

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR22002168

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries as at September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets of NT\$ 38,231,067 thousand and NT\$ 36,749,373 thousand, constituting 26% and 25% of the consolidated total assets, and total liabilities of NT\$ 23,531,615 thousand and NT\$ 22,133,918 thousand, constituting 37% and 34% of the consolidated total liabilities as at September 30, 2022 and 2021, and total net operating revenues of NT\$ 8,362,930

thousand, NT\$5,993,405 thousand, NT\$23,333,076 thousand and NT\$19,915,848 thousand, constituting 31%, 25%, 31% and 26% of consolidated total net operating revenue, and total comprehensive income (loss) of NT\$163,760, NT(\$69,018), NT\$523,912 and NT(\$336,721) thousand, constituting 7%, (11%), 8% and (12%) of the consolidated total comprehensive income (loss) for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 10, 2022

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

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 21,144,912	14	\$ 25,927,827	17	\$ 18,945,951	13
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		18,084	-	17,648	-	-	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		18,126	-	23,083	-	21,341	-
1136	Financial assets at amortised	6(4)						
	cost - current		311,607	-	141,344	-	132,882	-
1150	Notes receivable, net	6(5)	3,443,017	2	2,879,178	2	3,726,446	3
1170	Accounts receivable, net	6(5)	10,851,064	8	9,098,208	6	9,449,292	6
1180	Accounts receivable - related	7						
	parties		64,343	-	39,826	-	34,389	-
130X	Inventories	6(6)	21,092,592	14	20,356,688	14	20,167,673	14
1410	Prepayments		1,009,505	1	983,829	1	1,122,896	1
1470	Other current assets		193,712	-	348,255	-	388,170	-
11XX	Current Assets		58,146,962	39	59,815,886	40	53,989,040	37
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		58,187	-	58,187	-	58,187	-
1535	Financial assets at amortised	6(4) and 8						
	cost - non-current		3,311,587	2	-	-	-	-
1550	Investments accounted for	6(7)						
	under equity method		182,441	-	180,417	-	180,210	-
1600	Property, plant and equipment,	6(8)						
	net		78,228,269	54	81,500,318	55	82,614,719	57
1755	Right-of-use assets	6(9)	5,007,608	4	4,968,286	3	5,013,225	3
1760	Investment property, net	6(10)	494,513	-	506,016	-	509,830	-
1840	Deferred income tax assets	6(28)	1,623,156	1	2,217,728	2	2,300,415	2
1900	Other non-current assets	6(11)	366,967	-	475,159	-	1,016,896	1
15XX	Non-current assets		89,272,728	61	89,906,111	60	91,693,482	63
1XXX	Total assets		\$ 147,419,690	100	\$ 149,721,997	100	\$ 145,682,522	100

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 6,742,557	5	\$ 9,365,279	6	\$ 8,137,438	6
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	-	-	33,391	-
2130	Current contract liabilities	6(22)	706,580	-	1,047,574	1	921,540	1
2150	Notes payable		163,126	-	320,028	-	287,904	-
2170	Accounts payable		7,564,335	5	7,536,483	5	6,636,677	5
2200	Other payables	6(13)	5,155,218	4	5,406,529	4	5,204,948	3
2230	Current income tax liabilities	6(28)	1,366,901	1	1,021,430	1	975,061	1
2280	Current lease liabilities	7	169,488	-	171,384	-	172,975	-
2320	Long-term liabilities, current portion	6(15)(16) and 7	9,018,457	6	10,113,518	7	10,514,506	7
2399	Other current liabilities, others	6(14)	285,372	-	359,170	-	445,938	-
21XX	Current Liabilities		31,172,034	21	35,341,395	24	33,330,378	23
Non-current liabilities								
2530	Corporate bonds payable	6(15)	8,000,000	5	10,500,000	7	10,500,000	7
2540	Long-term borrowings	6(16) and 7	20,385,573	14	18,265,160	12	17,757,116	12
2550	Provisions for liabilities - non-current		193,877	-	167,859	-	166,437	-
2570	Deferred income tax liabilities	6(28)	883,650	1	996,009	1	930,754	1
2580	Non-current lease liabilities	7	311,202	-	384,974	-	416,005	-
2600	Other non-current liabilities	6(17)	2,563,416	2	2,589,232	2	2,623,304	2
25XX	Non-current liabilities		32,337,718	22	32,903,234	22	32,393,616	22
2XXX	Total Liabilities		63,509,752	43	68,244,629	46	65,723,994	45
Equity								
Equity attributable to owners of parent								
	Share capital	6(18)						
3110	Share capital - common stock		32,414,155	22	32,414,155	22	32,414,155	22
	Capital surplus	6(19)						
3200	Capital surplus		67,770	-	67,770	-	53,267	-
	Retained earnings	6(20)						
3310	Legal reserve		16,665,921	12	16,132,580	11	16,132,580	11
3320	Special reserve		7,588,138	5	6,611,296	4	6,611,296	5
3350	Unappropriated retained earnings		31,913,556	22	33,280,806	22	32,299,148	22
	Other equity interest	6(21)						
3400	Other equity interest		(5,321,251)	(4)	(7,588,138)	(5)	(8,104,328)	(5)
31XX	Equity attributable to owners of the parent		83,328,289	57	80,918,469	54	79,406,118	55
36XX	Non-controlling interest		581,649	-	558,899	-	552,410	-
3XXX	Total equity		83,909,938	57	81,477,368	54	79,958,528	55
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 147,419,690	100	\$ 149,721,997	100	\$ 145,682,522	100

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7	\$ 26,826,804	100	\$ 24,265,223	100	\$ 75,662,793	100	\$ 77,360,351	100
5000 Operating costs	6(6)	(21,233,705)	(79)	(19,453,501)	(80)	(59,686,930)	(79)	(59,789,208)	(77)
5900 Net operating margin		<u>5,593,099</u>	<u>21</u>	<u>4,811,722</u>	<u>20</u>	<u>15,975,863</u>	<u>21</u>	<u>17,571,143</u>	<u>23</u>
Operating expenses	7								
6100 Selling expenses		(1,606,605)	(6)	(1,735,049)	(7)	(4,732,292)	(6)	(5,222,434)	(7)
6200 General and administrative expenses		(900,663)	(3)	(866,643)	(4)	(2,579,928)	(4)	(2,727,426)	(4)
6300 Research and development expenses		(981,842)	(4)	(1,073,294)	(4)	(3,041,669)	(4)	(3,302,342)	(4)
6000 Total operating expenses		(3,489,110)	(13)	(3,674,986)	(15)	(10,353,889)	(14)	(11,252,202)	(15)
6900 Operating profit		<u>2,103,989</u>	<u>8</u>	<u>1,136,736</u>	<u>5</u>	<u>5,621,974</u>	<u>7</u>	<u>6,318,941</u>	<u>8</u>
Non-operating income and expenses									
7100 Interest income	6(23)	105,376	-	49,779	-	245,235	-	112,612	-
7010 Other income	6(24)	141,310	1	159,555	1	445,693	1	466,399	1
7020 Other gains and losses	6(25)	4,737	-	70,590	-	(100,705)	-	(644,543)	(1)
7050 Finance costs	6(26) and 7	(217,861)	(1)	(126,262)	(1)	(499,717)	(1)	(404,636)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>4,009</u>	<u>-</u>	<u>2,916</u>	<u>-</u>	<u>12,025</u>	<u>-</u>	<u>17,229</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>37,571</u>	<u>-</u>	<u>156,578</u>	<u>-</u>	<u>102,531</u>	<u>-</u>	<u>(452,939)</u>	<u>-</u>
7900 Profit before income tax		<u>2,141,560</u>	<u>8</u>	<u>1,293,314</u>	<u>5</u>	<u>5,724,505</u>	<u>7</u>	<u>5,866,002</u>	<u>8</u>
7950 Income tax expense	6(28)	(614,871)	(2)	(340,287)	(1)	(1,663,540)	(2)	(1,490,805)	(2)
8200 Profit for the period		<u>\$ 1,526,689</u>	<u>6</u>	<u>\$ 953,027</u>	<u>4</u>	<u>\$ 4,060,965</u>	<u>5</u>	<u>\$ 4,375,197</u>	<u>6</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Unrealized loss on valuation of entity instruments at fair value through profit or loss	6(3)(21)	(\$ 613)	-	(\$ 797)	-	(\$ 4,957)	-	(\$ 8,476)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(613)	-	(797)	-	(4,957)	-	(8,476)	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(21)	832,542	3	(428,807)	(2)	2,856,805	4	(1,864,914)	(2)
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)(28)	(165,495)	(1)	85,669	-	(567,961)	(1)	371,139	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		667,047	2	(343,138)	(2)	2,288,844	3	(1,493,775)	(2)
8300 Other comprehensive income (loss) for the period		<u>\$ 666,434</u>	<u>2</u>	<u>(\$ 343,935)</u>	<u>(2)</u>	<u>\$ 2,283,887</u>	<u>3</u>	<u>(\$ 1,502,251)</u>	<u>(2)</u>
8500 Total comprehensive income for the period		<u>\$ 2,193,123</u>	<u>8</u>	<u>\$ 609,092</u>	<u>2</u>	<u>\$ 6,344,852</u>	<u>8</u>	<u>\$ 2,872,946</u>	<u>4</u>
Profit attributable to:									
8610 Owners of the parent		\$ 1,510,303	6	\$ 950,776	4	\$ 4,032,632	5	\$ 4,351,754	6
8620 Non-controlling interest		16,386	-	2,251	-	28,333	-	23,443	-
		<u>\$ 1,526,689</u>	<u>6</u>	<u>\$ 953,027</u>	<u>4</u>	<u>\$ 4,060,965</u>	<u>5</u>	<u>\$ 4,375,197</u>	<u>6</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 2,171,670	8	\$ 607,302	2	\$ 6,299,519	8	\$ 2,858,722	4
8720 Non-controlling interest		21,453	-	1,790	-	45,333	-	14,224	-
		<u>\$ 2,193,123</u>	<u>8</u>	<u>\$ 609,092</u>	<u>2</u>	<u>\$ 6,344,852</u>	<u>8</u>	<u>\$ 2,872,946</u>	<u>4</u>
Earnings per share (in dollars)	6(29)								
9750 Basic earnings per share		<u>\$ 0.47</u>		<u>\$ 0.29</u>		<u>\$ 1.24</u>		<u>\$ 1.34</u>	
9850 Diluted earnings per share	6(29)	<u>\$ 0.47</u>		<u>\$ 0.29</u>		<u>\$ 1.24</u>		<u>\$ 1.34</u>	

