

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

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

DECEMBER 31, 2025 AND 2024

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

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

For the year ended December 31, 2025, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25005278

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

Opinion

We have audited the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 financial statements are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of sales revenue recognition, please refer to Note 4(33). For the detail of sales revenue, please refer to Note 6(23). For the year ended December 31, 2025, the sales revenue amounted to NT\$90,780,872 thousand.

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

How our audit addressed the matter

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

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

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

Description

For the accounting policy on property, plant and equipment, please refer to Note 4(17). For the details of property, plant and equipment, please refer to Note 6(8). As at December 31, 2025, the unfinished construction and equipment under acceptance amounted to NT\$1,545,739 thousand.

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

How our audit addressed the matter

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

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

Other matter – Scope of the audit

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$17,330,624 thousand and NT\$18,264,123 thousand, constituting 12% and 12% of the consolidated total assets as of December 31, 2025 and 2024, respectively, and the total liabilities of NT\$4,916,213 thousand and NT\$6,115,594 thousand, constituting 9% and 11% of the consolidated total liabilities as of December 31, 2025 and 2024, respectively, and total operating revenues of NT\$15,532,857 thousand and NT\$15,970,983 thousand, constituting 17% and 17% of consolidated total net operating revenue for the years then ended, respectively.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Group as at and for the years ended December 31, 2025 and 2024.

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

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

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

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

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

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

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

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

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

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

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

Chou, Chien-Hung

Wang, Yu-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

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

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2025		December 31, 2024			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	22,399,032	16	\$	26,609,220	18
1120	Financial assets at fair value through other comprehensive income - current	6(2)		35,588	-		33,345	-
1136	Financial assets at amortised cost - current	6(3)		16,330,749	11		4,557,523	3
1150	Notes receivable, net	6(4)		4,626,439	3		2,522,756	2
1170	Accounts receivable, net	6(4)		8,273,121	6		9,021,802	6
1180	Accounts receivable - related parties	7		22,823	-		43,484	-
130X	Inventories	6(5)		16,468,259	11		18,695,388	13
1410	Prepayments			825,020	1		1,008,705	1
1460	Non-current assets or disposal groups classified as held for sale, net	6(6)		314,352	-		-	-
1470	Other current assets			787,506	1		527,526	-
11XX	Current Assets			70,082,889	49		63,019,749	43
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non- current	6(2)		58,187	-		58,187	-
1535	Financial assets at amortised cost - non-current	6(3) and 8		10,328,300	7		13,789,343	10
1550	Investments accounted for under equity method	6(7)		191,554	-		178,639	-
1600	Property, plant and equipment, net	6(8)		55,416,742	39		61,724,202	42
1755	Right-of-use assets	6(9)		3,930,063	3		4,604,945	3
1760	Investment property, net	6(10)		662,568	1		702,766	1
1840	Deferred income tax assets	6(29)		1,676,506	1		1,568,311	1
1900	Other non-current assets	6(11)		534,715	-		608,321	-
15XX	Non-current assets			72,798,635	51		83,234,714	57
1XXX	Total assets		\$	142,881,524	100	\$	146,254,463	100

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 1,236,965	1	\$ 3,467,624	2
2110	Short-term notes and bills payable	6(13)	1,500,000	1	-	-
2130	Current contract liabilities	6(23)	766,182	1	728,119	1
2150	Notes payable		3,734	-	90,160	-
2170	Accounts payable		6,566,717	5	7,552,862	5
2200	Other payables	6(14)	4,171,246	3	4,082,321	3
2230	Current income tax liabilities	6(29)	518,117	-	753,117	1
2250	Current provisions		115,835	-	-	-
2280	Current lease liabilities	7	111,504	-	162,135	-
2320	Long-term liabilities, current portion	6(16)(17)	6,380,122	4	7,948,269	5
2399	Other current liabilities, others	6(15)	594,144	-	652,862	-
21XX	Current Liabilities		21,964,566	15	25,437,469	17
Non-current liabilities						
2530	Corporate bonds payable	6(16)	-	-	4,000,000	3
2540	Long-term borrowings	6(17)	28,712,543	21	22,299,816	15
2550	Provisions for liabilities - non-current		209,078	-	213,181	-
2560	Current tax liabilities-non current	6(29)	300,958	-	-	-
2570	Deferred income tax liabilities	6(29)	2,229,357	2	1,790,095	1
2580	Non-current lease liabilities	7	81,267	-	165,326	-
2600	Other non-current liabilities	6(18)	1,849,042	1	1,972,231	2
25XX	Non-current liabilities		33,382,245	24	30,440,649	21
2XXX	Total Liabilities		55,346,811	39	55,878,118	38
Equity						
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	Share capital - common stock		32,414,155	23	32,414,155	22
	Capital surplus	6(20)				
3200	Capital surplus		116,376	-	104,251	-
	Retained earnings	6(21)				
3310	Legal reserve		18,701,446	13	17,893,214	13
3320	Special reserve		4,182,315	3	6,921,572	5
3350	Unappropriated retained earnings		35,674,914	25	36,654,631	25
	Other equity interest	6(22)				
3400	Other equity interest		(4,108,122)	(3)	(4,182,315)	(3)
31XX	Equity attributable to owners of the parent		86,981,084	61	89,805,508	62
36XX	Non-controlling interest		553,629	-	570,837	-
3XXX	Total equity		87,534,713	61	90,376,345	62
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 142,881,524	100	\$ 146,254,463	100

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(23) and 7	\$ 90,780,872	100	\$ 96,247,057	100
5000	Operating costs	6(5)	(70,148,830) (77)		(73,003,134) (76)	
5900	Net operating margin		20,632,042	23	23,243,923	24
	Operating expenses	7				
6100	Selling expenses		(6,321,671) (7)		(5,936,689) (6)	
6200	General and administrative expenses		(3,444,839) (4)		(3,602,308) (4)	
6300	Research and development expenses		(3,705,256) (4)		(3,705,004) (4)	
6450	Expected credit (loss) gain	12(2)	(4,985) -		11,882 -	
6000	Total operating expenses		(13,476,751) (15)		(13,232,119) (14)	
6900	Operating profit		7,155,291	8	10,011,804	10
	Non-operating income and expenses					
7100	Interest income	6(24)	1,138,008	1	1,087,906	1
7010	Other income	6(25)	742,851	1	915,140	1
7020	Other gains and losses	6(26)	(1,414,524) (1)		(331,448) -	
7050	Finance costs	6(27) and 7	(796,278) (1)		(941,717) (1)	
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	17,457 -		946 -	
7000	Total non-operating revenue and expenses		(312,486) -		730,827 1	
7900	Profit before income tax		6,842,805	8	10,742,631	11
7950	Income tax expense	6(29)	(2,007,315) (3)		(2,714,443) (3)	
8200	Profit for the year		\$ 4,835,490	5	\$ 8,028,188	8

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(18)	\$ 17,332	-	\$ 77,355	-
8316	Unrealized gain on valuation of equity instruments at fair value through profit or loss	6(2)(22)	2,243	-	10,450	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)	457	-	3,320	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	(3,466)	-	(15,471)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		16,566	-	75,654	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(22)	91,571	-	3,430,982	4
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(22)(29)	(17,987)	-	(682,202)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		73,584	-	2,748,780	3
8300	Other comprehensive income for the year		<u>\$ 90,150</u>	<u>-</u>	<u>\$ 2,824,434</u>	<u>3</u>
8500	Total comprehensive income for the year		<u>\$ 4,925,640</u>	<u>5</u>	<u>\$ 10,852,622</u>	<u>11</u>
	Profit (loss) attributable to:					
8610	Owners of the parent		\$ 4,854,332	5	\$ 8,017,116	8
8620	Non-controlling interest		(18,842)	-	11,072	-
			<u>\$ 4,835,490</u>	<u>5</u>	<u>\$ 8,028,188</u>	<u>8</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 4,942,848	5	\$ 10,821,577	11
8720	Non-controlling interest		(17,208)	-	31,045	-
			<u>\$ 4,925,640</u>	<u>5</u>	<u>\$ 10,852,622</u>	<u>11</u>
	Basic earnings per share	6(30)				
9750	Basic earnings per share		\$	1.50	\$	2.47
	Diluted earnings per share	6(30)				
9850	Diluted earnings per share		\$	1.50	\$	2.47

