global consumption contraction tendency, consumers are becoming more price-sensitive in purchasing replacement tires. Compared with main strain tire manufacturers in Europe, America, and Japan, Cheng Shin maintains a leading position in the market by providing more competitive products with outstanding quality and affordable prices, creating a great opportunity for us to gain market share. °

Disadvantages and countermeasures

During the COVID-19 pandemic, various countries released the QE monetary policy and increased fiscal expenditure. After the global economic recovery, the outbreak of Russia-Ukraine War caused the global inflation to remain high. If the war drags on for a long time, inflation will continue or even stall. In other words, economic stagnation will co-exist with severe inflation, thereby posing specific impact on the economic growth. At the same time, whether the economic sanctions imposed by Europe and the US on Russia will trigger another wave of financial crisis is also a challenge that requires continuous attention in the next few years.

Thanks to close collaboration with suppliers and customers, leveraging its accumulated cooperative experience to mutually benefit and adapt to the rapidly changing market dynamics, expanding our market presence and revenue in the process. Cheng Shin has been closely monitoring the fluctuations in market supply and demand and keeping in touch with each regional distributor for the latest market information to timely announce the price adjustment. At the same time, Cheng Shin also continued the process of integrating new and previous products and replacing the product portfolio with products of high-added value to adapt to the ever-increasing market needs and the ever-changing severe challenges we face at the current time.

Facing the operational environment in 2024 and the next three to five years, we envisage even more drastic changes, therefore we must promptly strengthen our ability to adapt, our core capabilities, and our competitiveness. Only by possessing world-class capabilities and competitiveness will we be able to adapt to the complicated and highly changeable market from now on. Therefore, in the future, we will take advantage of our capabilities in technology, sales and distribution, manufacturing, and management to build our core operations, achieve glocalization, and enhance the regional sales and technical support so that the global headquarters can work closely with different regions and utilize local manufacturing to strengthen ties.

2. Analysis of the Domestic Market

(1) 2023 Domestic Market Overview:

In 2023, due to factors such as lift rate, high inflation and China's post-pandemic economic performance less than expected, the global demand for end products became sluggish and thereby resulted in a slowdown of manufacturing activities in various countries. The China-US trade conflict, Russia-Ukraine War and Israel-Hamas conflict are persisting. The world's geopolitics has turned toward syndicate confrontation, which has a significant impact on global economic development and social stability. Fortunately, the U.S. also suspended the lift rate after Q3 or even there are rumors of interest rate cuts, which may stop capital from flowing to the U.S. all the time.

Domestically, private consumption has continued after the pandemic, and locals are returning to normal. In particular, catering, leisure and entertainment, and domestic and foreign tourism activities are booming. International flights and domestic dual-rail

passenger traffic have also rebounded significantly, coupled with the government's continued stability oil and gas electricity prices, tax reduction for key raw materials, diversified import sources, and implementation of the stable commodity prices to mitigate the burden, the domestic livelihood can still operate normally.

The Company's management team is also aware of the rapid changes in the market, and continues to adjust and integrate personnel and products within the Group. Finally, with the full cooperation of all MAXXIS FAMILY, the Company can overcome the difficulties and challenges in 2023.

(2) 2024 business outlook:

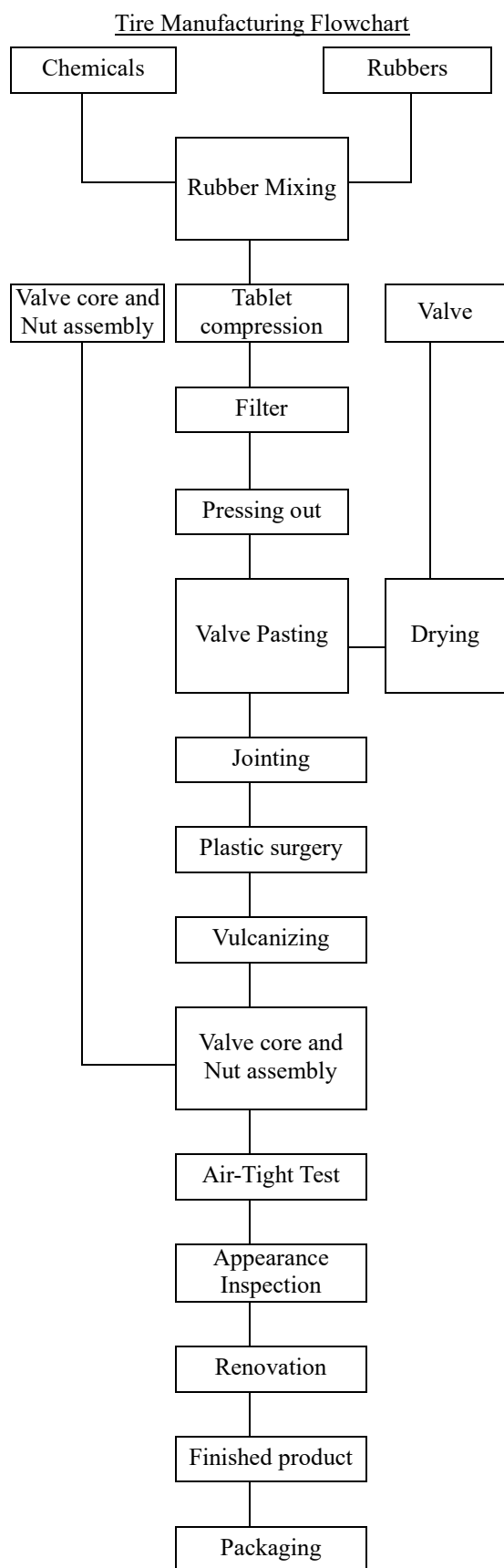
In terms of domestic private consumption, the adjustment to the basic salary and salaries of military, civil, and military personnel, as well as the increase in the tax-exemption allowance for basic living expenses per person, are expected to contribute to the increase in disposable income of the public. There is still a strong demand for cross-border travel, and the job market is stable. It will also support domestic demand and help private consumption grow steadily and optimistically .

The Company will continue to be the first choice for domestic automobile and motorcycle companies in 2024 (such as HYUNDAI TUCSON L and CUSTIN; TOYOTA TOWNAC and COROLLA CROSS; MG HS and ZS; NISSAN NEW KICKS and X-TRAIL) and customer development. In addition to the common original manufacturer packaging services, in 2024, we will also strengthen the supply of after-sales service parts for major car manufacturers and service parts for major rental businesses, such as, Easyrent, Car-Plus and Union Rental Car, etc..

Cheng Shin is the first domestic developer of electric vehicle tires, such as electric MC, PCR, and TBR tires. The development momentum is full, and it is ready for the era of electric vehicles in advance. Further, in terms of sustainability, we will also work with FORMOSA TAFFETA CO., LTD. to develop yarn cords made from discarded fishing nets as the main ingredient of tires in 2023 to contribute to environmental protection and sustainability.

We believe that as long as we strictly adhere to our new core value of “Integrity and Innovation,” and continue to promote the MAXXIS culture of “100% quality, 100% service, 100% trust,” we uphold respect for humanity and care for the society, so that more people will love MAXXIS and list the MAXXIS brand as the first choice for buying tires. Then, 2024 will surely be a new year, ushering in the joy of a bumper harvest and breaking through 2023.

Manufacturing Process:



(III) Supply of Key Materials

Material Name	Quantity (tonnes)	Suppliers
Raw rubber	275,173	Sintex Chemical Corp. etc
Synthetic Rubber	108,083	TSRC Corporation, etc.
Cord Fabric	30,641	FORMOSA TAFFETA Co., Ltd., etc.
Carbon soot	126,194	Linyuan Advanced Materials Technology Co., Ltd., etc.
Steel wires and Tire Cord Fabric	52,427	China Bekaert Steel Cord Co., Ltd., etc.
Chemical medicines	58,395	Evermore Trading
Valve Pasting	131,662 (thousand sets)	Rim Master Industrial Co., Ltd., etc.

(IV) Name of the customer and the amount and proportion of the sales (purchase) amount that have accounted for more than 10% of the total sales (purchase) amount in any of the recent two years

1. Suppliers with 10% or more of the total procured amount:

Unit: NT\$ thousand

	2022				2023			
Item	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company
1	None	-	-	-	None	-	-	-
	Net Supplied Amount	55,277,139	100.00	-	Net Supplied Amount	47,502,806	100.00	-

2. Customers with total sales accounting for 10% or more of the operating revenue:

Unit: NT\$ thousand

	2022				2023			
Item	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company
1	None	-	-	-	None	-	-	-
	Net Sales Amount	98,622,877	100.00	-	Net Sales Amount	96,201,313	100.00	-

Note: Customers with more than 10% of the total sales (purchase) in any of the most recent two years, their purchase amount and their proportion, and specify the reason for their changes. However, for transaction parties that cannot be disclosed due to contract terms or for non-related individual parties, codes may be used.

(V) Production quantity of the last two years

Unit: Thousand tires
Amount: NT\$ thousand

Year Production Volume/Value Core Products	2022			2023		
	Production Capacity	Production Volume	Value of Production	Production Capacity	Production Volume	Value of Production
Radial cover - car	57,218	29,018	28,334,721	56,892	30,036	27,370,129
Radial cover - truck	7,345	2,865	11,607,568	7,412	3,202	11,788,423
Motorcycle cover	63,422	43,777	12,429,394	63,580	43,610	10,978,054
Bicycle cover	113,524	82,456	7,818,476	112,801	71,651	6,551,384
Inner tube	174,997	115,135	3,387,972	170,890	76,367	2,380,444
Other tyres	33,310	16,975	8,996,654	32,284	15,052	7,973,449
Other products (Note)	-	-	10,372	-	-	10,773
Total	449,816	290,226	72,585,157	443,859	239,918	67,052,656

Note: Other products: rubber and tire-related industrial products

(VI) Sales quantity of the last two years

Unit: Thousand tires
Amount: NT\$ thousand

Sales Volume/Value Core Products	Year		2022				2023			
			Domestic Sales		Overseas Sales		Domestic Sales		Overseas Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Radial cover - car	18,911	25,535,022	10,180	13,346,380	19,914	26,991,244	10,646	14,152,981		
Radial cover - truck	2,399	10,492,419	446	2,218,864	2,803	12,185,924	400	2,062,580		
Motorcycle cover	36,197	12,236,660	8,390	4,350,977	37,323	12,951,525	6,897	3,185,151		
Bicycle cover	57,443	6,811,406	25,514	5,770,490	60,701	7,568,804	12,980	2,961,584		
Inner tube	60,344	2,635,405	60,930	2,401,172	54,788	2,300,112	24,458	1,067,627		
Other tyres	12,415	8,168,358	4,408	3,177,037	10,733	7,663,903	3,506	2,944,211		
Other products (Note)	-	1,145,493	-	108,858	-	978,593	-	78,969		
Sales return and allowances	-	-745,909	-	-46,578	-	-1,164,720	-	-72,464		
Transaction and insurance costs	-	-301,369	-	-426,243	-	-352,195	-	-165,597		
Others	-	-	-	1,744,435	-	-	-	863,081		
Total	187,709	65,977,485	109,868	32,645,392	186,262	69,123,190	58,887	27,078,123		

Note: Other products: rubber and tire-related industrial products

Others: operating revenue not attributable to tire manufacturing business

III. Analysis of the employees in the most recent two years

Year		2022	2023	For the current year up to February 29, 2024
Number of Employees	Technician	4,628	4,218	4,168
	Clerk	2,401	2,503	2,484
	Job position	16,693	14,925	14,909
	Total	23,722	21,646	21,561
Average age		37	38	38
Average service seniority		8.53	9.64	9.70
Academic distribution ratio	Ph.D.	14	13	13
	Master's Degree	541	505	509
	University (Junior college)	6,743	6,639	6,575
	Senior High School	7,072	6,186	6,023
	High School and Below	9,352	8,303	8,441

IV. Information on environmental protection expenditure:

Any losses suffered by the Company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

(I) Compensation affair: None.

(II) Environmental protection audit result

Sanction Date	Sanction No.	Violated Regulation	Fact of Violation	Sanction Detail
2023/02/03	20-112-010002	Paragraph 2, Article 24 of the Air Pollution Control Act	The 2nd plant holds an operating permit (M01) for other rubber production processes (Certificate No.: N1182-05), which allows the use of a general solvent for the rubber manufacturing process. The monthly usage of the solvent is approximately 0.153~0.167 metric tons. From 2019 to 2021, the annual usage was 1.908, 1.924, and 1.919 metric tons respectively, all of which exceeded the maximum annual usage of 1.584 metric tons permitted by the license.	NT\$100,000

*Estimated amount of money that may be incurred in the future and countermeasures: The above disposition has been revoked after the appeal.

V. Labor/management relations:

(I) The Company's employee benefit measures, continuing studies, training, retirement system, and their implementations, as well as interactions between the management and the employees and measures taken to protect the employees' benefits

1. Employee Benefits:

The Company does not discriminate in the recruitment and employment of talents based on race, gender, age, religion, nationality or political party. In terms of appointment,

the goal is to recruit talents and create cultural diversity principles, and also engage in local hire and feed back to the locals. As of December 31, 2023, the total number of employees of the Company was 4,406 in the Taiwan head office. The ratio of female employees was 15.7% and the ratio of female managers 0.4%, while the ratio of senior managers 0.8%. Due to the industrial characteristics, the proportion of female employees was relatively low. There were 56 people with physical and mental disabilities in Taiwan, accounting for 1.29% and, therefore, the legal standards should be considered met. The Company's employees, including the senior management, accept the fair and rigorous performance appraisal mechanism and take it as the basis for promotion and reward. Employee salary adjustments and promotions are primarily based on job capabilities and performance. Gender does not play a role in determining work bonuses, and there are no gender-based differences. At the end of 2023, the compensation ratio of female management female managers to male managers was 106%, and the compensation ratio of non-management female employees to non-management male employees was 92%. (Note: Salary ratio is the average salary of females in the category / average salary of men in the category)

For the welfare of our employees, we provide benefits in addition to salaries to our employees that are more preferential than what's required under the law. The welfare matters of the Company can be divided into four categories according to their nature, including related security, Living welfare, festival activities, and employee support, as follows:

Employee shareholding trust:	In order to achieve the Company's goals of taking care of employee welfare, motivating outstanding talents, assisting fellow colleagues in long-term savings to ensure a stable life after retirement or resignation, and enhancing employee engagement by enabling them to hold company shares, the "Cheng Shin Rubber Ind., Co., Ltd. and its Subsidiaries Employee Shareholding Association" was established and approved by the Board of Directors on 2022.5.11. The Employee Shareholding Trust Plan was officially launched in October 2022. Fellow colleagues allocate a fixed amount from their monthly salary, while the Company also contributes an additional 100% of the amount, both being deposited into a dedicated trust account to achieve talent retention and assist fellow colleagues in accumulating wealth for future retirement planning. As of January 2024, the proportion of participating employees in the Company was 55%.
Statutory benefits:	Social insurance, statutory holidays, regular annual health checkups, medical consultation with resident doctors, pensions, employee bonuses, etc.
Living benefits:	Meals, uniform, housing, parking, store discounts, and leisure center.
Holiday activities:	Bonus and/or gifts for Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival, year-end bonus, year-end party allowance, field trip allowance, and family day.
Employee support:	Medical allowance, condolence payments, wedding/funeral/disability benefits, group insurance,

and accident insurance, and scholarship for employees' children.

Maternity/paternity leave:

We also provide maternity/paternity benefits to our employees pursuant to the law. In 2023, the number of employees applied for maternity/paternity leave is as follows:

Item	Male	Female	Total
Employees who actually applied for maternity/parental leave in 2023	48	41	89
Employees expected to resume job after being on maternity/paternity leave in 2023 (A)	38	26	64
Employees actually resuming job from maternity/paternity leave in 2023 (B)	31	22	53
Rate of returning to work (B/A)	81.58%	84.62%	82.81%

2. Employee Education and Training:

We are committed to building a continuous and fulfilling learning environment for employee education and training purposes. Under this core value, we adopted “Rules Governing Education and Training” to plan training courses based on professional skills required for each department and offer developmental opportunities to the entity and individuals by way of internal and external training. We also provide general knowledge, technical, and management training classes targeted at different job functions and levels of employees to enhance their professional and management skills. We invite outside experts to give lectures, and train speakers from within the Company as part of the conveyance of important knowledge and know-how of the Company, thereby sustaining our corporate culture and strengthening employee competitiveness.

In 2023, the Company organized 2,405 vocational courses and 85 project-based courses, with a total of 2,490 courses. The total training hours were 51,233.5 hours, and the average training hours per employee was 11.63 hours.

(1) New Employee Training:	Aimed to provide new employees with an orientation to the training courses including the Company's corporate culture, safety training, quality concepts, policy and procedures to help them adapt to the new environment and fit into the culture of the organization. After completing training, employees are required to participate in on-the-job education and training. Through pre and post training, internship and competency certification, we ensure that new employees are familiar with the working environment, master job knowledge and skills, and are familiar with the operational requirements of their positions under the guidance of their mentors and pass the certification before they can officially start their work duties.
(2) Training by job level:	A series of topical courses designed for different job levels to improve employees' management skills and efficiency. The training will be given on topics such as presentation training and report writing for trainee level employees. The training will be given on topics such as presentation training and report writing for trainee level employees; communication skills, daily management and problem-solving steps to enhance the efficiency of junior management; policy management, leadership case study for officer level management. In recent years, we have optimized the learning map by incorporating the previous project-based courses to enhance the functions of middle and senior executives into the annual routine training at the hierarchical level to cultivate a growth and learning mindset among middle and senior executives;

	we have also added conceptual courses on work safety and corporate culture as well as professional courses on risk prevention and cost management to the training; and we have started to develop management skills at an earlier stage in non-management positions to improve the hierarchical training system.
(3) Project courses:	For example, a series of courses, such as briefing skills and report writing, are offered for reserve personnel to help them integrate into the working environment and master the pace and efficiency of work; For grassroots cadres, courses such as interpersonal communication, daily management and problem-solving steps are offered to improve their work efficiency; For supervisors, courses such as policy management and leadership case study are offered to improve their leadership and management skills. Plan different professional courses for each position, so that colleagues can get perfect training in each stage. For example, in the initial stage of entering the factory, provide job training according to the knowledge and skills required by each position; In addition, it provides professional functional training in the fields of production management, R & D, quality assurance and other professional departments to guide colleagues to focus on their own work, realize themselves and give full play to their potential; For the employees of special technical posts, such as maintenance electrician, electric welder, CNC lathe, etc., the training plan for special types of work is provided to help them obtain professional qualification certificate, so as to ensure that the employees have the professional ability required by the job; With the assistance of internal lecturer training and Twi teaching, the company's exclusive internal lecturers are trained to teach professional courses from and across units, so as to assist the transfer and inheritance of intellectual capital and become the hub of knowledge and model transfer within the organization.
(4) Project-based courses:	A variety of project-based programs designed to meet the employees' learning needs in different areas based on the annual training target. These programs include five core tools to elevate quality management, enhancing managerial skills for trainee management and R&D trainings.
(5) Personal development:	We offer external training subsidies and organize knowledge and lifestyle seminars to provide our colleagues with opportunities to learn diverse subjects beyond their work responsibilities. These initiatives allow our employees to absorb new knowledge while balancing their work commitments. The aim is to encourage self-discovery and personal growth. For instance, we conduct seminars on financial management, stress relief, and practical tax declaration to empower our employees with practical skills and insights.

Other than on-the-job training and on-site demonstrations, we also emphasize the integration of theoretical knowledge and practical experiences.

3. Retirement System and Implementation Status: We comply with the requirements of the Labor Standards Act and Labor Pension Act.

(1) Former pension system:	The Company sets aside 2% of the employee's total salary each month as pension funds and deposits it to the designated account under the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Before the end of each year, the Company shall assess the balance in the designated account. If the total available amount of the appropriation is less than the amount required for the payment of pensions to all the employees who are eligible to retire in the following year, calculated according to the above method, the Company will make up the deficiency in one single appropriation before the end of March in the following year. As of December 31, 2023, the amount of pension funds recognized by the Company under the former pension system was NT\$12,499 thousand.
(2) New pension system:	The new pension system is available to all employees who came on board as of July 1, 2005. If an employee chooses to be subject to the new pension system, the Company will appropriate a set amount of pension funds into such employee's personal bank account (appropriation by the Company). Alternatively, the employee may appropriate 1-6% as pension funds to his/her personal bank account (appropriation by the employee). As of December 31, 2023, the amount of pension funds recognized by the Company under the new pension system was NT\$122,651 thousand.

4. Other Material Contracts:

In order to pursue the improvement of work efficiency and working conditions, and to promote harmony between the employer and the employee, the Company has established trade union organizations in accordance with local laws and regulations. Although there is an enterprise trade union established in Taiwan, no collective agreement has been signed. When there is any related issue to be discussed, the Company provides diversified communication channels and also adopts a positive communication method.

(II) In the most recent year and up to the date of publication of the Annual Report, the losses incurred due to labor disputes (including no violation of the Labor Standards Act in the result of labor inspection, the date of punishment, the name of punishment, the provisions of violation of laws and regulations, the content of punishment) and the estimated amount and countermeasures that may occur in the future shall be listed. If it cannot be reasonably estimated, the fact that it can not be reasonably estimated shall be stated:

1. Penalties incurred in 2023 and up to the date of publication of the Annual Report are as follows: None.
2. Response measures: The Company will comprehensively review the compliance with the Labor Standards Act and hopes to achieve our goal of zero violations.

VI. Information and communications security management:

(I) Specify the information and communications management framework, information and communications security policy, substantial management programs, and resources invested toward information and communications management and more:

1. Information security risk management framework:

On November 10, 2022, the Company's Board of Directors approved the establishment of the Information Security Team under the Information Service Department as the dedicated unit. Its organizational members are Chief Information Security Officer, Information Security Officer and 3 information security personnel. The main duties and responsibilities include information security maintenance and operation, information security policy promotion, information security response, information

security audits, and information security education and drills. The annual audit plan includes information and information communication security management operation review, and the Information Security Group reports to the Board of Directors at least once a year, in order to implement the effectiveness of information security management measures. The implementation of information security was reported to the Board of Directors on November 9, 2023.

The Company's information system is structured with two highly reliable host computers, remote backup, and a data backup mechanism based on its risk level to ensure continuous service. In addition, the backup data are stored and saved at another location and the drill of mock tests and emergency responses is regularly performed to ensure the normal operation and safeguards of the information system. The risk of system crash due to unpredictable natural disasters and personal negligence is also lowered to ensure that the expected system recovery timeline is met.

2. Information and communications security policy:

Formulation of information security policy and vision in the spirit of ISO 27001: "Strengthen personnel awareness, prevent data leakage, implement daily maintenance operations, and ensure service availability, list the implementation of various information security measures and strengthen audit management. Strengthen information security management, ensure the availability, integrity and confidentiality of the information system, and comply with the requirements of relevant laws and regulations, in order to protect them from internal and external deliberate or accidental threats.

3. Substantial management programs, and resources invested toward information and communications management:

With the aim to quickly and successfully resume business operations and lower the extent of possible losses and risks when the event of information system damage occurs, countermeasures are in place such as the regular analysis of disasters' impact on operations performed every year, the designing and upgrading of the proper software and hardware equipment and resources based on their risk levels, and the improvement of the operation procedures.

To respond to the advances in technology, electronic data protection system updates have become even more important. With regard to data protection, we further reinforce the protection of the client's intellectual property in addition to the multiple protective measures of data encryption. Moreover, the office computers are all equipped with an automatic electronic data protection system, which allows the clients' sensitive documents to be protected once they are transmitted to the Company and actively prevents them from being opened by any non-company personnel. What is more important is that any operations that are not permitted will be recorded in a log with details of the administrators and general users conducting the operations tracked. The tracked operations include (1) file decryption (2) document printing and (3) file deletion. If any unusual operation occurs, the system will alert the system administrator to investigate and analyze the incident so as to fully protect the electronic data and avoid the danger of a data leak.