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent													
		Capital Surplus			Retained Earnings			Other equity interest					
	Notes	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	Total	Non-controlling interest	Total equity
<u>Nine-month period ended</u>													
<u>September 30,2021</u>													
		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$15,533,661	\$ 6,904,245	\$32,143,063	(\$ 6,632,448)	\$ 21,152	\$80,437,095	\$ 538,186	\$80,975,281
		-	-	-	-	-	-	4,351,754	-	-	4,351,754	23,443	4,375,197
	6(21)	-	-	-	-	-	-	-	(1,484,556)	(8,476)	(1,493,032)	(9,219)	(1,502,251)
		-	-	-	-	-	-	4,351,754	(1,484,556)	(8,476)	2,858,722	14,224	2,872,946
Appropriation and distribution of 2020 earnings :													
		-	-	-	-	598,919	-	(598,919)	-	-	-	-	-
		-	-	-	-	-	(292,949)	292,949	-	-	-	-	-
	6(20)	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)	-	(3,889,699)
		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 691</u>	<u>\$16,132,580</u>	<u>\$ 6,611,296</u>	<u>\$32,299,148</u>	<u>(\$ 8,117,004)</u>	<u>\$ 12,676</u>	<u>\$79,406,118</u>	<u>\$ 552,410</u>	<u>\$79,958,528</u>
<u>Nine-month period ended</u>													
<u>September 30,2022</u>													
		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$16,132,580	\$ 6,611,296	\$33,280,806	(\$ 7,602,556)	\$ 14,418	\$80,918,469	\$ 558,899	\$81,477,368
		-	-	-	-	-	-	4,032,632	-	-	4,032,632	28,333	4,060,965
	6(21)	-	-	-	-	-	-	-	2,271,844	(4,957)	2,266,887	17,000	2,283,887
		-	-	-	-	-	-	4,032,632	2,271,844	(4,957)	6,266,519	45,333	6,344,852
Appropriation and distribution of 2021 earnings :													
		-	-	-	-	533,341	-	(533,341)	-	-	-	-	-
		-	-	-	-	-	976,842	(976,842)	-	-	-	-	-
	6(20)	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)	-	(3,889,699)
Cash dividends paid to non - controlling interests													
		-	-	-	-	-	-	-	-	-	-	(22,583)	(22,583)
		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 15,194</u>	<u>\$16,665,921</u>	<u>\$ 7,588,138</u>	<u>\$31,913,556</u>	<u>(\$ 5,330,712)</u>	<u>\$ 9,461</u>	<u>\$83,328,289</u>	<u>\$ 581,649</u>	<u>\$83,909,938</u>

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month periods ended September 30 2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 5,724,505	\$ 5,866,002
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(27)	7,790,601	8,193,477
Depreciation on right-of-use assets	6(9)(27)	210,805	211,202
Depreciation on investment property	6(10)(27)	17,774	17,419
Amortization expense	6(11)(27)	73,511	61,737
Expected credit loss	12(2)	65	442
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(12,025)	(17,229)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(25)	(232,916)	45,553
Loss on disposal of property, plant and equipment	6(8)(25)	80,677	80,540
Interest expense	6(8)(26)	499,717	404,636
Interest income	6(23)	(245,235)	(112,612)
Deferred government grants revenue		(131,386)	(119,027)
Unrealized foreign exchange loss on foreign currency loans		1,069,417	414,212
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		232,480	(11,343)
Notes receivable, net	(	563,839)	817,611
Accounts receivable	(	1,755,402)	24,025
Accounts receivable - related parties	(	24,517)	9,085
Inventories	(	202,740)	2,343,215)
Prepayments	(	16,089)	16,351
Other current assets	(	199,392)	137,242)
Other non-current assets	(	92,256)	88,341)
Changes in operating liabilities			
Contract liabilities - current	(	332,972)	227,742)
Notes payable	(	156,902)	130,093
Accounts payable	(	27,852)	1,805,353)
Other payables	(	224,230)	290,833)
Other current liabilities	(	81,820)	129,587)
Accrued pension liabilities	(	4,373)	13,749)
Other non-current assets	(	3,158)	1,547)
Cash inflow generated from operations		12,436,928	10,944,565
Interest received		210,386	126,038
Dividends received		-	10,000
Interest paid	(	498,056)	446,889)
Income tax paid	(	1,546,144)	2,109,512)
Income tax refund received		106,574	62,676
Net cash flows from operating activities		10,709,688	8,636,878

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month periods ended September 30 2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		3,605,210	128,121
Proceeds from repayments of financial assets at amortized cost		136,526	9
Acquisition of property, plant and equipment	6(8)(30)	(2,451,516)	(3,255,298)
Payment for capitalized interests	6(8)(26)(30)	(6,462)	(16,135)
Proceeds from disposal of property, plant and equipment		89,161	85,462
Acquisition of intangible assets	6(11)	(29,756)	(62,848)
Decrease in refundable deposits		17,257	14,886
Increase of other non-current liabilities		26,938	42,291
Net cash flows used in investing activities		(5,823,062)	(3,319,754)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(12)(31)	7,926,793	8,091,155
Decrease in short-term borrowings	6(12)(31)	(10,734,773)	(6,804,099)
Proceeds from issuance of corporate bonds	6(15)(31)	-	8,000,000
Repayments of corporate bonds	6(15)(31)	(6,000,000)	(6,000,000)
Proceeds from long-term borrowings	6(16)(31)	8,623,772	702,975
Repayments of long-term borrowings	6(16)(31)	(5,684,396)	(4,969,593)
Increase (decrease) in guarantee deposits received	6(31)	32,707	(11,839)
Decrease in other payables to related parties	6(16)(31) and 7	(26,568)	(43,375)
Repayments of principal portion of lease liabilities	6(9)(31)	(145,588)	(142,501)
Cash dividends paid	6(20)(31)	(3,889,699)	(3,889,699)
Cash dividends paid to non-controlling interests	6(31)	(22,583)	-
Net cash flows used in financing activities		(9,920,335)	(5,066,976)
Effect of exchange rate changes on cash and cash equivalents		250,794	(416,718)
Net decrease in cash and cash equivalents		(4,782,915)	(166,570)
Cash and cash equivalents at beginning of period	6(1)	25,927,827	19,112,521
Cash and cash equivalents at end of period	6(1)	\$ 21,144,912	\$ 18,945,951

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Review, not audited)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 10, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows :

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC 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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation described below, the other significant accounting policies of the Group are in agreement with Note 4 in the consolidated financial statements for the year ended December 31, 2021. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim financial reporting" as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial

statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2021.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
CHENG SHIN RUBBER IND.	MAXXIS International Co., Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND.	CST Trading Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND.	MAXXIS Trading Ltd.	Holding company	100	100	100	Note 5
CHENG SHIN RUBBER IND.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	100	Note 5
CHENG SHIN RUBBER IND.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	100	Note 5
CHENG SHIN RUBBER IND.	Maxxis Europe B.V.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	20	Note 4 、 5
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	50	Note 6
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	70	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	100	Note 5
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	95	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	49	Note 6
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	100	
MAXXIS Holdings (BVI) Co.,	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 5
MAXXIS Holdings (BVI) Co.,	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 5
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	80	Note 4 、 5

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

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

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

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

Note 5: The financial statements of the entity as of September 30, 2022 and 2021, were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 6: The entity was included in the consolidated financial statements since the Group had the power to govern the financial and operating policies under the comprehensive assessment.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

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

None.

(4) Employee benefits

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

(5) Income taxes

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

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

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

There have been no significant changes as of September 30, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 5,614	\$ 5,399	\$ 5,702
Checking deposit	1,152,280	1,027,830	1,327,084
Demand deposits	15,732,158	20,990,802	13,651,402
Time deposits	4,254,860	3,903,796	3,961,763
	<u>\$ 21,144,912</u>	<u>\$ 25,927,827</u>	<u>\$ 18,945,951</u>
Interest rate range			
Time deposits	<u>0.21%~5.00%</u>	<u>0.09%~3.55%</u>	<u>0.09%~4.60%</u>

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

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

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ 18,084</u>	<u>\$ 17,648</u>	<u>\$ -</u>

Current items:			
Financial liabilities mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,391</u>

A. The Group recognised net income (loss) profit amounting to \$26,989 thousand, \$71 thousand, \$232,916 thousand and (\$45,553) thousand on financial assets mandatorily measured at fair value through profit or loss - derivative instruments for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

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

	<u>September 30, 2022</u>	
<u>Derivative instruments</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts		
USD exchange to NTD	<u>USD 20,000 thousand</u>	2022/05/26~2022/11/07
	<u>December 31, 2021</u>	

<u>Derivative instruments</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts		
USD exchange to NTD	<u>USD 78,000 thousand</u>	2021/09/28~2022/05/04
Foreign exchange swap		
USD exchange to NTD	<u>USD 45,000 thousand</u>	2021/10/20~2022/05/06
	<u>September 30, 2021</u>	

<u>Derivative instruments</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts		
USD exchange to NTD	<u>USD 24,000 thousand</u>	2021/09/01~2022/02/07
Foreign exchange swap		
USD exchange to NTD	<u>USD 36,000 thousand</u>	2020/10/22~2021/11/08

The Group entered into forward foreign exchange contracts and foreign exchange swap to hedge exchange rate risk of import (export) proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	9,461	14,418	12,676
Total	<u>\$ 18,126</u>	<u>\$ 23,083</u>	<u>\$ 21,341</u>

Non-current items:

Equity instruments

Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>	<u>\$ 58,187</u>
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- 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 \$76,313 thousand, \$81,270 thousand and \$79,528 thousand as at September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three-month period ended September 30, 2022</u>	<u>Three-month period ended September 30, 2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 613)	(\$ 797)
	<u>Nine-month period ended September 30, 2022</u>	<u>Nine-month period ended September 30, 2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 4,957)	(\$ 8,476)

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

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Time deposits with maturity over three months	<u>\$ 311,607</u>	<u>\$ 141,344</u>	<u>\$ 132,882</u>
Non-current items:			
Time deposits with maturity over three months	\$ 3,275,610	\$ -	\$ -
Pledged time deposits	35,977	-	-
	<u>\$ 3,311,587</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Interest income	\$ 22,318	\$ 4,012
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Interest income	\$ 34,709	\$ 4,073

B. As at September 30, 2022, December 31, 2021 and September 30, 2021, 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 financial assets at amortised cost was \$3,623,194 thousand, \$141,344 thousand and \$132,882 thousand, respectively.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

D. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

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

(5) Notes and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 3,452,294	\$ 4,141,247	\$ 3,989,982
Less: Discounted notes receivable	- (	1,252,792) (	254,259)
Less: Loss allowance	(9,277)	(9,277)	(9,277)
	<u>\$ 3,443,017</u>	<u>\$ 2,879,178</u>	<u>\$ 3,726,446</u>
Accounts receivable	\$ 10,882,204	\$ 9,162,913	\$ 9,505,349
Less: Loss allowance	(31,140)	(64,705)	(56,057)
	<u>\$ 10,851,064</u>	<u>\$ 9,098,208</u>	<u>\$ 9,449,292</u>

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

	September 30, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 9,086,983	\$ 3,452,294	\$ 7,580,524	\$ 2,888,455
Up to 30 days	1,239,383	-	1,082,707	-
31 to 90 days	466,421	-	323,352	-
91 to 180 days	58,716	-	113,396	-
Over 180 days	30,701	-	62,934	-
	<u>\$ 10,882,204</u>	<u>\$ 3,452,294</u>	<u>\$ 9,162,913</u>	<u>\$ 2,888,455</u>

	September 30, 2021	
	Accounts	
	receivable	Notes receivable
Without past due	\$ 7,403,883	\$ 3,735,723
Up to 30 days	1,407,030	-
31 to 90 days	477,073	-
91 to 180 days	142,352	-
Over 180 days	75,011	-
	<u>\$ 9,505,349</u>	<u>\$ 3,735,723</u>

The above ageing analysis was based on past due date.