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital surplus				Retained earnings			Other equity interest		Total	Non-controlling interest	Total equity
		Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income			
Notes													
Year ended December 31, 2024													
		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 17,468	\$ 17,172,449	\$ 5,870,977	\$ 36,826,502	(\$ 6,935,802)	\$ 14,230	\$ 85,432,555	\$ 562,510	\$ 85,995,065
		-	-	-	-	-	-	8,017,116	-	-	8,017,116	11,072	8,028,188
	6(22)	-	-	-	-	-	-	65,204	2,728,807	10,450	2,804,461	19,973	2,824,434
		-	-	-	-	-	-	8,082,320	2,728,807	10,450	10,821,577	31,045	10,852,622
Appropriation and distribution of 2023 earnings:													
		-	-	-	-	720,765	-	(720,765)	-	-	-	-	-
		-	-	-	-	-	1,050,595	(1,050,595)	-	-	-	-	-
	6(21)	-	-	-	-	-	-	(6,482,831)	-	-	(6,482,831)	-	(6,482,831)
		-	-	-	-	-	-	-	-	-	-	(22,718)	(22,718)
		-	-	-	36,105	-	-	-	-	-	36,105	-	36,105
		-	-	-	(1,898)	-	-	-	-	-	(1,898)	-	(1,898)
		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 51,675</u>	<u>\$ 17,893,214</u>	<u>\$ 6,921,572</u>	<u>\$ 36,654,631</u>	<u>(\$ 4,206,995)</u>	<u>\$ 24,680</u>	<u>\$ 89,805,508</u>	<u>\$ 570,837</u>	<u>\$ 90,376,345</u>
Year ended December 31, 2025													
		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 51,675	\$ 17,893,214	\$ 6,921,572	\$ 36,654,631	(\$ 4,206,995)	\$ 24,680	\$ 89,805,508	\$ 570,837	\$ 90,376,345
		-	-	-	-	-	-	4,854,332	-	-	4,854,332	(18,842)	4,835,490
	6(22)	-	-	-	-	-	-	14,323	71,950	2,243	88,516	1,634	90,150
		-	-	-	-	-	-	4,868,655	71,950	2,243	4,942,848	(17,208)	4,925,640
Appropriation and distribution of 2024 earnings:													
		-	-	-	-	808,232	-	(808,232)	-	-	-	-	-
		-	-	-	-	-	(2,739,257)	2,739,257	-	-	-	-	-
	6(21)	-	-	-	-	-	-	(7,779,397)	-	-	(7,779,397)	-	(7,779,397)
		-	-	-	12,180	-	-	-	-	-	12,180	-	12,180
		-	-	-	(55)	-	-	-	-	-	(55)	-	(55)
		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 63,800</u>	<u>\$ 18,701,446</u>	<u>\$ 4,182,315</u>	<u>\$ 35,674,914</u>	<u>(\$ 4,135,045)</u>	<u>\$ 26,923</u>	<u>\$ 86,981,084</u>	<u>\$ 553,629</u>	<u>\$ 87,534,713</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
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 6,842,805	\$ 10,742,631
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(28)	8,168,460	9,448,246
Depreciation on right-of-use assets	6(9)(28)	231,665	245,014
Depreciation on investment property	6(10)(28)	47,042	46,823
Amortization expense	6(11)(28)	85,211	75,843
Expected credit loss (gain)	12(2)	4,985	(11,882)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(17,457)	(946)
Net gain on financial assets or liabilities at fair value through profit or loss	6(26)	(28,993)	-
Loss on disposal of property, plant and equipment	6(8)(26)	160,699	141,009
Loss on disposal of intangible asset	6(11)(26)	1	-
Interest expense	6(27)	796,278	941,717
Interest income	6(24)	(1,138,008)	(1,087,906)
Deferred government grants revenue		(194,156)	(198,204)
Impairment loss on non-financial assets	6(8)(10)(26)	30,327	6,752
Unrealized foreign exchange loss on foreign currency loans		109,254	19,790
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets and liabilities at fair value through profit or loss		28,993	-
Notes receivable, net	(	2,103,683)	1,624,361
Accounts receivable		743,656	263,412
Accounts receivable - related parties		20,661	22,917
Inventories		1,965,063	(1,074,381)
Prepayments		166,417	(278,513)
Other current assets	(	50,795)	58,375
Other non-current assets		52,240	(176,339)
Changes in operating liabilities			
Contract liabilities - current		38,063	186,274
Notes payable	(	86,426)	(60,248)
Accounts payable	(	986,145)	370,459
Other payables		210,854	(100,128)
Other current liabilities	(	58,718)	106,989
Accrued pension liabilities	(	10,480)	(15,052)
Other non-current liabilities	(	12,465)	(18,755)
Cash inflow generated from operations		15,015,348	21,278,258
Interest received		938,496	720,888
Dividends received		5,000	5,000
Interest paid	(	803,606)	(957,166)
Income tax paid	(	1,730,675)	(3,369,411)
Income tax refund received		129,657	16,994
Net cash flows from operating activities		13,554,220	17,694,563

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(\$ 13,130,755)	(\$ 8,804,059)
Proceeds from repayments of financial assets at amortised cost		5,016,180	2,082,601
Acquisition of property, plant and equipment	6(8)(31)	(2,928,289)	(2,684,858)
Proceeds from disposal of property, plant and equipment		189,769	130,867
Proceeds from disposal of right-of-use assets		-	10,763
Acquisition of intangible assets	6(11)	(71,339)	(51,484)
Decrease in refundable deposits		7,782	3,794
Decrease in other non-current liabilities		133,186	21,141
Net cash flows used in investing activities		(10,783,466)	(9,291,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(12)(32)	3,185,749	4,047,461
Decrease in short-term borrowings	6(12)(32)	(4,784,515)	(3,732,503)
Increase in short-term notes and bills payable	6(13)(32)	1,500,000	-
Decrease in short-term notes and bills payable	6(13)(32)	-	(300,000)
Repayments of corporate bonds	6(16)(32)	(4,000,000)	-
Proceeds in long-term borrowings	6(17)(32)	12,200,000	8,219,811
Repayments in long-term borrowings	6(17)(32)	(7,065,187)	(7,840,773)
Decrease in guarantee deposits received	6(32)	(25,105)	(651)
Repayments of principal portion of lease liabilities	6(9)(32)	(161,088)	(165,030)
Cash dividends paid	6(21)(32)	(7,779,397)	(6,482,831)
Cash dividends paid to non-controlling interests		-	(22,718)
Capital surplus arising from donated assets		12,180	36,105
Dividends extinguished by prescription claimed by shareholders		(55)	(1,898)
Net cash flows used in financing activities		(6,917,418)	(6,243,027)
Effect of exchange rate changes on cash and cash equivalents		(63,524)	873,328
Net (decrease) increase in cash and cash equivalents		(4,210,188)	3,033,629
Cash and cash equivalents at beginning of year	6(1)	26,609,220	23,575,591
Cash and cash equivalents at end of year	6(1)	\$ 22,399,032	\$ 26,609,220

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

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of Exchangeability’	January 1, 2025
The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.	

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

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Partial amendment content of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature—dependent electricity’	January 1, 2026
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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Currency'	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

B. The preparation of financial statements in conformity with 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:

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS International Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CST Trading Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Trading Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	Note 4
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	Note 5
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	Note 5
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	Notes 4

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

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

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

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

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

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

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

None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

(5) Classification of current and non-current items

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

- (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

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

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

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

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

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

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.
- (10) Accounts and notes receivable
- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
 - B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (11) Impairment of financial assets
- For accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs at each reporting date.
- (12) Derecognition of financial assets
- The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.
- (13) Leasing arrangements (lessor) — lease receivables/ operating leases
- Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.
- (14) Inventories
- Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.
- (15) Non-current assets held for sale
- Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.
- (16) Joint operation and investments accounted for using the equity method- joint ventures
- The Group accounts for its interest in a joint venture using the equity method. When the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.
- (17) Property, plant and equipment
- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
 - B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
 - C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

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

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

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

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

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

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

(19) Investment property

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

(20) Intangible assets

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

(21) Impairment of non-financial assets

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

(22) Borrowings

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

(23) Notes and accounts payable

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

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

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

(25) Bonds payable

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

(26) Derecognition of financial liabilities

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

(27) Offsetting financial instruments

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

(28) Non-hedging derivatives

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

(29) Provisions

- A. Provisions (including decommissioning) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.
- B. Under the Climate Change Response Act and its regulations in the ROC, carbon fees levied are not applicable under IFRIC 21, 'Levies' but are recognised and measured in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. If the estimated annual emissions are probable to exceed the threshold for levying, liabilities in relation to emission fees are estimated and accrued based on the proportion of emissions already incurred to the estimated annual emissions in the interim financial statements.

(30) Employee benefits

- A. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.
- B. Pensions
- (a) Defined contribution plan
For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.
- (b) Defined benefit plan
- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- C. Employees' and directors' remuneration
Employees' remuneration and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(31) Income taxes

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

(32) Dividends

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

(33) Revenue recognition

A. Sales of goods:

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

B. Property development and resale

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

(34) Government grants

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

(35) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. There is no critical accounting judgement, estimates and assumptions uncertainty for the year ended December 31, 2025.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	\$ 3,888	\$ 3,848
Checking deposits	1,381,115	1,747,491
Demand deposits	10,215,899	11,003,675
Time deposits	10,798,130	13,854,206
	<u>\$ 22,399,032</u>	<u>\$ 26,609,220</u>
Interest rate range		
Time deposits	<u>1.18%~5.30%</u>	<u>1.45%~5.60%</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 other comprehensive income

Items	December 31, 2025	December 31, 2024
Current items:		
Equity instruments		
Listed stocks	\$ 8,665	\$ 8,665
Valuation adjustment	26,923	24,680
Total	<u>\$ 35,588</u>	<u>\$ 33,345</u>
Non-current items:		
Equity instruments		
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>

A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$93,775 thousand and \$91,532 thousand as at December 31, 2025 and 2024, respectively.

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

	Year ended December 31, 2025	Year ended December 31, 2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 2,243</u>	<u>\$ 10,450</u>

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

(3) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits	\$ 15,732,275	\$ 4,557,523
Repurchase agreement	598,474	-
Total	<u>\$ 16,330,749</u>	<u>\$ 4,557,523</u>
Non-current items:		
Time deposits	\$ 10,295,839	\$ 13,757,460
Pledged time deposits	32,461	31,883
Total	<u>\$ 10,328,300</u>	<u>\$ 13,789,343</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	<u>\$ 492,017</u>	<u>\$ 403,351</u>

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$26,659,049 thousand and \$18,346,866 thousand, respectively.

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

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

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

(4) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 4,641,718	\$ 3,926,687
Less: Discounted notes receivable	(15,279)	(1,403,931)
	<u>\$ 4,626,439</u>	<u>\$ 2,522,756</u>
Accounts receivable	\$ 8,330,815	\$ 9,079,641
Less: Loss allowance	(57,694)	(57,839)
	<u>\$ 8,273,121</u>	<u>\$ 9,021,802</u>

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

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 6,888,773	\$ 4,626,439	\$ 7,390,098	\$ 2,522,756
Up to 30 days	1,066,611	-	1,153,919	-
31 to 90 days	282,937	-	372,230	-
91 to 180 days	33,568	-	46,735	-
Over 180 days	58,926	-	116,659	-
	<u>\$ 8,330,815</u>	<u>\$ 4,626,439</u>	<u>\$ 9,079,641</u>	<u>\$ 2,522,756</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2024, the balance of receivables from contracts with customers amounted to \$13,489,263 thousand.

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

	December 31, 2025	December 31, 2024
Written-off amount	\$ 15,279	\$ 1,403,931

D. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was \$4,626,439 thousand and \$8,273,121 thousand; \$2,522,756 thousand and \$9,021,802 thousand, respectively.