4. The company has always been the most rigorous attitude to completely protect the customer's intellectual property and identity privacy, control every product confidentiality and confidentiality of documents and information files. Therefore, through the continuous updating of data and the establishment of a leakage protection mechanism, we strive to achieve "data protection without leakage", so that customers and suppliers can completely rest assured when dealing with Cheng Shin.

- (II) In the most recent year and up to the date of publication of the Annual Report, the losses incurred due to major information and communications security incidents, and estimated amount and countermeasures that may occur in the future shall be listed. If it cannot be reasonably estimated, the fact that it can not be reasonably estimated shall be stated:

On May 29, 2023, the Company announced on behalf of subsidiary Cheng Shin Rubber USA, Inc. that some of its information systems had been attacked by a hacker network that affected files in the ESXI information system being encrypted. Notwithstanding, the normal operation was recovered within three weeks. No significant impact was posed on the Company's operations according to the assessment.

Countermeasures: In the future, direct connection to internal systems will be avoided by using VPN, a back-end monitoring and warning mechanism will be established, an email passing through mechanism will be added, and the ISO27001 or NSIT800 international information security certification framework will be implemented.

VII. Important contracts: None

Six. Financial overview

I. Condensed balance sheet and income statement of the most recent five years

Condensed Consolidated Balance Sheet - IFRS

Unit: NT\$ thousand

Year Item		Financial information for the most recent five years					Financial information for the current year as of March 31, 2024 (Note)
		2019	2020	2021	2022	2023	
Current assets		58,929,975	52,902,892	57,834,168	59,473,502	57,308,609	No relevant information
Property, plant and equipment, net		95,889,585	89,547,273	81,500,318	75,517,186	66,977,367	
Intangible assets, net		246,790	181,768	222,669	233,013	202,268	
Other assets		8,973,879	8,693,220	10,164,842	10,659,918	17,097,674	
Total assets		164,040,229	151,325,153	149,721,997	145,883,619	141,585,918	
Current liabilities	Before distribution	43,404,174	34,395,009	35,341,395	28,970,953	19,779,942	
	After distribution	46,645,590	38,284,708	39,231,094	33,508,935	-	
Non-current liabilities		42,665,368	35,954,863	32,903,234	32,525,851	35,810,911	
Total liabilities	Before distribution	86,069,542	70,349,872	68,244,629	61,496,804	55,590,853	
	After distribution	89,310,958	74,239,571	72,134,328	66,034,786	-	
Equity attributable to owners of the parent company		77,395,683	80,437,095	80,918,468	83,811,199	85,432,555	
Share capital		32,414,155	32,414,155	32,414,155	32,414,155	32,414,155	
Capital surplus		52,576	53,267	67,770	67,757	70,044	
Retained earnings	Before distribution	51,833,197	54,580,969	56,024,682	57,200,264	59,869,928	
	After distribution	48,591,781	50,691,270	52,134,983	52,662,282	-	
Other equity interest		(6,904,245)	(6,611,296)	(7,588,138)	(5,870,977)	(6,921,572)	
Treasury Stock		-	-	-	-	-	
Non-controlling interest		575,004	538,186	558,899	575,616	562,510	
Total equity	Before distribution	77,970,687	80,975,281	81,477,368	84,386,815	85,995,065	
	After distribution	74,729,271	77,085,582	77,587,669	79,848,833	-	

Note: As of the date of publication of the annual report, the audited financial information for 2024 Q1 was not available.

Condensed parent company only balance sheet - IFRS

Unit: NT\$ thousand

Year Item		Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		14,363,866	12,343,254	13,409,366	12,301,528	12,705,951
Property, plant and equipment, net		16,668,254	16,234,596	15,540,737	15,010,653	14,473,837
Intangible assets, net		40,633	8,740	23,483	29,509	29,706
Other assets		81,783,205	86,397,260	87,569,801	88,683,140	91,498,201
Total assets		112,855,958	114,983,850	116,543,387	116,024,830	118,707,695
Current liabilities	Before distribution	11,168,216	13,385,944	14,674,942	11,519,504	6,741,944
	After distribution	14,409,632	17,275,643	18,564,641	16,057,486	-
Non-current liabilities		24,292,059	21,160,811	20,949,976	20,694,127	26,533,196
Total liabilities	Before distribution	35,460,275	34,546,755	35,624,918	32,213,631	33,275,140
	After distribution	38,701,691	38,436,454	39,514,617	36,751,613	-
Equity attributable to owners of the parent company		77,395,683	80,437,095	80,918,469	83,811,199	85,432,555
Share capital		32,414,155	32,414,155	32,414,155	32,414,155	32,414,155
Capital surplus		52,576	53,267	67,770	67,757	70,044
Retained earnings	Before distribution	51,833,197	54,580,969	56,024,682	57,200,264	59,869,928
	After distribution	48,591,781	50,691,270	52,134,983	52,622,282	-
Other equity interest		(6,904,245)	(6,611,296)	(7,588,138)	(5,870,977)	(6,921,572)
Treasury Stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	77,395,683	80,437,095	80,918,469	83,811,199	85,432,555
	After distribution	74,154,267	76,547,396	77,028,770	79,273,217	-

Note: According to 2023 Financial statement and external auditor's report

Condensed consolidated statements of comprehensive income - IFRS

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent five years					Financial information for the current year as of March 31, 2024 (Note)
	2019	2020	2021	2022	2023	
Operating Income	109,507,773	96,209,056	101,536,961	98,622,877	96,201,313	No relevant information
Gross Operating Profit	23,959,533	23,988,650	22,387,319	20,983,167	23,388,685	
Operating Profit or Loss	7,003,132	8,596,725	7,653,811	7,374,178	10,357,806	
Non-operating Income and Expenses	(1,175,833)	(440,019)	(497,810)	(403,502)	148,804	
Profit Before Income Tax	5,827,299	8,156,706	7,156,001	6,970,676	10,506,610	
Continuing operations Net Profit for the Year	3,515,697	6,001,203	5,294,850	4,992,260	7,197,962	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) of the period	3,515,697	6,001,203	5,294,850	4,992,260	7,197,962	
Other comprehensive income for the period (net amount after tax)	(1,755,905)	279,804	(917,567)	1,829,452	(1,036,084)	
Total comprehensive income for the year	1,759,792	6,281,007	4,377,283	6,821,712	6,161,878	
Net profit attributable to the owners of the parent company	3,466,827	5,988,702	5,270,007	4,961,369	7,182,382	
Net profit attributable to non-controlling interest	48,870	12,501	24,843	30,891	15,580	
Total comprehensive income attributable to the owners of the parent company	1,767,458	6,282,137	4,356,570	6,782,442	6,157,051	
Total comprehensive income attributable to non-controlling interest	(7,666)	(1,130)	20,713	39,270	4,827	
Earnings per share	1.07	1.85	1.63	1.53	2.22	

Note: As of the date of publication of the annual report, the audited financial information for 2024 Q1 was not available.

Condensed parent company only comprehensive income statements - IFRS

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Operating Income	19,497,888	18,926,294	20,707,983	20,409,294	17,446,799
Gross Operating Profit	3,692,021	4,697,691	5,517,645	5,972,778	5,186,846
Operating Profit or Loss	(56,880)	953,296	2,171,864	2,861,112	2,020,789
Non-operating Income and Expenses	4,555,370	5,792,738	4,134,631	3,486,130	7,144,346
Profit Before Income Tax	4,498,490	6,746,034	6,306,495	6,347,242	9,165,135
Continuing operations Net Profit for the Year	3,466,827	5,988,702	5,270,007	4,961,369	7,182,382
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) of the period	3,466,827	5,988,702	5,270,007	4,961,369	7,182,382
Other comprehensive income for the period (net amount after tax)	(1,699,369)	293,435	(913,437)	1,821,073	(1,025,331)
Total comprehensive income for the year	1,767,458	6,282,137	4,356,570	6,782,442	6,157,051
Net profit attributable to the owners of the parent company	3,466,827	5,988,702	5,270,007	4,961,369	7,182,382
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to the owners of the parent company	1,767,458	6,282,137	4,356,570	6,782,442	6,157,051
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.07	1.85	1.63	1.53	2.22

Note: According to 2023 Financial statement and external auditor's report

Names and auditing opinions of CPA in recent five years

CPA Name	Year	Audit Opinion
Hung, Shu Hua, Chou, Chien-Hung	1 0 8	Clean opinion after an amendment
Wang, Yu-Chuan, Chou, Chien-Hung	1 0 9	Clean opinion after an amendment
Wu, Yu-Long, Chou, Chien-Hung	1 1 0	Clean opinion after an amendment
Wu, Yu-Long, Chou, Chien-Hung	1 1 1	Clean opinion after an amendment
Wu, Yu-Long, Chou, Chien-Hung	1 1 2	Clean opinion after an amendment

II. Financial analysis of the recent five years

Analyses on consolidated financial standing — International Financial Reporting Standards (IFRS)

Descriptions		Year	Financial analysis of the recent five years					As of March 31, 2024 (Note)
			2019	2020	2021	2022	2023	
Financial Structure %	Ratio of liabilities to assets		52.47	46.49	45.58	42.15	39.26	No relevant information
	Long-term working capital to real estate, plants and equipment ratio		120.74	125.54	135.27	149.84	175.80	
Solvency %	Current ratio		135.77	153.81	163.64	205.29	289.73	
	Quick ratio		91.62	97.32	103.26	129.68	199.87	
	Interest coverage multiplicity		434	874	1,399	984	983	
Manageability	Accounts receivable turnover rate (Number of times)		8.62	7.14	7.74	7.83	7.22	
	Average cash collection days		42.34	51.12	47.16	46.62	50.55	
	Inventory turnover rate (Number of times)		4.57	3.97	4.07	3.72	3.80	
	Accounts payable turnover rate (Number of times)		9.25	8.25	9.62	10.22	9.93	
	Average days required for sales		79.87	91.94	89.68	98.12	96.05	
	Property, plant and equipment turnover rate (Number of times)		1.10	1.04	1.19	1.26	1.35	
	Total asset turnover rate (Number of time)		0.65	0.61	0.67	0.67	0.67	
Profitability	Return on Assets (%)		2.89	4.33	3.80	3.80	5.67	
	Return on Equity (%)		4.46	7.55	6.52	6.02	8.45	
	Ratio of net profit before tax to paid-in capital (%)		17.98	25.16	22.08	21.51	32.41	
	Net profit ratio (%)		3.21	6.24	5.21	5.06	7.48	
	Earnings Per Share (NT\$)		1.07	1.85	1.63	1.53	2.22	
Cash flow	Cash Flow Ratio (%)		41.23	53.50	43.30	50.14	107.23	
	Cash Flow Adequacy Ratio (%)		91.48	92.73	93.56	137.54	182.10	
	Cash Reinvestment Ratio (%)		6.28	6.44	4.78	4.24	6.39	
Leverage	Operating Leverage		2.86	2.40	2.47	2.45	2.03	
	Financial Leverage		1.33	1.14	1.07	1.12	1.13	

Note 1: As of the date of publication of the annual report, the audited financial information for 2024 Q1 was not available.

If the increase/ decrease ratio changes by more than 20%, the analysis shows that:

- (1) Increase in current ratio: Mainly due to a decrease in short-term borrowings and long-term borrowings due within one year from last year
- (2) Increase in quick ratio: mainly due to the decrease in current liabilities and inventories from last year.
- (3) Increase in return on assets: mainly due to the increase in the net income.
- (4) Increase in return on equity: mainly due to the increase in the net income.
- (5) Increase in the ratio of net income before tax to paid-in capital: mainly due to the increase in net income before tax.
- (6) Increase in net profit ratio and earnings per share: Mainly due to an increase in net income.
- (7) Increase in cash flow ratio: Mainly due to an increase in net cash inflow from operating activities and decrease in current liabilities.

- (8) Increase in cash flow adequacy ratio: mainly due to the decreasing trend of capital expenditures in recent years.
- (9) Increase in cash flow reinvestment ratio: Mainly due to the increase in net cash inflow from operating activities.

Analyses on individual financial standing — International Financial Reporting Standards (IFRS)

<div>Year (Note 1)</div> <div>Analysis Item (Note 2)</div>		Financial analysis of the recent five years				
		2019	2020	2021	2022	2023
Financial Structure %	Ratio of liabilities to assets	31.42	30.04	30.57	27.76	28.03
	Long-term working capital to real estate, plants and equipment ratio	593.39	612.76	637.80	676.26	759.87
Solvency %	Current ratio	128.61	92.21	91.38	106.79	188.46
	Quick ratio	104.50	74.23	71.78	84.74	161.91
	Interest coverage multiplicity	1567	2626	2939	2771	2719
Manageability	Accounts receivable turnover rate (Number of times)	7.09	6.56	6.79	6.83	5.96
	Average cash collection days	51.48	55.64	53.76	53.44	61.24
	Inventory turnover rate (Number of times)	5.31	5.80	5.93	5.61	6.07
	Accounts payable turnover rate (Number of times)	12.97	10.31	10.42	12.08	10.86
	Average days required for sales	68.74	62.93	61.55	65.06	60.13
	Property, plant and equipment turnover rate (Number of times)	1.18	1.15	1.30	1.34	1.18
	Total asset turnover rate (Number of time)	0.17	0.17	0.18	0.18	0.15
Profitability	Return on Assets (%)	3.20	5.44	4.71	4.43	6.36
	Return on Equity (%)	4.43	7.59	6.53	6.02	8.49
	Ratio of net profit before tax to paid-in capital (%)	13.88	20.81	19.46	19.58	28.28
	Net profit ratio (%)	17.78	31.64	25.45	24.31	41.17
	Earnings Per Share (NT\$)	1.07	1.85	1.63	1.53	2.22
Cash flow	Cash Flow Ratio (%)	46.66	44.60	48.40	59.50	120.48
	Cash Flow Adequacy Ratio (%)	85.23	85.28	91.68	113.24	128.78
	Cash Reinvestment Ratio (%)	1.43	2.34	2.72	2.43	2.74
Leverage	Operating Leverage	-26.65	2.91	1.73	1.52	1.74
	Financial Leverage	0.16	1.39	1.11	1.09	1.21

Note 1: Based on the 2023 annual financial statements and external auditor's report

If the increase/ decrease ratio changes by more than 20%, the analysis shows that:

- (1) Increase in current ratio: Mainly due to a decrease in short-term borrowings and long-term borrowings due within one year from last year
- (2) Increase in quick ratio: mainly due to the decrease in current liabilities and inventories from last year.
- (3) Increase in return on assets: mainly due to the increase in operating income after tax in the current period.

- (4) Return on equity: Mainly due to the increase in net income after tax in the current period.
- (5) The ratio of pre-tax net income to paid-in capital increased: mainly due to the increase of net income after tax in the current period.
- (6) Increase in net profit margin: Mainly due to the increase in net income in the current period.
- (7) Increase in earnings per share: mainly due to the increase in net income in the current period.
- (8) Increase in cash flow ratio: mainly due to decrease in short-term loans and long-term loans due within one year.

Formula to calculate the financial analyses:

Note 2: At the end of this annual report, the following calculation formula shall be presented:

1. Financial structure
 - (1) Liabilities to assets ratio = total liabilities/total assets.
 - (2) Long-term working capital to property, plants, and equipment ratio = (Equity total + Non-current liabilities)/Property, plants and equipment, net.
2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepayment) / current liabilities.
 - (3) Times interest earned= Net profit before income tax, interest and expenses/current interest expense.
3. Manageability
 - (1) Accounts receivable (including notes receivables from operating activities and accounts receivable) turnover rate= Net sales/Average balance of accounts receivable (including notes receivables from operating activities and accounts receivable) in various terms.
 - (2) Average cash collection days= 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate= Cost of goods sold/Average amount of inventory.
 - (4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = Sales costs/Average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms.
 - (5) Average days required for sales= 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate= Net sales/Average net property, plant, and equipment.
 - (7) Total asset turnover rate= Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets
 - (2) Return on equity= Profit and/or loss after tax/Average aggregate total of equity.
 - (3) Net profit margin= Profit and/or loss after tax/Net sales.
 - (4) Earnings per share (EPS) = (Profit and/or loss belonging to parent company proprietor- Preferred shares dividend) / Weighted average number of outstanding shares.
5. Cash flow
 - (1) Cash flow ratio= Cash flow in operating activities/Current liabilities.
 - (2) Net cash flow adequacy ratio= Cash flow in operating activities over the past five years/(Capital expenditure + Amount of inventory increase + Cash dividend) over the past five years.
 - (3) Cash reinvestment ratio= (Cash flow in operating activities — Cash dividend) / (Gross property, plant, and equipment + Long-term investment + Other assets + operating fund).
6. Leverage:
 - (1) Operating Leverage= (Operating revenues, net — Variable operating costs and expenses) / Operating interests.
 - (2) Financial Leverage= Operating interests / (Operating interests — Interest expenses).

III. Audit Report for the Financial Statements of the most recent years by Audit Committee

Audit Committee's Report

Approved

The Board of Directors has prepared the Company's 2023 business report, financial statements (including parent company only and consolidated financial statements), and earnings distribution proposal. Among them, the financial statements have been audited by Wu, Yu-Lung, CPA and Chou, Chien-Hung, CPA of PwC Taiwan, and an audit report was issued accordingly. The Business Report, Financial Statements, and the proposed profit distribution have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2024 Annual General Meeting of Cheng Shin Rubber Ind., Co., Ltd.

Convener of Audit Committee: Chu, Po-Yong



March 13, 2024

IV. Consolidated Financial Statements certified by the CPAs of the Most Recent Year

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

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

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

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

Hereby declare

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23005194

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Appropriateness of cut-off on sales revenue

Description

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

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

How our audit addressed the matter

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

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

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

Description

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

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

How our audit addressed the matter

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

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

Other matter – Scope of the audit

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

Other matter – Parent company only financial statements

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

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

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

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

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

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

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

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

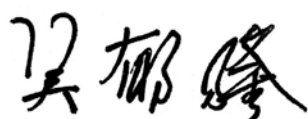
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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

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



Wu, Yu-Lung



Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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

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

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

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

(Continued)

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

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

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

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

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

(Continued)

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

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

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

Year ended December 31, 2022

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

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

(Continued)

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

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

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows :

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income.
- Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

when the Group loses control of the subsidiaries.

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

B. Subsidiaries included in the consolidated financial statements:

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

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2023	December 31,2022	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	Note 5
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO.,LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2023	December 31,2022	
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	Note 5
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	Note 4

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

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

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

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

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

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

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

None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

(5) Classification of current and non-current items

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

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

(6) Cash equivalents

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

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

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

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

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

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

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

(9) Financial assets at amortised cost

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

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

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

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

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

(14) Inventories

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

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

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

(16) Property, plant and equipment

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

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

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

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

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

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

(18) Investment property

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

(19) Intangible assets

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

(20) Impairment of non-financial assets

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

(21) Borrowings

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

(22) Notes and accounts payable

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

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

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

(24) Bonds payable

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

(25) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

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

(27) Non-hedging derivatives

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

(28) Provisions

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

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

C. Employees' and directors' remuneration

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

(30) Income taxes

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

(31) Dividends

Earnings distribution prior to the year ended December 31,2022

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

Earnings distribution after the year ended December 31,2022

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

(32) Revenue recognition

A. Sales of goods:

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

B. Property development and resale

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

(33) Government grants

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

(34) Operating segments

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$81,082 thousand and \$76,025 thousand as at December 31, 2023 and 2022, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

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

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

(3) Financial assets at amortised cost

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

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

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

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$11,234,611 and \$3,835,698, respectively.

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

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

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

(4) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

- B. As at December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2022, the balance of receivables from contracts with customers amounted to \$12,017,212 thousand.
- C. As at December 31, 2023 and 2022, the Group had outstanding discounted notes receivable amounting to \$1,062,676 and \$147,635 thousand, wherein the Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were presented as a deduction item to notes receivable.
- D. As at December 31, 2023 and 2022, the Group had outstanding discounted notes receivable amounting to \$49,761 and \$197,567 thousand, wherein the Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as other payables.
- E. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$4,147,117 thousand and \$9,275,745 thousand; \$3,436,147 thousand and \$9,539,894 thousand, respectively.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

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

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,553,838	(\$ 11,765)	\$ 7,542,073
Work in progress	2,170,173	-	2,170,173
Finished goods	9,042,827	(171,600)	8,871,227
Buildings and land held for sale	2,076,768	-	2,076,768
Inventory in transit	323,310	-	323,310
	<u>\$ 21,166,916</u>	<u>(\$ 183,365)</u>	<u>\$ 20,983,551</u>

The cost of inventories recognized as expense for the period:

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

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

(6) Investments accounted for using the equity method

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarized below:

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

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

(7) Property, plant and equipment, net

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

Year ended December 31, 2022

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

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

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

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

(8) Leasing arrangements — lessee

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

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

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

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

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

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

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

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

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

G. Variable lease payments

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

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

(9) Investment property, net

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

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

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

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

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

(10) Other non-current assets

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

Movements in intangible assets:

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

Details of amortisation on intangible assets are as follows:

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

(11) Short-term borrowings

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

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

(12) Short-term notes and bills payable

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

(13) Other payables

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

(14) Other current liabilities

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

(15) Bonds payable

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

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

(a) Interest accrued/paid:

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

(b) Redemption:

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

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

(a) Interest accrued/paid:

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

(b) Redemption:

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

C. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on August 1, 2017 and completed on August 10, 2017. The bonds were fully issued and total issuance amount was \$7 billion with a coupon rate of 1.03%. The issuance period of the bonds was 5 years, which is from August 10, 2017 to August 10, 2022. The terms are as follows:

(a) Interest accrued/paid:

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

(b) Redemption:

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

(16) Long-term borrowings

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

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

A. According to the borrowing contract, the Group shall calculate the financial ratios based on the audited annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements as at December 31, 2023.

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

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

(17) Pensions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company and MAXXIS (Taiwan) Trading Co., Ltd. for the years ended December 31, 2023 and 2022 were \$123,258 thousand and \$136,225 thousand, respectively.
- C. (a) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$567,537 thousand and \$600,156 thousand, respectively.

- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were \$49,754 thousand and \$57,798 thousand, respectively.

(18) Share capital

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

(19) Capital surplus

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

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.
- B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The Company recognized dividends distributed to shareholders amounting to \$4,537,982 thousand (\$1.4 (in dollars) per share) for the years ended December 31, 2023 and 2022. On March 13, 2024, the Board of Directors that total dividends for the distribution of earnings for the year of 2023 was \$6,482,831 thousand at \$2 (in dollars) per share.

(21) Other equity items

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

2022			
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 7,602,556)	\$ 14,418	(\$ 7,588,138)
Valuation adjustment – Group	-	(5,245)	(\$ 5,245)
Currency translation differences:			
– Group	2,153,007	-	2,153,007
– Tax on Group	(430,601)	-	(430,601)
At December 31	(\$ 5,880,150)	\$ 9,173	(\$ 5,870,977)

(22) Operating revenue

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

A. Disaggregation of revenue from contracts with customers

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

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

Year ended December 31, 2022					
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 6,944,440	\$ 41,173,521	\$ 11,166,092	\$ 39,338,824	\$ 98,622,877

B. Contract liabilities

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

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

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

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

(23) Interest income

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

(24) Other income

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

(25) Other gains and losses

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

(26) Finance costs

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

(27) Expenses by nature

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

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

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$189,803 thousand and \$131,549 thousand, respectively; while directors' remuneration was accrued at \$135,235 thousand and \$98,662 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.425%; 2% and 1.5% of distributable profit of current year for the years ended December 31, 2023 and 2022, respectively.

Employees' compensation for 2022 amounting to \$131,549 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements; Directors' remuneration for 2022, the difference of \$4,933 thousand between the amount (resolved at 1.425%) resolved at the Board meeting and the amount of \$98,662 thousand (provided at 1.5%) recognised in the 2022 financial statements, mainly resulting from the adjustment of accrual for directors' remuneration, had been adjusted in the profit or loss of 2023.