- B. As at September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2021, the balance of receivables from contracts with customers amounted to \$14,060,370 thousand.
- C. As at December 31, 2021 and September 30, 2021, the Group had outstanding discounted notes receivable amounting to \$1,252,792 thousand and \$254,259 thousand, respectively, wherein the Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were presented as a deduction item to notes receivable.
- D. As at December 31, 2021 and September 30, 2021, the Group had outstanding discounted notes receivable amounting to \$197,567 thousand and \$108,463 thousand, respectively, 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 September 30, 2022, December 31, 2021 and September 30, 2021, 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 \$3,443,017 thousand and \$10,851,064 thousand; \$2,879,178 thousand and \$9,098,208 thousand; \$3,726,446 thousand and \$9,449,292 thousand, respectively.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,350,741	(\$ 5,526)	\$ 7,345,215
Work in progress	2,405,325	-	2,405,325
Finished goods	9,304,740	(236,996)	9,067,744
Buildings and land held for sale	2,118,366	-	2,118,366
Inventory in transit	155,942	-	155,942
	<u>\$ 21,335,114</u>	<u>(\$ 242,522)</u>	<u>\$ 21,092,592</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,326,921	\$ -	\$ 7,326,921
Work in progress	2,116,770	-	2,116,770
Finished goods	8,506,609	(188,147)	8,318,462
Buildings and land held for sale	2,099,624	-	2,099,624
Inventory in transit	494,911	-	494,911
	<u>\$ 20,544,835</u>	<u>(\$ 188,147)</u>	<u>\$ 20,356,688</u>
	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,865,449	\$ -	\$ 7,865,449
Work in progress	2,255,881	(1,763)	2,254,118
Finished goods	7,841,158	(113,746)	7,727,412
Buildings and land held for sale	2,160,379	-	2,160,379
Inventory in transit	160,315	-	160,315
	<u>\$ 20,283,182</u>	<u>(\$ 115,509)</u>	<u>\$ 20,167,673</u>

The cost of inventories recognized as expense for the period:

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Cost of goods sold	\$ 21,271,506	\$ 19,467,729
Unallocated overheads	18,096	-
Others	(55,897)	(14,228)
	<u>\$ 21,233,705</u>	<u>\$ 19,453,501</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Cost of goods sold	\$ 59,587,700	\$ 59,868,539
Unallocated overheads	139,675	-
Others	(40,445)	(79,331)
	<u>\$ 59,686,930</u>	<u>\$ 59,789,208</u>

For the three-month period ended September 30, 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.

(7) Investments accounted for using the equity method

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

As at September 30, 2022, December 31, 2021 and September 30, 2021, the carrying amount of the Group's individually immaterial joint ventures amounted to \$182,441 thousand, \$180,417 thousand and \$180,210 thousand, respectively.

	<u>Three-month period ended September 30, 2022</u>	<u>Three-month period ended September 30, 2021</u>
Share of profit of associates and joint ventures accounted for using the equity method	\$ 4,009	\$ 2,916
Total comprehensive income	<u>\$ 4,009</u>	<u>\$ 2,916</u>
	<u>Nine-month period ended September 30, 2022</u>	<u>Nine-month period ended September 30, 2021</u>
Share of profit of associates and joint ventures accounted for using the equity method	\$ 12,025	\$ 17,229
Total comprehensive income	<u>\$ 12,025</u>	<u>\$ 17,229</u>

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

(8) Property, plant and equipment, net

Nine-month period ended September 30, 2022						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,507,668	\$ -	\$ -	\$ -	\$ 21,981	\$ 4,529,649
Buildings and structures	50,807,705	112,929	(3,376)	94,741	1,522,163	52,534,162
Machinery	104,284,856	319,270	(501,221)	1,312,314	2,917,831	108,333,050
Testing equipment	4,046,839	7,429	(10,269)	139,856	109,987	4,293,842
Transportation equipment	1,443,706	14,983	(23,008)	2,798	44,483	1,482,962
Office equipment	1,085,121	6,664	(10,233)	4,133	41,683	1,127,368
Other facilities	36,182,291	650,563	(513,886)	348,866	884,482	37,552,316
Unfinished construction and equipment under acceptance	\$ 3,649,423	\$ 1,314,935	(\$ 7,140)	(\$ 1,920,156)	\$ 88,228	\$ 3,125,290
	<u>\$ 206,007,609</u>	<u>\$ 2,426,773</u>	<u>(\$ 1,069,133)</u>	<u>(\$ 17,448)</u>	<u>\$ 5,630,838</u>	<u>\$ 212,978,639</u>
Accumulated depreciation						
Buildings and structures	(\$ 22,232,877)	(\$ 1,539,146)	\$ 2,933	(\$ 5,331)	(\$ 648,198)	(\$ 24,422,619)
Machinery	(66,350,514)	(4,087,758)	390,058	-	(1,796,971)	(71,845,185)
Testing equipment	(3,360,290)	(183,309)	9,293	-	(91,828)	(3,626,134)
Transportation equipment	(1,179,659)	(62,302)	19,910	-	(36,143)	(1,258,194)
Office equipment	(919,083)	(59,260)	9,556	-	(35,373)	(1,004,160)
Other facilities	(30,260,627)	(1,858,826)	465,719	5,331	(737,646)	(32,386,049)
	<u>(\$ 124,303,050)</u>	<u>(\$ 7,790,601)</u>	<u>\$ 897,469</u>	<u>\$ -</u>	<u>(\$ 3,346,159)</u>	<u>(\$ 134,542,341)</u>
Accumulated impairment						
Machinery	(\$ 181,054)	\$ -	\$ 1,728	\$ -	(\$ 4,984)	(\$ 184,310)
Testing equipment	(268)	-	98	-	(7)	(177)
Transportation equipment	(1,956)	-	-	-	(58)	(2,014)
Office equipment	(46)	-	-	-	(1)	(47)
Other facilities	(20,917)	-	-	-	(564)	(21,481)
	<u>(\$ 204,241)</u>	<u>\$ -</u>	<u>\$ 1,826</u>	<u>\$ -</u>	<u>(\$ 5,614)</u>	<u>(\$ 208,029)</u>
	<u>\$ 81,500,318</u>					<u>\$ 78,228,269</u>

Nine-month period ended September 30, 2021

	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,575,780	\$ -	\$ -	\$ -	(\$ 70,811)	\$ 4,504,969
Buildings and structures	50,291,676	100,699	(52,200)	874,224	(1,065,749)	50,148,650
Machinery	105,081,676	441,784	(592,744)	1,236,567	(3,172,712)	102,994,571
Testing equipment	4,014,621	15,060	(13,909)	35,817	(103,779)	3,947,810
Transportation equipment	1,455,856	24,090	(25,685)	19,771	(23,421)	1,450,611
Office equipment	1,087,554	11,523	(8,301)	11,889	(23,988)	1,078,677
Other facilities	35,467,514	908,642	(118,370)	500,372	(1,373,028)	35,385,130
Unfinished construction and equipment under acceptance	5,346,734	1,751,288	(487)	(2,711,334)	(64,207)	4,321,994
	<u>\$ 207,321,411</u>	<u>\$ 3,253,086</u>	<u>(\$ 811,696)</u>	<u>(\$ 32,694)</u>	<u>(\$ 5,897,695)</u>	<u>\$ 203,832,412</u>
Accumulated depreciation						
Buildings and structures	(\$ 20,594,065)	(\$ 1,475,401)	\$ 29,393	(\$ 514)	\$ 459,079	(\$ 21,581,508)
Machinery	(63,353,926)	(4,095,958)	407,912	(886)	2,268,524	(64,774,334)
Testing equipment	(3,168,136)	(203,963)	13,232	-	72,036	(3,286,831)
Transportation equipment	(1,130,596)	(67,665)	23,616	-	11,164	(1,163,481)
Office equipment	(836,928)	(85,546)	7,722	-	21,718	(893,034)
Other facilities	(28,425,770)	(2,264,944)	106,300	1,400	1,268,023	(29,314,991)
	<u>(\$ 117,509,421)</u>	<u>(\$ 8,193,477)</u>	<u>\$ 588,175</u>	<u>\$ -</u>	<u>\$ 4,100,544</u>	<u>(\$ 121,014,179)</u>
Accumulated impairment						
Machinery	(\$ 240,391)	\$ -	\$ 56,551	\$ -	\$ 3,323	(\$ 180,517)
Testing equipment	(270)	-	-	-	4	(266)
Transportation equipment	(1,970)	-	-	-	32	(1,938)
Office equipment	(46)	-	-	-	1	(45)
Other facilities	(22,040)	-	968	-	324	(20,748)
	<u>(\$ 264,717)</u>	<u>\$ -</u>	<u>\$ 57,519</u>	<u>\$ -</u>	<u>\$ 3,684</u>	<u>(\$ 203,514)</u>
	<u>\$ 89,547,273</u>					<u>\$ 82,614,719</u>

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

	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Amount capitalized	\$ 6,462	\$ 16,135
Range of the interest rates for capitalization	3.45%~3.78%	3.39%~3.82%

(9) Leasing arrangements — lessee

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

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
	Book value	Book value	Book value
Land	\$ 4,583,278	\$ 4,477,084	\$ 4,487,832
Buildings and structures	311,360	329,562	352,725
Machinery	11,052	12,944	13,518
Transportation equipment	79,636	118,917	129,141
Office equipment	3,806	3,837	2,690
Other equipment	18,476	25,942	27,319
	<u>\$ 5,007,608</u>	<u>\$ 4,968,286</u>	<u>\$ 5,013,225</u>
	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021	
	Depreciation expense	Depreciation expense	
Land	\$ 25,876	\$ 25,201	
Buildings and structures	23,215	21,488	
Machinery	680	689	
Transportation equipment	16,170	18,493	
Office equipment	394	602	
Other equipment	2,678	2,626	
	<u>\$ 69,013</u>	<u>\$ 69,099</u>	
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021	
	Depreciation expense	Depreciation expense	
Land	\$ 77,974	\$ 76,434	
Buildings and structures	67,572	64,945	
Machinery	2,070	2,180	
Transportation equipment	53,735	57,044	
Office equipment	1,422	2,535	
Other equipment	8,032	8,064	
	<u>\$ 210,805</u>	<u>\$ 211,202</u>	

D. For the three-month and nine-month periods ended September 30, 2022 and 2021, the additions to right-of-use assets amounted to \$8,307 thousand, \$26,814 thousand, \$28,461 thousand and \$48,342 thousand, respectively.