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

(5) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,303,309	(\$ 11,350)	\$ 5,291,959
Work in progress	2,066,655	-	2,066,655
Finished goods	6,850,491	(64,098)	6,786,393
Buildings and land held for sale	1,961,160	(192,677)	1,768,483
Inventory in transit	554,769	-	554,769
	<u>\$ 16,736,384</u>	<u>(\$ 268,125)</u>	<u>\$ 16,468,259</u>
	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,409,435	(\$ 4,015)	\$ 6,405,420
Work in progress	2,223,519	-	2,223,519
Finished goods	7,680,140	(62,428)	7,617,712
Buildings and land held for sale	2,005,524	-	2,005,524
Inventory in transit	443,213	-	443,213
	<u>\$ 18,761,831</u>	<u>(\$ 66,443)</u>	<u>\$ 18,695,388</u>

The cost of inventories recognized as expense for the period:

	Year ended December 31, 2025	Year ended December 31, 2024
Cost of goods sold	\$ 69,775,695	\$ 72,954,368
Unallocated overheads	230,941	181,943
Loss on inventory obsolescence and market price decline (Gain from price recovery)	201,682 (	41,884)
Others	(59,488)	(91,293)
	<u>\$ 70,148,830</u>	<u>\$ 73,003,134</u>

A. In 2025, due to the downturn in the real estate market in Mainland China, the Group recognized impairment losses on inventories and investment properties. The carrying amounts were written down to their net realizable values and recoverable amounts, resulting in impairment losses of NT\$192,677 thousand on inventories and NT\$30,327 thousand on investment properties. The recoverable amount of the investment properties was determined based on the fair value.

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

(6) Non-current assets held for sale

	December 31, 2025	December 31, 2024
Land for sales	\$ 314,352	\$ -

The Company's subsidiary, Cheng Shin Rubber (Xiamen) Ind., Ltd., has resolved to sell a parcel of land located in the Houxi Industrial Zone, Jimei District, Xiamen on December 1, 2025. The subsidiary subsequently entered into a sale and purchase agreement with an unrelated third party on December 10, 2025. The transfer of ownership is expected to be completed in 2026. The land was reclassified as a non-current asset held for sale as of December 31, 2025.

(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 December 31, 2025 and 2024, the carrying amount of the Group's individually immaterial joint ventures amounted to \$191,554 thousand and \$178,639 thousand, respectively.

	Year ended December 31, 2025	Year ended December 31, 2024
Share of profit of associates and joint ventures accounted for using the equity method	\$ 17,457	\$ 946
Other comprehensive income- net of tax	457	3,320
Total comprehensive income	<u>\$ 17,914</u>	<u>\$ 4,266</u>

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

(8) Property, plant and equipment, net

Year ended December 31, 2025

	Opening balance	Additions	Disposals	Transfers	Exchange rate differences	Closing balance
Cost						
Land	\$ 4,596,974	\$ 91	\$ -	\$ -	\$ 15,804	\$ 4,612,869
Buildings and structures	52,689,470	175,231	(95,237)	237,185	(284,610)	52,722,039
Machinery	110,838,334	552,067	(1,679,308)	862,335	209,892	110,783,320
Testing equipment	4,367,739	45,248	(65,631)	28,523	(662)	4,375,217
Transportation equipment	1,402,934	34,887	(100,646)	30,540	(2,431)	1,365,284
Office equipment	1,134,396	26,357	(9,728)	1,196	(10,163)	1,142,058
Other facilities	33,555,024	1,204,219	(1,206,780)	436,378	169,905	34,158,746
Unfinished construction and equipment under acceptance	2,259,994	905,349	-	(1,603,819)	(15,785)	1,545,739
	<u>\$ 210,844,865</u>	<u>\$ 2,943,449</u>	<u>(\$ 3,157,330)</u>	<u>(\$ 7,662)</u>	<u>\$ 81,950</u>	<u>\$ 210,705,272</u>
Accumulated depreciation						
Buildings and structures	(\$ 28,992,434)	(\$ 1,864,748)	\$ 56,485	\$ 21,644	(\$ 88,199)	(\$ 30,867,252)
Machinery	(83,654,747)	(4,592,269)	1,300,550	21	(577,396)	(87,523,841)
Testing equipment	(3,993,724)	(124,435)	62,203	(441)	2,545	(4,053,852)
Transportation equipment	(1,257,148)	(45,167)	95,461	(345)	1,938	(1,205,261)
Office equipment	(1,067,119)	(20,207)	9,612	-	8,821	(1,068,893)
Other facilities	(29,966,882)	(1,521,634)	1,137,066	765	(180,120)	(30,530,805)
	<u>(\$ 148,932,054)</u>	<u>(\$ 8,168,460)</u>	<u>\$ 2,661,377</u>	<u>\$ 21,644</u>	<u>(\$ 832,411)</u>	<u>(\$ 155,249,904)</u>
Accumulated impairment						
Machinery	(\$ 175,917)	\$ -	\$ 141,362	\$ -	\$ 4,414	(\$ 30,141)
Testing equipment	(32)	-	21	-	-	(11)
Transportation equipment	(1,389)	-	1,344	-	45	-
Office equipment	(47)	-	3	-	-	(44)
Other facilities	(11,224)	-	2,755	-	39	(8,430)
	<u>(\$ 188,609)</u>	<u>\$ -</u>	<u>\$ 145,485</u>	<u>\$ -</u>	<u>\$ 4,498</u>	<u>(\$ 38,626)</u>
	<u>\$ 61,724,202</u>					<u>\$ 55,416,742</u>

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

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

(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 99 years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose covenants, but leased assets of land may not be used as security for borrowing purposes.
- B. Short-term leases comprise of forklift trucks and stacking machines. Low-value assets comprise of computers.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2025	December 31, 2024
	Book value	Book value
Land	\$ 3,790,737	\$ 4,359,438
Buildings and structures	61,459	143,222
Machinery	1,018	2,221
Transportation equipment	32,107	61,260
Office equipment	936	1,083
Other equipment	43,806	37,721
	<u>\$ 3,930,063</u>	<u>\$ 4,604,945</u>
	Year ended	Year ended
	December 31, 2025	December 31, 2024
	Depreciation expense	Depreciation expense
Land	\$ 97,619	\$ 101,792
Buildings and structures	78,163	84,153
Machinery	1,231	1,183
Transportation equipment	39,887	42,341
Office equipment	966	1,507
Other equipment	13,799	14,038
	<u>\$ 231,665</u>	<u>\$ 245,014</u>

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets amounted to \$34,235 thousand and \$94,804 thousand, respectively.

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

	Year ended	Year ended
<u>Items affecting profit or loss</u>	December 31, 2025	December 31, 2024
Interest expense on lease liabilities	\$ 6,918	\$ 10,542
Expense on short-term lease contracts	26,404	38,435
Expense on leases of low-value assets	3,261	3,164
Expense on variable lease payments	145,467	129,324
	<u>\$ 182,050</u>	<u>\$ 181,465</u>

- F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases amounted to \$343,138 thousand and \$346,495 thousand, respectively.

G. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 35.16% and 30.32% of lease payments are on the basis of variable payment terms for the years ended December 31, 2025 and 2024 and are accrued based on the stored amount of tires. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$1,455 thousand and \$1,293 thousand for the years ended December 31, 2025 and 2024, respectively.

(10) Investment property, net

Year ended December 31, 2025					
	Opening balance	Additions	Transfer	Exchange rate differences	Closing balance
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	1,009,883	-	58,640	6,149	1,074,672
	<u>\$ 1,346,304</u>	<u>\$ -</u>	<u>\$ 58,640</u>	<u>\$ 6,149</u>	<u>\$ 1,411,093</u>
Accumulated depreciation					
Buildings and structures	(\$ 592,500)	(\$ 47,042)	(\$ 21,645)	(\$ 4,835)	(\$ 666,022)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
Buildings and structures	-	(30,327)	-	(1,138)	(31,465)
	<u>(\$ 51,038)</u>	<u>(\$ 30,327)</u>	<u>\$ -</u>	<u>(\$ 1,138)</u>	<u>(\$ 82,503)</u>
	<u>\$ 702,766</u>				<u>\$ 662,568</u>
Year ended December 31, 2024					
	Opening balance	Additions	Transfer	Exchange rate differences	Closing balance
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	916,356	-	62,188	31,339	1,009,883
	<u>\$ 1,252,777</u>	<u>\$ -</u>	<u>\$ 62,188</u>	<u>\$ 31,339</u>	<u>\$ 1,346,304</u>
Accumulated depreciation					
Buildings and structures	(\$ 527,894)	(\$ 46,823)	\$ -	(\$ 17,783)	(\$ 592,500)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 673,845</u>				<u>\$ 702,766</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Rental income from investment property	\$ 49,066	\$ 46,349
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 47,042	\$ 46,823

- B. The fair value of the investment property held by the Group as at December 31, 2025 and 2024, were \$1,888,148 thousand and \$1,781,068 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

	December 31, 2025	December 31, 2024
Intangible assets	\$ 172,425	\$ 186,009
Others	362,290	422,312
	<u>\$ 534,715</u>	<u>\$ 608,321</u>

Movements in intangible assets:

	Year ended December 31, 2025					
	Opening balance	Additions	Reductions	Transfer	Exchange rate differences	Closing balance
Cost						
Computer software	\$ 795,582	\$ 71,339	(\$ 27,890)	\$ 795	(\$ 3,322)	\$ 836,504
Others	8,074	-	-	-	32	8,106
	<u>\$ 803,656</u>	<u>\$ 71,339</u>	<u>(\$ 27,890)</u>	<u>\$ 795</u>	<u>(\$ 3,290)</u>	<u>\$ 844,610</u>
Accumulated amortisation						
Computer software	(\$ 611,188)	(\$ 84,430)	\$ 27,889	\$ -	\$ 2,839	(\$ 664,890)
Others	(6,459)	(781)	-	-	(55)	(7,295)
	<u>(\$ 617,647)</u>	<u>(\$ 85,211)</u>	<u>\$ 27,889</u>	<u>\$ -</u>	<u>\$ 2,784</u>	<u>(\$ 672,185)</u>
	<u>\$ 186,009</u>					<u>\$ 172,425</u>