The employees' compensation for 2022 will be distributed in the form of cash. As of March 13, 2024, the employees' compensation for 2022 has not been distributed.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gain on inter-affiliated accounts	\$ 127,686	(\$ 13,747)	\$ -	\$ 113,939
Remeasurement of defined benefit obligations	149,207	-	(25,266)	123,941
Exchange differences on translation of foreign financial statements	1,379,321	-	(430,601)	948,720
Deferred government grant revenue	262,634	(6,681)	-	255,953
Unrealised exchange loss	26,562	(16,340)	-	10,222
Others	272,318	218,113	-	490,431
Subtotal	<u>\$ 2,217,728</u>	<u>\$ 181,345</u>	<u>(\$ 455,867)</u>	<u>\$ 1,943,206</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(\$ 334,075)	\$ 67,637	\$ -	(\$ 266,438)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Others	(147,201)	60,136	-	(87,065)
Subtotal	<u>(\$ 996,009)</u>	<u>\$ 127,773</u>	<u>\$ -</u>	<u>(\$ 868,236)</u>
Total	<u>\$ 1,221,719</u>	<u>\$ 309,118</u>	<u>(\$ 455,867)</u>	<u>\$ 1,074,970</u>

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

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

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

(29) Earnings per share

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

(30) Supplemental cash flow information

Investing activities with partial cash payments :

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

(31) Changes in liabilities from financing activities

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

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Sales of goods:		
-Other related parties	<u>\$ 307,469</u>	<u>\$ 332,293</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, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
-Other related parties	<u>\$ 66,401</u>	<u>\$ 72,535</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 4 to 5 years. Rents are prepaid at the beginning of the year.

(b) Lease liabilities

i. Outstanding balance

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

ii. Interest expense

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

(32) Key management compensation

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

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

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

(2) Commitments

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 2,061,794</u>	<u>\$ 2,656,182</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the year ended December 31, 2023, the Company's strategy was unchanged from 2022. The company maintained the gearing ratios below 200%. The gearing ratios at December 31, 2023 and 2022 were as follows:

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

(2) Financial instruments

A. Financial instruments by category

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

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2023

(Foreign currency: functional currency)

Financial assets

Monetary items

	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
\$	222,877	30.705 \$	6,843,438	1%	\$ 68,434	\$ -
USD : TWD	30,675	4.327	132,731	1%	1,327	-
RMB : TWD	6,897	33.980	234,360	1%	2,344	-
EUR : TWD	954,270	0.217	207,077	1%	2,071	-
JPY : TWD	140,452	7.096	4,312,493	1%	43,125	-
USD : RMB	20,992	7.853	713,307	1%	7,133	-
EUR : RMB	3,737	9.048	146,306	1%	1,463	-
GBP : RMB	50,485	34.052	1,550,642	1%	15,506	-
USD : THB	3,582	37.684	121,756	1%	1,218	-
EUR : THB	7,031	24,564.000	215,887	1%	2,159	-
USD : VND	26,224	1.323	804,909	1%	8,049	-
USD : CAD	11,196	15,507.576	343,773	1%	3,438	-
USD : IDR						

(Foreign currency: functional currency)

Financial liabilities

Monetary items

\$	19,695	30.705 \$	604,735	1%	\$ 6,047	\$ -
USD : TWD	25,901	7.096	795,274	1%	7,953	-
USD : RMB	15,854	34.052	486,954	1%	4,870	-
USD : THB	10,229	24,564.000	314,081	1%	3,141	-
USD : VND	7,638	1.323	234,438	1%	2,344	-
USD : CAD	256,894	15,507.576	7,887,930	1%	78,879	-
USD : IDR	147,350	83.121	4,524,367	1%	45,244	-
USD : INR						

December 31, 2022

(Foreign currency: functional currency)

Financial assets

Monetary items

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
\$	186,342	30.710	\$ 5,722,563	1%	\$ 57,226	\$ -
USD : TWD	75,225	4.408	331,592	1%	3,316	-
RMB : TWD	11,698	32.720	382,759	1%	3,828	-
EUR : TWD	569,819	0.232	132,198	1%	1,322	-
JPY : TWD	90,239	6.967	2,771,288	1%	27,713	-
USD : RMB	22,603	7.423	739,583	1%	7,396	-
JPY : RMB	533,704	0.053	124,686	1%	1,247	-
GBP : RMB	5,925	8.414	219,752	1%	2,198	-
USD : THB	56,855	34.347	1,745,802	1%	17,458	-
USD : VND	9,783	23,806.202	300,436	1%	3,004	-
USD : CAD	14,987	1.355	460,368	1%	4,604	-
USD : IDR	41,514	15,510.101	1,274,895	1%	12,749	-

(Foreign currency: functional currency)

Financial liabilities

Monetary items

\$	13,993	30.710	\$ 429,725	1%	\$ 4,297	\$ -
USD : TWD	21,353	6.967	655,762	1%	6,558	-
USD : RMB	9,545	34.347	293,091	1%	2,931	-
USD : THB	61,941	23,806.202	1,902,208	1%	19,022	-
USD : VND	5,917	1.355	181,758	1%	1,818	-
USD : CAD	311,255	15,510.101	9,558,641	1%	95,586	-
USD : IDR	190,371	82.732	5,846,316	1%	58,463	-

- iv. The exchange gain (loss) including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$161,351 thousand and (\$765,393) thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the years ended December 31, 2023 and 2022 would have increased/decreased by \$811 thousand and \$760 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in the TWD, USD, THB and INR.
 - ii. The Group's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at December 31, 2023 and 2022, if interest rates on TWD, USD, THB and INR denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have been \$28,829 thousand and \$32,169 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
 - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
 - iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
 - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at December 31, 2023 and 2022, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of receivables (including notes and accounts receivable); accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at December 31, 2023 and 2022, the provision matrix is as follows:

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

<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 0.27%	\$ 11,032,629	\$ 9,277
Up to 30 days	0.01% ~ 1.58%	1,171,734	13,475
31 to 90 days	0.01% ~ 3.04%	611,009	11,365
91 to 180 days	0.01% ~ 16.27%	171,199	9,501
Over 180 days	2.12% ~100.00%	37,111	4,023
		<u>\$ 13,023,682</u>	<u>\$ 47,641</u>

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

2023			
	Notes receivable	Accounts receivable	Total
At January 1	\$ 9,277	\$ 38,364	\$ 47,641
(Reversal of) Provision for impairment (	9,277)	43,105	33,828
Write-offs	- (	13,850)	(13,850)
Others	-	6,417	6,417
Effect of exchange rate changes	- (	859)	(859)
At December 31	<u>\$ -</u>	<u>\$ 73,177</u>	<u>\$ 73,177</u>
2022			
	Notes receivable	Accounts receivable	Total
At January 1	\$ 9,277	\$ 64,705	\$ 73,982
Provision for impairment	-	18,961	18,961
Write-offs	- (	46,775)	(46,775)
Effect of exchange rate changes	-	1,473	1,473
At December 31	<u>\$ 9,277</u>	<u>\$ 38,364</u>	<u>\$ 47,641</u>

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

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

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

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023

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

December 31, 2022

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$3,237,844	\$ 875,549	\$ 638,669	\$ -	\$4,752,062
Short-term notes and bills payable	1,500,000	-	-	-	1,500,000
Notes and accounts payable	7,333,382	-	-	-	7,333,382
Other payables	4,693,764	16,605	127,791	134,875	4,973,035
Lease liability	59,114	39,050	65,325	289,598	453,087
Guarantee deposits received	393	3,680	8,010	258,507	270,590
Long-term borrowings	1,308,387	592,849	4,386,368	22,300,428	28,588,032
Bonds payable	-	-	2,569,750	8,120,000	10,689,750

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

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

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

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

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

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

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

	December 31, 2023			
	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

	December 31, 2022			
	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	\$ 17,838	\$ -	\$ 58,187	\$ 76,025

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

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(3) Significant transactions information

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

I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(25) and 12(2), 12(3).

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

(4) Information on investees

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

(5) Information on investments in Mainland China

A. Basic information: please refer to table 9.

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

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

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

(6) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

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

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

(4) Reconciliation for segment income

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

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

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

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

(5) Information on products and services

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

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

(6) Geographical information

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

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

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

(7) Major customer information

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

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Limit on loans granted to a single party (Note 2, 3, 4)	Ceiling on total loans granted (Note 5, 6)	Footnote
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	\$ 1, 621, 250	\$ 1, 535, 250	\$ 1, 366, 373	5.47968%	Note 7	\$ -	- Operating capital	\$ -	None	\$ 8, 543, 256	\$ 34, 173, 022	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2, 222, 500	-	-	-	Note 7	-	- Operating capital	-	None	4, 883, 437	8, 139, 061	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2, 222, 500	-	-	-	Note 7	-	- Operating capital	-	None	4, 883, 437	8, 139, 061	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	577, 850	562, 510	-	-	Note 7	-	- Operating capital	-	None	4, 883, 437	8, 139, 061	Note 9
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	355, 600	-	-	-	Note 7	-	- Operating capital	-	None	5, 486, 335	10, 972, 670	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	884, 400	865, 400	714, 388	3.45%-3.65%	Note 7	-	- Operating capital	-	None	6, 573, 902	10, 956, 503	Note 9
4	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	1, 228, 200	1, 228, 200	859, 740	3.87106%-3.89021%	Note 7	-	- Operating capital	-	None	1, 607, 142	3, 214, 284	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is "0".

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

Note 2: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 60% of above Companies' net assets.

Note 3: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and MAXXIS International (Thailand) Co., Ltd. to a single party is 20% of above Companies' net assets.

Note 4: Limit on loans granted by the Company to a single party is 10% of its net assets.

Note 5: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 100% of above Companies' net assets.

Note 6: Limit on loans granted by Cheng Shin Rubber Ind. Co., Ltd., CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. and MAXXIS International (Thailand) Co., Ltd. to others is 40% of above Companies' net assets.

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Ceiling on the Company's total endorsements/guarantees to others is 70% of the Company's current net assets.

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

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

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

\$ 59,802,789
\$ 17,086,511
\$ 42,716,278

CHENG SHIN RUBBER IND. CO., LTD.

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

December 31, 2023

Table 3

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

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

Year ended December 31, 2023

Table 4

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)		Balance as at December 31, 2023		Expressed in thousands of NTD (Except as otherwise indicated)
					Number of shares	Amount	Number of shares	Amount	Selling price	Book value	Gain (loss) on disposal	Number of shares	
						\$		\$	\$	\$	\$		Amount
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Investments accounted for using the equity method	PT MAXXIS International Indonesia	Subsidiary	169,993,625	5,176,494	29,998,875	926,785	-	-	-	199,992,500	6,103,279
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Investments accounted for using the equity method	Maxxis Rubber India Private Limited	Subsidiary	1,105,991,033	4,887,750	580,995,294	2,167,637	-	-	-	1,686,986,327	7,055,387

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

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

Table 6

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

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

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

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Expressed in thousands of NTD (Except as otherwise indicated)
				General ledger account	Amount (Note 4)	Transaction terms	
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	\$ 725,913	Collect within 60–90 days after shipment of goods	0.75
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	235,699	Collect within 90 days after shipment of goods	0.17
7	MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	2	Sales	229,947	Collect within 90 days after shipment of goods	0.24
7	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	3	Other receivables	859,740	Pay interest quarterly	0.61
8	Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	3	Sales	284,395	Collect within 60–90 days after shipment of goods	0.30

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Information on investees
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the Year ended December 31, 2023		Investment income(loss) recognised by the Company for the Year ended December 31, 2023(Note 1)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value				
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	100.00	\$ 42,468,182	\$ 1,892,396	\$ 1,903,126	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	CST Trading Ltd.	British Virgin Islands	Holding company	2,103,073	2,103,073	72,900,000	100.00	29,694,310	3,245,252	3,231,565	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	11,755,019	1,273,572	1,309,373	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	U.S.A	Import and export of tires	551,820	551,820	1,800,000	100.00	3,196,193	264,573	264,579	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Canada	Import and export of tires	32,950	32,950	1,000,000	100.00	814,816	68,383	68,383	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,001	50,001	5,000,000	50.00	179,373	(20,506)	(10,253)	Note 2	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Tech Center Europe B.V.	Netherlands	Technical centre	41,260	41,260	1,000,000	100.00	96,019	6,505	6,505	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	6,103,279	5,176,494	199,992,500	100.00	563,538	(280,701)	(280,701)	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	7,055,387	4,887,750	1,686,986,327	100.00	-	(736,699)	(737,216)	Subsidiary Note 3, Note 5	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	667,083	383,957	383,957	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS TRADING INDONESIA	Indonesia	Large-amount trading of vehicles parts and accessories	30,235	30,235	9,990	100.00	41,101	(1,700)	(1,700)	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	66,110	17,700	2,000,000	100.00	62,106	15,162	15,162	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	11,185	267	267	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	593	593	-	20.00	496	(2,292)	(458)	Note 3, Note 4	

CHENG SHIN RUBBER IND. CO., LTD.
Information on investees
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Initial investment amount			Shares held as at December 31, 2023			Net profit (loss) of the investee for the Year ended December 31, 2023		Investment income(loss) recognised by the Company for the Year ended December 31, 2023(Note 1)		Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value		
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 35,276,966	\$ 2,067,644	Subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	29,505,759	3,243,871	Subsidiary Note 3
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	12,048,082	1,273,707	Subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	8,035,709	321,756	Subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Vietnam	Production and sales of various types of tires	1,945,408	1,945,408	62,000,000	100.00	4,009,405	1,008,387	Subsidiary Note 3
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	2,456	2,457	-	80.00	1,988	(2,292)	Note 3, Note 4

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

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

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

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

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

The transaction was eliminated when preparing the consolidated financial statements.

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

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended December 31, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2023, (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,373,375	2	\$ 910,834	\$ -	\$ 910,834	\$ 1,414,370	100.00	\$ 1,415,763	\$ 25,203,631	\$ 20,191,877	(Note 3,5,7)
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	6,908,625	2	2,385,506	-	2,385,506	3,143,258	100.00	3,140,861	27,431,675	25,034,437	(Note 4,7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	260,993	2	68,602	-	68,602	3,700	50.00	1,850	316,298	478,714	(Note 7)
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	3,070,500	2	-	-	-	289,939	100.00	290,354	5,825,490	1,548,045	(Note 4,7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,635	2	-	-	-	3,089	100.00	3,089	53,761	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	552,690	2	-	-	-	(33,312)	100.00	(33,312)	564,203	757,407	(Note 7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	3,991,650	2	-	-	-	(237,824)	100.00	(237,940)	10,968,098	4,245,663	(Note 3,7)
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	1,381,725	2	-	-	-	365,920	100.00	375,373	8,139,061	7,259,056	(Note 7)

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

Table 9
Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)

Cheng Shin Rubber Ind. Co., Ltd.	\$	3,773,645	\$	20,661,395	\$	-
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Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 was USD\$122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD\$672,900 thousand.
 Note 2: According to 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area', the Company acquired the operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C. and thus, the investments amount in Mainland China is unlimited.

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

December 31, 2023

Table 10

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

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

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

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

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

V. Parent Company Only Financial Statements certified by the CPAs of the Most Recent Year

CHENG SHIN RUBBER IND. CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS’

REPORT

DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23005200

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

Opinion

We have audited the accompanying balance sheets of Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 Company's financial statements of the current period are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of revenue recognition, please refer to Note 4(32). For the detail of sales revenue, please refer to Note 6(22). For the year ended December 31, 2023, the sales revenue amounted to NT\$ 17,446,799 thousand.

The Company's main business is the manufacturing and sales of various tires and rubber products. The main sources of sales revenue are from the assembly plants and dealers. In accordance with the contract terms with some assembly plants, as inspections are completed in the assembly plants, the transfer of control to the merchandise is completed and sales revenue is recognized. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate. The aforementioned issue arises from the Company's subsidiaries, recognized under investments accounted for using equity method. 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 Company'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 Company'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 of property, plant and equipment, please refer to Note 4(16). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2023, the unfinished construction and equipment under acceptance amounted to NT\$ 1,181,106 thousand.

To maintain market competitiveness, the Company 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 human 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 Company's property, plant and equipment process cycle, reviewed 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 correct 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 investments recognised under the equity method that are included in the financial statements. The balances of investments accounted for under equity method were NT\$ 12,045,114 thousand and NT\$ 11,803,597 thousand, representing 10% and 10% of total assets as at December 31, 2023 and 2022, respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for using equity method were NT\$ 1,365,944 thousand and NT\$ 1,736,332 thousand, representing 22% and 26% of the total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

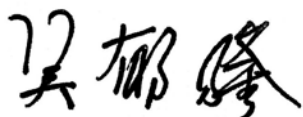
1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Wu, Yu-Lung



Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

The accompanying parent company only 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 parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	5,399,125	5	\$	6,351,778	6
1120	Financial assets at fair value through other comprehensive income - current	6(2)		22,895	-		17,838	-
1136	Financial assets at amortised cost - current	6(3)		922,433	1		-	-
1150	Notes receivable, net	6(4)		12,960	-		29,331	-
1170	Accounts receivable, net	6(4)		843,980	1		1,003,822	1
1180	Accounts receivable - related parties	7		1,931,208	2		2,005,383	2
1210	Other receivables - related parties	7		1,727,356	1		299,885	-
130X	Inventories	6(5)		1,674,375	1		2,336,736	2
1410	Prepayments			115,623	-		203,287	-
1470	Other current assets			55,996	-		53,468	-
11XX	Current Assets			12,705,951	11		12,301,528	11
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non- current	6(2)		58,187	-		58,187	-
1550	Investments accounted for using the equity method	6(6)		89,549,421	76		87,023,254	75
1600	Property, plant and equipment, net	6(7)		14,473,837	12		15,010,653	13
1755	Right-of-use assets	6(8)		37,332	-		46,639	-
1760	Investment property, net	6(9)		287,791	-		288,336	-
1780	Intangible assets	6(10)		29,706	-		29,509	-
1840	Deferred income tax assets	6(28)		1,540,568	1		1,243,179	1
1900	Other non-current assets			24,902	-		23,545	-
15XX	Non-current assets			106,001,744	89		103,723,302	89
1XXX	Total assets		\$	118,707,695	100	\$	116,024,830	100

(Continued)

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

Liabilities and Equity			Notes	December 31, 2023		December 31, 2022				
				AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(11)	\$	600,000	1	\$	400,000	-		
2110	Short-term notes and bills payable	6(12)		300,000	-		1,500,000	1		
2130	Current contract liabilities	6(22)		90,757	-		108,190	-		
2150	Notes payable			20,000	-		20,000	-		
2170	Accounts payable			1,059,299	1		1,095,678	1		
2180	Accounts payable - related parties	7		36,868	-		25,500	-		
2200	Other payables	6(13) and 7		1,685,600	2		1,590,912	2		
2230	Current income tax liabilities	6(28)		1,367,939	1		1,189,781	1		
2280	Current lease liabilities	7		19,308	-		32,289	-		
2320	Long-term liabilities, current portion	6(15)(16)		1,500,000	1		5,500,000	5		
2399	Other current liabilities, others	6(14)		62,173	-		57,154	-		
21XX	Current Liabilities			6,741,944	6		11,519,504	10		
Non-current liabilities										
2530	Corporate bonds payable	6(15)		8,000,000	7		8,000,000	7		
2540	Long-term borrowings	6(16)		16,550,000	14		9,700,000	8		
2570	Deferred income tax liabilities	6(28)		1,305,100	1		781,171	1		
2580	Non-current lease liabilities	7		18,296	-		14,845	-		
2600	Other non-current liabilities	6(6)(17)		659,800	-		2,198,111	2		
25XX	Non-current liabilities			26,533,196	22		20,694,127	18		
2XXX	Total liabilities			33,275,140	28		32,213,631	28		
Equity										
Share capital										
3110	Shares capital - common stock	6(18)		32,414,155	27		32,414,155	28		
Capital surplus										
3200	Capital surplus	6(19)		70,044	-		67,757	-		
Retained earnings										
		6(20)								
3310	Legal reserve			17,172,449	15		16,665,921	14		
3320	Special reserve			5,870,977	5		7,588,138	7		
3350	Unappropriated retained earnings			36,826,502	31		32,946,205	28		
Other equity interest										
		6(21)								
3400	Other equity interest		(6,921,572)	(6)	(5,870,977)	(5)
3XXX	Total equity			85,432,555	72		83,811,199	72		
Significant contingent liabilities and unrecognised contract commitments										
		9								
3X2X	Total liabilities and equity		\$	118,707,695	100	\$	116,024,830	100		

The accompanying notes are an integral part of these parent company only financial statements.

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

Items		Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 17,446,799	100	\$ 20,409,294	100
5000	Operating costs	6(5)	(12,259,953)	(70)	(14,436,516)	(71)
5900	Net operating margin		5,186,846	30	5,972,778	29
5910	Unrealized (profit) loss from sales		(48,345)	(1)	27,358	-
5950	Gross profit from operation		5,138,501	29	6,000,136	29
Operating expenses						
6100	Selling expenses		(1,428,992)	(8)	(1,505,553)	(7)
6200	General and administrative expenses		(975,723)	(6)	(940,729)	(5)
6300	Research and development expenses		(722,274)	(4)	(692,742)	(3)
6450	Expected credit gain	12(2)	9,277	-	-	-
6000	Total operating expenses		(3,117,712)	(18)	(3,139,024)	(15)
6900	Operating profit		2,020,789	11	2,861,112	14
Non-operating income and losses						
7100	Interest income	6(23) and 7	249,648	2	62,147	-
7010	Other income	6(24) and 7	1,096,190	6	1,161,081	6
7020	Other gains and losses	6(25)	(4,114)	-	813,522	4
7050	Finance costs	6(26)	(349,967)	(2)	(237,666)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method		6,152,589	35	1,687,046	8
7000	Total non-operating income and losses		7,144,346	41	3,486,130	17
7900	Profit before income tax		9,165,135	52	6,347,242	31
7950	Income tax expense	6(28)	(1,982,753)	(11)	(1,385,873)	(7)
8200	Profit for the year		\$ 7,182,382	41	\$ 4,961,369	24

(Continued)

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

				Year ended December 31			
				2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%		
Other comprehensive income							
Components of other comprehensive income that will not be reclassified to profit or loss							
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(17)					
			\$	31,580	-	\$	126,331
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(2)					1
				5,057	-	(	5,245)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)					-
			-	-		2,847	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)					
			(	6,316)	-	(	25,266)
8310	Components of other comprehensive income that will not be reclassified to profit or loss						-
				30,321	-		98,667
Components of other comprehensive income that will be reclassified to profit or loss							
8361	Financial statements translation differences of foreign operations	6(21)					
			(	1,319,565)	(	8)	2,153,007
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)					10
				263,913	2	(	430,601)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss					(	2)
			(	1,055,652)	(	6)	1,722,406
8300	Other comprehensive (loss) income for the year						8
			(	\$ 1,025,331)	(	6)	\$ 1,821,073
8500	Total comprehensive income for the year						9
			\$	6,157,051	35	\$	6,782,442
							33
9750	Basic earnings per share	6(29)					
			\$		2.22	\$	1.53
9850	Diluted earnings per share	6(29)					
			\$		2.21	\$	1.53

The accompanying notes are an integral part of these parent company only financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Notes	Capital surplus			Retained earnings			Other equity interest			Total equity
	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Year ended December 31, 2022										
Balance at January 1, 2022	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$ 16,132,580	\$ 6,611,296	\$ 33,280,806	\$ 7,602,556	\$ 14,418	\$ 80,918,469
Profit for the year	-	-	-	-	-	-	4,961,369	-	-	4,961,369
Other comprehensive income (loss) for the year 6(21)	-	-	-	-	-	-	103,912	1,722,406	(5,245)	1,821,073
Total comprehensive income (loss)	-	-	-	-	-	-	5,065,281	1,722,406	(5,245)	6,782,442
Appropriation and distribution of 2021 earnings:										
Legal reserve	-	-	-	-	533,341	-	(533,341)	-	-	-
Special reserve	-	-	-	-	-	976,842	(976,842)	-	-	-
Cash dividends 6(20)	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)
Dividends extinguished by prescription claimed by shareholders	-	-	-	(13)	-	-	-	-	-	(13)
Balance at December 31, 2022	\$ 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
Year ended December 31, 2023										
Balance at January 1, 2023	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,181	\$ 16,665,921	\$ 7,588,138	\$ 32,946,205	\$ 5,880,150	\$ 9,173	\$ 83,811,199
Profit for the year	-	-	-	-	-	-	7,182,382	-	-	7,182,382
Other comprehensive income (loss) for the year 6(21)	-	-	-	-	-	-	25,264	(1,055,652)	5,057	(1,025,331)
Total comprehensive income (loss)	-	-	-	-	-	-	7,207,646	(1,055,652)	5,057	6,157,051
Appropriation and distribution of 2022 earnings:										
Legal reserve	-	-	-	-	506,528	-	(506,528)	-	-	-
Reversal of special reserve	-	-	-	-	-	(1,717,161)	1,717,161	-	-	-
Cash dividends 6(20)	-	-	-	-	-	-	(4,537,982)	-	-	(4,537,982)
Capital surplus arising from donated assets	-	-	-	2,306	-	-	-	-	-	2,306
Dividends extinguished by prescription claimed by shareholders	-	-	-	(19)	-	-	-	-	-	(19)
Balance at December 31, 2023	\$ 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

The accompanying notes are an integral part of these parent company only financial statements.