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

<u>Items affecting profit or loss</u>	Three-month period	Three-month period
	ended September 30, 2022	ended September 30, 2021
Interest expense on lease liabilities	\$ 3,023	\$ 3,625
Expense on short-term lease contracts	3,794	5,793
Expense on leases of low-value assets	732	666
Expense on variable lease payments	50,604	44,256
	<u>\$ 58,153</u>	<u>\$ 54,340</u>
<u>Items affecting profit or loss</u>	Nine-month period	Nine-month period
	ended September 30, 2022	ended September 30, 2021
Interest expense on lease liabilities	\$ 9,415	\$ 11,526
Expense on short-term lease contracts	12,158	12,383
Expense on leases of low-value assets	2,200	2,075
Expense on variable lease payments	135,732	128,663
	<u>\$ 159,505</u>	<u>\$ 154,647</u>

F. For the three-month and nine-month periods ended September 30, 2022 and 2021, the Group's total cash outflow for leases amounted to \$101,333 thousand, \$96,460 thousand, \$305,093 thousand and \$297,148 thousand, respectively.

G. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 36.65% and 35.17%, respectively, of lease payments are on the basis of variable payment terms for the nine-month periods ended September 30, 2022 and 2021 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 to occur.
- (b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$1,357 thousand and \$1,287 thousand for the nine-month periods ended September 30, 2022 and 2021, respectively.

(10) Investment property, net

Nine-month period ended September 30, 2022					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	458,893	-	-	12,802	471,695
	<u>\$ 795,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,802</u>	<u>\$ 808,116</u>
Accumulated depreciation					
Buildings and structures	(\$ 238,260)	(\$ 17,774)	\$ -	(\$ 6,531)	(\$ 262,565)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 506,016</u>				<u>\$ 494,513</u>
Nine-month period ended September 30, 2021					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	462,168	-	-	(7,146)	455,022
	<u>\$ 798,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 7,146)</u>	<u>\$ 791,443</u>
Accumulated depreciation					
Buildings and structures	(\$ 216,454)	(\$ 17,419)	\$ -	\$ 3,298	(\$ 230,575)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 531,097</u>				<u>\$ 509,830</u>

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

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Rental income from investment property	<u>\$ 8,002</u>	<u>\$ 7,702</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 5,929</u>	<u>\$ 5,765</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Rental income from investment property	<u>\$ 23,996</u>	<u>\$ 22,955</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 17,774</u>	<u>\$ 17,419</u>

B. The fair value of the investment property held by the Group as at September 30, 2022, December 31, 2021 and September 30, 2021 was \$1,103,440 thousand, \$1,087,704 thousand and \$1,084,589 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.

(11) Other non-current assets

	September 30, 2022	December 31, 2021	September 30, 2021
Intangible assets	\$ 223,990	\$ 222,669	\$ 212,242
Others	142,977	252,490	804,654
	<u>\$ 366,967</u>	<u>\$ 475,159</u>	<u>\$ 1,016,896</u>

Movements in intangible assets:

Nine-month period ended September 30, 2022						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost						
Computer software	\$ 630,881	\$ 29,756	(\$ 13,243)	\$43,175	\$ 24,765	\$ 715,334
Others	7,832	-	-	-	233	8,065
	<u>\$ 638,713</u>	<u>\$ 29,756</u>	<u>(\$ 13,243)</u>	<u>\$43,175</u>	<u>\$ 24,998</u>	<u>\$ 723,399</u>
Accumulated amortisation						
Computer software	(\$ 412,128)	(\$ 72,912)	\$ 13,243	(\$ 4,173)	(\$ 18,802)	(\$ 494,772)
Others	(3,916)	(599)	-	-	(122)	(4,637)
	<u>(\$ 416,044)</u>	<u>(\$ 73,511)</u>	<u>\$ 13,243</u>	<u>(\$ 4,173)</u>	<u>(\$ 18,924)</u>	<u>(\$ 499,409)</u>
	<u>\$ 222,669</u>					<u>\$ 223,990</u>
Nine-month period ended September 30, 2021						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at September 30
Cost						
Computer software	\$ 530,046	\$ 62,848	(\$ 380)	\$32,694	(\$ 11,937)	\$ 613,271
Others	7,892	-	-	-	(130)	7,762
	<u>\$ 537,938</u>	<u>\$ 62,848</u>	<u>(\$ 380)</u>	<u>\$32,694</u>	<u>(\$ 12,067)</u>	<u>\$ 621,033</u>
Accumulated amortisation						
Computer software	(\$ 353,013)	(\$ 61,151)	\$ 380	\$ -	\$ 8,680	(\$ 405,104)
Others	(3,157)	(586)	-	-	56	(3,687)
	<u>(\$ 356,170)</u>	<u>(\$ 61,737)</u>	<u>\$ 380</u>	<u>\$ -</u>	<u>\$ 8,736</u>	<u>(\$ 408,791)</u>
	<u>\$ 181,768</u>					<u>\$ 212,242</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Operating costs	\$ 1,327	\$ 2,661
Selling expenses	4,645	2,711
Administrative expenses	7,422	10,362
Research and development expenses	7,490	4,461
	<u>\$ 20,884</u>	<u>\$ 20,195</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Operating costs	\$ 7,470	\$ 7,963
Selling expenses	12,668	7,264
Administrative expenses	32,425	34,127
Research and development expenses	20,948	12,383
	<u>\$ 73,511</u>	<u>\$ 61,737</u>

(12) Short-term borrowings

Type of borrowings	September 30, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 6,742,557</u>	1.10% ~ 6.60%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 9,365,279</u>	0.38% ~ 5.10%	None

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 8,137,438</u>	0.31% ~ 5.10%	None

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

(13) Other payables

	September 30, 2022	December 31, 2021	September 30, 2021
Dividend payable	\$ 9	\$ 9	\$ 656
Wages and salaries payable	1,464,242	1,563,890	1,293,332
Payable on machinery and equipment	534,587	565,792	589,558
Employee compensation payable	264,243	291,891	265,031
Compensation due to directors	92,558	111,217	88,633
Others	2,799,579	2,873,730	2,967,738
	<u>\$ 5,155,218</u>	<u>\$ 5,406,529</u>	<u>\$ 5,204,948</u>

(14) Other current liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Advance receipts	9,502	\$ 604	\$ 2,896
Refund liabilities	119,328	156,599	297,406
Others	148,520	201,967	145,636
	<u>\$ 277,350</u>	<u>\$ 359,170</u>	<u>\$ 445,938</u>

(15) Bonds payable

	September 30, 2022	December 31, 2021	September 30, 2021
Bonds payable -issued in 2017	\$ -	3,500,000	3,500,000
Bonds payable -issued in 2018	2,500,000	5,000,000	5,000,000
Bonds payable -issued in 2021	8,000,000	8,000,000	8,000,000
	<u>10,500,000</u>	<u>16,500,000</u>	<u>16,500,000</u>
Less: Current portion	(2,500,000)	(6,000,000)	(6,000,000)
	<u>\$ 8,000,000</u>	<u>\$ 10,500,000</u>	<u>\$ 10,500,000</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.

D. 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 September 13, 2016 and completed on September 26, 2016. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.71%. The issuance period of the bonds was 5 years, which is from September 26, 2016 to September 26, 2021. The terms are as follows:

(a) Interest accrued/paid:

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

(b) Redemption:

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

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2029.	1.16% ~ 4.70%	None	\$ 26,751,948
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	152,082
				26,904,030
Less: Current portion				(6,518,457)
				<u>\$ 20,385,573</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2029.	0.70% ~ 1.87%	None	\$ 22,204,918
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	173,760
				22,378,678
Less: Current portion				(4,113,518)
				<u>\$ 18,265,160</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2021
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.70% ~ 1.87%	None	\$ 22,099,422
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	172,200
				22,271,622
Less: Current portion				(4,514,506)
				\$ 17,757,116

- A. Above mentioned borrowings are capital financings through financial institutions and other related parties.
- B. According to the borrowing contract, the Group shall calculate the financial ratios based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements as at December 31, 2021.
- C. The currencies and carrying amounts (in thousands of New Taiwan dollars) of the Group's long-term borrowings (including current portion) denominated in foreign currencies are as follows:

Currency	September 30, 2022	December 31, 2021	September 30, 2021
USD	\$ 13,947,775	\$ 12,507,669	\$ 12,431,312

(17) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' including commissioned managers service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standard Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$3,492 thousand, \$3,726 thousand, \$10,475 thousand and \$11,179 thousand for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$13,256 thousand.

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company and MAXXIS (Taiwan) Trading Co., Ltd. for the three-month and the nine-month periods ended September 30, 2022 and 2021 were \$34,425 thousand, \$37,932 thousand, \$103,064 thousand and \$113,877 thousand, respectively.
- C. (a) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the nine-month periods ended September 30, 2022 and 2021 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the three-month and the nine-month periods ended September 30, 2022 and 2021, were \$150,533 thousand, \$138,139 thousand, \$457,808 thousand and \$299,793 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the three-month and the nine-month periods ended September 30, 2022 and 2021, were \$13,190 thousand, \$12,572 thousand, \$39,035 thousand and \$38,958 thousand, respectively.

(18) Share capital

As at September 30, 2022, the Company’s authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.

(19) Capital surplus

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

(20) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company’s accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

- B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' and supervisors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' and supervisors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The Company recognized dividends distributed to shareholders amounting to \$3,889,699 thousand and \$3,241,416 thousand (\$1.2 (in dollars) and \$1.0 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On May 31, 2022, shareholders during their meeting resolved that total dividends for the distribution of earnings for the year of 2021 was \$3,889,699 thousand at \$1.2 (in dollars) per share.