Year ended December 31, 2024						
	Opening balance	Additions	Reductions	Transfer	Exchange rate differences	Closing balance
Cost						
Computer software	\$ 745,752	\$ 51,484	(\$ 28,805)	\$ 2,420	\$ 24,731	\$ 795,582
Others	7,801	-	-	-	273	8,074
	<u>\$ 753,553</u>	<u>\$ 51,484</u>	<u>(\$ 28,805)</u>	<u>\$ 2,420</u>	<u>\$ 25,004</u>	<u>\$ 803,656</u>
Accumulated amortisation						
Computer software	(\$ 545,825)	(\$ 75,040)	\$ 28,805	(\$ 326)	(\$ 18,802)	(\$ 611,188)
Others	(5,460)	(803)	-	-	(196)	(6,459)
	<u>(\$ 551,285)</u>	<u>(\$ 75,843)</u>	<u>\$ 28,805</u>	<u>(\$ 326)</u>	<u>(\$ 18,998)</u>	<u>(\$ 617,647)</u>
	<u>\$ 202,268</u>					<u>\$ 186,009</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Operating costs	\$ 10,142	\$ 9,540
Selling expenses	8,912	9,993
Administrative expenses	31,161	29,129
Research and development expenses	34,996	27,181
	<u>\$ 85,211</u>	<u>\$ 75,843</u>

(12) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 1,236,965</u>	4.45% ~ 4.55%	None
Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	<u>\$ 3,467,624</u>	1.50% ~ 5.30%	None

(13) Short-term notes and bills payable

	December 31, 2025
Short-term notes and bills payable	<u>\$ 1,500,000</u>
Interest rate range	<u>1.58% ~ 1.66%</u>

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

(14) Other payables

	December 31, 2025	December 31, 2024
Wages and salaries payable	\$ 1,467,927	\$ 1,448,420
Payable on machinery and equipment	254,596	239,436
Employee compensation payable	320,724	389,470
Compensation due to directors	97,442	146,155
Other accrued expenses	2,030,557	1,858,840
	<u>\$ 4,171,246</u>	<u>\$ 4,082,321</u>

(15) Other current liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Advance receipts	\$ 25,851	\$ 39,333
Refund liabilities	395,537	441,816
Others	172,756	171,713
	<u>\$ 594,144</u>	<u>\$ 652,862</u>

(16) Bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bonds payable -issued in 2021	\$ 4,000,000	\$ 8,000,000
Less: Current portion	(4,000,000)	(4,000,000)
	<u>\$ -</u>	<u>\$ 4,000,000</u>

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.

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until August 2030.	1.38% ~ 4.68%	None	\$ 31,092,665
Less: Current portion				(2,380,122)
				<u>\$ 28,712,543</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until January 2030.	1.38% ~ 5.70%	None	\$ 26,248,085
Less: Current portion				(3,948,269)
				<u>\$ 22,299,816</u>

A. According to the borrowing contract, the Group shall calculate the financial ratios based on the audited annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements as at December 31, 2025 and 2024.

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

Currency	December 31, 2025	December 31, 2024
USD	\$ 2,976,421	\$ 4,426,008

(18) Pensions

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

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

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 920,766	\$ 935,309
Fair value of plan assets	(751,994)	(728,165)
Net defined benefit liability	\$ 168,772	\$ 207,144

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

	Year ended December 31, 2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 935,309	(\$ 728,165)	\$ 207,144
Current service cost	5,801	-	5,801
Interest expense (income)	14,965	(11,651)	3,314
	956,075	(739,816)	216,259
Remeasurements:			
Change in financial assumptions	19,250	-	19,250
Experience adjustments	13,733	-	13,733
Return on plan asset	-	-	-
(excluding amounts included in interest income or expense)	-	(50,315)	(50,315)
	32,983	(50,315)	17,332
Pension fund contribution	(11,267)	(18,888)	(30,155)
Paid pension	(57,025)	57,025	-
Balance at December 31	\$ 920,766	(\$ 751,994)	\$ 168,772

	Year ended December 31, 2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 966,996	(\$ 649,325)	\$ 317,671
Current service cost	6,787	-	6,787
Interest expense (income)	11,604	(7,792)	3,812
	<u>985,387</u>	<u>(657,117)</u>	<u>328,270</u>
Remeasurements:			
Change in financial assumptions	(27,597)	-	(27,597)
Experience adjustments	9,358	-	9,358
Return on plan asset (excluding amounts included in interest income or expense)	-	(59,116)	(59,116)
	<u>(18,239)</u>	<u>(59,116)</u>	<u>(77,355)</u>
Pension fund contribution	-	(43,771)	(43,771)
Paid pension	<u>(31,839)</u>	<u>31,839</u>	<u>-</u>
Balance at December 31	<u>\$ 935,309</u>	<u>(\$ 728,165)</u>	<u>\$ 207,144</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

For the years ended December 31, 2025 and 2024, the actual return on plan assets was \$61,966 thousand and \$66,908 thousand, respectively.

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

	Year ended December 31, 2025	Year ended December 31, 2024
Discount rate	1.30%	1.60%
Future salary increases	3.00%	3.00%

For the years ended December 31, 2025 and 2024, assumptions regarding future mortality experience are set based on the 6th empirical life table estimation in Taiwan life insurance industry.

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

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2025				
Effect on present value of defined benefit obligation	(\$ 16,090)	\$ 16,585	\$ 14,133	(\$ 13,800)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 16,585)	\$ 17,091	\$ 14,634	(\$ 14,293)

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2026 amount to \$7,827 thousand.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the weighted average duration of the future pension payment was as follows:

Within 1 year	\$ 151,128
2-5 years	281,682
Over 6 years	271,798
	<u>\$ 704,608</u>

B. (a) Effective July 1, 2005, the Company and MAXXIS (Taiwan) Trading Co., Ltd. have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company and MAXXIS (Taiwan) Trading Co., Ltd. for the years ended December 31, 2025 and 2024 were \$121,211 thousand and \$123,096 thousand, respectively.

C. (a) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2025 and 2024 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024, were \$586,048 thousand and \$571,964 thousand, respectively.

- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2025 and 2024 were \$69,529 thousand and \$70,597 thousand, respectively.

(19) Share capital

As at December 31, 2025, the Company's authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.

(20) 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.

(21) 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 (At least 30% of the employees' compensation shall be allocated to rank-and-file employees.) and no higher than 3% of which shall be appropriated as directors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of at least two thirds of Board of Directors members and approval of over one half of the attendees. The resolution of the Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The Company recognized dividends distributed to shareholders amounting to \$7,779,397 thousand and \$6,482,831 thousand (\$2.4 (in dollars) per share and \$2 (in dollars) per share) for the years ended December 31, 2025 and 2024. On March 11, 2026, the Company's shareholders at their meeting resolved that the total dividends for the distribution of earnings for the year of 2025 would be \$5,834,548 thousand at \$1.8 (in dollars) per share.

(22) Other equity items

	Year ended December 31, 2025		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 4,206,995)	\$ 24,680	(\$ 4,182,315)
Valuation adjustment – Group	-	2,243	2,243
Currency translation differences:			
– Group	89,937	-	89,937
– Tax on Group	(17,987)	-	(17,987)
At December 31	(\$ 4,135,045)	\$ 26,923	(\$ 4,108,122)
	Year ended December 31, 2024		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,935,802)	\$ 14,230	(\$ 6,921,572)
Valuation adjustment – Group	-	10,450	10,450
Currency translation differences:			
– Group	3,411,009	-	3,411,009
– Tax on Group	(682,202)	-	(682,202)
At December 31	(\$ 4,206,995)	\$ 24,680	(\$ 4,182,315)

(23) Operating revenue

	Year ended December 31, 2025	Year ended December 31, 2024
Revenue from contracts with customers	\$ 90,780,872	\$ 96,247,057

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2025				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 5,336,694	\$ 40,298,638	\$ 8,608,027	\$ 36,537,513	\$ 90,780,872
	Year ended December 31, 2024				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 5,760,603	\$ 42,513,622	\$ 10,124,793	\$ 37,848,039	\$ 96,247,057

B. Contract liabilities

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

	December 31, 2025	December 31, 2024	January 1, 2023
Advance sales receipts	\$ 766,182	\$ 728,119	\$ 521,460
Customer loyalty programmes	-	-	20,385
	<u>\$ 766,182</u>	<u>\$ 728,119</u>	<u>\$ 541,845</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Advance sales receipts	\$ 548,133	\$ 372,433
Customer loyalty programmes	-	20,385
	<u>\$ 548,133</u>	<u>\$ 392,818</u>

(24) Interest income

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income from bank deposits	\$ 645,991	\$ 684,555
Interest income from financial assets at amortised cost	492,017	403,351
	<u>\$ 1,138,008</u>	<u>\$ 1,087,906</u>

(25) Other income

	Year ended December 31, 2025	Year ended December 31, 2024
Grant revenue	\$ 352,632	\$ 271,494
Other income	390,219	643,646
	<u>\$ 742,851</u>	<u>\$ 915,140</u>

(26) Other gains and losses

	Year ended December 31, 2025	Year ended December 31, 2024
Net currency exchange loss	(\$ 968,072)	(\$ 37,931)
Loss on disposal of property, plant and equipment	(160,699)	(141,009)
Loss on disposal of intangible assets	(1)	-
Impairment loss on non-financial assets	(30,327)	(6,752)
Net gain on financial assets and liabilities at fair value through profit or loss	28,993	-
Miscellaneous disbursement	(284,418)	(145,756)
	<u>(\$ 1,414,524)</u>	<u>(\$ 331,448)</u>

(27) Finance costs

	Year ended December 31, 2025	Year ended December 31, 2024
Interest expense:		
Bank borrowings	\$ 740,153	\$ 871,425
Corporate bonds	38,203	48,000
Provisions-discount	11,004	11,750
Lease liability-interest expense	6,918	10,542
	<u>\$ 796,278</u>	<u>\$ 941,717</u>

(28) Expenses by nature

	Year ended December 31, 2025	Year ended December 31, 2024
Employee benefit expense		
Wages and salaries	\$ 10,674,110	\$ 10,820,904
Labour and health insurance fees	761,686	758,719
Pension costs	785,903	776,256
Directors' remuneration	108,262	149,792
Other personnel expenses	771,215	778,147
	<u>\$ 13,101,176</u>	<u>\$ 13,283,818</u>
Raw materials and supplies used	<u>\$ 45,386,573</u>	<u>\$ 47,659,174</u>
Depreciation expense on property, plant and equipment	<u>\$ 8,168,460</u>	<u>\$ 9,448,246</u>
Depreciation expense on right-of-use assets	<u>\$ 231,665</u>	<u>\$ 245,014</u>
Depreciation expense on investment property	<u>\$ 47,042</u>	<u>\$ 46,823</u>
Amortisation expense on intangible assets	<u>\$ 85,211</u>	<u>\$ 75,843</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. At least 30% of the employees' compensation shall be allocated to rank-and-file employees.