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

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 9,165,135	\$ 6,347,242
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealised loss (gain) on inter-company transaction		45,916 (	10,126)
Depreciation	6(7)(27)	1,364,668	1,454,779
Depreciation expense on right-of-use assets	6(8)(27)	38,180	42,743
Depreciation on investment property	6(9)(27)	545	545
Amortisation expense	6(10)(27)	37,114	29,647
Expected credit gain	(	9,277)	-
Net gain on financial assets or liabilities at fair value through profit or loss	6(25)	- (	244,478)
Gain on disposal of property, plant and equipment	6(7)(25)	(39,324 ) (	68,362)
Share of profit of associates and joint ventures accounted for using equity method	(	6,152,589 ) (	1,687,046)
Interest income	6(23)	(249,648 ) (	62,147)
Dividends received	(	310 ) (	31,273)
Interest expense	6(7)(26)	349,967	237,666
Effect of exchange rate changes on cash and cash equivalents		4,224 (	573,479)
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		-	262,126
Notes receivable, net		25,648	25,962
Accounts receivable		159,842 (	48,146)
Accounts receivable - related parties		74,175 (	123,095)
Inventories		664,328	444,495
Other current assets		100,900 (	63,220)
Other non-current assets		-	1
Changes in operating liabilities			
Contract liabilities - current	(	17,433 ) (	149,240)
Notes payable		-	20,000
Accounts payable	(	36,379 ) (	108,466)
Accounts payable - related parties		11,368 (	18,603)
Other payables		166,914 (	119,191)
Accrued pension liabilities	(	230 ) (	18,686)
Other current liabilities		5,019 (	29,816)
Cash inflow generated from operations		5,708,753	5,509,832
Interest received		232,234	57,060
Dividends received		3,856,711	2,627,821
Interest paid	(	354,408 ) (	258,884)
Income tax paid	(	1,320,458 ) (	1,052,355)
Net cash flows from operating activities		8,122,832	6,883,474

(Continued)

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

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 922,433)	\$ -
Increase in other receivables - related parties		(1,427,471)	(34,540)
Acquisition of investments accounted for using equity method		(3,142,831)	(1,803,311)
Acquisition of property, plant and equipment	6(7)	(916,452)	(942,384)
Proceeds from disposal of property, plant and equipment		90,083	37,048
Acquisition of intangible assets	6(10)	(29,583)	(31,537)
Increase in refundable deposits		(1,357)	(21,612)
Net cash flows used in investing activities		(6,350,044)	(2,796,336)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(11)(31)	1,300,000	700,000
Decrease in short-term borrowings	6(11)(31)	(1,100,000)	(300,000)
Increase in short-term notes and bills payable	6(12)(31)	3,850,000	3,500,000
Decrease in short-term notes and bills payable	6(12)(31)	(5,050,000)	(4,800,000)
Repayments of corporate bonds	6(15)(31)	(2,500,000)	(6,000,000)
Proceeds from long-term borrowings	6(16)(31)	9,850,000	11,200,000
Repayments of long-term borrowings	6(16)(31)	(4,500,000)	(7,900,000)
Increase in guarantee deposits received	6(31)	(1,252)	(2,906)
Repayments of principal portion of lease liabilities	6(8)(31)	(34,270)	(38,295)
Cash dividends paid	6(20)(31)	(4,537,982)	(3,889,699)
Capital surplus arising from donated assets		2,306	-
Dividends extinguished by prescription claimed by shareholders		(19)	(13)
Net cash flows used in financing activities		(2,721,217)	(7,530,913)
Effect of exchange rate changes on cash and cash equivalents		(4,224)	573,479
Net decrease in cash and cash equivalents		(952,653)	(2,870,296)
Cash and cash equivalents at beginning of year	6(1)	6,351,778	9,222,074
Cash and cash equivalents at end of year	6(1)	\$ 5,399,125	\$ 6,351,778

The accompanying notes are an integral part of these parent company only financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) was incorporated on December 1969 and is primarily engaged in: (a) Processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products. (b) Manufacturing and trading of various rubber products and relevant rubber machinery. The Company has been listed on the Taiwan Stock Exchange starting from December 1987.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements have been authorized for issuance by the Board of Directors on March 13, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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 Company's financial condition and financial performance based on the Company's assessment.	

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The accompanying parent company only financial statements are prepared in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only 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 recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional 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 recognized 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 recognized 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 recognized 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 recognized 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 Company entities, associates 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 for each balance sheet presented 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 recognized in other comprehensive income.

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Assets that meet none of the above criteria are classified by the Company as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(5) 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.

(6) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) 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 Company 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 Company'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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company 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.

(8) 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 Company'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 Company 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 Company'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.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company 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.

(10) Impairment of financial assets

The Company measured the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component on every balance sheet dates.

(11) Derecognition of financial assets

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

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

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

(13) Inventories

Inventories are stated at the lower of cost and net realizable 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealized gains or losses on transactions between the Company and subsidiaries have been eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of subsidiaries' post-acquisition profit or loss is recognized in the statement of comprehensive income, and its share of subsidiaries' post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals to or exceeds its interest in the subsidiary, the Company shall recognize the loss proportional to its shares.
- 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 recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company 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 recognized in profit or loss. All amounts previously recognized 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 Company loses control of a subsidiary, all gains or losses previously recognized 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.

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, net income and other comprehensive income in the parent company only financial statements shall use the same allotments as the ones that are attributable to owners of the parent in the consolidated financial statements. Equity in parent company only financial statements should equal to equity attributable to owners of the parent in the consolidated financial statements.

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

The Company 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 recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize 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 capitalized.

- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost 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: 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 assets: 3~ 20years

(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 Company. 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 Company 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 recognize 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 8 years.

(20) Impairment of non-financial assets

The Company 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 recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(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 Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company 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 Company 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

Financial liability is derecognized when the obligation under the liability specified in 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(27) Financial guarantee contracts

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(28) 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.

(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 plans

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

(b) Defined benefit plans

- 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 Company in current period or prior periods. The liability recognized 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 Company uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurement arising on defined benefit plans are recognized 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 tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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. 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 recognized, 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 Company 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 realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognized 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 utilized.

(31) Dividends

Earnings distribution prior to the year ended December 31,2022

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

Earnings distribution after the year ended December 31,2022

Dividends are recorded in the Company's financial statements as liabilities in the period in which they are approved by the Company's shareholders ; stock dividends are recorded in the Company's financial statements as stock dividends to be distributed in the period in which they are approved by the Company's Board of Directors and are reclassified to common shares on the effective date of new shares issuance.

(32) Revenue recognition

Sales of goods

- A. The Company 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 Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue of the Company, which mainly consists of sale of various tires 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 Company 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.

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

The preparation of the parent company only financial statements requires management to make critical judgements in applying the Company'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 are no critical accounting judgement, estimates and assumptions uncertainty for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 1,052	\$ 1,052
Checking deposits	200	280
Demand deposits	1,200,631	1,128,567
Foreign currency deposits	979,733	1,339,806
Time deposits	3,217,509	3,882,073
	<u>\$ 5,399,125</u>	<u>\$ 6,351,778</u>
Interest rate range		
Time deposits	<u>1.35%~5.93%</u>	<u>0.70%~4.61%</u>

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

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

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

- A. The Company has elected to classify equity instruments investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$81,082 thousand and \$76,025 thousand as at December 31, 2023 and 2022, respectively.
- B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

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

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

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over twelve months	\$ 922,433	\$ -

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

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income	\$ 1,991	\$ -

As at December 31, 2022, there was no financial assets at amortised cost transaction.

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$922,433 thousand and \$0 thousand, respectively.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

D. The Company invests time deposits with financial institution with sound reputation, and therefore do not expect the financial assets at amortised cost to default.

(4) Notes and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivable	\$ 12,960	\$ 38,608
Less: Loss allowance	-	(9,277)
	<u>\$ 12,960</u>	<u>\$ 29,331</u>
Accounts receivable	\$ 855,698	\$ 1,015,540
Less: Loss allowance	(11,718)	(11,718)
	<u>\$ 843,980</u>	<u>\$ 1,003,822</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 746,182	\$ 12,960	\$ 846,838	\$ 38,608
Up to 30 days	82,367	-	119,677	-
31 -90 days	24,880	-	45,134	-
91 -180 days	2,111	-	1,113	-
Over 180 days	158	-	2,778	-
	<u>\$ 855,698</u>	<u>\$ 12,960</u>	<u>\$ 1,015,540</u>	<u>\$ 38,608</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,893,257 thousand.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$12,960 thousand and \$843,980 thousand; \$29,331 thousand and \$1,003,822 thousand, respectively.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw material	\$ 650,706	\$ -	\$ 650,706
Work in progress	477,837	-	477,837
Finished goods	559,736	(13,904)	545,832
	<u>\$ 1,688,279</u>	<u>(\$ 13,904)</u>	<u>\$ 1,674,375</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 988,198	\$ -	\$ 988,198
Work in progress	549,892	-	549,892
Finished goods	812,550	(13,904)	798,646
	<u>\$ 2,350,640</u>	<u>(\$ 13,904)</u>	<u>\$ 2,336,736</u>

The cost of inventories recognized as expense for the period:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	\$ 12,274,509	\$ 14,453,927
Others	(14,556)	(17,411)
	<u>\$ 12,259,953</u>	<u>\$ 14,436,516</u>

(6) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
MAXXIS International Co., Ltd.	\$ 42,468,182	\$ 42,707,845
CST Trading Ltd.	29,694,310	28,089,136
MAXXIS Trading Ltd.	11,755,019	11,496,228
CHENG SHIN RUBBER USA, INC.	3,196,193	2,995,507
PT MAXXIS International Indonesia	563,538	-
CHENG SHIN RUBBER CANADA, INC.	814,816	732,910
MAXXIS (Taiwan) Trading CO., LTD	667,083	661,686
MAXXIS Tech Center Europe B.V.	96,019	86,141
PT. MAXXIS TRADING INDONESIA	41,101	41,066
Maxxis Europe B.V.	62,106	579
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	496	842
MAXXIS RUBBER JAPAN CO., LTD.	11,185	11,688
Associates:		
NEW PACIFIC INDUSTRY COMPANY LIMITED	<u>179,373</u>	<u>199,626</u>
	<u>\$ 89,549,421</u>	<u>\$ 87,023,254</u>

- A. As at December 31, 2023, the credit balance of long-term equity investments, shown as ‘other non-current liabilities’, is due to the Company continuously providing financial support.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary:		
MAXXIS Rubber India Private Limited	\$ 336,518	\$ 1,756,887
PT MAXXIS International Indonesia	-	85,811
	<u>\$ 336,518</u>	<u>\$ 1,842,698</u>

B. Subsidiary

Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s consolidated financial statements as of and for the year ended December 31, 2023.

C. Joint ventures

The carrying amount of the Company’s interests in all individually immaterial joint ventures and the Company’s share of the operating results are summarized below:

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

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

(7) Property, plant and equipment, net

	Year ended December 31, 2023				
	Beginning of period	Additions	Disposals	Transfer	End of period
Cost					
Land	\$ 3,925,468	\$ -	\$ -	\$ -	\$ 3,925,468
Buildings and structures	6,887,676	28,272	-	67,043	6,982,991
Machinery	14,573,492	200,377	(73,283)	290,832	14,991,418
Testing equipment	834,768	7,410	-	1,632	843,810
Transportation equipment	200,695	10,898	(4,554)	-	207,039
Office equipment	202,496	1,832	-	390	204,718
Other facilities	4,961,050	107,747	(160,333)	13,780	4,922,244
Unfinished construction and equipment under acceptance	1,073,899	488,931	-	(381,724)	1,181,106
	<u>\$ 32,659,544</u>	<u>\$ 845,467</u>	<u>\$ 238,170</u>	<u>\$ 8,047</u>	<u>\$ 33,258,794</u>
Accumulated depreciation					
Buildings and structures	(\$ 2,883,639)	\$ 193,047	\$ -	\$ -	(\$ 3,076,686)
Machinery	(9,181,446)	(835,489)	70,495	(808)	(9,947,248)
Testing equipment	(786,626)	(22,700)	-	-	(809,326)
Transportation equipment	(177,250)	(12,229)	4,554	-	(184,925)
Office equipment	(188,828)	(7,044)	-	-	(195,872)
Other facilities	(4,431,102)	(294,159)	153,553	808	(4,570,900)
	<u>(\$ 17,648,891)</u>	<u>\$ 1,364,668</u>	<u>\$ 228,602</u>	<u>\$ -</u>	<u>(\$ 18,784,957)</u>
	<u>\$ 15,010,653</u>				<u>\$ 14,473,837</u>

Year ended December 31, 2022

	Beginning of period	Additions	Disposals	Transfer	End of period
Cost					
Land	\$ 3,925,468	\$ -	\$ -	\$ -	\$ 3,925,468
Buildings and structures	6,858,418	26,493 (	1,975)	4,740	6,887,676
Machinery	14,156,104	132,494 (	53,167)	338,061	14,573,492
Testing equipment	826,424	7,521	-	823	834,768
Transportation equipment	197,788	2,821 (	1,196)	1,282	200,695
Office equipment	199,831	2,665	-	-	202,496
Other facilities	4,849,739	117,094 (	13,153)	7,370	4,961,050
Unfinished construction and equipment under acceptance	770,410	667,041 (	7,140)	356,412)	1,073,899
	<u>\$ 31,784,182</u>	<u>\$ 956,129</u>	<u>(\$ 76,631)</u>	<u>(\$ 4,136)</u>	<u>\$ 32,659,544</u>
Accumulated depreciation					
Buildings and structures	(\$ 2,692,022)	\$ 193,389)	\$ 1,772	\$ -	(\$ 2,883,639)
Machinery	(8,423,896)	(795,569)	38,019	-	(9,181,446)
Testing equipment	(757,477)	(29,149)	-	-	(786,626)
Transportation equipment	(164,254)	(13,577)	581	-	(177,250)
Office equipment	(173,287)	(15,541)	-	-	(188,828)
Other facilities	(4,032,509)	(407,554)	8,961	-	(4,431,102)
	<u>(\$ 16,243,445)</u>	<u>(\$ 1,454,779)</u>	<u>\$ 49,333</u>	<u>\$ -</u>	<u>(\$ 17,648,891)</u>
	<u>\$ 15,540,737</u>				<u>\$ 15,010,653</u>

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

(8) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings, business vehicles, and multifunction printers. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different 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 forklift trucks and stacking machines. Low-value assets comprise of defibrillators.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ -	\$ 13,720
Buildings and structures	3,164	4,068
Transportation equipment	29,916	19,591
Office equipment	2,108	3,313
Other equipment	2,144	5,947
	<u>\$ 37,332</u>	<u>\$ 46,639</u>
	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2023</u>	<u>31, 2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 13,720	\$ 13,720
Buildings and structures	904	1,859
Transportation equipment	18,548	21,959
Office equipment	1,205	1,348
Other equipment	3,803	3,857
	<u>\$ 38,180</u>	<u>\$ 42,743</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets amounted to \$28,873 thousand and \$16,329 thousand, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

<u>Items affecting profit or loss</u>	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2023</u>	<u>31, 2022</u>
Interest expense on lease liabilities	\$ 492	\$ 485
Expense on short-term lease contracts	1,880	1,633
Expense on leases of low-value assets	84	87
Expense on variable lease payments	2,170	2,882
	<u>\$ 4,626</u>	<u>\$ 5,087</u>

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounted to \$38,896 thousand and \$43,382 thousand, respectively.

G. Variable lease payments

(a) Some of the Company's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 5.07% and 6.03% of lease payments are on the basis of variable payment terms and are accrued based on the stored amount of tires for the years ended December 31, 2023 and 2022, respectively. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognized 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 \$22 thousand and \$29 thousand for the years ended December 31, 2023 and 2022, respectively.

(9) Investment property, net

Year ended December 31, 2023				
	Opening net book amount as at January 1	Additions	Transfer	Closing net book amount as at December 31
Cost				
Land	\$ 336,421	\$ -	\$ -	\$ 336,421
Buildings and structures	27,766	-	-	27,766
	<u>\$ 364,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,187</u>
Accumulated depreciation				
Buildings and structures	(\$ 24,813)	(\$ 545)	\$ -	(\$ 25,358)
Accumulated impairment				
Land	(\$ 51,038)	\$ -	\$ -	(\$ 51,038)
	<u>\$ 288,336</u>			<u>\$ 287,791</u>
Year ended December 31, 2022				
	Opening net book amount as at January 1	Additions	Transfer	Closing net book amount as at December 31
Cost				
Land	\$ 336,421	\$ -	\$ -	\$ 336,421
Buildings and structures	27,766	-	-	27,766
	<u>\$ 364,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,187</u>
Accumulated depreciation				
Buildings and structures	(\$ 24,268)	(\$ 545)	\$ -	(\$ 24,813)
Accumulated impairment				
Land	(\$ 51,038)	\$ -	\$ -	(\$ 51,038)
	<u>\$ 288,881</u>			<u>\$ 288,336</u>

A. Rental income from investment property is shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Rental income from investment property	\$ 9,488	\$ 9,288
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 545	\$ 545

B. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 were both \$738,280 thousand, 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) Intangible assets

		Year ended December 31, 2023			
		Opening net book amount as at January 1	Additions	Disposals	Closing net book amount as at December 31
Cost					
Software		\$ 169,358	\$ 29,583	(\$ 49,006)	\$ 157,663
Accumulated amortisation					
Software		(\$ 139,849)	(\$ 37,114)	\$ 49,006	(\$ 127,957)
		<u>\$ 29,509</u>			<u>\$ 29,706</u>
		Year ended December 31, 2022			
		Opening net book amount as at January 1	Additions	Disposals	Closing net book amount as at December 31
Cost					
Software		\$ 146,928	\$ 31,537	(\$ 13,243)	\$ 169,358
Accumulated amortisation					
Software		(\$ 123,445)	(\$ 29,647)	\$ 13,243	(\$ 139,849)
		<u>\$ 23,483</u>			<u>\$ 29,509</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Operating costs	\$ 995	\$ 1,100
Administrative expenses	24,916	17,301
Research and development expenses	11,203	11,246
	<u>\$ 37,114</u>	<u>\$ 29,647</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 600,000</u>	1.61%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 400,000</u>	1.58%~1.64%	None

(12) Short-term notes and bills payable

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

(13) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	\$ 594,954	\$ 600,876
Employee compensation payable	341,322	262,254
Compensation due to directors	149,463	98,662
Payable on machinery and equipment	70,956	141,941
Others	528,905	487,179
	<u>\$ 1,685,600</u>	<u>\$ 1,590,912</u>

(14) Other current liabilities

	December 31, 2023	December 31, 2022
Receipts under custody	\$ 60,173	\$ 57,154
Others	2,000	-
	<u>\$ 62,173</u>	<u>\$ 57,154</u>

(15) Bonds payable

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

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 was 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 the Taipei Exchange 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 is 5 years, which is from July 25, 2018 and July 25, 2023. The terms are as follows:

(a) Interest accrued/ paid:

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

(b) Redemption:

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

C. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on August 1, 2017 and completed on August 10, 2017. The bonds were fully issued and total issuance amount was \$7 billion with a coupon rate of 1.03%. The issuance period of the bonds is 5 years, which is from August 10, 2017 to August 10, 2022. The terms are as follows:

(a) Interest accrued/ paid:

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

(b) Redemption:

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

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Installment-repayment borrowings				
Unsecured borrowings	Principal is repayable in installment until August, 2028.	1.25%~1.74%	None	\$ 18,050,000
Less: Current portion				(1,500,000) <u>\$ 16,550,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Installment-repayment borrowings				
Unsecured borrowings	Principal is repayable in installment until November, 2027.	1.41%~1.73%	None	\$ 12,700,000
Less: Current portion				(3,000,000) <u>\$ 9,700,000</u>

According to the borrowing contract, the Company shall calculate the financial ratios based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements as at December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the Company's unutilized bank borrowing facilities were \$6,000,000 thousand and \$6,250,000 thousand, respectively.

(17) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law 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 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:

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

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

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

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

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization 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 has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

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

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

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

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$11,136 thousand.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 8 years. The analysis of timing of the weighted average duration of the future pension payment was as follows:

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

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(c) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$122,651 thousand and \$135,591 thousand, respectively.

(18) Share capital

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

(19) Capital surplus

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

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.
- B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' and supervisors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' and supervisors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The Company recognised dividends distributed to shareholders amounting to \$4,537,982 thousand (\$1.4 (in dollars) per share) for the both years ended December 31, 2023 and 2022. On March 13, 2024, the Board of Directors proposed that total dividends for the distribution of earnings for the year of 2023 was \$6,482,831 thousand at \$2 (in dollars) per share.