(21) Other equity items

	2022		
	Unrealized gain (loss) on valuation of equity instruments		
	Currency translation	at fair value through other comprehensive income	Total
At January 1	(\$ 7,602,556)	\$ 14,418	(\$ 7,588,138)
Valuation adjustment – Group	-	(4,957)	(4,957)
Currency translation differences:			
– Group	2,839,805	-	2,839,805
– Tax on Group	(567,961)	-	(567,961)
At September 30	<u>(\$ 5,330,712)</u>	<u>\$ 9,461</u>	<u>(\$ 5,321,251)</u>

2021			
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,632,448)	\$ 21,152	(\$ 6,611,296)
Valuation adjustment – Group	-	(8,476)	(8,476)
Currency translation differences:			
– Group	(1,855,695)	-	(1,855,695)
– Tax on Group	371,139	-	371,139
At September 30	(\$ 8,117,004)	\$ 12,676	(\$ 8,104,328)

(22) Operating revenue

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Revenue from contracts with customers	\$ 26,826,804	\$ 24,265,223
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Revenue from contracts with customers	\$ 75,662,793	\$ 77,360,351

A. Disaggregation of revenue from contracts with customers

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

Three-month period ended September 30, 2022					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	\$ 1,667,626	\$ 11,659,978	\$ 2,983,202	\$ 10,515,998	\$ 26,826,804
Three-month period ended September 30, 2021					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	\$ 1,519,977	\$ 11,723,050	\$ 2,564,446	\$ 8,457,750	\$ 24,265,223
Nine-month period ended September 30, 2022					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	\$ 5,188,925	\$ 31,890,564	\$ 8,375,761	\$ 30,207,543	\$ 75,662,793
Nine-month period ended September 30, 2021					
	Taiwan	China	US	Others	Total
Revenue from contracts with customers	\$ 5,015,201	\$ 37,533,920	\$ 7,314,845	\$ 27,496,385	\$ 77,360,351

B. Contract liabilities

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

	September 30, 2022	December 31, 2021
Contract liabilities:		
Advance sales receipts	\$ 692,775	\$ 1,024,767
Customer loyalty programmes	21,827	22,807
Total	<u>\$ 714,602</u>	<u>\$ 1,047,574</u>
	September 30, 2021	January 1, 2021
Contract liabilities:		
Advance sales receipts	\$ 904,295	\$ 1,118,360
Customer loyalty programmes	17,245	30,922
Total	<u>\$ 921,540</u>	<u>\$ 1,149,282</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Advance sales receipts	\$ 16,705	\$ 10,819
Customer loyalty programmes	-	-
	<u>\$ 16,705</u>	<u>\$ 10,819</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Advance sales receipts	\$ 867,376	\$ 823,185
Customer loyalty programmes	22,807	30,922
	<u>\$ 890,183</u>	<u>\$ 854,107</u>

(23) Interest income

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Interest income from bank deposits	\$ 83,058	\$ 21,256
Interest income from financial assets at amortised cost	22,318	4,012
Interest income from financial assets at fair value through profit or loss	-	24,511
	<u>\$ 105,376</u>	<u>\$ 49,779</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Interest income from bank deposits	\$ 210,526	\$ 83,396
Interest income from financial assets at amortised cost	34,709	4,073
Interest income from financial assets at fair value through profit or loss	-	25,143
	<u>\$ 245,235</u>	<u>\$ 112,612</u>

(24) Other income

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Grant revenue	\$ 90,292	\$ 100,284
Other income	51,018	59,271
	<u>\$ 141,310</u>	<u>\$ 159,555</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Grant revenue	\$ 272,920	\$ 277,054
Other income	172,773	189,345
	<u>\$ 445,693</u>	<u>\$ 466,399</u>

(25) Other gains and losses

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Net currency exchange gain	\$ 11,819	\$ 146,633
Loss on disposal of property, plant and equipment	(16,078)	(40,954)
Net gain on financial assets and liabilities at fair value through profit or loss	26,989	71
Miscellaneous disbursement	(17,993)	(35,160)
	<u>\$ 4,737</u>	<u>\$ 70,590</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Net currency exchange loss	(\$ 200,107)	(\$ 415,315)
Loss on disposal of property, plant and equipment	(80,677)	(80,540)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	232,916	(45,553)
Miscellaneous disbursement	(52,837)	(103,135)
	<u>(\$ 100,705)</u>	<u>(\$ 644,543)</u>

(26) Finance costs

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Interest expense:		
Bank borrowings	\$ 190,996	\$ 87,179
Corporate bonds	22,961	35,728
Provisions-discount	3,008	2,797
Lease liability-interest expense	<u>3,023</u>	<u>3,625</u>
	\$ 219,988	\$ 129,329
Less: Capitalisation of qualifying assets	(2,127)	(3,067)
Finance costs	<u>\$ 217,861</u>	<u>\$ 126,262</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Interest expense:		
Bank borrowings	\$ 401,809	\$ 299,417
Corporate bonds	86,212	101,855
Provisions-discount	8,743	7,973
Lease liability-interest expense	<u>9,415</u>	<u>11,526</u>
	\$ 506,179	\$ 420,771
Less: Capitalisation of qualifying assets	(6,462)	(16,135)
Finance costs	<u>\$ 499,717</u>	<u>\$ 404,636</u>

(27) Expenses by nature

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Employee benefit expense		
Wages and salaries	\$ 2,758,544	\$ 2,803,791
Labour and health insurance fees	174,420	165,242
Pension costs	201,640	192,369
Directors' remuneration	33,920	21,558
Other personnel expenses	201,506	216,642
	<u>\$ 3,370,030</u>	<u>\$ 3,399,602</u>
Raw materials and supplies used	<u>\$ 13,408,205</u>	<u>\$ 11,529,101</u>
Depreciation expense on property, plant and equipment	<u>\$ 2,575,318</u>	<u>\$ 2,669,618</u>
Depreciation expense on right-of-use assets	<u>\$ 69,013</u>	<u>\$ 69,099</u>
Depreciation expense on investment property	<u>\$ 5,929</u>	<u>\$ 5,765</u>
Amortisation expense on intangible assets	<u>\$ 20,884</u>	<u>\$ 20,195</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Employee benefit expense		
Wages and salaries	\$ 8,349,788	\$ 9,126,933
Labour and health insurance fees	525,534	528,045
Pension costs	610,382	463,807
Directors' remuneration	94,953	103,935
Other personnel expenses	595,124	639,563
	<u>\$ 10,175,781</u>	<u>\$ 10,862,283</u>
Raw materials and supplies used	<u>\$ 38,426,918</u>	<u>\$ 38,519,533</u>
Depreciation expense on property, plant and equipment	<u>\$ 7,790,601</u>	<u>\$ 8,193,477</u>
Depreciation expense on right-of-use assets	<u>\$ 210,805</u>	<u>\$ 211,202</u>
Depreciation expense on investment property	<u>\$ 17,774</u>	<u>\$ 17,419</u>
Amortisation expense on intangible assets	<u>\$ 73,511</u>	<u>\$ 61,737</u>

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

B. For the three-month and nine-month periods ended September 30, 2022 and 2021, employees' compensation was accrued at \$39,174 thousand, \$24,882 thousand, \$106,597 thousand and \$107,097 thousand, respectively; while directors' remuneration was accrued at \$29,379 thousand, \$18,661 thousand, \$79,947 thousand and \$80,322 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.5% of distributable profit of current year for the nine-month period ended September 30, 2022.

Employees' compensation and directors' remuneration for 2021 amounting to \$130,705 thousand and \$98,028 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. The employees' compensation for 2021 will be distributed in the form of cash. As of November 10, 2022, the employees' compensation for 2021 has not been distributed.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Current tax:		
Current tax on profits for the period	\$ 707,325	\$ 713,149
Additional 5% tax on undistributed earnings	-	89,676
Prior year income tax under (over) estimation	17,454	(18,638)
Total current tax	724,779	784,187
Deferred tax:		
Origination and reversal of temporary differences	(109,908)	(443,900)
Total current tax	(109,908)	(443,900)
Income tax expense	\$ 614,871	\$ 340,287
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Current tax:		
Current tax on profits for the period	\$ 1,761,269	\$ 1,674,863
Additional 5% tax on undistributed earnings	-	89,676
Prior year income tax overestimation	(11,981)	(119,781)
Total current tax	1,749,288	1,644,758
Deferred tax:		
Origination and reversal of temporary differences	(85,748)	(153,953)
Total current tax	(85,748)	(153,953)
Income tax expense	\$ 1,663,540	\$ 1,490,805

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

	Three-month period ended September 30, 2022	Nine-month period ended September 30, 2021
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Generated during the period :

Currency translation differences	(\$ 165,495)	\$ 85,669
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	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
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Generated during the period :

Currency translation differences	(\$ 567,961)	\$ 371,139
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B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Three-month period ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,510,303	3,241,416	\$ 0.47
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,510,303	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,015	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,510,303	3,241,416	\$ 0.47

Three-month period ended September 30, 2021			
	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	\$ 950,776	3,241,416	\$ 0.29
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	950,776	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,033	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 950,776	3,244,449	\$ 0.29
Nine-month period ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,032,632	3,241,416	\$ 1.24
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	4,032,632	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,209	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,032,632	3,245,625	\$ 1.24

Nine-month period ended September 30, 2021			
	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	\$ 4,351,754	3,241,416	\$ 1.34
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	4,351,754	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,055	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,351,754	3,245,471	\$ 1.34

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Purchase of property, plant and equipment	\$ 2,426,773	\$ 3,253,086
Add: Opening balance of payable on equipment	565,792	607,905
Less: Ending balance of payable on equipment	(534,587)	(589,558)
Cash paid during the period	\$ 2,457,978	\$ 3,271,433

(31) Changes in liabilities from financing activities

	2022						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 9,365,279	\$ 22,378,678	\$ 16,500,000	\$ 9	\$ 556,358	\$ 250,496	\$ 49,050,820
Changes in cash flow from financing activities	(2,807,980)	2,912,808	(6,000,000)	(3,912,282)	(145,588)	32,707	(9,920,335)
Interest paid	-	-	-	-	(9,415)	-	(9,415)
Additions	-	-	-	3,912,282	25,022	-	3,937,304
Amortisation of interest expense	-	-	-	-	9,415	-	9,415
Impact of changes in foreign exchange rate	185,258	1,612,544	-	-	44,898	-	1,842,700
At September 30	\$ 6,742,557	\$ 26,904,030	\$ 10,500,000	\$ 9	\$ 480,690	\$ 283,203	\$ 44,910,489

	2021						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 7,222,391	\$ 26,706,526	\$ 14,500,000	\$ 657	\$ 714,351	\$ 257,773	\$ 49,401,698
Changes in cash flow from financing activities	1,287,056	(4,309,993)	2,000,000	(3,889,699)	(142,501)	(11,839)	(5,066,976)
Interest paid	-	-	-	-	(11,526)	-	(11,526)
Additions	-	-	-	3,889,699	39,722	-	3,929,421
Amortisation of interest expense	-	-	-	-	11,526	-	11,526
Impact of changes in foreign exchange rate	(372,009)	(124,911)	-	(1)	(22,592)	-	(519,513)
At September 30	\$ 8,137,438	\$ 22,271,622	\$ 16,500,000	\$ 656	\$ 588,980	\$ 245,934	\$ 47,744,630

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 vice chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's director is the company's representative
Jye Luo Memory Co Ltd.	The Company's director is the company's representative
Lo, Ming-Ling	Spouse of the Company's director
Lo, Ming-I	Spouse of the Company's chairman
Lo, Tsai-Jen	The Company's director
Luo, Yuan-Yo	Relative of the Company's director within first degree of relationship
Lo, Yuan-Long	Relative of the Company's director within first degree of relationship
Chen, Po-Chia	Relative of the Company's director within first degree of relationship
Chen, Ping-Hao	Relative of the Company's chairman within first degree of relationship

(2) Significant related party transactions

A. Operating revenue

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Sales of goods:		
-Other related parties	\$ 90,024	\$ 57,250
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Sales of goods:		
-Other related parties	\$ 233,596	\$ 178,064

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

B. Receivables from related parties

September 30, 2022 December 31, 2021 September 30, 2021

Accounts receivable:

-Other related parties \$ 64,343 \$ 39,826 \$ 34,389

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

September 30, 2022 December 31, 2021 September 30, 2021

Payables due to related parties :

-Other related parties \$ 152,082 \$ 173,760 \$ 172,200

The Group obtained financing from other related parties and financial institutions for capital needs. Please refer to Note 6(16) for interest rates, borrowing periods and repayment methods.