B. For the years ended December 31, 2025 and 2024, employees' compensation were accrued at \$119,218 thousand and \$188,216 thousand, respectively; while directors' remuneration were accrued at \$89,413 thousand and \$134,104 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 2%, 1.5% and 1.425% of distributable profit of current year for years ended December 31, 2025 and 2024, respectively.

Employees' compensation for 2024 amounting to \$188,216 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2024 financial statements; Directors' remuneration for 2024, the difference of \$7,058 thousand between the amount of \$141,162 (resolved at 1.5%) resolved at the Board meeting and the amount of \$134,104 thousand (provided at 1.425%) recognised in the 2024 financial statements, mainly resulting from the adjustment of accrual for directors' remuneration, had been adjusted in the profit or loss of 2025. The employees' compensation for 2024 will be distributed in the form of cash. As of March 11, 2026, the employees' compensation for 2025 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.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2025	Year ended December 31, 2024
Current tax:		
Current tax on profits for the year	\$ 1,701,265	\$ 2,406,979
Additional tax on undistributed earnings	111,697	-
Prior year income tax over estimation	(115,261)	(111,202)
Total current tax	<u>1,697,701</u>	<u>2,295,777</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>309,614</u>	<u>418,666</u>
Total current tax	<u>309,614</u>	<u>418,666</u>
Income tax expense	<u>\$ 2,007,315</u>	<u>\$ 2,714,443</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Generated during the year:		
Currency translation differences	(\$ 17,987)	(\$ 682,202)
Remeasurement of defined benefit obligations	(3,466)	(15,471)
Total generated during the year	<u>\$ 21,453</u>	<u>\$ 697,673</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2025	Year ended December 31, 2024
Tax calculated based on profit before		
tax and statutory tax rate	\$ 2,278,919	\$ 3,471,925
Effect from items disallowed by tax regulation	30,018	92,796
Income from investing overseas		
subsidiaries not recognized as deferred		
tax liabilities	(558,569)	(736,083)
Temporary differences not recognized		
as deferred tax regulation	352,165	229,903
Tax exempt income by tax regulation	(157,108)	(232,896)
Prior year income tax over estimation	(115,261)	(111,202)
Income tax impact of alternative minimum tax	65,454	-
Additional tax on undistributed earnings	111,697	-
Income tax expense	<u>\$ 2,007,315</u>	<u>\$ 2,714,443</u>

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

	Year ended December 31, 2025			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gain on inter				
-affiliated accounts	\$ 120,175	(\$ 32,979)	\$ -	\$ 87,196
Remeasurement of defined				
benefit obligations	102,154	-	(3,466)	98,688
Exchange differences on				
translation of foreign				
financial statements	530,431	-	(17,987)	512,444
Deferred government grant				
revenue	210,091	(8,644)	-	201,447
Unrealised exchange loss	-	2,395	-	2,395
Others	605,460	168,876	-	774,336
Subtotal	<u>\$ 1,568,311</u>	<u>\$ 129,648</u>	<u>(\$ 21,453)</u>	<u>\$ 1,676,506</u>

	Year ended December 31, 2025			
-Deferred tax liabilities:				
Gain on foreign long-term investments	(\$ 1,135,027)	(\$ 396,064)	\$ -	(\$ 1,531,091)
Adjustment of land value increment tax	(514,733)	-	-	(\$ 514,733)
Unrealised exchange gain	(9,629)	9,629	-	\$ -
Others	(130,706)	(52,827)	-	(\$ 183,533)
Subtotal	(\$ 1,790,095)	(\$ 439,262)	\$ -	(\$ 2,229,357)
Total	(\$ 221,784)	(\$ 309,614)	(\$ 21,453)	(\$ 552,851)

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

- D. (a) The China subsidiary that was consolidated in the financial statements was a productive foreign enterprise and established in People's Republic of China and is eligible for local tax incentives. In line with local tax law, the tax rate and applicable tax rate was 15% and 25%, respectively.
- (b) For the years ended December 31, 2025 and 2024, the Company's subsidiary, Cheng Shin (Thailand) is eligible to avail of the local tax incentives.

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

	December 31, 2025	December 31, 2024
Deductible temporary differences	<u>\$ 13,477,174</u>	<u>\$ 13,792,344</u>

- F. The Company accrued deferred tax liabilities, taking into account operating result, degree of expansion and dividend policy of each overseas subsidiary. Based on the assessment, the amounts of temporary difference unrecognised as deferred tax liabilities as of December 31, 2025 and 2024 were \$68,423,109 thousand and \$64,191,378 thousand, respectively.
- G. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.
- H. The Group has applied the exceptions relating to recognizing and disclosing information about deferred tax assets and liabilities related Pillar Two income taxes.
- I. For the years 2025 and 2024, among the Group's overseas subsidiaries subject to the enacted Pillar Two legislation, only the Hong Kong jurisdiction recognized current income tax expenses amounting to NT\$65,454 thousand for the current year. The impact on the other jurisdictions were assessed to be not material; accordingly, no current income tax expenses were recognized.
- J. The Company, applying the provisions of Article 26, Paragraph 1 of the Tax Collection Act and Decree No.11404554260 issued by the Ministry of Finance, R.O.C on April 17, 2025, has applied for installment payment for the provisional filing of the profit-seeking enterprise income tax for the year 114 and has obtained approval. As of December 31, 2025, the Current tax liabilities and Non-current tax liabilities are as follows.

		December 31, 2025	
		Income tax liabilities	
Tax Item	Declared Value	Current	Non-current
Interim Payment for the year ended December 31, 2025	<u>\$ 403,720</u>	<u>\$ 134,573</u>	<u>\$ 235,504</u>

(30) Earnings per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 4,854,332</u>	<u>3,241,416</u>	<u>\$ 1.50</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	4,854,332	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>5,006</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,854,332</u>	<u>3,246,422</u>	<u>\$ 1.50</u>

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 8,017,116	3,241,416	\$ 2.47
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	8,017,116	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,859	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 8,017,116	3,246,275	\$ 2.47

(31) Supplemental cash flow information

Investing activities with partial cash payments :

	Year ended December 31, 2025	Year ended December 31, 2024
Purchase of property, plant and equipment	\$ 2,943,449	\$ 2,630,191
Add: Opening balance of payable on equipment	239,436	294,103
Less: Ending balance of payable on equipment	(254,596)	(239,436)
Cash paid during the period	\$ 2,928,289	\$ 2,684,858

(32) Changes in liabilities from financing activities

Year ended December 31, 2025								
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 3,467,624	\$ -	\$ 26,248,085	\$ 8,000,000	\$ -	\$ 327,461	\$ 262,369	\$ 38,305,539
Changes in cash flow from financing activities	(1,598,766)	1,500,000	5,134,813	(4,000,000)	(7,779,397)	(161,088)	(25,105)	(6,929,543)
Interest paid	-	-	-	-	-	(6,918)	-	(6,918)
Additions	-	-	-	-	7,779,397	33,273	-	7,812,670
Amortisation of interest expense	-	-	-	-	-	6,918	-	6,918
Impact of changes in foreign exchange rate	(631,893)	-	(290,233)	-	-	(6,875)	-	(929,001)
At December 31	\$ 1,236,965	\$ 1,500,000	\$ 31,092,665	\$ 4,000,000	\$ -	\$ 192,771	\$ 237,264	\$ 38,259,665

Year ended December 31, 2024								
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 3,011,371	\$ 300,000	\$ 25,573,015	\$ 8,000,000	\$ -	\$ 389,716	\$ 263,020	\$ 37,537,122
Changes in cash flow from financing activities	314,958	(300,000)	379,038	-	(6,505,549)	(165,030)	(651)	(6,277,234)
Interest paid	-	-	-	-	-	(10,542)	-	(10,542)
Additions	-	-	-	-	6,505,549	88,189	-	6,593,738
Amortisation of interest expense	-	-	-	-	-	10,542	-	10,542
Impact of changes in foreign exchange rate	141,295	-	296,032	-	-	14,586	-	451,913
At December 31	\$ 3,467,624	\$ -	\$ 26,248,085	\$ 8,000,000	\$ -	\$ 327,461	\$ 262,369	\$ 38,305,539

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. CO., LTD.	Investee accounted for using the equity method
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's president is the company's representative
Jye Luo Memory Co Ltd.	The Company's vice chairman is the company's representative
Jiu Shun Investment Corporation	The Company's chairman within first degree of relationship is the company's representative
KE LI SI INVESTMENT CO., LTD.	The Company's chairman within first degree of relationship is the company's representative
JI CHENG Co., Ltd.	The Company's chairman within first degree of relationship is the company's representative
WAN LI SI INVESTMENT LTD.	The Company's chairman within first degree of relationship is the company's representative
ZERO COUNTER RACING CO., LTD.	The Company's chairman within first degree of relationship is the company's representative
Horning Yih Investment Corporation	The Company's chairman is the company's representative
Hsieh Shuen Investment Co., Ltd.	The Company's president within first degree of relationship is the company's representative
Po Teng Co., Ltd.	The Company's president within first degree of relationship is the company's representative
Bai Xu Co., Ltd.	The Company's president within first degree of relationship is the company's representative
Cheng En Co., Ltd.	The Company's president within first degree of relationship is the company's representative
Chin Cheng Investment Co., Ltd.	The Company's chairman is the company's representative
Min Hsing Investment Co., Ltd.	The Company's chairman is the company's representative
Jun Cheng Co., Ltd.	The Company's chairman is the company's representative