(21) Other equity items

	2023		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 5,880,150)	\$ 9,173	(\$ 5,870,977)
Valuation adjustment – Company	-	5,057	5,057
Currency translation differences:			
– Subsidiaries and associates	(1,319,565)	-	(1,319,565)
– Tax on subsidiaries and associates	263,913	-	263,913
At December 31	<u>(\$ 6,935,802)</u>	<u>\$ 14,230</u>	<u>(\$ 6,921,572)</u>
	2022		
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 7,602,556)	\$ 14,418	(\$ 7,588,138)
Valuation adjustment – Company	-	(5,245)	(5,245)
Currency translation differences:			
– Subsidiaries and associates	2,153,007	-	2,153,007
– Tax on subsidiaries and associates	(430,601)	-	(430,601)
At December 31	<u>(\$ 5,880,150)</u>	<u>\$ 9,173</u>	<u>(\$ 5,870,977)</u>

(22) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers	<u>\$ 17,446,799</u>	<u>\$ 20,409,294</u>

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2023					
Sale of tires based on location					
	Taiwan	China	US	Others	Total
Revenue from external contracts	\$ 1,891,544	\$ 333,954	\$ 610,520	\$ 5,666,957	\$ 8,502,975
Inter-segment revenue	<u>3,229,544</u>	<u>15,304</u>	<u>4,861,489</u>	<u>837,487</u>	<u>8,943,824</u>
Total segment revenue	<u>\$ 5,121,088</u>	<u>\$ 349,258</u>	<u>\$ 5,472,009</u>	<u>\$ 6,504,444</u>	<u>\$ 17,446,799</u>
Year ended December 31, 2022					
Sale of tires based on location					
	Taiwan	China	US	Others	Total
Revenue from external contracts	\$ 2,352,572	\$ 296,934	\$ 905,682	\$ 7,664,244	\$ 11,219,432
Inter-segment revenue	<u>3,447,972</u>	<u>11,715</u>	<u>5,037,854</u>	<u>692,321</u>	<u>9,189,862</u>
Total segment revenue	<u>\$ 5,800,544</u>	<u>\$ 308,649</u>	<u>\$ 5,943,536</u>	<u>\$ 8,356,565</u>	<u>\$ 20,409,294</u>

B. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Advance sales receipts	\$ <u>90,757</u>	\$ <u>108,190</u>	\$ <u>257,430</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period:			
	Year ended December 31, 2023	Year ended December 31, 2022	
Advance sales receipts	\$ <u>68,960</u>	\$ <u>168,030</u>	

(23) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	\$ 212,800	\$ 47,107
Interest income from endorsements/guarantees	12,400	15,040
Interest income from loans to others	<u>24,448</u>	<u>-</u>
	<u>\$ 249,648</u>	<u>\$ 62,147</u>

(24) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from patent royalties	\$ 436,674	\$ 451,152
Revenue from trademark royalties	325,660	355,667
Revenue from commission	193,973	206,879
Revenue from dividend	310	31,273
Revenue from per diem	15,494	15,446
Others	<u>124,079</u>	<u>100,664</u>
	<u>\$ 1,096,190</u>	<u>\$ 1,161,081</u>

(25) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Net currency exchange (loss) gain	(\$ 19,836)	\$ 545,172
Gain on disposal of property, plant and equipment	39,324	68,362
Gain on financial assets and liabilities at fair value through profit or loss	-	244,478
Miscellaneous disbursements	(23,602)	(44,490)
	<u>(\$ 4,114)</u>	<u>\$ 813,522</u>

(26) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense:		
Bank borrowings	\$ 289,259	\$ 133,388
Corporate bonds	60,216	103,793
Lease liability-interest expense	492	485
	<u>\$ 349,967</u>	<u>\$ 237,666</u>

(27) Expenses by nature

	Year ended December 31, 2023		
	Operating costs	Operating expense	Total
Employee benefits costs			
Wages and salaries	\$ 2,034,018	\$ 1,233,091	\$ 3,267,109
Labour and health insurance fees	208,786	107,779	316,565
Pension costs	86,771	48,379	135,150
Directors' remuneration	-	148,083	148,083
Other personnel expenses	72,139	17,720	89,859
	<u>\$ 2,401,714</u>	<u>\$ 1,555,052</u>	<u>\$ 3,956,766</u>
Raw materials and supplies used	<u>\$ 6,775,860</u>	<u>\$ -</u>	<u>\$ 6,775,860</u>
Depreciation expense on property, plant and equipment	<u>\$ 1,269,242</u>	<u>\$ 95,426</u>	<u>\$ 1,364,668</u>
Depreciation expense on right-of-use assets	<u>\$ 14,800</u>	<u>\$ 23,380</u>	<u>\$ 38,180</u>
Depreciation expense on investment property	<u>\$ -</u>	<u>\$ 545</u>	<u>\$ 545</u>
Amortisation expense on intangible assets	<u>\$ 995</u>	<u>\$ 36,119</u>	<u>\$ 37,114</u>
Year ended December 31, 2022			
	Operating costs	Operating expense	Total
Employee benefits costs			
Wages and salaries	\$ 2,266,638	\$ 1,224,885	\$ 3,491,523
Labour and health insurance fees	225,716	111,491	337,207
Pension costs	78,636	50,922	129,558
Directors' remuneration	-	105,882	105,882
Other personnel expenses	74,074	15,526	89,600
	<u>\$ 2,645,064</u>	<u>\$ 1,508,706</u>	<u>\$ 4,153,770</u>
Raw materials and supplies used	<u>\$ 8,666,953</u>	<u>\$ -</u>	<u>\$ 8,666,953</u>
Depreciation expense on property, plant and equipment	<u>\$ 1,335,126</u>	<u>\$ 119,653</u>	<u>\$ 1,454,779</u>
Depreciation expense on right-of-use assets	<u>\$ 18,625</u>	<u>\$ 24,118</u>	<u>\$ 42,743</u>
Depreciation expense on investment property	<u>\$ -</u>	<u>\$ 545</u>	<u>\$ 545</u>
Amortisation expense on intangible assets	<u>\$ 1,100</u>	<u>\$ 28,547</u>	<u>\$ 29,647</u>

Note: As at December 31, 2023 and 2022, the Company had 4,406 and 4,798 employees, respectively, of which 9 directors were not the Company's employee.

- 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. Average employee benefit costs for the year ended December 31, 2023 was \$866 thousand ((Total employee benefit costs for the year ended December 31, 2023 – Total directors' remuneration for the year ended December 31, 2023) / (Number of employees for the year ended December 31,

2023 – Number of non-employee directors for the year ended December 31, 2023)). Average employee benefit costs for the year ended December 31, 2022 was \$849 thousand ((Total employee benefit costs for the year ended December 31, 2022 – Total directors' remuneration for the year ended December 31, 2022) / (Number of employees for the year ended December 31, 2022 – Number of non-employee directors for the year ended December 31, 2022)).

- C. Average employee wages and salaries for the year ended December 31, 2023 were \$743 thousand (Total employee wages and salaries for the year ended December 31, 2023 / (Number of employees for the year ended December 31, 2023 – Number of non-employee directors for the year ended December 31, 2023)). Average employee wages and salaries for the year ended December 31, 2022 were \$729 thousand (Total employee wages and salaries for the year ended December 31, 2022 / (Number of employees for the year ended December 31, 2022 – Number of non-employee directors for the year ended December 31, 2022)).
- D. Changes of average employee wages and salaries was 8.47% ((Average employee wages and salaries for the year ended December 31, 2023 - Average employee wages and salaries for the year ended December 31, 2022) / Average employee wages and salaries for the year ended December 31, 2022).

(a) The Company has set up an audit committee, so there are no supervisors.

(b) The compensation policy and payment were determined by the Remuneration Committee of the Company in accordance with the market average of each position, and the duties and responsibilities of such position, as well as personal contribution to the Company's operation target. Besides taking overall operating performance of the Company into consideration, personal achievements and contributions made to business operations are also evaluated during the remuneration determination process. The Board of Directors would then approve the remuneration that is fair and reasonable.

The Company's independent director remuneration is delegated to the Board to decide and will be decided according to their participation procedure and contribution to the Company's operation and the common standard in the industry. The independent directors receive a fixed amount of remuneration and the traveling expenses of attending meetings. They do not receive other forms of remuneration and may not participate in the distribution of the Company's director remuneration.

The employees' emolument of the Company mainly includes salary, bonus, employee compensation, etc. The payment standard is set according to the industry salary standard, the Company's operating conditions, employees' personal performance, the position held and the responsibility assumed as well as in compliance with the laws and regulations. The employees' compensation is distributed according to the Company's Articles of Incorporation and distributable profit of the year. The employees' emolument do not vary according to age, gender, race, religion, political affiliation, marital status and union membership.

- E. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$189,803 thousand and \$131,549 thousand, respectively; while directors' remuneration was accrued at \$135,235 thousand and \$98,662 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.425% ; 2% and 1.5% of distributable profit of current year for the years ended December 31, 2023 and 2022, respectively.

Employees' compensation for 2022 amounting to \$131,549 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Directors' remuneration for 2022, the difference of \$4,933 thousand between the amount (resolved on 1.425%) resolved at the Board meeting and the amount \$98,662 thousand (provided on 1.5%) recognised in the 2022 financial statements, mainly resulting from the adjustment of accrual for director's remuneration, had been adjusted in the profit or loss of 2023. The employees' compensation for 2022 will be distributed in the form of cash. As of March 13, 2024, the employees' compensation for 2023 has not been distributed.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the period	\$ 982,555	\$ 1,300,426
Prior year income tax underestimation	429,164	113,542
Additional 5% tax on undistributed earnings	86,897	-
Total current tax	1,498,616	1,413,968
Deferred tax:		
Origination and reversal of temporary differences	484,137	(28,095)
Income tax expense	<u>\$ 1,982,753</u>	<u>\$ 1,385,873</u>

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

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

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 1,833,027	\$ 1,269,448
Effects from items disallowed by tax regulation	64,560	64,598
Income from investing overseas subsidiaries not recognized as deferred tax liabilities	(641,847)	(496,652)
Temporary differences not recognised as deferred tax assets	285,693	524,342
Tax exempt income by tax regulation	(74,741)	(89,405)
Prior year income tax underestimation	429,164	113,542
Additional 5% tax on undistributed earnings	86,897	-
Income tax expense	<u>\$ 1,982,753</u>	<u>\$ 1,385,873</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized 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
Unrealised exchange loss	10,223	26,246	-	36,469
Others	46,356	(3,875)	-	42,481
Subtotal	<u>\$ 1,243,179</u>	<u>\$ 39,792</u>	<u>\$ 257,597</u>	<u>\$ 1,540,568</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)
Subtotal	<u>(\$ 781,171)</u>	<u>(\$ 523,929)</u>	<u>\$ -</u>	<u>(\$ 1,305,100)</u>
Total	<u>\$ 462,008</u>	<u>(\$ 484,137)</u>	<u>\$ 257,597</u>	<u>\$ 235,468</u>

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized gain on inter- -affiliated accounts	\$ 127,686	(\$ 13,747)	\$ -	\$ 113,939
Remeasurement of defined benefit obligations	149,207	-	(25,266)	123,941
Exchange differences on translation of foreign financial statements	1,379,321	-	(430,601)	948,720
Unrealised exchange loss	26,562	(16,339)	-	10,223
Others	55,812	(9,456)	-	46,356
Subtotal	<u>\$ 1,738,588</u>	<u>(\$ 39,542)</u>	<u>(\$ 455,867)</u>	<u>\$ 1,243,179</u>
- Deferred tax liabilities:				
Gain on foreign long-term investments	(\$ 334,075)	\$ 67,637	\$ -	(\$ 266,438)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Subtotal	<u>(\$ 848,808)</u>	<u>\$ 67,637</u>	<u>\$ -</u>	<u>(\$ 781,171)</u>
Total	<u>\$ 889,780</u>	<u>\$ 28,095</u>	<u>(\$ 455,867)</u>	<u>\$ 462,008</u>

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

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

E. The Company accrued deferred tax liabilities, taking into account operating result, degree of expansion and dividend policy of each overseas subsidiary. Based on the assessment, the amounts of temporary difference unrecognised as deferred tax liabilities as of December 31, 2023 and 2022 were \$53,657,704 thousand and \$53,795,445 thousand, respectively.

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

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

(30) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 845,467	\$ 956,129
Add: Opening balance of payable on equipment	141,941	128,196
Less: Ending balance of payable on equipment	(70,956)	(141,941)
Cash paid during the period	\$ 916,452	\$ 942,384

(31) Changes in liabilities from financing activities

2023								
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ 400,000	\$ 1,500,000	\$ 12,700,000	\$ 10,500,000	\$ -	\$47,134	\$ 6,861	\$ 25,153,995
Changes in cash flow from financing activities	200,000	(1,200,000)	5,350,000	(2,500,000)	(4,537,982)	(38,896)	(1,252)	(2,728,130)
Interest paid	-	-	-	-	-	-	-	-
Additions	-	-	-	-	4,537,982	28,874	-	4,566,856
Changes in non-cash items	-	-	-	-	-	-	-	-
Amortisation of interest expense	-	-	-	-	-	492	-	492
At December 31	<u>\$ 600,000</u>	<u>\$ 300,000</u>	<u>\$ 18,050,000</u>	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$37,604</u>	<u>\$ 5,609</u>	<u>\$ 26,993,213</u>
2022								
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ -	\$ 2,800,000	\$ 9,400,000	\$ 16,500,000	\$ -	\$74,289	\$ 9,767	\$ 28,784,056
Changes in cash flow from financing activities	400,000	(1,300,000)	3,300,000	(6,000,000)	(3,889,699)	(43,382)	(2,906)	(7,535,987)
Interest paid	-	-	-	-	-	-	-	-
Additions	-	-	-	-	3,889,699	15,742	-	3,905,441
Changes in non-cash items	-	-	-	-	-	-	-	-
Amortisation of interest expense	-	-	-	-	-	485	-	485
At December 31	<u>\$ 400,000</u>	<u>\$ 1,500,000</u>	<u>\$ 12,700,000</u>	<u>\$ 10,500,000</u>	<u>\$ -</u>	<u>\$47,134</u>	<u>\$ 6,861</u>	<u>\$ 25,153,995</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

Except for the related parties shown above, other are investee companies. Information on investee companies and indirect investments in Mainland China are described in Notes 13(2) and 13(3).

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
– Subsidiaries		
MAXXIS (Taiwan) Trading CO., LTD.	\$ 3,229,544	\$ 3,447,972
CHENG SHIN RUBBER USA, INC.	4,861,489	5,037,854
Others	852,123	564,815
– Other related parties	84,187	81,191
	<u>\$ 9,027,343</u>	<u>\$ 9,131,832</u>

The Company's sales price to related parties was approximately the same as third parties. Credit term for exporting sales amount was the same as third parties, which was collected after 60 days to 90 days.

B. Purchases

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
Subsidiaries	<u>\$ 517,150</u>	<u>\$ 283,813</u>

The credit term for purchases from related parties is the same with third parties. Except for Maxxis (Thailand) which is paid 30 days after the purchase, other payments are the same with third parties, which are 90 days after the purchase.

C. Property transactions

(a) Proceeds from sales of property and gain (loss) on disposal:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Sales amount	Gain on disposal	Sales amount	Gain on disposal
Subsidiaries	<u>\$ 90,083</u>	<u>\$ 80,602</u>	<u>\$ 37,048</u>	<u>\$ 18,783</u>

(b) Ending balance of receivables from sales of property:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 40,221</u>	<u>\$ 4,084</u>

Abovementioned receipt from sales of fixed assets to related parties are collected 60~90 days after the sales of equipment.

D. Revenue from patent royalties (listed other income) and other receivables

(a) Revenue from patent royalties:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	<u>\$ 436,674</u>	<u>\$ 451,152</u>

(b) Ending balance of royalty receivables from technology:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 128,908</u>	<u>\$ 122,860</u>

Abovementioned royalty revenue for technology was calculated by applying the agreed upon ratio to net sales amounts, and payment was originally collected yearly and was changed to quarterly since 2014.

E. Interest income-endorsements/guarantees (listed other income) and other receivables

(a) Interest income-endorsements/guarantees:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	<u>\$ 12,400</u>	<u>\$ 15,040</u>

(b) Ending balance of interest receivables from endorsements and guarantees:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 8,637</u>	<u>\$ 8,437</u>

Abovementioned interest income from endorsements and guarantees was calculated by applying the agreed ratio to the amount guaranteed and payment was originally collected yearly but was changed to quarterly since 2014.

F. Interest income-loans to others (listed other income) and other receivables

Loans to related party:

(a) Ending balance of receivables from loans to others:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	<u>\$ 1,374,276</u>	<u>\$ -</u>

(b) Interest revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	<u>\$ 24,448</u>	<u>\$ -</u>

Abovementioned interest income from loans to others was calculated by applying the agreed ratio to the amount guaranteed and payment was originally collected yearly but was changed to quarterly since 2023.

G. Revenue from commission (listed other income) and other receivables

(a) Revenue from commission:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	<u>\$ 193,273</u>	<u>\$ 206,879</u>

(b) Ending balance of receivables from commission:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 49,632</u>	<u>\$ 50,581</u>

Abovementioned commission revenue was determined at certain rate of sales amounts and payment was originally collected yearly but was changed to quarterly since 2014.

H. Revenue from trademark royalties (listed other income) and other receivables

(a) Revenue from trademark royalties:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	<u>\$ 325,660</u>	<u>\$ 355,667</u>

(b) Ending balance of receivables from trademark royalties:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 81,626</u>	<u>\$ 84,030</u>

Abovementioned revenue from trademark royalties was determined at certain rate of sales and was originally collected yearly but was changed to quarterly since 2014.

I. Revenue from per diem (listed other income) and other receivables

(a) Revenue from per diem:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	<u>\$ 15,494</u>	<u>\$ 15,446</u>

(b) Ending balance of receivables from per diem:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 3,466</u>	<u>\$ 6,625</u>

The aforementioned per diem income is based on agreed per diem rate multiplied by traveling days. Collection terms have been revised from yearly to quarterly since year 2014.

J. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable		
–Subsidiaries		
CHENG SHIN RUBBER USA, INC.	\$ 1,311,698	\$ 1,533,674
MAXXIS (Taiwan) Trading CO., LTD.	322,028	318,155
CHENG SHIN RUBBER CANADA, INC.	202,785	102,615
Others	73,722	29,856
–Other related parties	20,975	21,083
	<u>\$ 1,931,208</u>	<u>\$ 2,005,383</u>

K. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	<u>\$ 78,443</u>	<u>\$ 5,489</u>

Other receivables mainly arose from supplies and packaging material sold to related parties and payment on behalf of related parties.

L. Accounts receivables of payment on behalf of others

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	<u>\$ 2,368</u>	<u>\$ 21,863</u>

Accounts receivables of payment on behalf of others arose from related expense from the operating which the Company pay on behalf of related parties.

M. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	<u>\$ 36,868</u>	<u>\$ 25,500</u>

N. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 199,930	\$ 101,242
Associates	122	-
	<u>\$ 200,052</u>	<u>\$ 101,242</u>

Abovementioned payments are advertisement expense and sponsorship to racing drivers paid by related parties on behalf of the Company.

O. Lease transactions – lessee

(a) The Company leases lands from Lo, Ming-Ling, Lo, Ming-I, Lo, Tsai-Jen, Luo, Yuan-Yo, Lo, Yuan-Long, Chen, Po-Chia and Chen, Ping-Hao. Rental contracts are typically made for periods of 4 to 5 years. Rents are prepaid at the beginning of the year.

(b) Lease liabilities

i. Outstanding balance

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

ii. Interest expense

	Year ended December 31, 2023	Year ended December 31, 2022
Key management personnel	\$ -	\$ 123

P. Information about guarantees

As of December 31, 2023 and 2022, the Company and the financial institutions agreed that the Company's subsidiaries may apply for loans within the following credit lines as stated in the letter of credit with a local branch of the aforementioned financial institutions. The Company will be responsible for the guarantee. Details are as follows:

Obligee	Guaranteed line of credit	Used amounts as of December 31, 2023
Subsidiaries	USD 413,500thousand	USD 321,750thousand
	INR 2,600,000 thousand	INR 2,593thousand

Obligee	Guaranteed line of credit	Used amounts as of December 31, 2022
Subsidiaries	USD 634,500 thousand	USD 487,276 thousand
	INR 3,150,000 thousand	INR 87,979 thousand

As of December 31, 2023 and 2022, the Company's endorsements/guarantees have not exceeded the limit.

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term employee benefits	\$ 279,358	\$ 233,261
Post-employment benefits	2,320	1,964
	<u>\$ 281,678</u>	<u>\$ 235,225</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

- A. Information about related parties' guarantees is provided in Note 7.
- B. The Company's former distributor, Khalid Saeed Al Hajri Company Ltd. (the "KCT"), claimed that the termination of its agency contract was in dispute and filed a claim for arbitration. On April 5, 2023, the arbitral tribunal decided that an arbitration agreement exists between KCT and the Company. The tribunal will proceed with the examination of KCT's request and hold arbitration discussions on May 4, 2023. The Company's appointed attorney provided a statement of defence at the end of May 2023, requesting for the dismissal of KCT's claims and demanding that KCT bear the arbitration costs. The arbitration process is currently ongoing. Subsequently, the arbitral tribunal has delayed the proceeding due to several public holidays in Saudi Arabia and the arbitration result is expected to be determined in 2024.

(2) Commitments

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ <u>252,552</u>	\$ <u>401,950</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2023, the Company's strategy was unchanged from 2022. The company maintained the gearing ratios below 200%. The gearing ratios at December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ <u>33,275,140</u>	\$ <u>32,213,631</u>
Total equity	\$ <u>85,432,555</u>	\$ <u>83,811,199</u>
Less : Intangible assets	(<u>29,706</u>)	(<u>29,509</u>)
Tangible equity	\$ <u>85,402,849</u>	\$ <u>83,781,690</u>
Debt-equity ratio	<u>39%</u>	<u>38%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value		
through other comprehensive income		
Designation of equity instrument	\$ 81,082	\$ 76,025
Financial assets at amortised cost		
Cash and cash equivalents	\$ 5,399,125	\$ 6,351,778
Notes receivable, net	12,960	29,331
Accounts receivable (including related parties)	2,775,188	3,009,205
Guarantee deposits paid	24,937	23,509
	<u>\$ 8,293,292</u>	<u>\$ 9,489,848</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 600,000	\$ 400,000
Short-term notes and bills payable	300,000	1,500,000
Notes payable	20,000	20,000
Accounts payable (including related parties)	1,096,167	1,121,178
Other accounts payable	1,685,600	1,590,912
Corporate bonds payable		
(including current portion)	8,000,000	10,500,000
Long-term borrowings		
(including current portion)	18,050,000	12,700,000
Guarantee deposits received	5,609	6,861
	<u>\$ 29,757,376</u>	<u>\$ 27,838,951</u>
Lease liabilities (including current portion)	<u>\$ 37,604</u>	<u>\$ 47,134</u>

B. Financial risk management policies

- (a) The Company'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 Company's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company 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, recognized assets and liabilities.
- ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss.
- iii. The Company'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, MXN and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 222,877	30.705	\$ 6,843,438	1%	\$ 68,434	\$ -
EUR : TWD	6,897	33.980	234,360	1%	2,344	-
JPY : TWD	954,270	0.217	207,077	1%	2,071	-
RMB : TWD	30,623	4.327	132,506	1%	1,325	-
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD : TWD	\$ 159,652	30.705	\$ 4,902,115	1%	\$ 17,059	\$ 31,962
RMB : TWD	518,058	4.327	2,241,637	1%	22,416	-
CAD : TWD	35,121	23.200	814,807	1%	-	8,148
EUR : TWD	22,907	33.980	778,380	1%	6,203	1,581
JPY : TWD	1,939,405	0.217	420,851	1%	4,097	112
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 19,695	30.705	\$ 604,735	1%	\$ 6,047	\$ -

December 31, 2022

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 186,342	30.710	\$ 5,722,563	1%	\$ 57,226	\$ -
EUR : TWD	11,698	32.720	382,759	1%	3,828	-
JPY : TWD	569,819	0.232	132,198	1%	1,322	-
RMB : TWD	75,146	4.408	331,244	1%	3,312	-
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD : TWD	\$ 151,346	30.710	\$ 4,647,836	1%	\$ 16,523	\$ 29,955
RMB : TWD	455,731	4.408	2,008,862	1%	20,089	-
CAD : TWD	32,330	22.670	732,921	1%	-	7,329
EUR : TWD	20,655	32.720	675,832	1%	5,844	914
JPY : TWD	1,849,377	0.232	429,795	1%	4,114	184
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 13,993	30.710	\$ 429,725	1%	\$ 4,297	\$ -

- iv. The exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$19,836) thousand and \$545,172 thousand, respectively.