D. Lease transactions - lessee

(a) The Group leases 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

September 30, 2022 December 31, 2021 September 30, 2021

Key management personnel \$ 13,945 \$ 27,829 \$ 27,764

ii. Interest expense

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Key management personnel	\$ 31	\$ 65
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Key management personnel	\$ 92	\$ 194

(3) Key management compensation

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Short-term employee benefits	\$ 70,268	\$ 60,531
Post-employment benefits	491	347
	\$ 70,759	\$ 60,878
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Short-term employee benefits	\$ 202,886	\$ 195,951
Post-employment benefits	1,473	1,042
	\$ 204,359	\$ 196,993

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2022	December 31, 2021	September 30, 2021	
Time deposits (shown as 'Financial assets at amortised cost - non-current')	\$ 35,977	\$ -	\$ -	Customs guarantees, Performance guarantees and Import credit limit

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Property, plant and equipment	\$ 2,829,664	\$ 2,607,008	\$ 2,634,779

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Amount of letter of credit that has been issued but not yet used	\$ 635	\$ 6,877	\$ 5,892

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the nine-month period ended September 30, 2022, the Group's strategy was unchanged from 2021. The Group maintained the gearing ratios below 200%. The gearing ratios at September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total liabilities	\$ 63,509,752	\$ 68,244,629	\$ 65,723,994
Total equity	\$ 83,909,938	\$ 81,477,368	\$ 79,958,528
Less : Intangible assets	(223,990)	(222,669)	(212,242)
Tangible equity	\$ 83,685,948	\$ 81,254,699	\$ 79,746,286
Debt-equity ratio	76%	84%	82%

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 18,084</u>	<u>\$ 17,648</u>	<u>\$ -</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 76,313</u>	<u>\$ 81,270</u>	<u>\$ 79,528</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 21,144,912	\$ 25,927,827	\$ 18,945,951
Financial assets at amortised cost	3,623,194	141,344	132,882
Notes receivable, net	3,443,017	2,879,178	3,726,446
Accounts receivable (including related parties)	10,915,407	9,138,034	9,483,681
Guarantee deposits paid	<u>51,710</u>	<u>68,967</u>	<u>47,405</u>
	<u>\$ 39,178,240</u>	<u>\$ 38,155,350</u>	<u>\$ 32,336,365</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,391</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 6,742,557	\$ 9,365,279	\$ 8,137,438
Notes payable	163,126	320,028	287,904
Accounts payable	7,564,335	7,536,483	6,636,677
Other accounts payable	5,155,218	5,406,529	5,204,948
Corporate bonds payable (including current portion)	10,500,000	16,500,000	16,500,000
Long-term borrowings (including current portion)	26,904,030	22,378,678	22,271,622
Guarantee deposits received	<u>283,203</u>	<u>250,496</u>	<u>245,934</u>
	<u>\$ 57,312,469</u>	<u>\$ 61,757,493</u>	<u>\$ 59,284,523</u>
Lease liabilities (including current portion)	<u>\$ 480,690</u>	<u>\$ 556,358</u>	<u>\$ 588,980</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, 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:

September 30, 2022

**(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
\$	138,913	31.750	\$ 4,410,488	1%	\$ 44,105	\$ -
USD : TWD						
RMB : TWD	45,261	4.473	202,452	1%	2,025	-
EUR : TWD	12,840	31.260	401,378	1%	4,014	-
JPY : TWD	2,320,402	0.220	510,488	1%	5,105	-
USD : RMB	69,409	7.098	2,203,691	1%	22,037	-
EUR : RMB	27,214	6.989	850,759	1%	8,508	-
JPY : RMB	500,857	0.049	109,776	1%	1,098	-
GBP : RMB	3,597	7.943	127,798	1%	1,278	-
USD : THB	55,052	37.565	1,747,484	1%	17,475	-
EUR : THB	5,418	36.985	169,325	1%	1,693	-
USD : VND	6,136	24,053.030	194,818	1%	1,948	-
USD : CAD	12,502	1.366	396,886	1%	3,969	-
USD : IDR	4,084	15,264.423	129,667	1%	1,297	-

September 30, 2022

			Sensitivity analysis							
Foreign currency amount (thousands)			Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income				
(Foreign currency: functional currency)										
Financial liabilities										
Monetary items										
USD : TWD	\$	14,536	31.750	\$	461,518	1%	\$	4,615	\$	-
USD : RMB		18,914	7.098		600,507	1%		6,005		-
USD : THB		18,968	37.565		602,090	1%		6,021		-
USD : VND		80,828	24,053.030		2,566,289	1%		25,663		-
USD : CAD		6,826	1.366		216,697	1%		2,167		-
USD : IDR		301,803	15,264.423		9,582,245	1%		95,822		-
USD : INR		190,898	81.578		6,061,042	1%		60,610		-

December 31, 2021						
(Foreign currency: functional currency)	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 299,575	27.680	\$ 8,292,236	1%	\$ 82,922	\$ -
RMB : TWD	33,151	4.344	144,008	1%	1,440	-
EUR : TWD	20,586	31.320	644,754	1%	6,448	-
JPY : TWD	1,343,878	0.241	323,875	1%	3,239	-
USD : RMB	69,698	6.372	1,929,238	1%	19,292	-
EUR : RMB	23,169	7.210	725,659	1%	7,257	-
JPY : RMB	455,696	0.055	108,875	1%	1,089	-
GBP : RMB	5,621	8.587	209,674	1%	2,097	-
RUB : RMB	803,143	0.085	296,553	1%	2,966	-
USD : THB	46,563	33.162	1,289,342	1%	12,893	-
USD : VND	6,388	23,066.667	176,820	1%	1,768	-
USD : CAD	10,588	1.280	293,008	1%	2,930	-
USD : IDR	32,830	13,979.798	908,734	1%	9,087	-

December 31, 2021						
			Sensitivity analysis			
Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$	18,108	27.680	\$	5,012	\$ -
USD : RMB		20,272	6.372		5,611	-
USD : THB		10,861	33.162		3,007	-
USD : VND		70,316	23,066.667		19,463	-
USD : IDR		333,848	13,979.798		92,409	-
USD : INR		191,584	74.389		53,031	-

September 30, 2021

(Foreign currency: functional currency)	Sensitivity analysis						
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
Financial assets							
Monetary items							
USD : TWD	\$ 263,700	27.850	\$ 7,344,045	1%	\$ 73,440	\$ -	
RMB : TWD	73,000	4.305	314,265	1%	3,143	-	
EUR : TWD	40,076	32.320	1,295,256	1%	12,953	-	
JPY : TWD	850,477	0.249	211,769	1%	2,118	-	
GBP : TWD	3,737	37.460	139,988	1%	1,400	-	
USD : RMB	65,800	6.469	1,832,467	1%	18,325	-	
EUR : RMB	23,177	7.508	749,126	1%	7,491	-	
JPY : RMB	768,334	0.058	191,845	1%	1,918	-	
RUB : RMB	431,634	0.089	165,378	1%	1,654	-	
USD : THB	48,709	33.619	1,355,890	1%	13,559	-	
EUR : THB	4,675	39.015	151,023	1%	1,510	-	
USD : VND	6,240	23,016.529	173,784	1%	1,738	-	
USD : CAD	13,069	1.271	363,940	1%	3,639	-	

September 30, 2021

**(Foreign currency:
functional currency)**

Financial liabilities

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
USD : TWD	\$ 23,762	27.850	\$ 661,772	1%	\$ 6,618	\$ -
USD : RMB	19,153	6.469	533,393	1%	5,334	-
USD : THB	24,890	33.619	692,851	1%	6,929	-
USD : VND	60,897	23,016.529	1,695,981	1%	16,960	-
USD : CAD	8,543	1,271	237,902	1%	2,379	-
USD : IDR	306,254	14,065.657	8,529,174	1%	85,292	-
USD : INR	191,420	74.247	5,331,057	1%	53,311	-

- iv. The exchange gain (loss) including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2022 and 2021 amounted to \$11,819 thousand, \$146,633 thousand, (\$200,107) thousand and (\$415,315) thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the nine-month periods ended September 30, 2022 and 2021 would have increased/decreased by \$763 thousand and \$795 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the nine-month periods ended September 30, 2022 and 2021, the Group's borrowings at variable rate were denominated in the TWD, USD, THB, RMB and INR.
 - ii. The Group's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at September 30, 2022 and 2021, if interest rates on TWD, USD, THB, RMB and INR denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the nine-month periods ended September 30, 2022 and 2021 would have been \$25,160 thousand and \$22,629 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
 - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
 - iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
 - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at September 30, 2022, December 31, 2021 and September 30, 2021, 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 accounts receivable; accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at September 30, 2022, December 31, 2021 and September 30, 2021, the provision matrix is as follows:

<u>September 30, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 9,086,983	\$ -
Up to 30 days	0.91%	1,239,383	11,278
31 to 90 days	1.84%	466,421	8,582
91 to 180 days	4.18%	58,716	2,454
Over 180 days	9.84%	24,261	2,386
Individual	100.00%	6,440	6,440
		<u>\$ 10,882,204</u>	<u>\$ 31,140</u>

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 7,580,524	\$ -
Up to 30 days	0.95%	1,082,707	10,286
31 to 90 days	1.52%	323,352	4,915
91 to 180 days	4.17%	113,396	4,729
Over 180 days	8.59%	19,865	1,706
Individual	100.00%	43,069	43,069
		<u>\$ 9,162,913</u>	<u>\$ 64,705</u>

<u>September 30, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 7,403,883	\$ -
Up to 30 days	0.12%	1,407,030	1,688
31 to 90 days	0.91%	477,073	4,334
91 to 180 days	3.45%	142,352	4,911
Over 180 days	8.85%	32,789	2,902
Individual	100.00%	42,222	42,222
		<u>\$ 9,505,349</u>	<u>\$ 56,057</u>

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

	2022	2021
At January 1	\$ 64,705	\$ 60,595
Provision for impairment	65	442
Write-offs	(36,111)	(4,060)
Effect of exchange rate changes	2,481	(920)
At September 30	<u>\$ 31,140</u>	<u>\$ 56,057</u>

(c) Liquidity risk

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

September 30, 2022

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

December 31, 2021

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	\$ 7,736,631	\$ 955,728	\$ 701,310	\$ -	\$ 9,393,669
Notes and accounts payable	7,856,511	-	-	-	7,856,511
Other payables	5,094,067	91	164,103	148,268	5,406,529
Lease liability	55,562	39,884	75,938	384,974	556,358
Guarantee deposits received	296	5	5	250,190	250,496
Long-term borrowings	977,145	121,404	3,340,797	18,412,446	22,851,792
Bonds payable	-	-	6,127,550	10,689,750	16,817,300

September 30, 2021

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	\$ 5,882,836	\$ 1,117,822	\$ 1,158,610	\$ -	\$ 8,159,268
Notes and accounts payable	6,924,581	-	-	-	6,924,581
Other payables	4,830,034	144,069	109,438	121,407	5,204,948
Lease liability	41,746	61,749	69,480	416,005	588,980
Guarantee deposits received	85	4	12	245,833	245,934
Long-term borrowings	402,573	1,582,259	2,728,605	18,046,410	22,759,847
Bonds payable	-	-	6,127,550	10,689,750	16,817,300

(3) Fair value information

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

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

September 30, 2022				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 10,500,000	\$ -	\$ 10,510,221	\$ -
December 31, 2021				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 16,500,000	\$ -	\$ 16,546,968	\$ -

September 30, 2021				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 16,500,000	\$ -	\$ 16,518,348	\$ -
(b) The methods and assumptions of fair value estimate are as follows:				
Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the interest rate of par value was equivalent to market interest rate.				
D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:				
(a) The related information of natures of assets and liabilities is as follows:				

September 30, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 18,084	\$ -	\$ 18,084
Financial assets at fair value through other comprehensive income				
- Equity securities	18,126	-	58,187	76,313
Total	\$ 18,126	\$ 18,084	\$ 58,187	\$ 94,397
December 31, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 17,648	\$ -	\$ 17,648
Financial assets at fair value through other comprehensive income				
- Equity securities	23,083	-	58,187	81,270
Total	\$ 23,083	\$ 17,648	\$ 58,187	\$ 98,918

	September 30, 2021			
	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	\$ 21,341	\$ -	\$ 58,187	\$ 79,528
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 33,391	\$ -	\$ 33,391

(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 nine-month periods ended September 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. There was no movement in Level 3 for the nine-month periods ended September 30, 2022 and 2021.