Names of related parties	Relationship with the Group	
Lo, Ming-Ling	Spouse of the Company’s president	
Lo, Ming-I	Spouse of the Company’s chairman	
Lo, Tsai-Jen	The Company’s vice chairman	
Luo, Yuan-Yo	Relative of the Company’s vice chairman within first degree of relationship	
Lo, Yuan-Long	The Company’s director	
Chen, Po-Chia	Relative of the Company’s president within first degree of relationship	
Chen, Ping-Hao	Relative of the Company’s chairman within first degree of relationship	
Chen,Li-Jen	Relative of the Company’s chairman within first degree of relationship	
Wu, Xuan-Miao	The Company’s director	
(2) <u>Significant related party transactions</u>		
A. <u>Operating revenue</u>		
	Year ended December 31, 2025	Year ended December 31, 2024
Sales of goods:		
-Other related parties	\$ 191,820	\$ 299,888
Prices and collection terms of abovementioned sales are the same with third parties, and the credit terms are between 60~90 days.		
B. <u>Receivables from related parties</u>		
	December 31, 2025	December 31, 2024
Accounts receivable:		
-Other related parties	\$ 22,823	\$ 43,484
C. <u>Lease transactions - lessee</u>		
(a) The Group leases land from Lo, Ming-Ling, Lo, Ming-I, Lo, Tsai-Jen, Luo, Yuan-Yo, Lo, Yuan-Long, Chen, Po-Chia and Chen, Ping-Hao. Rental contracts are typically made for periods of 5 years. Rents are prepaid at the beginning of the year.		
(b) Lease liabilities		
i. Outstanding balance		
	December 31, 2025	December 31, 2024
Key management personnel	\$ 41,270	\$ 54,596
ii. Interest expense		
	Year ended December 31, 2025	Year ended December 31, 2024
Key management personnel	\$ 650	\$ 860
(3) <u>Key management compensation</u>		
	Year ended December 31, 2025	Year ended December 31, 2024
Short-term employee benefits	\$ 257,005	\$ 292,972
Post-employment benefits	2,365	1,952
	\$ 259,370	\$ 294,924

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2025	December 31, 2024	
Time deposits (shown as 'Financial assets at amortised cost - non-current')	\$ 32,461	\$ 31,883	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:

	December 31, 2025	December 31, 2024
Property, plant and equipment	\$ 1,391,150	\$ 1,716,717

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

	December 31, 2025	December 31, 2024
Amount of letters of credit that has been issued but not yet used	\$ -	\$ 10,965

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the year ended December 31, 2025, the Company's strategy was unchanged from 2024. The Company maintained the gearing ratios below 200%. The gearing ratios at December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 55,346,811	\$ 55,878,118
Total equity	\$ 87,534,713	\$ 90,376,345
Less: Intangible assets	(172,425)	(186,009)
Tangible equity	\$ 87,362,288	\$ 90,190,336
Debt-equity ratio	63%	62%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 93,775	\$ 91,532
Financial assets at amortised cost		
Cash and cash equivalents	\$ 22,399,032	\$ 26,609,220
Financial assets at amortised cost	26,659,049	18,346,866
Notes receivable, net	4,626,439	2,522,756
Accounts receivable (including related parties)	8,295,944	9,065,286
Guarantee deposits paid	64,862	72,644
	<u>\$ 62,045,326</u>	<u>\$ 56,616,772</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,236,965	\$ 3,467,624
Short-term notes and bills payable	1,500,000	-
Notes payable	3,734	90,160
Accounts payable	6,566,717	7,552,862
Other accounts payable	4,171,246	4,082,321
Corporate bonds payable (including current portion)	4,000,000	8,000,000
Long-term borrowings (including current portion)	31,092,665	26,248,085
Guarantee deposits received	237,264	262,369
	<u>\$ 48,808,591</u>	<u>\$ 49,703,421</u>
Lease liabilities (including current portion)	<u>\$ 192,771</u>	<u>\$ 327,461</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2025						
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : TWD	\$ 134,818	31.430	\$ 4,237,330	1%	\$ 42,373	\$ -
RMB : TWD	28,289	4.496	127,187	1%	1,272	-
EUR : TWD	10,360	36.900	382,284	1%	3,823	-
JPY : TWD	1,684,016	0.201	338,487	1%	3,385	-
GBP : TWD	3,416	42.330	144,599	1%	1,446	-
USD : RMB	235,037	6.991	7,387,574	1%	73,876	-
EUR : RMB	13,765	8.207	507,910	1%	5,079	-
GBP : RMB	6,635	9.415	280,858	1%	2,809	-
USD : THB	188,524	31.370	5,925,826	1%	59,258	-
USD : VND	10,075	26,635.593	316,657	1%	3,167	-
USD : CAD	30,087	1.370	945,568	1%	9,456	-
USD : IDR	7,257	16,718.085	228,088	1%	2,281	-
Financial liabilities						
Monetary items						
USD : TWD	\$ 17,811	31.430	\$ 559,800	1%	\$ 5,598	\$ -
USD : RMB	18,195	6.991	571,897	1%	5,719	-
EUR : RMB	3,018	8.207	111,360	1%	1,114	-
USD : THB	9,244	31.370	290,564	1%	2,906	-
USD : VND	21,295	26,635.593	669,302	1%	6,693	-
USD : CAD	4,076	1.370	128,100	1%	1,281	-
USD : IDR	239,319	16,718.085	7,521,796	1%	75,218	-
RMB : IDR	28,977	2,391.489	130,281	1%	1,303	-
USD : INR	68,000	89.877	2,137,239	1%	21,372	-

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

- iv. The exchange loss including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to \$968,072 thousand and \$37,931 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the years ended December 31, 2025 and 2024 would have increased/decreased by \$938 thousand and \$915 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2025 and 2024, the Group's borrowings at variable rate were denominated in the TWD, USD and RMB.
- ii. The Group's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. As at December 31, 2025 and 2024, if interest rates on TWD, USD and RMB denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2025 and 2024 would have been \$33,772 thousand and \$29,642 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at December 31, 2025 and 2024, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of receivables (including notes and accounts receivable); accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at December 31, 2025 and 2024, the provision matrix is as follows:

December 31, 2025	Expected loss rate	Total book value	Loss allowance
Without past due	0.01% ~ 1.44%	\$ 11,515,212	\$ 19,414
Up to 30 days	0.01% ~ 2.42%	1,066,611	12,834
31 to 90 days	0.01% ~ 8.61%	282,937	8,538
91 to 180 days	0.01% ~ 26.31%	33,568	2,042
Over 180 days	0.02% ~ 100.00%	58,926	14,866
		<u>\$ 12,957,254</u>	<u>\$ 57,694</u>
December 31, 2024	Expected loss rate	Total book value	Loss allowance
Without past due	0.01% ~ 0.82%	\$ 9,912,854	\$ 8,097
Up to 30 days	0.01% ~ 1.11%	1,153,919	9,530
31 to 90 days	0.01% ~ 7.62%	372,230	3,921
91 to 180 days	0.01% ~ 25.36%	46,735	2,133
Over 180 days	0.02% ~ 100.00%	116,659	34,158
		<u>\$ 11,602,397</u>	<u>\$ 57,839</u>

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

	Year ended December 31, 2025		
	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ 57,839	\$ 57,839
Provision for impairment	-	4,985	4,985
Write-offs	- (	6,063) (	6,063)
Others	-	893	893
Effect of exchange rate changes	-	40	40
At December 31	<u>\$ -</u>	<u>\$ 57,694</u>	<u>\$ 57,694</u>

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

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

	December 31, 2025			
		Lifetime		
		Significant increase in credit risk	Impairment of credit	
	12 months			Total
Financial assets at amortised cost	<u>\$26,659,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$26,659,049</u>
	December 31, 2024			
		Lifetime		
		Significant increase in credit risk	Impairment of credit	
	12 months			Total
Financial assets at amortised cost	<u>\$18,346,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,346,866</u>

Based on assessment, the default possibility of the Group's financial assets at amortised cost is remote, and thus loss allowances as of December 31, 2025 and 2024 were all immaterial.

(c) Liquidity risk

- 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.
- 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.
- The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2025</u>					
<u>Non-derivative</u>	<u>Less than</u>	<u>Between</u>	<u>Between</u>		
<u>financial liabilities</u>	<u>three months</u>	<u>three and six</u>	<u>six months</u>	<u>Over 1 year</u>	<u>Total</u>
		<u>months</u>	<u>and 1 year</u>		
Short-term					
borrowings	\$ 294,953	\$ 10,647	\$ 950,015	\$ -	\$ 1,255,615
Short-term notes					
and bills payable	1,500,000	-	-	-	1,500,000
Notes and accounts					
payable	6,570,451	-	-	-	6,570,451
Other payables	3,933,542	8,386	110,100	119,218	4,171,246
Lease liability	44,126	25,542	45,181	83,798	198,647
Guarantee deposits					
received	-	-	-	237,264	237,264
Long-term					
borrowings	155,300	608,521	2,216,711	29,386,377	32,366,909
Bonds payable	-	-	4,024,000	-	4,024,000
<u>December 31, 2024</u>					
<u>Non-derivative</u>	<u>Less than</u>	<u>Between</u>	<u>Between</u>		
<u>financial liabilities</u>	<u>three months</u>	<u>three and six</u>	<u>six months</u>	<u>Over 1 year</u>	<u>Total</u>
		<u>months</u>	<u>and 1 year</u>		
Short-term					
borrowings	\$ 1,522,957	\$ 1,099,518	\$ 889,029	\$ -	\$ 3,511,504
Notes and accounts					
payable	7,643,022	-	-	-	7,643,022
Other payables	3,719,055	12,301	162,749	188,216	4,082,321
Lease liability	54,083	39,794	74,791	169,893	338,561
Guarantee deposits					
received	-	-	-	262,369	262,369
Long-term					
borrowings	2,097,554	145,026	2,279,826	22,996,644	27,519,050
Bonds payable	-	-	4,048,000	4,024,000	8,072,000

(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, other receivables, financial assets at amortised cost, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

December 31, 2025				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 4,000,000	\$ -	\$ 4,008,758	\$ -
December 31, 2024				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 8,000,000	\$ -	\$ 8,017,517	\$ -

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

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

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

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

December 31, 2025				
	Level 2	Level 1	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 35,588	\$ -	\$ 58,187	\$ 93,775
December 31, 2024				
	Level 2	Level 1	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 33,345	\$ -	\$ 58,187	\$ 91,532

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

- i. For Level 1, the Group used market quoted prices as their fair values according to the characteristics of instruments. Listed shares and balanced mutual fund use closing price as their fair values.