Price risk

- i. The Company'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 Company diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the years ended December 31, 2023 and 2022 would have increased/decreased by \$811 thousand and \$760 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in the TWD.
 - ii. The Company'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. At December 31, 2023 and 2022, if interest rates on TWD denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have been \$15,160 thousand and \$11,680 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 Company 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 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 Company's credit policy, each local entity in the Company 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 Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
 - iv. The Company 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 Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As at December 31, 2023 and 2022, the Company has no written-off financial assets that are still under recourse procedures.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As at December 31, 2023 and 2022, the provision matrix is as follows:

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 1.12%	\$ 746,182	\$ 7,466
Up to 30 days	0.01% ~ 2.45%	82,367	2,010
31 to 90 days	0.01% ~ 5.07%	24,880	1,849
91 to 180 days	0.01% ~ 14.02%	2,111	296
Over 180 days	0.02% ~ 100.00%	158	97
		<u>\$ 855,698</u>	<u>\$ 11,718</u>
<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.01% ~ 0.27%	\$ 846,838	\$ 4,150
Up to 30 days	0.01% ~ 0.43%	119,677	4,158
31 to 90 days	0.01% ~ 2.57%	45,134	1,160
91 to 180 days	0.01% ~ 9.44%	1,113	105
Over 180 days	10.29% ~ 100.00%	2,778	2,145
		<u>\$ 1,015,540</u>	<u>\$ 11,718</u>

- viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
At January 1	\$ 9,277	\$ 11,718	\$ 20,995
(Reversal of) Provision for impairment	(9,277)	-	(9,277)
At December 31	<u>\$ -</u>	<u>\$ 11,718</u>	<u>\$ 11,718</u>
	<u>2022</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
At January 1 and December 31	<u>\$ 9,277</u>	<u>\$ 11,718</u>	<u>\$ 20,995</u>

- ix. For investments in debt instruments at amortised cost and at fair value through other comprehensive income, the credit rating levels are presented below:

	December 31, 2023			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 922,433	\$ -	\$ -	\$ 922,433

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company'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 Company treasury. Company 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 Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023

Non-derivative financial liabilities	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	\$ 602,488	\$ -	\$ -	\$ -	\$ 602,488
Short-term notes and bills payable	300,000	-	-	-	300,000
Notes payables	20,000	-	-	-	20,000
Accounts payable (including related parties)	1,096,167	-	-	-	1,096,167
Other payables	715,698	181,546	361,048	427,308	1,685,600
Lease liabilities	6,025	5,300	8,367	18,495	38,187
Guarantee deposits received	-	-	-	5,609	5,609
Long-term borrowings	323,565	72,761	1,392,620	16,952,137	18,741,082
Bonds payable	-	-	48,000	8,072,000	8,120,000

December 31, 2022

Non-derivative financial liabilities	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	\$ 400,173	\$ -	\$ -	\$ -	\$ 400,173
Short-term notes and bills payables	1,500,000	-	-	-	1,500,000
Notes payables	20,000	-	-	-	20,000
Accounts payable (including related parties)	1,121,178	-	-	-	1,121,178
Other payables	1,331,573	-	127,790	131,549	1,590,912
Lease liabilities	20,262	4,491	7,766	15,002	47,521
Guarantee deposits received	-	-	-	6,861	6,861
Long-term borrowings	296,348	45,684	2,831,072	9,952,111	13,125,215
Bonds payable	-	-	2,569,750	8,120,000	10,689,750

As at December 31, 2023 and 2022, there was no financial derivative liabilities transaction.

(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 Company'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 Company'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 Company'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, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

		December 31, 2023			
			Fair value		
	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities:					
Bonds payable	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 8,017,233</u>	<u>\$ -</u>	
		December 31, 2022			
			Fair value		
	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities:					
Bonds payable	\$ 10,500,000	\$ -	\$ 10,525,872	\$ -	

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

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

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

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

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

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

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

- For Level 1, the Company used market quoted prices as their fair values according to the characteristics of instruments. Listed shares and balanced mutual fund use closing price as their fair values.
- Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

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 Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: please refer to table 1.

B. Provision of endorsements and guarantees to others: please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: please refer to table 4.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.

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

I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(2), (24) and 12(2), 12(3).

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: please refer to table 9.

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

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

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

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

CHENG SHIN RUBBER IND. CO., LTD.
Loans to others
Year ended December 31, 2023

Table 1

Expressed in thousands of NT\$
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Limit on loans granted to a single party (Note 2, 3, 4)	Ceiling on total loans granted (Note 5, 6)	Footnote
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	\$ 1,621,250	\$ 1,535,250	\$ 1,366,373	5.47968%	Note 7	\$ -	Operating capital	\$ -	- None	\$ 8,543,256	\$ 34,173,022	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2,222,500	-	-	-	Note 7	-	Operating capital	-	- None	4,883,437	8,139,061	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2,222,500	-	-	-	Note 7	-	Operating capital	-	- None	4,883,437	8,139,061	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE	Other receivables	Yes	577,850	562,510	-	-	Note 7	-	Operating capital	-	- None	4,883,437	8,139,061	Note 9
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	355,600	-	-	-	Note 7	-	Operating capital	-	- None	5,486,335	10,972,670	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE	Other receivables	Yes	884,400	865,400	714,388	3.45%-3.65%	Note 7	-	Operating capital	-	- None	6,573,902	10,956,503	Note 9
4	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	1,228,200	1,228,200	859,740	3.87106%-3.89021%	Note 7	-	Operating capital	-	- None	1,607,142	3,214,284	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 60% of above Companies' net assets.

Note 3: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and MAXXIS International (Thailand) Co., Ltd. to a single party is 20% of above Companies' net assets.

Note 4: Limit on loans granted by the Company to a single party is 10% of its net assets.

Note 5: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 100% of above Companies' net assets.

Note 6: Limit on loans granted by Cheng Shin Rubber Ind. Co., Ltd., CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and MAXXIS International (Thailand) Co., Ltd. to others is 40% of above Companies' net assets.

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

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

Note 2: Ceiling on the Company's total endorsements/guarantees to others is 70% of the Company's current net assets.
Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets.

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

\$ 59,802,789
\$ 17,086,511
\$ 42,716,278

CHENG SHIN RUBBER IND. CO., LTD.

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

December 31, 2023

Table 3

		Relationship with the securities issuer	General ledger account	As of December 31, 2022			Footnote
				Number of shares/ units	Book value	Ownership (%)	Fair value
Securities held by	Marketable securities (Note 1)						
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 22,895	-	\$ 22,895 Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187 Note 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.
Note 2: Other marketable securities do not exceed 5% of the account.

CHENG SHIN RUBBER IND. CO., LTD.

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

Year ended December 31, 2023

Table 4

Expressed in thousands of NTTD (Except as otherwise indicated)														
Investor	Marketable securities (Note 1)	General ledger account	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)		Gain (loss) on disposal		Balance as at December 31, 2023		
				Number of shares	Amount	Number of shares	Amount	Selling price	Book value	Number of shares	Amount			
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Investments accounted for using the equity method	PT MAXXIS International Indonesia	Subsidiary	169,993,625	\$ 5,176,494	29,998,875	\$ 926,785	-	\$ -	-	199,992,500	\$ 6,103,279	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Investments accounted for using the equity method	Maxxis Rubber India Private Limited	Subsidiary	1,105,991,033	4,887,750	580,995,294	2,167,637	-	-	-	1,686,986,327	7,055,387	

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5

Expressed in thousands of NT\$
(Except as otherwise indicated)

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

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

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts,

and differences in types of transactions compared to third-party transactions.

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

CHENG SHIN RUBBER IND. CO., LTD.

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

Table 6

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

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction		Expressed in thousands ofNTD (Except as otherwise indicated)
						Transaction terms	Percentage of consolidated total operating revenues or total assets(%) (Note 3)	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 4,861,489	Collect within 90 days after shipment of goods	5.05	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,311,698	Collect within 90 days after shipment of goods	0.93	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	700,242	Collect within 90 days after shipment of goods	0.73	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Accounts receivable	202,785	Collect within 90 days after shipment of goods	0.14	
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	3,229,544	The term is 30 days after shipment of goods monthly billing	3.36	
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	322,028	The term is 30 days after shipment of goods monthly billing	0.23	
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	1	Other receivables	1,366,373	Pay interest quarterly	0.97	
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	980,294	Collect within 60-90 days after shipment of goods	1.02	
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	304,696	Collect within 60-90 days after shipment of goods	0.22	
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	373,049	Collect within 60-90 days after shipment of goods	0.39	
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	673,454	Collect within 60-90 days after shipment of goods	0.7	
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	300,032	Collect within 60-90 days after shipment of goods	0.31	
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	714,388	Pay interest quarterly	0.5	
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	531,565	Collect within 60-90 days after shipment of goods	0.55	
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	299,430	Collect within 60-90 days after shipment of goods	0.31	
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	309,687	Collect within 60-90 days after shipment of goods	0.32	
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	3	Sales	242,327	Collect within 60-90 days after shipment of goods	0.25	

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Expressed in thousands of NTD (Except as otherwise indicated)
				General ledger account	Amount (Note 4)	Transaction terms	
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	725,913	Collect within 90 days after shipment of goods	0.75
7	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	235,699	Collect within 90 days after shipment of goods	0.17
7	MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	2	Sales	229,947	Collect within 30-60 days after shipment of goods	0.24
7	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	3	Other receivables	859,740	Pay interest quarterly	0.61
8	Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	3	Sales	284,395	Collect within 60-90 days after shipment of goods	0.30

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

- (1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.
Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Initial investment amount			Shares held as at December 31, 2023			Net profit (loss) of the investee for the Year ended December 31, 2023		Investment income(loss) recognised by the Company for the Year ended December 31, 2023(Note 1)		Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Year ended December 31, 2023	December 31, 2023(Note 1)
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	100.00	\$ 42,468,182	\$ 1,892,396	\$ 1,903,126 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CST Trading Ltd.	British Virgin Islands	Holding company	2,103,073	2,103,073	72,900,000	100.00	29,694,310	3,245,252	3,231,565 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	11,755,019	1,273,572	1,309,373 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	U.S.A	Import and export of tires	551,820	551,820	1,800,000	100.00	3,196,193	264,573	264,579 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Canada	Import and export of tires	32,950	32,950	1,000,000	100.00	814,816	68,383	68,383 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,001	50,001	5,000,000	50.00	179,373	(20,506)	(10,253) Note 2
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Tech Center Europe B.V.	Netherlands	Technical centre	41,260	41,260	1,000,000	100.00	96,019	6,505	6,505 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	6,103,279	5,176,494	199,992,500	100.00	563,538	(280,701)	(280,701) Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	7,055,387	4,887,750	1,686,986,327	100.00	-	(736,699)	(737,216) Subsidiary Note 3, Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	667,083	383,957	383,957 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS TRADING INDONESIA LTD.	Indonesia	Large-amount trading of vehicles parts and accessories	30,235	30,235	9,990	100.00	41,101	(1,700)	(1,700) Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	66,110	17,700	2,000,000	100.00	62,106	15,162	15,162 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	11,185	267	267 Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C. V.	Mexico	Import and export of tires	593	593	-	20.00	496	(2,292)	(458) Note 3, Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Initial investment amount			Shares held as at December 31, 2023				Net profit (loss) of the investee for the Year ended December 31, 2023		Investment income(loss) recognised by the Company for the Year ended December 31, 2023(Note 1)		Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 35,276,966	\$ 2,067,644	\$ 2,067,644	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	29,505,759	3,243,871	3,243,871	Sub-subsidiary Note 3
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	12,048,082	1,273,707	1,273,707	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	8,035,709	321,756	372,347	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Vietnam	Production and sales of various types of tires	1,945,408	1,945,408	62,000,000	100.00	4,009,405	1,008,387	993,597	Sub-subsidiary Note 3
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	2,456	2,457	-	80.00	1,988	(2,292)	(1,834)	Note 3,Note 4

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

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

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

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

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

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

Table 9

Expressed in thousands of NT\$														
(Except as otherwise indicated)														
Accumulated														
Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023		Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended December 31, 2023		Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2023, (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Investment income (loss) recognised by the Company for the Year ended December 31, 2023, (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Footnote
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,373,375	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 1,414,370	100.00	\$ 1,415,763	\$ 25,203,631	\$ 20,191,877	(Note 3,5,7)	
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	6,908,625	2	2,385,506	-	-	2,385,506	3,143,258	100.00	3,140,861	27,431,675	25,034,437	(Note 4,7)	
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	260,993	2	68,602	-	-	68,602	3,700	50.00	1,850	316,298	478,714	(Note 7)	
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	3,070,500	2	-	-	-	-	289,939	100.00	290,354	5,825,490	1,548,045	(Note 4,7)	
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,635	2	-	-	-	-	3,089	100.00	3,089	53,761	-	(Note 7)	
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	552,690	2	-	-	-	-	33,312	100.00	33,312	564,203	757,407	(Note 7)	
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	3,991,650	2	-	-	-	-	237,824	100.00	237,940	10,968,098	4,245,663	(Note 3,7)	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	1,381,725	2	-	-	-	-	365,920	100.00	375,373	8,139,061	7,259,056	(Note 7)	

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD (Except as otherwise indicated)														
Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023		Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023		Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2023, (Note 2)	Book value of investments in Mainland China as of December 31, 2023	amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				\$	-	\$	-	\$	-					
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	\$ 614,100	2	\$	-	\$	-	\$	-	100.00	(\$ 80,566)	\$	-	-
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	151,445	2	-	-	-	-	-	-	95.00	(5,398)	85,816	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	62,360	2	-	-	-	-	-	-	49.00	27,450	134,572	-	(Note 7)
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	A. Tires and tubes B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	4,110,650	2	-	-	-	-	-	-	100.00	1,472,136	8,562,425	1,014,708	(Note 5, 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,644,260	2	-	-	-	-	-	-	100.00	(7,778)	2,079,543	-	(Note 7)

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 3: The Company and Cheng Shin Rubber (Xiamen) Ind., Ltd. directly and indirectly holds 60% and 40% of the share ownership in Cheng Shin Petrel Tire (Xiamen) Co., Ltd., respectively.

Note 4: The Company and Cheng Shin Tire & Rubber (China) Co., Ltd. directly and indirectly holds 30% and 70% of share ownership in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd., respectively.

Note 5: Cheng Shin Rubber (Xiamen) Ind., Ltd. and MAXXIS International (HK) Ltd. directly and indirectly holds 75% and 25% of share ownership in Cheng Shin Rubber (Zhangzhou) Ind Co., Ltd. respectively.

Note 6: Paid-in capital was converted at the exchange rate of NTD30.705: USD 1 and NTD 4.327: RMB 1 prevailing on December 31, 2023.

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

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

Table 9

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

December 31, 2023

Table 10

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

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

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.
As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

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

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

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

Table 1

Item	Description			Amount
Cash on hand and petty cash				\$ 1,052
Bank deposits				
Check deposits				200
Demand deposits				1,200,631
Foreign currency deposits	USD	22,822 thousand	Exchange rate 30.705	979,733
	EUR	903 thousand	Exchange rate 33.98	
	JPY	842,198 thousand	Exchange rate 0.2172	
	GBP	287 thousand	Exchange rate 39.15	
	RMB	12,516 thousand	Exchange rate 4.327	
Time deposits	USD	85,247 thousand	Exchange rate 30.705	3,217,509
	Period	112.10.20~113.03.08		
	Interest range	5.50%~5.93%		
	TWD	600,000 thousand	Exchange rate 1	
	Period	112.12.22~113.01.22		
	Interest range	1.35%		
				<u>\$ 5,399,125</u>

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CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Table 2

<u>Name of Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Maxxis International GMBH		\$ 112,717	
TMA IMPORTS PTY LTD		83,201	
General Motors		56,399	
			None of the balances of
			each remaining accounts is
			greater than 5% of this
Others		603,381	account balance.
		855,698	
Less: Allowance for bad debts		(11,718)	
		<u>\$ 843,980</u>	

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CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Table 3

Item	Description	Amount		Remark
		Cost	Net realizable value	Method for determining net realizable value
Raw materials		\$ 650,706	\$ 648,066	Note
Work in process		477,837	471,852	Note
Finished goods		559,736	759,936	Note
		1,688,279	\$ 1,879,854	
Less: Allowance for valuation loss		(13,904)		
		\$ 1,674,375		

Note: Inventories are measured at the lower of cost and net realisable value on an item-by-item basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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CHENG SHIN RUBBER IND. CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 4

Investee	As of January 1, 2023			Addition			Deductions			As of December 31, 2023			Market price or net in equity		Guarantee or pledge as collaterals
	No. of shares	Amount		No. of shares	Amount		No. of shares	Amount		No. of shares	Amount		Unit price	Total	
MAXXIS International Co., Ltd.	35,050,000	\$ 42,707,845	-	\$ 1,124,004	-	(\$ 1,363,667)	Note 1	35,050,000	\$ 42,468,182	\$ 1,212	\$ 42,468,182	None			
CST Trading Ltd.	72,900,000	28,089,136	-	2,696,767	-	(1,091,593)	Note 1	72,900,000	29,694,310	407	29,694,310	None			
MAXXIS Trading Ltd.	237,811,720	11,496,228	-	1,271,347	-	(1,012,556)	Note 1	237,811,720	11,755,019	49	11,755,019	None			
PT MAXXIS															
International Indonesia	169,993,625	(85,811)	29,998,875	649,349	-	-		199,992,500	563,538	Note 2	3	563,538	None		
Cheng Shin Rubber USA, Inc.	1,800,000	2,995,507	-	200,686	-	-		1,800,000	3,196,193		1,776	3,196,193	None		
MAXXIS Rubber India															
Private Limited															
PT MAXXIS TRADING	1,105,991,033	(1,756,887)	580,995,294	1,420,369	-	-		1,686,986,327	(336,518)	Note 2	(0)	(336,518)	None		
INDONESIA	9,990	41,066	-	35	-	-		9,990	41,101		4,114	41,101			
Cheng Shin Rubber Canada, Inc.	1,000,000	732,910	-	81,906	-	-		1,000,000	814,816		815	814,816	None		
NEW PACIFIC INDUSTRY															
COMPANY LIMITED	5,000,000	199,626	-	(10,253)	-	(10,000)	Note 1	5,000,000	179,373	36	179,373	None			
MAXXIS Tech Center	1,000,000	86,141	-	9,878	-	-		1,000,000	96,019	96	96,019	None			
Europe B.V.															
Maxxis Europe B.V.	500,000	579	1,500,000	61,527	-	-		2,000,000	62,106	31	62,106	None			
Maxxis (Taiwan) Trading															
Co., LTD.	10,000,000	661,686	-	383,982	-	(378,585)	Note 1	10,000,000	667,083	67	667,083	None			
MAXXIS															
INTERNATIONAL															
MEXICO S. de R.L. de C.V.	-	842	-	(346)	-	-		-	496	-	-	496	None		
MAXXIS RUBBER JAPAN															
CO., LTD.	5,000	11,688	-	(503)	-	-		5,000	11,185	2,337	11,185	None			
		<u>\$ 85,180,556</u>		<u>\$ 7,888,748</u>		<u>(\$ 3,856,401)</u>			<u>\$ 89,212,903</u>		<u>\$ 89,212,903</u>				

Note 1: The deduction amount is the amount of cash dividends distributed for the year ended December 31, 2023.

Note 2: Credit balance of long-term equity investments, shown as 'other non-current liabilities', is due to the Company continuously providing financial support to investee company accounted for using equity method.

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Table 5

Type of Borrowings	Description	Balance as at December 31, 2023	Contract Period	Interest Rate	Line of Credit	Pledges or collaterals	Remark
Bank Unsecured Borrowings	HSBC Bank (Taiwan) Limited	\$ 600,000	112.12.04~ 113.02.02	1.61%	\$ -	None	
		<u>\$ 600,000</u>					

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Table 6

Item	Guarantees/Acceptances agency	Contract period	Interest Rate	Amount			Remark
				Issued amount	Unamortised short-term notes payable discount	Book value	
Short-term notes and bills payable	China Trust Commercial Bank	112.12.04~	1.56%	\$ 300,000	\$ -	\$ 300,000	
		113.02.02		\$ 300,000	\$ -	\$ 300,000	

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Table 7

Creditor	Amount of borrowings	Contract period	Interest Rate	Pledges or collaterals	Remark
FIRST COMMERCIAL BANK CO., LTD.	\$ 7,750,000	2020.09.23~ 2026.09.23	Note	None	
HUA NAN COMMERCIAL BANK LTD.	1,700,000	2022.03.23~ 2025.03.23	Note	None	
EXPORT-IMPORT BANK OF THE REPUBLIC OF CHINA	1,700,000	2022.07.21~ 2027.04.12	Note	None	
YUANTA CIMMERCIAL BANK	900,000	2023.10.17~ 2028.05.15	Note	None	
MEGA BANK	500,000	2023.08.22~ 2028.08.22	Note	None	
LAND BANK OF TAIWAN	1,000,000	2023.07.04~ 2026.07.03	Note	None	
TAIWAN COOPERATIVE BANK	500,000	2023.08.22~ 2028.08.22	Note	None	
BANK OF TAIWAN	4,000,000	2023.08.22~ 2028.08.22	Note	None	
	18,050,000				
Less: maturity at one year	(1,500,000)				
	<u>\$ 16,550,000</u>				

Note: For the year ended December 31, 2023, interest rate of borrowing ranged between 1.25%~1.74%.

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF SALES REVENUE, NET
DECEMBER 31, 2023

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

Table 8

Item	Quantity (in thousands of tires)	Amount	Remark
Radial cover tires for passenger cars	5,066	\$ 8,165,341	
Cover tires for motorcycles	3,874	2,923,106	
Cover tires for bicycles	4,675	2,026,653	
Cover tires for automobiles	2,645	2,464,634	
Radial ply truck tyres	166	991,097	
Cover tires for industrial use	442	345,184	
Tubes for bicycles	2,001	123,460	
			None of the balances of each remaining accounts is greater than NT\$100 million.
Others	4,499	469,444	
		17,508,919	
Less: Sales returns and discounts		(62,120)	
		<u>\$ 17,446,799</u>	

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CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF COST OF GOODS SOLD
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Table 9

Item	Amount
Direct material	
Opening balance of materials	\$ 988,198
Add: Purchases in the period	6,424,413
Less: Materials sold	(58,957)
Transfer to expenses	(117,547)
Scrapping of raw material	(3,905)
Ending balance of raw materials	(650,706)
Materials used during the period	6,581,496
Direct labour	1,169,951
Manufacturing overhead	3,928,484
Manufacturing costs	11,679,931
Add: Opening balance of work in process	549,892
Work in process purchased	168,843
Less: Work in process sold	(4,218)
Transferred to expenses	(89,130)
Loss on physical inventory for work in process	(12)
Scrapping of inventory	(513)
Amortisation of difference	(11,243)
Ending balance of work in progress	(477,837)
Cost of finished goods	11,815,713
Add: Opening balance of finished goods	812,550
Finished goods purchased	386,299
Gain on physical inventory for finished goods	19
Less: Transferred to expenses	(253,551)
Amortisation of difference	(8,969)
Scrapping of finished goods	(1,204)
Ending balance of finished goods	(559,736)
Cost of manufacturing and sales of goods for the period	12,191,121
Cost of materials sold	58,957
Cost of work in process sold	4,218
Cost of production and sales of goods	12,254,296
Add: Scrapping of inventory	5,622
Cost variation	20,212
Other cost of goods sold	938
Less: Revenue from sale of scraps	(21,108)
Gain on physical inventory	(7)
Total cost of sales	\$ 12,259,953

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Table 10

Item	Description	Amount	Note
Wages and salaries		\$ 1,036,557	
Depreciation		1,285,038	
Utilities expense		521,572	
			None of the balances of each remaining accounts is greater than 5% of this account balance.
Other expenses		1,085,317	
		<u>\$ 3,928,484</u>	

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CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF OPERATING EXPENSES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Table 11

Item	Description	Selling expenses	General and administrative expenses	Research expenses	Remark
Taxes		\$ 337,403	\$ 4,093	\$ 2,091	
Advertisement expense		325,965	-	-	
Wages and salaries		282,958	738,090	391,092	
Freight		87,703	331	32	
Import/export (customs) expense		101,673	-	-	
Depreciation		7,359	35,443	37,048	
Insurance		50,256	45,704	39,224	
Commissioned research		-	-	187,182	
					None of the balances of each remaining accounts is greater than 5% of this account balance.
Other expenses		<u>235,675</u>	<u>152,062</u>	<u>65,605</u>	
		<u>\$ 1,428,992</u>	<u>\$ 975,723</u>	<u>\$ 722,274</u>	

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VI. Facts regarding the Company and its affiliated enterprises that have suffered financial turnover difficulties in recent years and the period as of the Annual Report date: None

Seven. Review and Analysis of Financial Position and Operating Results and Risk Management

I. Comparative Analysis of Financial Position

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	57,308,609	59,473,502	(2,164,893)	-3.64
Real estate, property, plants, and equipment	66,977,367	75,517,186	(8,539,819)	-11.31
Intangible assets, net	202,268	233,013	(30,745)	-13.19
Other assets	17,097,674	10,659,918	6,437,756	60.39
Total assets	141,585,918	145,883,619	(4,297,701)	-2.95
Current liabilities	19,779,942	28,970,953	(9,191,011)	-31.72
Non-current liabilities	35,810,911	32,525,851	3,285,060	10.10
Total liabilities	55,590,853	61,496,804	(5,905,951)	-9.60
Share capital	32,414,155	32,414,155	0	0
Capital surplus	70,044	67,757	2,287	3.38
Retained earnings	59,869,928	57,200,264	2,669,664	4.67
Other equity interest	(6,921,572)	(5,870,977)	(1,050,595)	17.89
Treasury Stock	-	-	-	-
Non-controlling interest	562,510	575,616	(13,106)	-2.28
Total equity	85,995,065	84,386,815	1,608,250	1.91

Analysis of variations exceed 20% and the amount reaches NT\$10 million:

- (1) Other assets: mainly due to the commitment of more than three months of time deposits in the current period compared with the same period last year.
- (2) Decrease in other liabilities: Mainly due to the decrease in short-term borrowings and long-term liabilities due within one year in the current period.