(4) Assessment of the impact of Covid-19

Due to the spread of Covid-19 pandemic, production of all factories of the Group's subsidiary, Cheng Shin Tire & Rubber (China) Co., Ltd., was temporarily suspended under the local government's pandemic prevention program from April 6 to 19, 2022. Based on the Group's assessment, the overall finance and business were not significantly impacted due to the appropriate countermeasures undertaken.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: please refer to table 1.
- B. Provision of endorsements and guarantees to others: please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: please refer to table 4.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6 (2), 6(25) and 12(2), 12(3).
- J. Significant inter-company transactions during the reporting periods: please refer to table 7.

(1) Information on investees

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

(2) 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 nine-month period ended September 30, 2022: please refer to tables 5, 6 and 7.

(3) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

Three-month period ended September 30, 2022						
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 3,879,613	\$ 4,085,308	\$ 6,534,180	\$ 2,529,561	\$ 5,522,437	\$ 22,551,099
Revenue from inter-segment revenue	2,153,400	441,833	122,987	411,554	983,238	4,113,012
Total segment revenue	<u>\$ 6,033,013</u>	<u>\$ 4,527,141</u>	<u>\$ 6,657,167</u>	<u>\$ 2,941,115</u>	<u>\$ 6,505,675</u>	<u>\$ 26,664,111</u>
Geographical regions						
Taiwan	\$ 2,359,440	\$ 56,112	\$ 29,573	\$ 7,706	\$ 38,732	\$ 2,491,563
China	93,319	3,297,428	5,217,013	(21)	4,168,817	12,776,556
US	1,475,177	95,094	33	355,593	155,969	2,081,866
Others	2,105,077	1,078,507	1,410,548	2,577,837	2,142,157	9,314,126
Total	<u>\$ 6,033,013</u>	<u>\$ 4,527,141</u>	<u>\$ 6,657,167</u>	<u>\$ 2,941,115</u>	<u>\$ 6,505,675</u>	<u>\$ 26,664,111</u>
Segment income	<u>\$ 1,421,796</u>	<u>\$ 46,851</u>	<u>\$ 307,667</u>	<u>\$ 389,111</u>	<u>\$ 602,981</u>	<u>\$ 2,768,406</u>
Three-month period ended September 30, 2021						
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 3,776,873	\$ 4,071,746	\$ 6,246,685	\$ 2,003,678	\$ 4,716,333	\$ 20,815,315
Revenue from inter-segment revenue	2,421,958	373,065	109,042	359,395	1,287,132	4,550,592
Total segment revenue	<u>\$ 6,198,831</u>	<u>\$ 4,444,811</u>	<u>\$ 6,355,727</u>	<u>\$ 2,363,073</u>	<u>\$ 6,003,465</u>	<u>\$ 25,365,907</u>
Geographical regions						
Taiwan	\$ 2,216,691	\$ 57,324	\$ 17,605	\$ 2,967	\$ 43,764	\$ 2,338,351
China	97,751	3,273,927	5,079,602	2,084	4,598,048	13,051,412
US	1,715,357	119,241	-	315,387	147,734	2,297,719
Others	2,169,032	994,319	1,258,520	2,042,635	1,213,919	7,678,425
Total	<u>\$ 6,198,831</u>	<u>\$ 4,444,811</u>	<u>\$ 6,355,727</u>	<u>\$ 2,363,073</u>	<u>\$ 6,003,465</u>	<u>\$ 25,365,907</u>
Segment income	<u>\$ 864,637</u>	<u>(\$ 13,508)</u>	<u>\$ 32,870</u>	<u>\$ 136,164</u>	<u>\$ 489,783</u>	<u>\$ 1,509,946</u>

Nine-month period ended September 30, 2022

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 11,824,278	\$ 11,996,038	\$ 16,795,858	\$ 7,563,418	\$ 15,892,645	\$ 64,072,237
Revenue from inter-segment revenue	6,909,841	1,273,427	348,019	1,006,509	3,128,542	12,666,338
Total segment revenue	<u>\$ 18,734,119</u>	<u>\$ 13,269,465</u>	<u>\$ 17,143,877</u>	<u>\$ 8,569,927</u>	<u>\$ 19,021,187</u>	<u>\$ 76,738,575</u>
Geographical regions						
Taiwan	\$ 7,530,849	\$ 173,143	\$ 82,913	\$ 20,526	\$ 138,653	\$ 7,946,084
China	222,956	9,146,602	13,637,745	2,893	12,280,344	35,290,540
US	4,582,835	323,058	33	827,811	363,889	6,097,626
Others	6,397,479	3,626,662	3,423,186	7,718,697	6,238,301	27,404,325
Total	<u>\$ 18,734,119</u>	<u>\$ 13,269,465</u>	<u>\$ 17,143,877</u>	<u>\$ 8,569,927</u>	<u>\$ 19,021,187</u>	<u>\$ 76,738,575</u>
Segment income	<u>\$ 4,217,836</u>	<u>\$ 226,688</u>	<u>(\$ 56,023)</u>	<u>\$ 924,804</u>	<u>\$ 1,921,659</u>	<u>\$ 7,234,964</u>

Nine-month period ended September 30, 2021

	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	\$ 11,629,069	\$ 12,848,020	\$ 20,471,314	\$ 7,336,392	\$ 15,366,088	\$ 67,650,883
Revenue from inter-segment revenue	7,802,147	1,237,199	360,526	1,145,805	4,402,800	14,948,477
Total segment revenue	<u>\$ 19,431,216</u>	<u>\$ 14,085,219</u>	<u>\$ 20,831,840</u>	<u>\$ 8,482,197</u>	<u>\$ 19,768,888</u>	<u>\$ 82,599,360</u>
Geographical regions						
Taiwan	\$ 7,778,809	\$ 192,859	\$ 81,270	\$ 105,749	\$ 173,370	\$ 8,332,057
China	273,911	10,373,264	17,031,708	5,955	14,392,089	42,076,927
US	5,157,406	339,055	61	702,510	360,240	6,559,272
Others	6,221,090	3,180,041	3,718,801	7,667,983	4,843,189	25,631,104
Total	<u>\$ 19,431,216</u>	<u>\$ 14,085,219</u>	<u>\$ 20,831,840</u>	<u>\$ 8,482,197</u>	<u>\$ 19,768,888</u>	<u>\$ 82,599,360</u>
Segment income	<u>\$ 2,489,296</u>	<u>\$ 340,436</u>	<u>\$ 1,011,828</u>	<u>\$ 569,555</u>	<u>\$ 2,686,495</u>	<u>\$ 7,097,610</u>

(4) Reconciliation for segment income (loss)

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

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Adjusted revenue from reportable segments	\$ 26,664,111	\$ 25,365,907
Adjusted revenue from other operating segments	4,639,847	3,742,395
Total operating segments	31,303,958	29,108,302
Elimination of inter-segment revenue	(4,477,154)	(4,843,079)
Total consolidated operating revenue	<u>\$ 26,826,804</u>	<u>\$ 24,265,223</u>
Geographical regions		
Geographical regions from reportable segments	\$ 26,664,111	\$ 25,365,907
Geographical regions from other operating segments		
Taiwan	25,210	14,405
China	453,733	493,698
US	2,550,091	2,053,093
Others	1,610,813	1,181,199
Total geographical regions	31,303,958	29,108,302
Elimination of inter-segment revenue	(4,477,154)	(4,843,079)
Total consolidated operating revenue	<u>\$ 26,826,804</u>	<u>\$ 24,265,223</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Adjusted revenue from reportable segments	\$ 76,738,575	\$ 82,599,360
Adjusted revenue from other operating segments	12,518,950	10,693,859
Total operating segments	89,257,525	93,293,219
Elimination of inter-segment revenue	(13,594,732)	(15,932,868)
Total consolidated operating revenue	<u>\$ 75,662,793</u>	<u>\$ 77,360,351</u>
Geographical regions		
Geographical regions from reportable segments	\$ 76,738,575	\$ 82,599,360
Geographical regions from other operating segments		
Taiwan	93,343	52,883
China	1,363,745	1,553,639
US	7,006,589	5,832,575
Others	4,055,273	3,254,762
Total geographical regions	89,257,525	93,293,219
Elimination of inter-segment revenue	(13,594,732)	(15,932,868)
Total consolidated operating revenue	<u>\$ 75,662,793</u>	<u>\$ 77,360,351</u>

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

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Adjusted income from reportable segments before income tax	\$ 2,768,406	\$ 1,509,946
Adjusted loss from other operating segments before income tax	(608,433)	(190,460)
Total operating segments	2,159,973	1,319,486
Loss from elimination of inter-segment revenue	(18,413)	(26,172)
Income from continuing operations before income tax	<u>\$ 2,141,560</u>	<u>\$ 1,293,314</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Adjusted income from reportable segments before income tax	\$ 7,234,964	\$ 7,097,610
Adjusted loss from other operating segments before income tax	(1,487,177)	(1,195,699)
Total operating segments	5,747,787	5,901,911
Loss from elimination of inter-segment revenue	(23,282)	(35,909)
Income from continuing operations before income tax	<u>\$ 5,724,505</u>	<u>\$ 5,866,002</u>

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Nine-month period ended September 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended	Balance at September 30,	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)	Ceiling on total loans granted (Note 4 、 5)	Footnote
					September 30, 2022	(Note 7)							Item	Value			
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 3,379,500	\$ 3,354,750	\$ 2,294,649	3.65%~3.85%	Note 6	\$ -	Operating capital	\$ -	None	\$ -	\$ 5,395,748	\$ 8,992,914	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	3,329,250	2,236,500	1,028,790	3.65%~3.85%	Note 6	-	Operating capital	-	None	-	5,395,748	8,992,914	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	585,780	581,490	424,935	4.65%~4.85%	Note 6	-	Operating capital	-	None	-	5,395,748	8,992,914	Note 8
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	13,518	-	-	-	Note 6	-	Operating capital	-	None	-	5,395,748	8,992,914	Note 8
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	450,600	447,300	357,840	3.25%	Note 6	-	Operating capital	-	None	-	5,193,159	10,386,318	Note 8
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	1,126,500	1,118,250	192,339	3.70%	Note 6	-	Operating capital	-	None	-	7,001,648	11,669,413	Note 8
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	675,900	670,950	107,352	3.65%~3.70%	Note 6	-	Operating capital	-	None	-	7,001,648	11,669,413	Note 8

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

(1) The Company is ‘0’.