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- iii. Level 2: When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- E. For the years ended December 31, 2025 and 2024, there were no transfer between Level 1 and Level 2.
- F. There were no movement in Level 3 for the years ended December 31, 2025 and 2024.

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 significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): The individual securities held by the Group for year ended December 31, 2025, have been evaluated and are not deemed significant. Therefore, such securities have not been disclosed. For the information about the fair value of investments in equity instruments, please refer to Note 6(2).
- D. 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 3.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Ceiling on investments in Mainland China: Please refer to table 7.
- 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 December 31, 2025: Please refer to tables 3, 4 and 5.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

	Year ended December 31, 2025					
	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	\$ 11,330,092	\$ 12,620,354	\$ 22,709,922	\$ 7,693,210	\$ 21,922,953	\$ 76,276,531
Revenue from inter-segment revenue	6,473,774	1,487,033	761,266	2,437,959	2,364,240	13,524,272
Total segment revenue	<u>\$ 17,803,866</u>	<u>\$ 14,107,387</u>	<u>\$ 23,471,188</u>	<u>\$ 10,131,169</u>	<u>\$ 24,287,193</u>	<u>\$ 89,800,803</u>
Geographical regions						
Taiwan	\$ 8,190,711	\$ 196,673	\$ 108,703	\$ 63,264	\$ 121,154	\$ 8,680,505
China	361,548	10,488,141	16,109,743	669	16,512,283	43,472,384
US	3,154,979	124,134	21,536	2,510,776	189,153	6,000,578
Others	6,096,628	3,298,439	7,231,206	7,556,460	7,464,603	31,647,336
Total	<u>\$ 17,803,866</u>	<u>\$ 14,107,387</u>	<u>\$ 23,471,188</u>	<u>\$ 10,131,169</u>	<u>\$ 24,287,193</u>	<u>\$ 89,800,803</u>
Segment income	<u>\$ 1,049,863</u>	<u>\$ 306,672</u>	<u>\$ 2,253,076</u>	<u>\$ 846,315</u>	<u>\$ 3,121,378</u>	<u>\$ 7,577,304</u>
Depreciation and amortisation	<u>\$ 1,354,748</u>	<u>\$ 1,424,971</u>	<u>\$ 2,047,074</u>	<u>\$ 652,625</u>	<u>\$ 2,213,419</u>	<u>\$ 7,692,837</u>
Interest income	<u>\$ 98,289</u>	<u>\$ 64,647</u>	<u>\$ 510,930</u>	<u>\$ 70,800</u>	<u>\$ 409,539</u>	<u>\$ 1,154,205</u>
Finance costs	<u>\$ 485,133</u>	<u>\$ 5,252</u>	<u>\$ 6,009</u>	<u>\$ 700</u>	<u>\$ 13,157</u>	<u>\$ 510,251</u>
Share of loss of associates and joint ventures accounted for under equity method	<u>\$ 17,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,457</u>
	Year ended December 31, 2024					
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 12,637,404	\$ 13,616,160	\$ 24,183,250	\$ 8,296,050	\$ 22,322,371	\$ 81,055,235
Revenue from inter-segment revenue	8,092,259	1,251,186	669,561	1,529,253	2,445,196	13,987,455
Total segment revenue	<u>\$ 20,729,663</u>	<u>\$ 14,867,346</u>	<u>\$ 24,852,811</u>	<u>\$ 9,825,303</u>	<u>\$ 24,767,567</u>	<u>\$ 95,042,690</u>
Geographical regions						
Taiwan	\$ 8,785,229	\$ 241,895	\$ 89,047	\$ 49,111	\$ 99,304	\$ 9,264,586
China	419,105	10,777,695	17,273,639	4,800	16,870,527	45,345,766
US	4,858,360	175,654	14,204	1,645,877	435,926	7,130,021
Others	6,666,969	3,672,102	7,475,921	8,125,515	7,361,810	33,302,317
Total	<u>\$ 20,729,663</u>	<u>\$ 14,867,346</u>	<u>\$ 24,852,811</u>	<u>\$ 9,825,303</u>	<u>\$ 24,767,567</u>	<u>\$ 95,042,690</u>
Segment income	<u>\$ 3,277,428</u>	<u>\$ 557,825</u>	<u>\$ 3,076,480</u>	<u>\$ 665,079</u>	<u>\$ 3,750,963</u>	<u>\$ 11,327,775</u>
Depreciation and amortisation	<u>\$ 1,363,170</u>	<u>\$ 1,514,048</u>	<u>\$ 2,556,216</u>	<u>\$ 1,118,773</u>	<u>\$ 2,349,330</u>	<u>\$ 8,901,537</u>
Interest income	<u>\$ 164,460</u>	<u>\$ 56,865</u>	<u>\$ 480,422</u>	<u>\$ 64,112</u>	<u>\$ 330,997</u>	<u>\$ 1,096,856</u>
Finance costs	<u>\$ 385,890</u>	<u>\$ 5,147</u>	<u>\$ 6,705</u>	<u>\$ 448</u>	<u>\$ 13,621</u>	<u>\$ 411,811</u>
Share of loss of associates and joint ventures accounted for under equity method	<u>\$ 946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946</u>

(4) Reconciliation for segment income

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

	Year ended December 31, 2025	Year ended December 31, 2024
Adjusted revenue from reportable segments	\$ 89,800,803	\$ 95,042,690
Adjusted revenue from other operating segments	15,950,851	16,988,207
Total operating segments	105,751,654	112,030,897
Elimination of inter-segment revenue	(14,970,782)	(15,783,840)
Total consolidated operating revenue	<u>\$ 90,780,872</u>	<u>\$ 96,247,057</u>

	Year ended December 31, 2025	Year ended December 31, 2024
Geographical regions		
Geographical regions from reportable segments	\$ 89,800,803	\$ 95,042,690
Geographical regions from other operating segments		
Taiwan	334,395	358,644
China	956,598	1,445,293
US	7,502,761	8,607,723
Others	7,157,097	6,576,547
Total geographical regions	105,751,654	112,030,897
Elimination of inter-segment revenue	(14,970,782)	(15,783,840)
Total consolidated operating revenue	<u>\$ 90,780,872</u>	<u>\$ 96,247,057</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Adjusted income from reportable segments before income tax	\$ 7,577,304	\$ 11,327,775
Adjusted loss from other operating segments before income tax	(713,664)	(522,761)
Total operating segments	6,863,640	10,805,014
Loss from elimination of inter-segment revenue	(20,835)	(62,383)
Income from continuing operations before income tax	<u>\$ 6,842,805</u>	<u>\$ 10,742,631</u>

(5) Information on products and services

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

	Year ended December 31, 2025	Year ended December 31, 2024
Sales revenue	\$ 90,612,688	\$ 95,969,190
Others	168,184	277,867
	<u>\$ 90,780,872</u>	<u>\$ 96,247,057</u>

(6) Geographical information

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

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

	Year ended December 31, 2025	Year ended December 31, 2024
China	\$ 40,298,638	\$ 42,513,622
USA	8,608,027	10,124,793
Taiwan	5,336,694	5,760,603
Others	36,537,513	37,848,039
	<u>\$ 90,780,872</u>	<u>\$ 96,247,057</u>

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

	December 31, 2025	December 31, 2024
China	\$ 31,599,411	\$ 36,090,665
USA	385,923	458,884
Taiwan	13,412,543	14,116,931
Others	15,146,211	16,973,754
	<u>\$ 60,544,088</u>	<u>\$ 67,640,234</u>

(7) Major customer information

None of the revenue from any single customer has exceeded 10% of the revenue in the consolidated statement of comprehensive income for the years ended December 31, 2025 and 2024.

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2025	Balance at December 31, 2025 (Note 9)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2, 3, 4)	Ceiling on total loans granted (Note 5, 6, 7)	Footnote
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	\$ 1,660,250	\$ 1,571,500	\$ 1,571,500	2.55467%	Note 8	\$ -	Operating capital	\$ -	None	\$ -	\$ 8,698,108	\$ 34,792,434	Note 10
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	914,600	899,200	814,450	2.11%	Note 8	-	Operating capital	-	None	-	16,687,305	27,812,175	Note 10
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	PT MAXXIS International Indonesia	Other receivables	Yes	130,384	130,384	130,384	3.00%	Note 8	-	Operating capital	-	None	-	16,687,305	27,812,175	Note 10
2	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	914,600	-	-	-	Note 8	-	Operating capital	-	None	-	6,819,043	11,365,071	Note 10
3	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	Other receivables	Yes	4,400,200	4,400,200	3,583,020	1.88503%-2.08661%	Note 8	-	Operating capital	-	None	-	10,230,100	10,230,100	Note 10

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

(1) The Company is '0'.

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

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

Note 3: Limit on loans granted by MAXXIS International (Thailand) Co., Ltd. to a single party is 100% of above Companies' net assets.