II. Financial Performance Review and Analysis

(I) Financial performance analysis

Unit: NT\$ thousand

Item \ Year	2023	2022	Amount of increase (decrease)	Ratio (%) of Change
Operating Income	96,201,313	98,622,877	(2,421,564)	-2.46
Operating costs	(72,812,628)	(77,639,710)	(4,827,082)	-6.22
Gross Operating Profit	23,388,685	20,983,167	2,405,518	11.46
Operating Expenses	(13,030,879)	(13,608,989)	(578,110)	-4.25
Operating Profit	10,357,806	7,374,178	2,983,628	40.46
Non-operating Income and Expenses	148,804	(403,502)	552,306	-136.88
Profit Before Income Tax	10,506,610	6,970,676	3,535,934	50.73
Income tax expense	(3,308,648)	(1,978,416)	(1,330,232)	67.24
Net Profit for the Year	7,197,962	4,992,260	2,205,702	44.18
Other comprehensive income (loss) after tax	(1,036,084)	1,829,452	(2,865,536)	-156.63
Total comprehensive income	6,161,878	6,821,712	(659,834)	-9.67
Analysis if variations exceed 20% and amount reaches NT\$10 million:				
(1) Increase in operating profit: mainly due to the increase of gross profit and decrease of operating expenses.				
(2) Increase in non-operating income and expenses: Mainly due to an increase by NT\$926,744 thousand in foreign currency exchange gains this year; there was a net gain on financial assets at fair value through profit or loss by NT\$244,478 thousand last year, which was not seen this year.				
(3) The increase in net income before tax and net income in the current period: mainly due to the increase in gross profit, decrease in operating expenses and increase in foreign currency exchange gains.				
(4) Increase in income tax expenses: mainly due to the increase in net profit before tax.				
(5) Decrease in other comprehensive income for the period: Mainly due to the increase in exchange difference from the translation of the financial statements of foreign operations.				

(II) Analysis of changes in gross profit: changes in gross profit increased by 11.46% compared to last year, primarily due to the decrease in production output, direct labor and manufacturing expenses resulting from the decrease in orders this year, and the decrease in unit prices of raw materials this year, which led to the relative reduction of costs.

(III) The Company's revenue in 2023 decreased by 2.46% from 2022 mainly due to the recovery of the tire market and the order volume has not stabilized. The bicycle tire market is still destocking, resulting in poor sales of bicycle tires declined.

Future response plan: Facing the operational environment in 2024 and the next three to five years, we envisage even more drastic changes, therefore we must promptly strengthen our ability to adapt, our core capabilities, and our competitiveness. Only by possessing world-class capabilities and competitiveness will we be able to adapt to the complicated and highly changeable market from now on. Therefore, in the future, we will take advantage of our

capabilities in technology, sales and distribution, manufacturing, and management to build our core operations, achieve glocalization, and enhance the regional sales and technical support so that the global headquarters can work closely with different regions and utilize local manufacturing to strengthen ties.

III. Cash flow review and analysis

(I) Liquidity analysis for the most recent two years

Item \ Year	2023	2022	Percentage of increase (decrease)
Cash Flow Ratio (%)	107.23	50.14	113.86%
Cash Flow Adequacy Ratio (%)	182.10	137.54	32.40%
Cash Reinvestment Ratio (%)	6.39	4.24	50.71%
Description of increase or decrease in ratios: (Analysis of change if fluctuation exceeds 20% or more):			
(1) Increase in cash flow ratio: Mainly due to an increase in net cash inflow from operating activities and decrease in current liabilities.			
(2) Increase in cash flow adequacy ratio: mainly due to the decreasing trend of capital expenditures in recent years.			
(3) Increase in cash flow reinvestment ratio: Mainly due to the increase in net cash inflow from operating activities.			

(II) Cash flow analysis for the coming year

Cash balance amount at the beginning of the year (1)	Net cash provided by operating activities (2)	Projected annual cash outflow (3)	Projected cash balance (1)+(2)-(3)	Measures for managing cash deficit	
				Investment plan	Financing plan
\$23,575,591	\$25,276,140	\$23,565,690	\$25,286,041	-	-
1. Projected cash flow changes in the coming year: Operating activities: It is mainly estimated that the Company's revenue will increase and the profit will be stable. Investment activities: The Company's machinery and equipment replacement and expansion of capacity. Financing: Primarily payment of cash dividends and repaying loans.					
2. Measures for managing cash deficit and liquidity analysis: N/A.					

IV. Impact of major capital expenditure on financial operations in recent years

(I) Status of major capital expenditure and source of funds

Unit: NT\$ thousand

Plan Item	Actual or projected source of funds	Actual or projected completion date	Funds Required	Actual or projected capital expenditure status	
				2023	2024
Add and update equipment	Bank loans and company fund	2023	\$3,164,535	\$3,164,535	-
Add and update equipment	Bank loans and company fund	2024	\$2,580,415	-	\$2,580,415

(II) Projected benefits:

1. The focus is on improving tire production capacity and efficiency.
2. Analysis of other projected benefits:
Continue to expand production capacity and upgrade equipment automation to increase market share in the global tire market.

- V. Reinvestment policy over the latest year and major reasons for profit or loss; plan for improvement and investment plan for the coming year:
- (I) The Company's reinvestment policy considers long-term investment as its priority, and various investment plans are prudently assessed based on the Company's long-term development plans. Subsidiaries with production functions are directly or indirectly 100% owned to strengthen roots in the local market. Subsidiaries with marketing functions are likewise directly invested or jointly incorporated with our strategic partners to strengthen local sales networks.
 - (II) Investment plan for the next year: The Company's investments will be focused on its core businesses; besides improving the efficiency of existing production capacity and making full use of existing capacity, we will also invest in additional plant capacity and machinery equipment depending on business expansion.
- VI. Risk Analysis and Evaluation:
- (I) Impact of interest rate and exchange rate fluctuation and inflation on the Company's profitability and future response measures:
 - 1. Changes in interest rates

In July 2023, Fed announced another 100bp rate hike, raising the benchmark interest rate to 5.25%~5.5%, the highest level in the past 22 years. The timing of the rate cut in 2024 is yet to be determined, but the most important consideration is whether the inflation will move toward the 2% target. The market expects interest rate to remain high for a while.

The Company stays on its toes and keeps close attention to the policies of central banks and the latest market conditions, and the allocation of funds within the group is adjusted to reduce exposure to external liabilities.
 - 2. Changes in exchange rates

As the interest rate cut is yet to be confirmed, the US dollar index remains strong and non-US currencies are relatively weak. The market expects that the US dollar will not be able to maintain its strong position in 2024 as inflation in the U.S. declines.

As a group operating internationally, the financial reports of our overseas subsidiaries are denominated in local currencies. As a result, the group is exposed to exchange rate risks arising from various types of currencies. The group consistently monitors exchange rate fluctuations. Any shifts in political or economic environments in the invested countries may result in a fluctuation in the exchange rate between the reference currency of those subsidiaries and the New Taiwan Dollar.

The Group's sales and purchases are mainly denominated in RMB, USD, NTD, and THB, which has offset the risk of exchange rate fluctuations due to their similar proportions. The exchange rate risks arising from overseas investment mainly come from RMB, USD, THB, VND, INR, and IDR. The Company continuously monitors foreign exchange market trends, records and adjusts the currency as appropriate based on capital conditions to minimize the exchange rate losses or reduce the risks to a tolerable level.
 - 3. Inflation

In light of the uncertainty in the global economic forecast, the Company is not in a position to predict inflation or contraction. Since the tire products of the Company are consumer products whose raw material prices and market demands are moderately or highly volatile to inflation or contraction, the global economic environment will have an impact on the Company's sales. Nonetheless, no material adverse impact is expected for the overall operation.
 - (II) Policies and Future Action Plans for High-risk, High-Leveraged Investments, Fund Lending to Third Parties, Endorsements, and Guarantees, Transactions in Financial Derivatives, and Main Reasons for Profit (Loss):

The Company has formulated the “Procedures for the Lending of Funds and Endorsements/Guarantees” and “Procedures for the Acquisition or Disposal of Assets.” All relevant transactions were processed in accordance with the regulations. The Group is not engaged in any high-risk or highly leveraged investment. All derivative transactions are for hedging purposes to mitigate the risks of exchange rate and interest rate fluctuation.

(III) Budget for future R&D plan and projected investment in R&D:

1. R&D plans

No	Recent R&D plans	Projected date for completion and commercial production
1	Development of MC Pattern Drain ability FEA model building	2024Q4
2	Development of MCR Drain Out Mud Test FEA Model Building	2024Q4
3	Development of PCR low torque noise technology	2025Q4
4	Development of PCR low rolling resistance all-season tire technology	2025Q2
5	Research on Noise and Rolling Resistance of ATV EV Tires	2025Q3
6	The TBR Tire Driving Axle Noise Research Project	2024Q4

2. Expected research and development expenses

The R&D investment in 2024 is projected to be about 4-5% of the annual revenue to maintain the Company's R&D competitiveness.

3. Intellectual property (IP) information disclosure

(1) Intellectual property management and system strategies: We have viewed research and development as the basis of our technology since the establishment of the Company. Technology is a type of intangible property and the Company highly values the idea that the intellectual property right of technology should be protected. To strengthen the Company's R&D ability, we have been promoting short-term, medium-term, and long-term strategic planning since 2015. We focus on improving the patent quality and invest in technological development to make sure the quality and quantity of the Company's patents are both upgraded. Under the protection of intellectual property rights, the value of our technology and patents could be created and the ultimate goal would be gaining profit by the commodification of the patents.

In August 2020, the company integrated the control of “patents”, “trademarks” and “business secrets” by the intellectual property group to realize systematic management of the group's intellectual property; In the future, besides patents, trademarks and business secrets can make the company's internal intellectual property management strategy more perfect.

In 2024, the Company's intellectual property control has developed from the self-control plan of each factory to the control of the Group's “Intelligent Property Center”. The types of intellectual property include “patents,” “trademarks,” and “trade secrets” and are implemented in accordance with the Taiwan Intellectual Property Management System (TIPS) PDCA management cycle.

(2) Intellectual property management system: established an intellectual property rights management system to ensure compliance with laws and regulations when executing IP-related tasks. In 2023, the company completed the intellectual property management manuals and procedures, covering a total of 13 items including patents, trademarks, and trade secret rights. The details of each item are as follows:

A. Patent rights: In accordance with the internal regulations of the development process, it is necessary to obtain patent rights protection before new products are marketed to ensure that the Company's production, sales, import and export, and use are safe so that consumers can be protected by the Company's products;

8 invention and 32 design patents were obtained in the year, and 8 invention awards were granted in accordance with the Company's internal regulations.

B. Trademark rights: Fight against counterfeit trademarks worldwide to maintain the Company's trademark rights and goodwill, and eliminate counterfeit goods from circulating in the market; implement family name trademarks to reduce trademark costs, build consumer awareness of family products, and enhance trademark value.

C. Trade Secrets: Structure the Company's trade secret management to protect the Company's technical and commercial trade secrets.

※ The Company obtained TIPS Grade A certification for “trade secrets” and “patents” in 2023.

(3) Potential intellectual property risks and countermeasures: The Company's products are sold to more than 180 countries globally. Therefore, it is quite difficult to investigate the violations. The preventive measures are as follows:

A. Preventing IP violations by other companies: The intellectual property department monitors the current status of other companies' patents at all times. The business department is also keeping an eye on other companies products. If there is any similarity that raises concerns or potential violation of the Company's patents, they will report to the intellectual property department so that the investigation will be conducted to confirm whether any violation exists.

B. Preventing IP violations by the Company: Before the release of the Company's product, an R&D engineer is required to perform a global patent search featuring this product to confirm it does not violate any existing patent. Then, the R&D engineer is required to submit a patent application in accordance with the Invention & Utility Model Patent Management Policy and the Design Patent Management Policy to ensure that all of the Company's products on the market are protected with patent rights and do not violate other companies' patents.

※ In case of patent infringement, activate our internal management regulations, conduct patent comparison analysis, etc. to confirm the status of patent infringement, and upon confirmation, pursue legal channels to ensure the protection of our patent rights.

※ The trademark right will be registered in the required region after the integration of the company's products. The trademark right shall be applied for registration after the global name verification and risk assessment before the products are sold, so as to ensure that the products can be sold all over the world.; counterfeit monitoring, regularly tracking whether other manufacturers are infringing or counterfeiting our trademarks, and proactively filing applications for revocation or warning letters for relevant cases, ensuring the safe use of our company's trademarks.

※ Complete the Company's internal trade secrets-related management rules, regularly promote the company's protection and importance of confidential levels, coordinate with the Information Security Department to control information security issues and reduce the risk of data leakage.

4. Intellectual property list/result (the Company's total patent cases as of December 31, 2022)

Number of patents		
	Parent company	Subsidiary
Invention	46	160
Utility	2	246
Design	285	729
Total	1,468	

Number of trademarks		
	Parent company	Subsidiary
Domestic	108	0
Overseas	530	1,210
Total	1,848	

5. The Company's intellectual property management plan and execution details above were reported to the Board on March 13, 2024.
- (IV) Impact of changes in domestic and foreign policy and laws on the Company's financial operations and response measures:
The Company's management is always monitoring any public policy and law that might have an impact on the Company's business and operations. The change in key domestic and international policy and law this year did not have any major impact on the Company's financial operations. In the future, the Company will keep itself timely updated on relevant information and develop timely and necessary responses to meet the Company's operational needs.
- (V) Impact of technological changes (including information and security risks) and industry changes on the Company's financial operations and response measures:
1. Over the latest year and as of the date of the Annual Report, there is no change in technology and industry environment that had an impact on the Company's financial operations.
2. Formulation of information security policy and vision in the spirit of ISO 27001: "Strengthen personnel awareness, prevent data leakage, implement daily maintenance operations, and ensure service availability, list the implementation of various information security measures and strengthen audit management. Strengthen information security management, ensure the availability, integrity and confidentiality of the information system, and comply with the requirements of relevant laws and regulations, in order to protect them from internal and external deliberate or accidental threats.
- (VI) Impact of changes to the corporate image on corporate crisis management and response measures:
The Company has a good corporate image. There is no major change that would have an impact on the Company's crisis management over the latest year and as of the date of the Annual Report.
- (VII) Projected benefits and potential risks associated with mergers and acquisitions activities: None.
- (VIII) Projected benefits and potential risks associated with facility expansion: None.
- (IX) Risks associated with the concentration of supply and sales concentration: None.
- (X) Impact of transfer of a significant number of shares by directors, supervisors, and/or major shareholders holding 10% or more of the total outstanding shares, risks associated and response measures: None.
- (XI) Impact of change in ownership, risks associated and response measures: None.
- (XII) Disclosure of issues in dispute, the monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the Annual Report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.
- (XIII) Other significant risks:
Based on the materiality principle of ESG, the Company conducts the relevant risk evaluation of the important issues and stipulates the relevant risk management policies and measures according to the evaluated risks as follows:

ESG	Risk Type	Potential Risk	Management Strategies and Practices	Management Unit
Corporate governance and operation	Financial Risk	Exchange rate risk	<p>◆ As the interest rate cut is yet to be confirmed, the US dollar index remains strong and non-US currencies are relatively weak. The market expects that the US dollar will not be able to maintain its strong position in 2024 as inflation in the U.S. declines.</p> <p>◆ As a group operating internationally, the financial reports of</p>	Finance Department

			<p>our overseas subsidiaries are denominated in local currencies. As a result, the group is exposed to exchange rate risks arising from various types of currencies. The group consistently monitors exchange rate fluctuations. Any shifts in political or economic environments in the invested countries may result in a fluctuation in the exchange rate between the reference currency of those subsidiaries and the New Taiwan Dollar.</p> <p>◆ The Group's sales and purchases are mainly denominated in RMB, USD, NTD, and THB, which has offset the risk of exchange rate fluctuations due to their similar proportions. The exchange rate risks arising from overseas investment mainly come from RMB, USD, THB, VND, INR, and IDR. The Company continuously monitors foreign exchange market trends, records and adjusts the currency as appropriate based on capital conditions to minimize the exchange rate losses or reduce the risks to a tolerable level.</p>	
		Interest Rate Risk	<p>In July 2023, Fed announced another 100% life rate, raising the benchmark interest rate to 5.25%~5.5%, the highest level in the past 22 years. The timing of the rate cut in 2024 is yet to be determined, but the most important consideration is whether the inflation will move toward the 2% target. The market expects interest rate to remain high for a while.</p> <p>◆ The Company stays on its toes and keeps close attention to the policies of central banks and the latest market conditions, and the allocation of funds within the group is adjusted to reduce exposure to external liabilities.</p>	Finance Department
		Inflation	<p>In light of the uncertainty in the global economic forecast, the Company is not in a position to predict inflation or contraction. Since the tire products of the Company are consumer products whose raw material prices and market demands are moderately or highly volatile to inflation or contraction, the global economic environment will have an impact on the Company's sales. Nonetheless, no material adverse impact is expected for the overall operation.</p>	Finance Department
	Continuous Operational Risk	Raw Material Price and Raw Material Supply Risk	<p>◆ Raw material price alert: Cheng Shin has established a dedicated team to monitor international commodity exchange prices and other relevant sources to provide real-time surveillance of major raw material markets. The information gathered is input into the system, and any abnormal signals are immediately reported to senior executives, allowing for close observation and understanding of market trends. Additionally, the Company continues to mitigate procurement risks by engaging in global sourcing, exploring alternative materials (including recycled and recyclable options), and developing potential suppliers.</p>	General Manager's Office
		Product Research and Development Management	<p>◆ Regularly collect market information, plan product generations, and update safety, environmental, and other related laws and regulations.</p> <p>◆ Continue to investigate the market demand, establish R&D technology to facilitate the development of new products; also, comply with laws and regulations, and various customer quality and performance requirements.</p>	R&D Department
		Transportation Risk	<p>◆ Cooperate with several large manufacturers for inland and marine transportation, and establish a deep relationship with them through long-term cooperation, so as to avoid the export obstacles caused by the increase of current market demand and fill the temporary shortage gap.</p> <p>◆ Stabilizing the transportation prices: Inland transportation and manufacturers set rolling mechanisms of oil prices and adopt reasonable long-term freight prices; In order to stabilize the transportation cost under the current situation of the sharp rise of market price, the freight rate contract is signed by sea transportation.</p>	Planning Department

		Prevention of Infectious Diseases	<p>◆ The prevention and control of infectious diseases are handled in accordance with the notices issued by the Taiwan Centers for Disease Control of the Ministry of Health and Welfare.</p> <p>◆ From time to time, we distribute health education information or coordinate with the resident doctors to hold health seminars to enhance employees' knowledge of self-protection.</p>	Occupational Safety and Health Department
		Energy Supply	<p>◆ Implement energy equipment management, regular inspection and thermal imaging camera prediction test for Grade 1, 2 and 3 equipment, and formulate energy management measures to improve energy usage efficiency and set annual energy saving targets for the Company's plants. Reduce energy supply risks through improvements.</p>	Construction Department
	Intellectual property management	Intellectual Property Right Risk	<p>◆ The Company's products are sold to more than 180 countries globally. Therefore, detecting the state of infringements is quite challenging. The preventive measures are as follows:</p> <p>A. Preventing IP violations by other companies: The intellectual property department monitors the current status of other companies' patents at all times. The business department is also keeping an eye on other companies products. If there is any similarity that raises concerns or potential violation of the Company's patents, they will report to the intellectual property department so that the investigation will be conducted to confirm whether any violation exists.</p> <p>B. Preventing IP violations by the Company: Before the release of the Company's product, an R&D engineer is required to perform a global patent search featuring this product to confirm it does not violate any existing patent. Then, the R&D engineer is required to submit a patent application in accordance with the Invention & Utility Model Patent Management Policy and the Design Patent Management Policy to ensure that all of the Company's products on the market are protected with patent rights and do not violate other companies' patents.</p> <p>※ In case of patent infringement, activate our internal management regulations, conduct patent comparison analysis, etc. to confirm the status of patent infringement, and upon confirmation, pursue legal channels to ensure the protection of our patent rights.</p> <p>※ The trademark right will be registered in the required region after the integration of the company's products. The trademark right shall be applied for registration after the global name verification and risk assessment before the products are sold, so as to ensure that the products can be sold all over the world.; counterfeit monitoring, regularly tracking whether other manufacturers are infringing or counterfeiting our trademarks, and proactively filing applications for revocation or warning letters for relevant cases, ensuring the safe use of our company's trademarks.</p> <p>※ Complete the Company's internal trade secrets-related management rules, regularly promote the company's protection and importance of confidential levels, coordinate with the Information Security Department to control information security issues and reduce the risk of data leakage.</p>	General Manager's Office
	Digital Information Security Risks	Confidential Information Protection	<p>◆ Formulation of information security policy and vision in the spirit of ISO 27001: "Strengthen personnel awareness, prevent data leakage, implement daily maintenance operations, and ensure service availability, list the implementation of various information security measures and strengthen audit management. Strengthen information security management, ensure the availability, integrity and confidentiality of the information system, and comply with the requirements of relevant laws and</p>	Information Department