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

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

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

Note 4: Limit on loans granted by 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 5: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHEN SHIN LOGISTIC (XIAMEN) CO., LTD to others is 40% of above Companies' net assets.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing. The transaction was completed through the trust loans signed with financial institutions in Mainland China.

Note 7: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

Note 8: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
Provision of endorsements and guarantees to others
Nine-month period ended September 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2022	Outstanding endorsement/ guarantee amount at September 30, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub- subsidiary	\$ 41,664,145	\$ 866,100	\$ -	\$ -	\$ -	-	\$ 58,329,802	Y	N	N	Note 2 、 Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	41,664,145	10,226,390	10,226,390	6,249,568	-	12.27	58,329,802	Y	N	N	Note 2 、 Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	41,664,145	14,277,975	14,277,975	9,255,125	-	17.13	58,329,802	Y	N	N	Note 2 、 Note 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.

\$ 58,329,802

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

\$ 16,665,658

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

\$ 41,664,145

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at September 30, 2022.

CHENG SHIN RUBBER IND. CO., LTD.

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

September 30, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of September 30, 2022				
				Number of	Ownership			Footnote
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	shares/ units	Book value	(%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 18,126	-	\$ 18,126	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

Nine-month period ended September 30, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)		Gain (loss) on disposal		Balance as at September 30, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Investments accounted for using the equity method	Maxxis Rubber India Private Limited	Subsidiary	874,992,906	\$ 4,027,544	230,998,127	\$ 860,206	-	\$ -	\$ -	\$ -	1,105,991,033	\$ 4,887,750

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
Nine-month period ended September 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions (Note 1)				
Transaction							Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 3,746,388)	(24.01)	Collect within 120 days after shipment of goods	Same	Same	\$ 1,657,740	47.50	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(478,070)	(3.06)	Collect within 90 days after shipment of goods	Same	Same	126,914	3.64	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(2,559,486)	(16.40)	Collect within 30 days	Same	Same	282,158	8.09	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(963,241)	(7.26)	Collect within 60~90 days after shipment of goods	Same	Same	452,953	17.76	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(138,935)	(1.05)	Collect within 60~90 days after shipment of goods	Same	Same	21,469	0.84	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(618,609)	(19.01)	Collect within 60~90 days after shipment of goods	Same	Same	391,003	43.53	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(210,088)	(6.46)	Collect within 60~90 days after shipment of goods	Same	Same	51,665	5.75	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(112,201)	(3.45)	Collect within 60~90 days after shipment of goods	Same	Same	20,971	2.33	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(1,192,412)	(15.94)	Collect within 60~90 days after shipment of goods	Same	Same	610,643	85.16	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(250,221)	(24.99)	Collect within 60~90 days after shipment of goods	Same	Same	46,050	26.01	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(162,391)	(16.22)	Collect within 60~90 days after shipment of goods	Same	Same	34,347	19.40	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(101,077)	(10.09)	Collect within 60~90 days after shipment of goods	Same	Same	28,188	15.92	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(579,063)	(18.89)	Collect within 60~90 days after shipment of goods	Same	Same	149,589	19.00	Note 3
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(103,654)	(1.99)	Collect within 60~90 days after shipment of goods	Same	Same	58,566	10.64	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(827,811)	(9.66)	Collect within 120 days after shipment of goods	Same	Same	496,411	22.32	Note 3
PT MAXXIS International Indonesia	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(sales)	(112,917)	(5.89)	Collect within 60~90 days after shipment of goods	Same	Same	23,914	5.90	Note 3
PT MAXXIS International Indonesia	Maxxis Rubber India Private Limited	Same ultimate parent	(sales)	(108,345)	(5.65)	Collect within 60~90 days after shipment of goods	Same	Same	24,099	5.94	Note 3

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary (Note 4)	\$ 1,657,871	Note 3	\$ -	-	\$ 496,577	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 4)	127,336	Note 3	-	-	49,525	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 4)	138,570	Note 2	-	-	5,535	-
Cheng Shin Rubber Ind. Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Sub-subsidiary (Note 4)	105,250	Note 2	-	-	3,593	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	283,483	Note 3	-	-	282,158	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	452,953	2.41	-	-	111,392	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	391,963	Note 3	-	-	217,591	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	610,685	Note 3	-	-	432,623	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	149,840	Note 3	-	-	95,862	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	496,411	2.54	-	-	105,979	-

Note 1: Subsequent collection is the amount collected as of November 3, 2022.

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Nine-month period ended September 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets(%) (Note 3)
				General ledger account	Amount (Note 4)		
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 3,746,388	Collect within 120 days after shipment of goods	4.95
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,657,740	Collect within 120 days after shipment of goods	1.12
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	478,070	Collect within 90 days after shipment of goods	0.63
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	2,559,486	The term is 30 days after monthly billing	3.38
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	282,158	The term is 30 days after monthly billing	0.19
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	963,241	Collect within 60~90 days after shipment of goods	1.27
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	452,953	Collect within 60~90 days after shipment of goods	0.31
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	618,609	Collect within 60~90 days after shipment of goods	0.82
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Notes receivable	247,824	Payment at sight after due date	0.17
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	210,088	Collect within 60~90 days after shipment of goods	0.28
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	2,294,649	Pay interest quarterly	1.56
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	1,028,790	Pay interest quarterly	0.7
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	424,935	Pay interest quarterly	0.29
3	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	1,192,412	Collect within 60~90 days after shipment of goods	1.58
3	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	270,016	Collect within 60~90 days after shipment of goods	0.18
3	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Notes receivable	340,626	Payment at sight after due date	0.23
4	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	250,221	Collect within 60~90 days after shipment of goods	0.33
5	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	3	Other receivables	357,840	Pay interest quarterly	0.24

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Nine-month period ended September 30, 2022

Table 7

							Expressed in thousands of NTD (Except as otherwise indicated)
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets(%) (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
6	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	579,063	Collect within 60~90 days after shipment of goods	0.77
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	827,811	Collect within 60~90 days after shipment of goods	1.09
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	496,411	Collect within 60~90 days after shipment of goods	0.34

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
Nine-month period ended September 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	100.00	\$ 43,242,568	\$ 471,025	\$ 476,694	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	28,206,818	668,537	678,123	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	10,843,243	1,529,073	1,480,791	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	2,974,720	197,673	197,686	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	713,913	28,260	28,260	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	182,441	24,049	12,025	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	64,016	(12,243)	(12,243)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	4,233,389	4,233,389	139,994,750	100.00	-	(803,509)	(803,329)	Subsidiary Note 3 、 Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,887,750	4,027,544	1,105,991,033	100.00	-	(1,043,388)	(1,042,617)	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	560,504	319,485	319,485	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	45,150	722	722	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	17,700	17,700	500,000	100.00	2,682	582	582	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	10,992	676	676	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	775	(128)	(26)	Note 3 、 Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Nine-month period ended September 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	-	-	226,801,983	100.00	35,576,945	909,429	909,429	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	28,007,970	648,230	648,230	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	11,183,248	1,528,625	1,528,625	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	7,708,500	924,804	878,954	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	3,471,704	603,459	601,028	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	2,540	2,214	-	80.00	3,101	(128)	(102)	Note 3 、 Note 4

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

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

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

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

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

The transaction was eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China
Nine-month period ended September 30, 2022

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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee as of September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022, (Note 2)	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	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	\$ 5,556,250	2	\$ 910,834	\$ - \$ -	\$ 910,834	\$ 341,728	100.00	\$ 343,392	\$ 24,798,578	\$ 19,967,518	(Note 3 、 5 、 7)
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	7,143,750	2	2,385,506	- -	2,385,506	620,594	100.00	630,020	25,965,796	23,942,844	(Note 4 、 7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	269,875	2	68,602	- -	68,602	27,662	50.00	13,831	325,028	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	3,175,000	2	-	- -	-	8,592	100.00	17,532	5,736,790	1,548,045	(Note 4 、 7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	22,365	2	-	- -	-	2,701	100.00	2,701	51,919	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	571,500	2	-	- -	-	(51,373)	100.00	(51,373)	628,411	757,407	(Note 7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	4,127,500	2	-	- -	-	(667,621)	100.00	(667,621)	11,681,008	4,245,663	(Note 3 、 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China
Nine-month period ended September 30, 2022

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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee as of September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022, (Note 2)	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	\$ 1,428,750	2	\$ -	\$ -	\$ -	\$ 512,970	100.00	\$ 516,975	\$ 8,992,914	\$ 6,217,061	(Note 7)
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	635,000	2	-	-	-	(69,840)	100.00	(69,840)	-	-	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	156,555	2	-	-	-	(5,535)	95.00	(5,258)	95,482	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	64,464	2	-	-	-	28,979	49.00	14,200	140,414	-	(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	4,249,350	2	-	-	-	498,377	100.00	498,377	7,574,759	917,395	(Note 5 、 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,699,740	2	-	-	-	12,575	100.00	12,575	2,149,282	-	(Note 7)

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 3: The Company and Cheng Shin Rubber (Xiamen) Ind., Ltd. directly and indirectly holds 60% and 40% of the share ownership in Cheng Shin Petrel Tire (Xiamen) Co., Ltd., respectively.

Note 4: The Company and Cheng Shin Tire & Rubber (China) Co., Ltd. directly and indirectly holds 30% and 70% of share ownership in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd., respectively.

Note 5: Cheng Shin Rubber (Xiamen) Ind., Ltd. and MAXXIS International (HK) Ltd. directly and indirectly holds 75% and 25% of share ownership in Cheng Shin Rubber (Zhangzhou) Ind Co., Ltd, respectively.

Note 6: Paid-in capital was converted at the exchange rate of NTD 31.75: USD 1 and NTD 4.473: RMB 1 prevailing on September 30, 2022.

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

CHENG SHIN RUBBER IND. CO., LTD.
Ceiling on investments in Mainland China
Nine-month period ended September 30, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022 (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.	\$ 3,902,075	\$ 21,364,575	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022 was USD\$122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD\$672,900 thousand.

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

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

September 30, 2022

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.