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

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

Note 6: Limit on loans granted by MAXXIS International (Thailand) Co., Ltd. to others is 100% of above Companies' net assets.

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025	Outstanding endorsement/ guarantee amount at December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	\$ 43,490,542	\$ 4,921,162	\$ 3,951,644	\$ 2,138,147	\$ -	4.54	\$ 60,886,759	Y	N	N	Note 2, 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	43,490,542	4,539,124	3,982,181	2,064,951	-	4.58	\$ 60,886,759	Y	N	N	Note 2, 3

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

(1) The Company is '0'.

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

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

\$ 60,886,759

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

\$ 17,396,217

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

\$ 43,490,542

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at December 31, 2025.

CHENG SHIN RUBBER IND. CO., LTD.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote
							Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 2,691,804)	(19.15)	Collect within 90 days after shipment of goods	Same	Same	\$ 676,922	32.86	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(458,810)	(3.26)	Collect within 90 days after shipment of goods	Same	Same	86,911	4.22	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(3,110,747)	(22.13)	Collect within 30 days	Same	Same	305,676	14.84	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(512,958)	(3.64)	Collect within 60~90 days after shipment of goods	Same	Same	94,024	5.00	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(873,840)	(6.19)	Collect within 60~90 days after shipment of goods	Same	Same	203,184	10.81	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(594,354)	(22.10)	Collect within 60~90 days after shipment of goods	Same	Same	105,316	27.24	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(178,719)	(6.65)	Collect within 60~90 days after shipment of goods	Same	Same	37,869	9.80	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(154,843)	(5.76)	Collect within 60~90 days after shipment of goods	Same	Same	29,141	7.54	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(661,757)	(5.38)	Collect within 60~90 days after shipment of goods	Same	Same	110,338	7.93	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(151,647)	(26.51)	Collect within 60~90 days after shipment of goods	Same	Same	1,328	5.18	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(172,671)	(30.19)	Collect within 60~90 days after shipment of goods	Same	Same	-	-	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent	(sales)	(464,128)	(2.82)	Collect within 60~90 days after shipment of goods	Same	Same	325,159	8.11	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(213,402)	(7.38)	Collect within 60~90 days after shipment of goods	Same	Same	36,618	7.49	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Same ultimate parent	(sales)	(129,128)	(4.47)	Collect within 90 days after shipment of goods	Same	Same	48,692	9.96	Note 3
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(198,821)	(3.10)	Collect within 90 days after shipment of goods	Same	Same	59,045	11.63	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(1,979,265)	(19.54)	Collect within 90 days after shipment of goods	Same	Same	444,666	23.22	Note 3
MAXXIS International (Thailand) Co., Ltd.	Maxxis Rubber India Private Limited	Same ultimate parent	(sales)	(289,223)	(2.85)	Collect within 60~90 days after shipment of goods	Same	Same	301,347	15.74	Note 3
PT MAXXIS International Indonesia	Cheng Shin Rubber Ind. Co., Ltd.	Parent company	(sales)	(149,147)	(4.18)	Advance collection	Same	Same	5,267	1.20	Note 2,3
Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(sales)	(561,525)	(24.03)	Collect within 60~90 days after shipment of goods	Same	Same	138,557	39.43	Note 3
MAXXIS Tech Center Europe B.V.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(119,871)	(71.52)	Collect within 60~90 days after shipment of goods	Same	Same	49,588	74.56	Note 3

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

Note 2: The transaction terms are to be determined through negotiation between both parties.

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

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025	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)	\$ 677,723	Note 3	\$ -	-	\$ 412,578	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	310,377	Note 3	-	-	304,162	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	298,344	Note 3	-	-	245,343	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	105,371	Note 3	-	-	92,973	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	110,706	Note 3	-	-	96,331	-
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	Same ultimate parent (Note 4)	325,159	1.69	-	-	64,519	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	444,666	4.46	-	-	278,009	-
MAXXIS International (Thailand) Co., Ltd.	Maxxis Rubber India Private Limited	Same ultimate parent (Note 4)	301,347	1.17	-	-	48,291	-
Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent (Note 4)	138,781	Note 3	-	-	128,928	-

Note 1: Subsequent collection is the amount collected as of March 4, 2026.

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets(%) (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 2,691,804	Collect within 90 days after shipment of goods	2.97
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	676,922	Collect within 90 days after shipment of goods	0.47
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	458,810	Collect within 90 days after shipment of goods	0.54
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	3,110,747	The term is 30 days after monthly billing	3.43
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	305,676	The term is 30 days after monthly billing	0.21
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	1	Other receivables	1,571,500	Pay interest quarterly	1.10
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	512,958	Collect within 60~90 days after shipment of goods	0.57
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	873,840	Collect within 60~90 days after shipment of goods	0.96
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Accounts receivable	203,184	Collect within 60~90 days after shipment of goods	0.14
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	3	Other receivables	814,450	Pay interest quarterly	0.57
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	594,354	Collect within 60~90 days after shipment of goods	0.65
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	661,757	Collect within 60~90 days after shipment of goods	0.73
4	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	3	Sales	464,128	Collect within 60~90 days after shipment of goods	0.51
4	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Maxxis Europe B.V.	3	Accounts receivable	325,159	Collect within 60~90 days after shipment of goods	0.23
5	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	213,402	Collect within 60~90 days after shipment of goods	0.24

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets(%) (Note 3)
6	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	1,979,265	Collect within 90 days after shipment of goods	2.18
6	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Accounts receivable	444,666	Collect within 90 days after shipment of goods	0.31
6	MAXXIS International (Thailand) Co., Ltd.	PT MAXXIS International Indonesia	3	Other receivables	3,583,020	Pay interest quarterly	2.51
6	MAXXIS International (Thailand) Co., Ltd.	Maxxis Rubber India Private Limited	3	Sales	289,223	Collect within 60~90 days after shipment of goods	0.32
8	MAXXIS International (Thailand) Co., Ltd.	Maxxis Rubber India Private Limited	3	Accounts receivable	301,347	Collect within 60~90 days after shipment of goods	0.21
7	Maxxis Rubber India Private Limited	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	3	Sales	561,525	Collect within 60~90 days after shipment of goods	0.62

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

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

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

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

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

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

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the Year ended December 31, 2025	Investment income(loss) recognised by the Company for the Year ended December 31, 2024 (Note 1)	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	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	\$ 47,128,106	\$ 1,732,482	\$ 1,736,863	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	34,253,067	1,886,982	1,879,560	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	14,895,042	1,639,921	1,622,142	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	U.S.A	Import and export of tires	551,820	551,820	1,800,000	100.00	3,829,172	123,220	123,220	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	943,964	14,666	14,666	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	191,554	34,915	17,457	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	123,801	9,982	9,982	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	6,103,279	6,103,279	199,992,500	100.00	- (	248,239) (	248,239)	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	9,615,495	8,343,453	2,358,980,883	100.00	1,224,458 (	384,909) (	384,923)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	524,896	203,402	203,402	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	36,982 (	617) (	617)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	66,110	66,110	2,000,000	100.00	63,001	146	146	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	10,995	496	496	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	348 (	308) (	62)	Note 3,Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees
Year ended December 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2025			Investment income(loss) recognised by the Company for the Year ended December 31, 2024		
Investor	Investee	Location	Main business activities	Balance	Balance	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the Year ended	(Note 1)	Footnote
				as at December 31, 2025	as at December 31, 2024				December 31, 2025		
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 39,723,158	\$ 1,731,947	\$ 1,731,947	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	34,103,936	1,893,825	1,893,825	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	15,267,290	1,640,161	1,640,161	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	10,230,100	682,522	652,546	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Vietnam	Production and sales of various types of tires	1,945,408	1,945,408	62,000,000	100.00	5,034,150	957,750	969,947	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	2,514	2,623	-	80.00	1,392	(308)	(246)	Note 3,Note 4

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

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

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

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

Note 5: The Company continuously provides financial support the investee accounted for using the equity method, and transferred the credit balance 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
Year ended December 31, 2025

Table 7

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, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the Year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2025 (Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 5,500,250	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 1,165,918	100.00	\$ 1,169,069	\$ 27,812,175	\$ 21,195,341	(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	7,071,750	2	2,385,506	-	-	2,385,506	2,002,643	100.00	1,996,905	31,974,769	26,209,585	(Note 4,7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	267,155	2	68,602	-	-	68,602	(34,170)	50.00	(17,085)	309,065	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	3,143,000	2	-	-	-	-	(10,223)	100.00	(11,907)	6,113,337	1,548,045	(Note 4,7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	22,480	2	-	-	-	-	3,910	100.00	3,910	63,055	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	565,740	2	-	-	-	-	(8,608)	100.00	(8,608)	593,109	757,407	
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	4,085,900	2	-	-	-	-	23,062	100.00	22,890	11,376,666	4,245,663	(Note 3,7)
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	1,414,350	2	-	-	-	-	425,228	100.00	426,630	9,366,377	7,259,056	(Note 7)

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2025

Table 7

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, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the the Year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Year ended December 31, 2025 (Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	\$ 628,600	2	\$ -	\$ -	\$ -	\$ -	(\$ 83,215)	100.00	(\$ 83,215)	\$ -	\$ -	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	202,320	2	-	-	-	-	7,416	95.00	7,045	92,988	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	64,795	2	-	-	-	-	(4,173)	49.00	(2,045)	128,377	-	(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	4,271,200	2	-	-	-	-	1,298,469	100.00	1,298,469	11,677,429	1,028,510	(Note 5, 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,708,480	2	-	-	-	-	(231,926)	100.00	(231,926)	1,905,986	-	(Note 7)

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

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

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

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

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

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

Note 6: Paid-in capital was converted at the exchange rate of NTD30.445: USD 1 and NTD 4.271: RMB 1 prevailing on September 30, 2025.

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

CHENG SHIN RUBBER IND. CO., LTD.
Ceiling on investments in Mainland China
Year ended December 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025 (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.	\$ 3,862,747	\$	21,149,247	\$	-

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025 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.