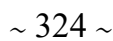
			regulations, in order to protect them from internal and external deliberate or accidental threats.	
Workplace safety and health	Safety Risk Management	Major Disasters	<p>◆ Formulation of “Disaster Incident Management Regulations”: Detailed contingency process flow, emergency response contact system, and disaster response handling.</p> <p>◆ Formulate “comprehensive contingency measures”: In China, we have stipulated the Comprehensive Contingency Measures for accidents such as fire explosion, poisoning, machinery harm, vehicle harm, dust explosion, electric shock, and suffocation, detailing the emergency team organization and the major responsibilities of each team, and emergency handling procedures to conform to the National Security Manufacturing Act, the Safety and Health Regulations for Manufacturing Procedures, and the Manufacturing Safety Accident Countermeasure Guidelines for the Manufacturing Department.</p>	Occupational Safety and Health Department
	Environmental Risks	Environment Control Ability	◆ Implement an environmental management system (ISO14001) with annual external and internal audits, formulate environmental policies, set objectives, implement, audit, and review to achieve continuous improvement in environmental performance.	Occupational Safety and Health Department
		Greenhouse Gas Emissions	<p>◆ In response to the energy saving target of the Bureau of Energy, MOEA to reduce energy consumption by 1% per year, we have set out the energy saving target for next year and the performance of this year's implementation in order to explore the benefits of energy saving measures each year.</p> <p>◆ In response to the government's “Climate Change Response Act,” the “Energy Conservation and Carbon Reduction Committee” was established to formulate greenhouse gas emission reduction strategies and goals, and review them on a regular basis.</p> <p>◆ In accordance with the “Climate Change Response Act and the Regulations Governing the Inventory, Registration and Verification of Greenhouse Gas Emissions”, inventory and registration are conducted on an annual basis for plants with annual direct and indirect emissions greater than 25,000 metric tons of carbon dioxide equivalent.</p> <p>◆ In accordance with the “Sustainable Development Roadmap for TWSE/TPEX-Listed Companies” issued by the Financial Supervisory Commission, Cheng Shin has sequentially conducted greenhouse gas inventories at each of its manufacturing plants. °</p>	Occupational Safety and Health Department
		Environmental Management	<p>◆ The Company has obtained the ISO14001 environmental management system certification. The validity of the certificate is maintained continuously from the daily management implementation to ensure that the air pollution control, water pollution control, and waste management meet the legal requirements.</p> <p>◆ In line with the local Environmental Protection Bureau's implementation of multiple permits for environmental protection, Cheng Shin actively accepts counseling to integrate all the permits to facilitate the implementation of subsequent regulations.</p> <p>◆ Each unit implements the General Manager's policy to create a sustainable business environment and reduce waste; reduce energy consumption per ton of tire production.</p>	Occupational Safety and Health Department
Social	Human Resource Risk	Human Capital	<p>◆ In order to accelerate the development of talent pools, we train high potential mid- and senior-level executives through systematic training. We accelerate the training time for mid- and senior-level executives to implement the talent reserve program.</p> <p>◆ We provide professional learning and growth opportunities to motivate employees and enhance the strength of our talent pool,</p>	Human Resources Department

			while satisfying their learning needs and ensuring that they master key skills to implement our talent pool program.	
		Human Resource Management	<ul style="list-style-type: none"> ◆ Diversified talent recruitment channels. ◆ Strengthen employee care and promote employee retention. ◆ Encourage employees to seek to develop new skills and obtain qualifications to perform a variety of jobs in order to enhance overall capabilities and increase management flexibility. 	Human Resources Department
	Occupational Safety Risk	Safety and health standard operation management	◆ In order to ensure the safety and health of the working environment, reduce the cost of accidents and reduce the loss of man-hours, we implemented the ISO45001 occupational safety and health management system, ensure the achievement of safety and health objectives and performance, consider organizational risks and opportunities and identify occupational security risks in the group and seek to eliminate hazards or risks or control them to reduce their impact.	Occupational Safety and Health Department
	Legal Compliance	Rationalization of laws and regulations	<ul style="list-style-type: none"> ◆ For the laws and regulations amended by the government, the Company collects the latest laws and regulations announced in that month, and the responsible unit will judge the Company's degree of compliance with the laws and regulations to ensure that the subsequent implementation by the responsible unit is in compliance with the laws and regulations, and to amend the relevant regulations in factory plants. ◆ If there are any relevant laws and regulations on the environmental issues such as greenhouse gas, the Company actively participates in the contingency team organized by the government, pays attention to the draft laws and regulations and relevant changes, and keeps track of the relevant information at all times. 	General Manager's Office Occupational Safety and Health Department

VII. Other important matters:
None.

I. Related Information on Affiliates

1. Organizational Chart of Affiliated Enterprises



2. Basic information of each affiliated enterprises

Enterprise name	Date established	Address	Paid-in capital (note)	Major business or items produced
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	1989.05.26	No. 15, Xinglin Xibin Rd., Jimei District, Xiamen City	US\$ 175,000,000	Production and sales of various types of automobile tires
Cheng Shin Rubber USA, Inc	1990.05.11	545 OLD PEACHTREE ROAD, SUWANEE, GA30024 USA	US\$ 18,000,000	Import-export trade in tires
CHENG SHIIN LOGISTIC (XIAMEN) CO., LTD.	1993.03.25	No. 11, Xinshun Rd., Haicang District, Xiamen	RMB\$14,411,765	International packaging and shipping business
CST Trading Ltd.	1993.05.19	P.O. BOX 116 ROAD TOWN TORTOLA BRITISH VIRGIN ISLANDS	US\$ 72,900,000	A holding company
CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd.	1993.07.27	No. 8, Hefeng Rd., Lujia Township, Kunshan City	US\$ 225,000,000	Production and sales of various types of automobile tires
TIANJIN TAFENG RUBBER IND CO., LTD.	1994.08.15	No. 1, Shuanghai Ave, Beichen Economic and Technology R&D Zone, Tianjin	US\$ 18,000,000	Warehousing logistics and sales service center
CHENG SHIIN TOYO (KUNSHAN) MACHINERY CO., LTD.	1996.03.20	Chaoyang East Rd., Kunshan R&D Zone, Jiangsu Province	US\$ 8,500,000	Produces and sells tire molds for cars and trucks
MAXXIS International Co., Ltd.	1997.01.30	P.O. BOX 31106 SMB, GRAND CAYMAN, CAYMAN ISLAND, BRITISH WEST INDIES.	US\$ 35,050,000	A holding company
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	1998.09.23	No. 26, Jiangang Rd., Legou Business District, Qinzhougang Economic Development Zone, Guangxi	RMB\$45,000,000	Distribution of rubber and tire parts
Cheng Shin Rubber Canada, Inc	1999.01.31	400 CHRYSLER DRIVE, UNIT C BRAMPTON, ONTARIO, L6S 5Z5 CANADA	CAD\$ 1,518,700	Import-export trade in tires
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	2001.12.28	No. 15, Xiyuan Rd., Haicang District, Xiamen	US\$ 130,000,000	Production and sales of various types of automobile tires
MAXXIS Trading Ltd.	2002.08.26	P.O. BOX 957, OFFSHORE INCORPORATION CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	US\$237,811,720	A holding company

MAXXIS Holdings (BVI) Co., Ltd.	2002.08.27	P.O. BOX 957, OFFSHORE INCORPORATION CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	US\$237,811,720	A holding company
MAXXIS International (Thailand) Co., Ltd.	2002.11.05	300/1 MOO 1, TAMBOL TASITH, AMPHUR PLUAKDAENG, RAYONG PROVINCE 21140, THAILAND	THB\$6,500,000,000	Production and sales of various types of automobile tires
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	2004.01.11	No. 15, Xinshun Rd., Haicang District, Xiamen	US\$ 45,000,000	Production and sales of various types of automobile tires
MAXXIS Tech Center Europe B.V.	2005.04.01	Neutronenlaan 7, 5405 NG Uden, The Netherlands	EUR\$ 1,000,000	Tire testing
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	2010.03.22	No. 15, Qingshi Road, Gangwei Township, Longhai City	RMB\$950,000,000	Production and sales of various types of automobile tires
XIAMEN ESATE CO., LTD.	2013.08.21	Room 201, No. 16 Office Building, 15 Xibin Rd., Jimei District, Xiamen	RMB\$380,000,000	Employee dormitory construction and sales
Cheng Shin Rubber (Vietnam) IND. Co., Ltd.	2005.12.08	C'ty TNHH Cong Nghiep Cao Su Chinh Tan Vietnam Nhon Trach 3 Industrial Zone, Nhon Trach county, Dong Nai Province, Vietnam.	US\$62,000,000	Production and sales of various types of automobile tires
MAXXIS International (HK) Ltd.	2007.12.20	Unit 903, 9/F, Tower 2, Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	US\$226,801,983	A holding company
Cheng Shin International (HK) Ltd.	2007.12.20	Unit 903, 9/F, Tower 2, Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	US\$246,767,840	A holding company
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	2009.07.17	Room 101, No. 58, Shuilishe, Kengnei Vil., Guankou Township, Jimei District, Xiamen	US\$20,000,000	Automobile assembly and product R&D, testing and related product display
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	2010.05.17	No. 27, Jixin Ave., Changshou Economic and Technology Development Zone, Chongqing City	US\$100,000,000	Production and sales of various types of automobile tires
PT MAXXIS International Indonesia	2014.08.27	Greenland International Industrial Center (GIIC) Blok CG No.01, Kota Deltamas Desa Pasir Ranji, Kec. Cikarang Pusat, Bekasi, Jawa Barat, 17530	US\$200,000,000	Production and sales of various types of automobile tires
Maxxis Rubber India Private Limited	2015.03.26	SM 12 + SM 51/2, Sanand-II Industrial Estate, Ahmedabad, Gujarat – 382110, India	INR\$16,870,000,000	Production and sales of various types of

KUNSHAN MAXXIS TIRE CO., LTD.	2015.09.28	No. 8, Hefeng Rd., Lujia Township, Kunshan City	RMB\$5,000,000	automobile tires
Maxxis Trading Company Limited	2016.01.13	No. 180, Juguang Rd., Sanyi Vil., Yuanlin City, Changhua County	NTD\$100,000,000	Rubber tire parts distribution and delivery Sales of various automobile tires, rubber products, and accessories
PT. MAXXIS TRADING INDONESIA	2017.05.10	Greenland International Industrial Center (GIIC) Blok CG No.01, Kota Deltamas Desa Pasir Ranji, Kec. Cikarang Pusat, Bekasi, Jawa Barat, 17530	US\$1,000,000	Auto parts trading
Maxxis Europe B.V.	2018.05.24	Neutronenlaan 7, 5405 NG Uden, The Netherlands	EUR\$2,000,000	Import-export trade in tires
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	2019.03.15	AV. JAVIER BARROS SIERRA 495 P1 4, SANTA FE CENTRO CIUDAD, ALVARO OBREGON, CIUDAD DE MEXICO, C.P. 10376	US\$100,000	Import-export trade in tires
MAXXIS RUBBER JAPAN CO., LTD.	2020.02.21	International Silk Trade and Tourism Center 323, 1 Yamashitacho, Naka Ward, Yokohama, Kanagawa 231-0023 Japan	JPY50,000,000	Import-export trade in tires

Note: The exchange rate on the reporting date of each affiliate is calculated based on the exchange rate at the end of a fiscal year

(US\$1:NT\$30.705; EUR\$1:NT\$33.98; CAD\$1:NT\$33.98; RMB\$1:NT\$4.327; THB\$1:NT\$0.9017; VND\$1:NT\$0.00125; IDR\$1:NT\$0.00198; INR\$1:NT\$0.3694; PHP\$1:NT\$0.2172; MXN\$1:NT\$1.80957).

3. Information on shareholders of controlling and subordinate companies: There is no presumed subordinate.

4. Industries covered by the business of the overall relationship enterprise

(1) Businesses engaged by the Company and its affiliates include:

Tires, general trading and investment, international trade, machinery, R&D and testing of automotive accessories, testing and exhibition of related products, etc.

(2) The division of labor between the company and its related enterprises is as follows:

Division Matters	Affiliates
Manufacturing and marketing of tire products	The Company, CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD., XIAMEN CHENG SHIN ENTERPRISE CO., LTD., MAXXIS International (Thailand) Co., Ltd., Cheng Shin Rubber (Vietnam) IND. Co., Ltd., CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD., CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD., PT MAXXIS International Indonesia, Maxxis Rubber India Private Limited
Marketing of Tire Products	Cheng Shin Rubber USA, Inc., Cheng Shin Rubber Canada, Inc., KUNSHAN MAXXIS TIRE CO., LTD., Maxxis (Taiwan) Trading Co., LTD, PT. MAXXIS TRADING INDONESIA, Maxxis Europe B.V., MAXXIS RUBBER JAPAN CO., LTD., MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.

Production of Molds and Equipment	CHENG SHIIN TOYO (KUNSHAN) MACHINERY CO., LTD.
Tire Testing Center	MAXXIS Tech Center Europe B. V.
R&D Centers	The Company, CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd., Cheng Shin Rubber USA, Inc., CHENG SHIN RUBBER (XIAMEN) IND., LTD.
Automotive accessory development and testing, etc.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.
International packaging and shipping business	CHENG SHIIN LOGISTIC (XIAMEN) CO., LTD., CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD., TIANJIN TAFENG RUBBER IND CO., LTD.

5. Directors, Supervisors and General Managers of affiliated enterprises:

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
MAXXIS International Co., Ltd.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Shiu-Hsiung	35,050,000	100%
CST Trading Ltd.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Yun-Hwa	72,900,000	100%
Cheng Shin Rubber USA, Inc	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Yun-Hwa, Lee, Hung-Wen	1,800,000	100%
Cheng Shin Rubber Canada, Inc	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Yun-Hwa, Lee, Hung-Wen	1,000,000	100%
MAXXIS Tech Center Europe B.V.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Yun-Hwa, Lin, Chin-Chuan	1,000,000	100%
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Directors	MAXXIS International (HK) Ltd. Representatives: Chen, Shiu-Hsiung; Chen, Yun-Hwa; Lo, Min-Ling	-	100%
	Supervisor	MAXXIS International (HK) Ltd. Representative: Hsu, Chih-Ming		
TIANJIN TAFENG RUBBER IND CO., LTD.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Chen, Shiu-Hsiung; Chen, Yun-Hwa; Lo, Min-Ling	-	100%
	Directors	MAXXIS International (HK) Ltd. Representatives: Chen, Shiu-Hsiung; Chen, Yun-Hwa; Lo, Min-Ling		
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Supervisor	MAXXIS International (HK) Ltd. Representative: Chen, Han-Hsin	-	100%
	Directors	MAXXIS International Co., Ltd. Representatives: Chen, Shiu-Hsiung; Lo, Min-Ling CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Hsu, Chih-Ming		
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Directors	MAXXIS International Co., Ltd. Representatives: Chen, Shiu-Hsiung; Lo, Min-Ling CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Hsu, Chih-Ming	-	60%
	Supervisor	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Han-Hsin		40%

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Lo, Tsai-Jen; Chen, Shiu-Hsiung; Lee, Chin-Chang	-	100%
	Supervisor	Cheng Shin Rubber Ind., Co., Ltd. Representative: Lo, Yong-Li		
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Chen, Shiu-Hsiung; Lo, Tsai-Jen; Lee, Chin-Chang	-	50%
	Supervisor	Cheng Shin Rubber Ind., Co., Ltd. Representative: Lo, Yong-Li		
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Directors	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Shiu-Hsiung	-	95%
MAXXIS Trading Ltd.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Yun-Hwa	237,811,720	100%
MAXXIS Holdings (BVI) Co., Ltd.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Yun-Hwa	237,811,720	100%
MAXXIS International (Thailand) Co., Ltd.	Directors	MAXXIS Holdings (BVI) Co., Ltd. Representative: Chen, Yun-Hwa, Chen, Shiu-Hsiung	65,000,000	100%
Cheng Shin Rubber (Vietnam) IND. Co., Ltd.	Directors	MAXXIS Holdings (BVI) Co., Ltd. Representative: Chen, Yun-Hwa, Liao, Cheng-Yao, Hu, Ming-Te	62,000,000	100%
MAXXIS International (HK) Ltd.	Directors	MAXXIS International Co., Ltd. Representative: Chen, Shiu-Hsiung	226,801,983	100%
Cheng Shin International (HK) Ltd.	Directors	CST Trading Ltd. Representative: Chen, Yun-Hwa	246,767,840	100%
PT MAXXIS International Indonesia	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Chen, Yun-Hwa, Chen, Shiu-Hsiung; Lee, Hung-Ko, Xie Zhengchang	199,992,500	99.99625%
	Supervisor	Cheng Shin Rubber Ind., Co., Ltd. Representative: Liao, Zheng-Yao		

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
PT. MAXXIS TRADING INDONESIA	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Chen, Yun-Hwa, Lee, Hung-Ko, Xie Zhengchang	9,990	99.9%
	Supervisor	Cheng Shin Rubber Ind., Co., Ltd. Representative: Liao, Zheng-Yao		
Maxxis Rubber India Private Limited	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Chen, Yun-Hwa, Chen, Shiu-Hsiung; Liao, Cheng-Yao; Zhu Cangzhi	1,686,986,327	99.99919%
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Directors	MAXXIS International (HK) Ltd. Representatives: Chen, Shiu-Hsiung; Chen, Yun-Hwa; Lo, Min-Ling	-	100%
	Supervisor	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Han-Hsin		
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	Directors	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Shiu-Hsiung Xiamen Maxxis Trading Company Limited Representative: Hsu, Chih-Ming Hong Kong Daxiang Investment Co., Ltd. Representative: Chen, Han-Hsin	-	49%
		CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Jian-Lin		25.5%
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Supervisor	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Jian-Lin	-	25.5%
	Directors	CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. Representatives: Lo, Tsai-Jen; Chen, Shiu-Hsiung; Lee, Chin-Chang		49%
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Supervisor	CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. Representative: Lo, Yong-Li	-	100%
	Directors	CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. Representative: Lee, Chin-Chang		
KUNSHAN MAXXIS TIRE CO., LTD.	Supervisor	CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. Representative: Chiang, Chih-Wei	-	100%
	Directors	CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd. Representative: Lee, Chin-Chang		

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
XIAMEN ESATE CO., LTD.	Directors	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Shiu-Hsiung	-	100%
	Supervisor	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Han-Hsin		
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Directors	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Shiu-Hsiung MAXXIS International (HK) Ltd. Representative: Chen, Yun-Hwa, Lo, Min-Ling	-	100%
	Supervisor	CHENG SHIN RUBBER (XIAMEN) IND., LTD. Representative: Chen, Han-Hsin		
Maxxis Trading Company Limited	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Chen, Yun-Hwa; Liao, Cheng-Yao; Chen, Shiu-Hsiung	10,000,000	100%
	Supervisor	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Han-Chi		
Maxxis Europe B.V.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representative: Chen, Yun-Hwa, Li, Zong-Wei	2,000,000	100%
MAXXIS RUBBER JAPAN CO., LTD.	Directors	Cheng Shin Rubber Ind., Co., Ltd. Representatives: Chen, Shiu-Hsiung; Liao, Cheng-Yao; Qiu Shijie	5,000	100%
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Representative	Cheng Shin Rubber Ind., Co., Ltd. Representative: Qiu Zheyi	-	100%

6. Operations of affiliates: Unit: NTD thousand

Enterprise name	Amount of capital (Note 2)	Total value of assets	Total liabilities	Net worth	Operating Income	Operating profit (loss)	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
MAXXIS International Co., Ltd.	1,017,852	42,468,266	84	42,468,182	-	-335	1,892,396	53.99
CST Trading Ltd.	2,117,016	29,694,394	84	29,694,310	-	-251	3,245,252	44.52
Cheng Shin Rubber USA, Inc	552,690	5,518,131	2,321,938	3,196,193	9,017,370	349,117	264,573	146.99
Cheng Shin Rubber Canada, Inc	35,234	1,134,661	319,845	814,816	1,221,101	98,353	68,383	68.38
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	194,715	87,125	1,309	85,816	12,095	-6,642	-5,398	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., Ltd.	7,738,705	30,708,822	3,277,147	27,431,675	19,045,144	3,036,165	3,143,258	-
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	293,920	343,801	27,503	316,298	107,970	-26,735	3,700	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	5,397,950	28,385,609	3,181,978	25,203,631	14,457,602	84,101	1,414,370	-
TIANJIN TAFENG RUBBER IND CO., LTD.	639,364	636,980	72,777	564,203	13,554	-68,104	-33,312	-
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	4,176,250	11,972,097	1,003,999	10,968,098	7,399,381	-458,886	-237,824	-
MAXXIS Trading Ltd.	6,906,052	11,755,103	84	11,755,019	-	-180	1,273,572	5.36
MAXXIS Holdings (BVI) Co., Ltd.	6,906,052	12,048,082	-	12,048,082	-	-99	1,273,707	5.36
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	1,576,244	8,552,334	413,273	8,139,061	2,747,272	198,371	365,920	-
MAXXIS Tech Center Europe B.V.	33,980	109,744	13,725	96,019	118,381	7,812	6,505	6.51
Cheng Shin Rubber (Vietnam) IND. Co., Ltd.	1,407,851	5,041,215	1,031,810	4,009,405	6,387,118	1,339,114	1,008,387	16.26
MAXXIS International (Thailand) Co., Ltd.	5,861,050	9,483,460	1,447,751	8,035,709	9,384,627	436,878	321,756	4.95
MAXXIS International (HK) Ltd.	6,586,330	35,276,966	-	35,276,966	-	-116	2,067,644	9.12
Cheng Shin International (HK) Ltd.	7,166,138	29,505,759	-	29,505,759	-	-108	3,243,871	13.15

Enterprise name	Amount of capital (Note 2)	Total value of assets	Total liabilities	Net worth	Operating Income	Operating profit (loss)	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	577,211	722,229	722,229	-	3,696	-53,424	-80,566	-
CHENG SHIIN LOGISTIC (XIAMEN) CO., LTD.	62,360	293,507	158,935	134,572	1,031,244	33,447	27,450	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	4,110,650	10,269,741	1,707,316	8,562,425	10,977,388	1,628,023	1,472,136	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	2,821,663	6,349,464	523,974	5,825,490	4,146,444	334,428	289,939	-
XIAMEN ESATE CO., LTD.	1,644,260	2,099,800	20,257	2,079,543	9,825	-19,121	-7,778	-
PT MAXXIS International Indonesia	5,299,926	8,717,892	8,154,354	563,538	2,799,995	49,010	-280,701	-1
Maxxis Rubber India Private Limited	6,231,778	5,010,089	5,010,089	0	1,451,527	-464,673	-736,699	-
KUNSHAN MAXXIS TIRE CO., LTD.	21,635	108,050	54,289	53,761	192,437	2,941	3,089	-
Maxxis Trading Company Limited	100,000	1,216,981	549,898	667,083	4,036,634	471,692	383,957	38
PT. MAXXIS TRADING INDONESIA	26,417	42,667	1,566	41,101	9,804	-5,176	-1,700	-170
Maxxis Europe B.V.	67,960	193,648	131,542	62,106	300,007	2,292	15,162	30
MAXXIS RUBBER JAPAN CO., LTD.	10,860	11,692	507	11,185	90	-4,318	267	53
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	3,787	2,707	222	2,485	3,177	-2,156	-2,292	-

Note 1: The balance sheet account is converted at year-end exchange rates

(US\$1:NT\$30.705;EUR\$1:NT\$33.98;CAD\$1:NT\$23.2;RMB\$1:NT\$4.327;THB\$1:NT\$0.9017;VND\$1:NT\$0.00125;IDR\$1:NT\$0.00198;

INR\$1:NT\$0.3694;JPY\$1:NT\$0.2172;MXN\$1:NT\$1.80957).

P&L accounts are converted at weighted average exchange rates

(US\$1:NT\$31.15477;EUR\$1:NT\$33.69715;CAD\$1:NT\$23.09252;RMB\$1:NT\$4.3954;THB\$1:NT\$0.90048;VND\$1:NT\$0.00129;IDR\$1:NT\$0.00205;INR\$1:NT\$0.3774;

JPY\$1:NT\$0.22214;MXN\$1:NT\$1.76618).

Note 2: Refers to Paid-in capital.

(II) Consolidated financial statements of affiliates

The companies to be incorporated by the Company into the consolidated financial statements of the affiliates for 2023 (from January 1, 2023 to December 31, 2023) according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical with the companies required to be incorporated into the consolidated financial statements of affiliates and parent company according to the “International Financial Reporting Standards 10 (IFRS 10).” Further, relevant information required to be disclosed in the consolidated financial statements of the affiliates has been disclosed completely in the consolidated financial statements of affiliates and parent company. Accordingly, no separate consolidated financial statements of the affiliates is further provided.

(III) Affiliation Reports: In the absence of any presumed subordinate, no such report is prepared.

II. The Company's shares held or disposed of by subsidiaries in the most recent years as of the publication date of the Annual Report:

None

III. Subsidiary's holding or disposal of shares in the Company in most recent years and up to the date of publication of the Annual Report:

None

IV. Other supplementary information:

None

V. Any event that occurred in the most recent years as of the publication date of the report which has a material impact on shareholders' rights and interests or the price of securities against Item 3 of Paragraph 2 under Article 36 of the Securities and Exchange Act:

None

Cheng Shin Rubber Ind., Co., Ltd.



Chairman's





VSP

VICTRA SPORT PRO

All New Ultra High Performance Tire ✦ Handling ✦ Safety ✦ Quieter ride

● Vehicle Fitments



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CHENG SHIN RUBBER IND. CO., LTD.